

## **Nikon Group Slavery and Human Trafficking Statement for the fiscal year ended March 2018**

This statement is made pursuant to the United Kingdom Modern Slavery Act of 2015. The Nikon Group, Nikon Corporation and its consolidated subsidiaries (“Nikon”, or “we”), endeavours to ensure that there are no human rights violations through our own business operations or our supply chains. We hereby provide this disclosure statement regarding our activities to prevent and tackle modern slavery and human trafficking.

### **a. Overview of the company, business and supply chain**

Nikon has been engaged in various business fields, such as Imaging Products (digital cameras and interchangeable lenses), Precision Equipment (FPD lithography and Semiconductor lithography), Healthcare Equipment (microscope and retinal diagnostic imaging equipment), and other businesses, based on the opto-electronic and precision technologies which Nikon has developed since its establishment in 1917. Nikon manufactures and sells such equipment and apparatuses. Details of our company and business information can be found on the “Corporate Information” page of the Nikon Corporation’s website.

Our business activities in the UK consist of product manufacturing, sales and/or services by our group companies: Nikon U.K. Ltd., Optos plc, Nikon Metrology UK Ltd. and X-Tek Systems Ltd.

Nikon’s product parts and a small portion of the final products are supplied from external procurement partners in and outside of Japan. There are approximately 1,700 procurement partners as of the end of March 2018. More than ninety percent (calculated by the transaction amount in which country their headquarters are located) of the procurement partners are based in Japan, China and Thailand.

### **b. Policies related to modern slavery and human trafficking**

In the fiscal year ended March 2018 (“Period”) we consolidated our previous “Nikon Corporate Social Responsibility (CSR) Charter” and “Nikon Code of Conduct” in January 2018 to create a new “Nikon Code of Conduct” effective as of April 2018. This Nikon Code of Conduct presents our basic stance on social responsibility and serves as the standard for conduct by each individual who works for Nikon. We have reinforced sections related to human rights by addressing “Respect for Human Rights” and “Social Responsibility in the Supply Chain” and clarifying our stance against forced labour and child labour not only with respect to Nikon, but also our suppliers and business partners.

As for our supply chain, in August 2015 we published the “Nikon CSR Procurement Standards” (as amended in August 2016), which is our guideline to promote Nikon’s stance on CSR throughout our supply chain, and we require our procurement partners to comply with it. The Standards are based on the RBA (Responsible Business Alliance) Code of Conduct, which is the global standard for the electronics industry and articulates the prohibition of “forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery or trafficking of persons”.

In response to issues related to conflict minerals in the Democratic Republic of Congo and its neighbouring countries, we established “Policy on Conflict Minerals”, a policy of not using conflict minerals mined or intermediated by armed forces violating human rights in the area, which addresses our stance to endeavour not to engage in human rights violations including modern slavery and human trafficking.

We also support the 10 principles of the United Nations Global Compact.

These group policies related to modern slavery and human trafficking are also applicable to our UK group companies listed above.

**c. Due diligence process related to modern slavery and human trafficking**

**d. Risk assessment and risk management related to modern slavery and human trafficking**

**e. Measurement by appropriate indicators and effectiveness of steps to endeavour to ensure that slavery and human trafficking is not taking place**

Within Nikon, we conduct human rights and labour monitoring surveys annually to ensure child and forced labour practices are not occurring. For the Period, we continued our efforts from the fiscal year ended March 2017 (“Previous Period”) to confirm any presence of migrant workers and ascertain actual conditions in manufacturing companies in Asia (excluding Japan), where such workers are generally at high risk for harsh labour conditions.

In Japan, we turned our attention to human rights issues raised internationally with respect to labour by foreign technical trainees (“Trainees”). We ascertained by the above monitoring survey that Trainees from Thailand had been accepted at three companies during the Period. These companies conducted self-assessments with respect to typical actions and conditions presenting a human rights infringement risk, including whether the company withheld passports or demanded working hours beyond what is permitted under law and internal regulations. These companies confirmed that there were no cases of such withheld passports, unlawful working hours or any other typical actions and conditions.

For Nikon employees, we have internal as well as regional or local external hotline(s) by which they are able to report when they become aware of an actual or potential violation of the Nikon Code of Conduct. Our employees can use the hotline(s) anonymously.

In our supply chain, we endeavour to assess modern slavery and human trafficking risks by requesting our procurement partners to comply with the Nikon CSR Procurement Standards and also by conducting periodical monitoring.

Since we began in the Previous Period to request that our procurement partners submit a declaration letter to confirm they comply with the Nikon CSR Procurement Standards, we have collected 620 such letters by the end of the Period.

In the Period, we also conducted a self-assessment survey among 209 major procurement partners to check compliance with the Nikon CSR Procurement Standards. We made an effort to expand our scope by selecting companies we did not survey in the Previous Period based on risk assessment criteria such as location, business type, annual transaction volume, length of business partnership and type of contract. After compiling all the response data, the responses from those partners were weighed for questions related to serious risks in human rights and safety areas and evaluated for potential risks. As a result, we identified three potentially high risk companies and after advanced notice we conducted on-site audits of these companies using third party auditors in February 2018. The three companies are located in China and Thailand. The results of the audits identified some issues for correction, mainly in the area of labour and health and safety, and we requested rectification. We identified ten other companies as relatively high risk, and while we did not elect to conduct audits we instructed them in writing to make improvements in the areas where the Nikon CSR Procurement Standards were not satisfied. We demanded that all 13 companies submit action plans for our approval, and they are taking actions in accordance with such plans.

13 companies to which we requested rectification by on-site audits or letters during the Previous Period reported to us that they completed corrective actions within the Period.

Nikon will continue disclosing the number of companies for which we conduct self-assessment survey or on-site audits to check compliance with the Nikon CSR Procurement Standards, as indicators to measure progress.

Further, in the Period, Nikon Corporation engaged a global nonprofit organisation specialised in sustainability issues to assess Nikon’s current overall CSR procurement activities. The assessment included a report on industry benchmarks as well as suggestions for the future. After re-confirming challenges related to Nikon’s supply chain based on such assessment, we drafted an improvement plan outlining future action items incorporating its suggestions.

In light of conflict mineral issues, we endeavour to prevent human rights violations such as modern slavery and human trafficking, with our Policy on Conflict Minerals, conducting investigations of our product components to ensure conflict minerals are not used in our products.

Our UK group companies listed above are also participating in these efforts as members of the Nikon Group.

**f. Training and Capacity building related to modern slavery and human trafficking**

To deepen understanding of the importance of human rights and how it ties into our business, we rolled out an e-learning course in Japan in the Period for 6,392 executives and employees, who are likely to be in the position to give instructions to and receive feedback from our group companies abroad. We believe it is critical that those in such positions should have awareness of international human rights trends and the Nikon's stance and the relevant policies. For the e-learning course, we selected case studies which we deemed are most relevant and familiar to those target audience such as actual cases from electronics industry's supply chain and Trainees in Japan.

For supply chain, every year we explain the contents of the Nikon CSR Procurement Standards to employees of our procurement department/section and procurement partners. In the Period, we held explanatory sessions in meetings such as the Supply Chain Subcommittee, whose members included department managers of the quality control or the procurement department of each business unit, and briefing sessions conducted in Japan, China and Thailand for procurement partners as well as our employees who were responsible for procurement. The explanation included international trends related to human rights issue in supply chains, such as the United Kingdom Modern Slavery Act. For the Period in the European region, we also provided e-learning sessions on the Nikon CSR Procurement Standards mainly to employees of the UK group companies listed above who were responsible for procurement units, as well as their respective procurement partners. In total, 118 employees and 671 procurement partners attended these briefings and e-learning sessions.

This Statement was reviewed and approved by the Nikon Corporation's Board of Directors on 7 September 2018.

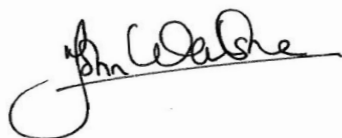
Further, this Statement was reviewed and approved by Nikon U.K. Ltd.'s Board of Directors on 8 August 2018, Optos plc's Board of Directors on 24 August 2018, Nikon Metrology UK Ltd.'s Board of Directors on 8 August 2018, and X-Tek Systems Ltd.'s Board of Directors on 8 August 2018.

13 September 2018



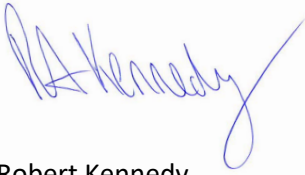
Kazuo Ushida  
President  
Representative Director  
Nikon Corporation

13 September 2018



John Walshe  
Managing Director  
Nikon U.K. Ltd.

13 September 2018



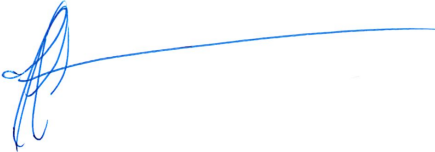
Robert Kennedy  
Director and Chief Executive Officer  
Optos plc

13 September 2018



Hajime Kosawa  
Director & President  
Nikon Metrology UK Ltd.

13 September 2018



Jeff Walker  
Director & President  
X-Tek Systems Ltd.