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# Compliance

In order to engage honestly with society's trust, we established a cross-Group promotion structure based on our corporate philosophy "Trustworthiness and Creativity," and we are striving to make the entire Nikon Group aware of compliance.

## Our Concept of Compliance

The Nikon Group defines compliance as meeting the expectations of stakeholders and earning their trust by not only complying with laws and regulations, but also conducting sound and fair business activities that conform to corporate rules and social norms.

We recognize that it is the foundation of Nikon's CSR promotion for every employee to deeply understand and implement the concept of compliance.

### ■ Nikon Code of Conduct

The Nikon Code of Conduct sets the standards of behavior to ensure that each and every individual at Nikon can make proper judgments and act ethically and in accordance with Nikon's rules and with laws and regulations, reflecting an awareness of compliance in his or her regular business activities.

Since its establishment in 2001, the Nikon Code of Conduct has been revised several times to respond with flexibility to the changing time. During the revision in April 2011, we put more emphasis on global CSR perspectives, and compiled issues

such as fair transactions, human rights, CSR procurement, and anti-corruption in an easily understandable manner, based on ISO26000, the international standards regarding social responsibility. Currently, the Nikon Code of Conduct is available in 19 languages and is distributed to employees as the unified code of conduct of the Nikon Group companies all over the world.



Educational booklet distributed in Japan

## Nikon Code of Conduct

(Established May 1, 2001, revised April 4, 2011)

### Introduction

#### - What is the Nikon Code of Conduct?

The Nikon Code of Conduct sets the standards of behavior for Company directors and employees. By following the code, we conduct activities in compliance with all applicable laws and other standards of ethical conduct to practice the Nikon Corporate Social Responsibility (CSR) Charter.

While the Nikon Corporate Social Responsibility (CSR) Charter describes Nikon's basic policy on social responsibility, implementation of the Nikon Code of Conduct by everyone will help to promote our social responsibilities.

#### - Scope

The Nikon Code of Conduct applies to all directors and employees of Nikon, as described below. "Nikon" as mentioned herein refers to Nikon Corporation and both its domestic and international subsidiaries, and "we" refers to all directors and employees of Nikon. Other affiliate companies are recommended to apply the Nikon Code of Conduct itself or its contents.

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## 1. Sound corporate activities

### (1) Compliance

- ① We will make every effort to understand and comply with corporate rules, and applicable laws and regulations, governing the conduct of our business in various countries.
- ② We constantly endeavor to understand applicable laws related to our business and, when necessary, consult with relevant corporate departments, specialists, administrative authorities, etc.

### (2) Integrity

- ① We will make every effort to comply with applicable rules, operate in a sincere appropriate manner, and strengthen our corporate competencies.
- ② We try to control and manage company assets including facilities, equipment, funds, information, intellectual properties and software appropriately to prevent misplacement, theft, damage, etc. We will not use company assets for private or fraudulent purposes.
- ③ We will not engage in any activities that damage Nikon's reputation or financial interests in order to benefit ourselves or third parties.
- ④ We cooperate in maintaining social order, and will not engage in antisocial, disruptive activities.

### (3) Fair Competitions and Transactions

- ① Based on the principle of fair and open competition, we promote competing vigorously in the marketplace, but it is our policy to do so by fully complying with all antitrust and other competition laws of governments in applicable countries.
- ② We may not enter directly or indirectly into any formal or informal agreement with competitors that fixes prices, allocates markets, eliminates competition, or otherwise unreasonably restrains trade.
- ③ We exchange legitimate contracts with our customers, suppliers, etc., and adhere to those contracts.

### (4) Appropriate Purchasing/Procurement with Suppliers

- ① We select our suppliers appropriately and fairly. We base our supplier relationships on lawful, efficient and fair practices.
- ② We will not exploit our position in business relationships to force onto our suppliers certain unethical conditions or disadvantages, engage in fraudulent activities, or seek personal gain.

- ③ We also expect our suppliers to adhere to compliance, business ethics, product quality and safety, human rights protection, fair labor practices, health and safety, environmental preservation, information security, etc., and promote socially responsible behavior within our supply chains.

### (5) Information Management

- ① We manage business information including personal information appropriately in accordance with their degree of confidentiality to avoid loss and unauthorized disclosure.
- ② We take every reasonable precaution to keep confidential information confidential. The obligation to protect our confidential information continues even after employment terminates. We will not use such information for our own purposes.
- ③ We obtain personal information only for legitimate business needs. We will not use obtained personal information for any other purpose other than as originally specified.

### (6) Protection of Intellectual Property Rights

- ① We respect the intellectual property rights of third parties. We obtain intellectual property information from third parties using legitimate and appropriate methods. We consult with specialist or other designated section concerning necessary licenses or approvals to use such intellectual property.
- ② We cooperate in establishing, protecting and utilizing corporate rights in all Nikon intellectual property assets.

### (7) Export Control

- ① We conduct international transactions which are subject to export control laws and regulations.
- ② We need to know, understand and comply with related export control laws and regulations, as well as corporate rules, upon export of hardware (such as products and components), and upon transfer of technical information controlled by export regulations.

### (8) Insider Trading Prevention

We will not engage in insider trading of securities based on confidential information not available to the general public.

### (9) Entertainment and Gifts

- ① We comply with related laws and regulations regarding provision/receipt of entertainment and gifts to/from our customers, suppliers, etc., and engage in such practice to the extent necessary and reasonable under social norms. We will not provide or receive entertainment and gifts within the Nikon group.

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- ② We will not provide entertainment and gifts to a supplier, vendor, customer, or any other person in exchange for assistance or influence, or upon the understanding that such assistance or influence has been or will be rendered, in connection with any business transaction affecting the company. Similarly, we will not accept entertainment and gifts from suppliers, vendors, customers or other persons under circumstances which may be interpreted as potentially influencing a decision involving a business transaction.
- ③ We will report to our superiors on all provision/receipt of entertainment and gifts, except for gifts of nominal value that are normal and customary given the business circumstances.

**(10) Relationships with public authorities**

- ① We are committed to maintain sound and sincere relationships with domestic and international public authorities and public service personnel, to comply with related laws and regulations, and to strive to avoid corruption. Should the possibility of violation of related laws or regulations arise, we will immediately report the situation to our superiors and take appropriate measures.
- ② We take every care to avoid behavior that might raise suspicions of bribery.

**2. Provision of valuable goods and services for society**

**(1) Understanding Expectations and Demands**

- ① We contribute to society by actively communicating with our stakeholders to understand their expectations and demands, and by providing to society useful products and services reflecting such expectations and demands.
- ② We try to respond to inquiries and requests fairly and promptly. We are committed to providing useful and accurate information in an easy-to-understand form to stakeholders to enable them to make sound decisions and judgments.

**(2) Safety and Security**

- ① We take the utmost care in the quality and safety of our products and services.
- ② We provide user-friendly instructions and other information so that our products and services may be used safely. Should safety issues arise, we will follow prescribed rules to promptly implement appropriate measures such as product recalls, and simultaneously make efforts to prevent recurrence.

**3. Respect for Human Beings**

**(1) Respect for Human Rights**

- ① We are dedicated to equal employment opportunity. We are committed to compliance with applicable employment laws everywhere we operate, including applicable international human rights laws and regulations. We do not tolerate unlawful harassment and discrimination, but respect the unique individuality of each and every person.
- ② We will not engage in any forced labor or child labor and request our suppliers to follow suit.

**(2) Comfortable and Safe Working Environment**

- ① We mutually accept different opinions and values, provided they do not unlawfully infringe on the rights of others, and work together as one to create a working environment where we can all perform at our best.
- ② We comply with laws and regulations related to labor as well as health and safety to ensure a comfortable and safe work environment.

**4. Protection of the Natural Environment**

- ① We conduct environment-oriented business operations, and work to increase environmental awareness in order to contribute to a sustainable society.
- ② We strive to reduce environmental burdens in all stages of our business operations—from procurement of raw materials to development, manufacturing, logistics, sales, use, services, and finally disposal—and provide environmentally friendly products and services.
- ③ We not only comply with environmental laws and regulations, but also actively strive for appropriate use and management of chemical substances, waste reduction, etc. We also make assertive efforts to reduce CO<sub>2</sub> emissions, such as implementing energy-efficient facilities and energy conservation.
- ④ We strive for resource conservation, efficient use, re-use and recycling so as to realize sustainable use of limited resources.

**5. Responsibility to Society as a Corporate Citizen**

- ① As members of Nikon, we try to understand and respect the cultures and customs of each country and region in which we do business.

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- ② We understand and actively cooperate with Nikon's basic philosophy on social contribution activities.

#### 6. Transparent Operating Activities

- ① We promote fair and open communication with our stakeholders. We try to disclose useful and proper information in a timely manner to further the interests of the parties.
- ② We follow appropriate accounting practices based on facts to realize timely and proper information disclosure. We will not engage in inappropriate accounting practices to secure profits, achieve sales budgets, fulfill budgeted expenses, or for any other reason.

#### 7. Responsibility of Top Management

- ① Executives and organization supervisors will take the initiative in complying with this Code, and strive for thorough compliance with this Code, within its pertinent organizations.
- ② Executives and organization supervisors will operate pertinent organizations objectively and fairly, and actively promote communication among its members.
- ③ Should violations or potential violations of this Code be reported to the company, executives and the organization supervisors will immediately investigate the facts, resolve, as appropriate, and take measures to prevent recurrence.

#### Closing

##### - Consequences of Violation

Violation of the Nikon Code of Conduct may result in disciplinary actions by the company, up to and including termination of employment and/or in proceedings by government authorities, etc.

##### - Reporting/Consulting System

If you become aware of a violation or a potential violation of the Nikon Code of Conduct, please report it immediately to or consult with your immediate superior. When reporting to or consulting with your superior is difficult, please report to the Reporting/Consulting Office or designated section/person of your company.

Personal information of the reporting or consulting individual will be managed appropriately, and the individual will receive neither disadvantageous treatment nor retaliation because of the reporting or consulting.

##### - Establishment, Revision, Discontinuance

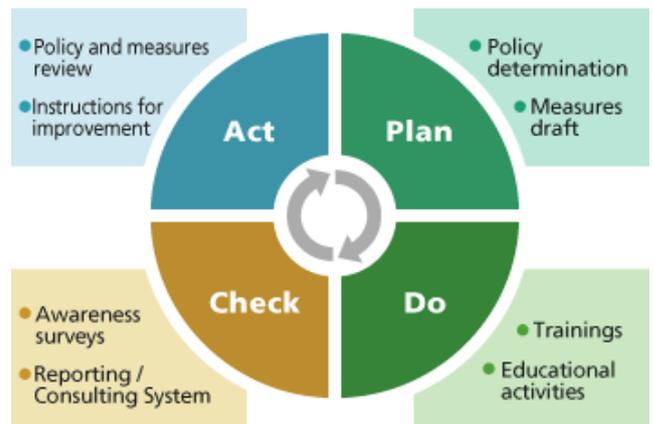
Establishment, revision and discontinuance of the Nikon Code of Conduct shall take place first with a proposition from the chair of the Business Conduct Committee, next an application to the Executive Committee of Nikon Corporation, and then a final decision. Minor changes will be decided by the Business Conduct Committee chair.

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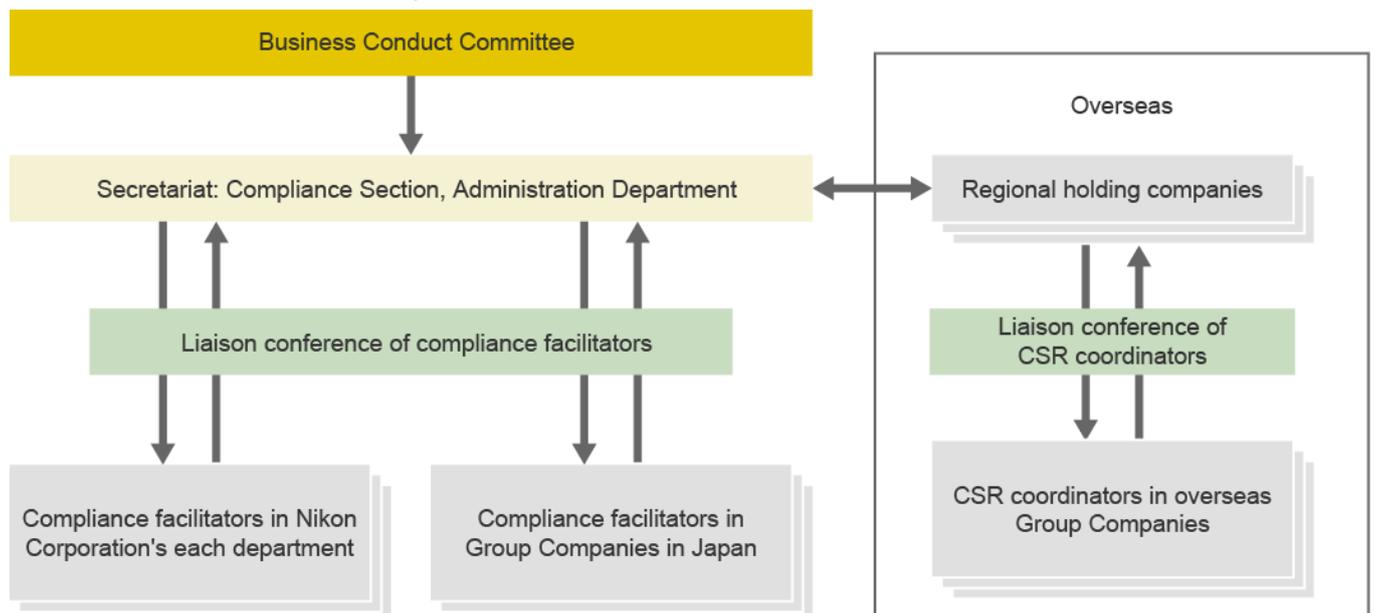
## Compliance Promotion

The Business Conduct Committee, chaired by the Senior Executive Vice President of Nikon Corporation, performs the functions of deliberation and decision-making regarding measures on important issues for compliance promotion. The Compliance Section of Nikon Corporation's Administration Department, designs and develops the measures based on regional promotion situations and issues, in cooperation with CSR sections of each regional holding company. Moreover, in order to implement highly effective compliance promotion activities, we periodically hold CSR coordinators liaison conferences. During these conferences, we reinforce global activities by hearing CSR coordinators' opinions directly and sharing the knowledge of culture business, customs and regulations of each country and region. We have consolidated the compliance promotion PDCA both in and outside Japan.

### PDCA Cycle of Compliance Promotion



### Compliance Promotion Structure Diagram



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## ■ Reporting/Consulting System

The Nikon Group has established the Code of Conduct Hotline as a central system for employees of the Nikon Group in Japan (including three non-consolidated Group companies). The Code of Conduct Hotline is installed as a contact window through internal (Compliance Section) and external specialist firms.

Group companies outside Japan also have their own reporting/consulting hotlines. In the Americas, an external hotline has also been established with the help of an external specialist firm. In addition, we have completed the implementation of a unified contact window through an external specialist firm in Europe and conducted awareness raising and education activities for this new contact point in the year ended March 31, 2016.

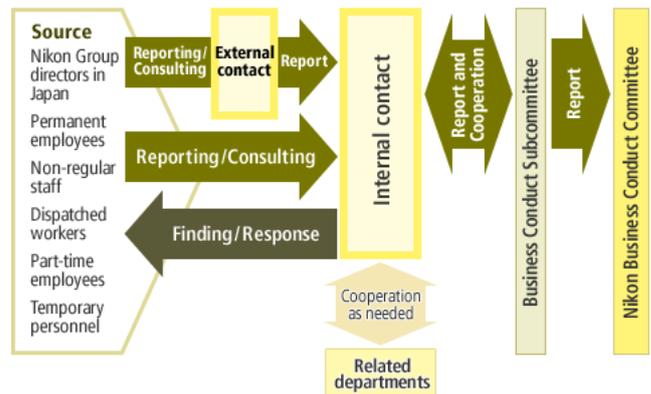
The Hotline received 42 inquiries from Nikon Group companies in Japan and 6 inquiries from overseas Group Companies. These included 25 consultations from Nikon Group companies in Japan and 5 consultations from overseas Group Companies concerning human rights, harassment, and labor issues.

As a general rule, the Hotline collects information from consulters as well as persons concerned, and develops solutions by linking to the relevant departments and conducting follow-up as necessary after objectively understanding the issues.

This hotline is operated to be fully in-line with human rights, such as protecting privacy and preventing disadvantages resulting from consulting.

We are gaining trust for our systems to connect to a greater number of consultations both inside and outside of Japan by implementing and clearly operating an in-house consulting system. Furthermore, we are putting systems in place to understand every detail, conduct our own response, and solve the issues even for inequitable conduct inside of the Nikon Group.

## Code of Conduct Hotline Diagram



## Compliance Promotion Activities

At the Nikon Group, in order to implement highly effective compliance promotion activities, we conduct consistent Group activities, while taking into account regional characteristics, in cooperation with persons responsible for compliance promotion of each company and with CSR sections of the regional holding companies.

### ■ Providing All Group Employees with Compliance Education

In order to ensure compliance of top management and all employees, we are implementing training sessions through e-learning as well as group training conducted by facilitators of all departments and companies in and outside Japan. Specific overseas education activities emphasize local characteristics and regional holding companies overseas are taking the lead.

We conducted education with harassment as the theme at all of our Group companies in Japan in the year ended March 31, 2016. We have held education in the past about harassment, but we have created and revised our education materials by referring to the overall information site for power harassment measures created by the Ministry of Health, Labour and Welfare. We plan to introduce further education for basic issue of compliance in the year ending March 31, 2017.

The awareness about harassment issues differs according to each region including overseas. We have researched whether materials exist in each country and the content of those materials because globally consistent education is difficult. As a result, we have confirmed harassment prevention education

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material that reflect the culture and laws of each region are prepared. In the future, we will continue education in each country and region by using the applicable education materials. We are also distributing a CSR newsletter to all employees of the Nikon Group in fifteen languages. It takes up compliance related news reported around the world and explains the thinking on compliance in the Nikon Group. Also, the members of the Compliance Section at the Administration Department and members of the CSR sections at regional holding companies participated in external seminars to improve their understanding and take in the latest information about compliance.



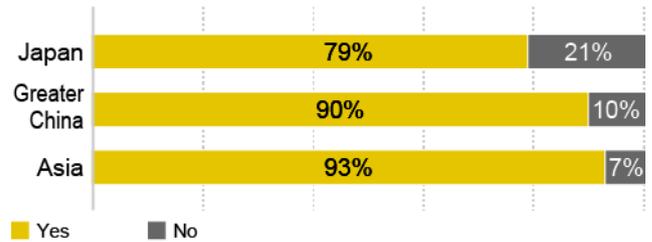
CSR newsletter

### ■ Global Awareness Survey

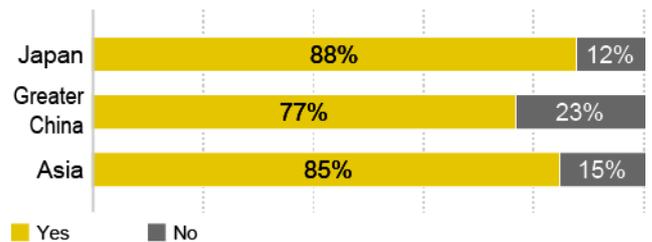
The Nikon Group conducts monitoring on a global scale through awareness surveys among its employees to understand the degree of penetration of our Corporate Philosophy and awareness of the Code of Conduct, as well as the implementation of compliance education. The results are then reflected in the development of promotional activities. At a Business Conduct Committee meeting in December 2015, the awareness survey's results were reported, including inter-regional and interannual comparison. All companies outside Japan received feedback on their results from regional holding companies to establish a compliance promotion PDCA cycle in all regions.

### Results of the Employees Awareness Survey

Q. Do you know the Nikon Anti-Bribery Policy?



Q. Heavy fines are given to corporations that violate the competition law but did you know that resale price maintenance is prohibited by the competition act?



### Survey outline

Country/region	Frequency	Implementation period	Number of respondents
Japan	9 times	October 2015	11,445
Greater China	5 times	September 2015	1,431
Asia	3 times	September 2015	2,217

\* Paper-based survey for some manufacturing plants of manufacturing subsidiaries in Japan.

\* Surveys at manufacturing companies outside Japan limited to employees with computer access

\* Surveys were not implemented in Europe, the Americas, and Korea in the year ended March 31, 2016 to make the implementation period for global awareness surveys consistent.

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## Efforts for Bribery Prevention

The Nikon Group has clarified its zero tolerance approach toward bribery in the Nikon Corporate Social Responsibility (CSR) Charter and the Nikon Code of Conduct. In addition, we endorse the United Nations Global Compact and continued to tackling the issue of eradicating all kinds of corruption. Furthermore, in order to reiterate our anti-bribery commitment both in and outside the company, Nikon established the Nikon Anti-Bribery Policy in 2014.

We have begun the creation of guidelines gathering together business concepts, points of caution, and operational procedures necessary to comply with these policies in the year ended March 31, 2015. We formulated the Nikon Anti-bribery Guidelines that reflect the actual situation in each region with the regional holding company at the heart.

### ■ Development and Education of the Regional Guidelines

We formulated and issued Guidelines in Japan, China, and Europe in the year ended March 31, 2015 and in the Americas, Asia, and Korea in the year ended March 31, 2016 to fully implement these guidelines in all of the necessary regions.

We have undertaken actions such as confirming the laws of each country, shared common business practices, and existing rules at each company centered upon regional holding companies overseas to formulate viable guidelines. We also interviewed local representatives as part of our risk evaluation process.

Compliance requires understanding of the guidelines to compressively conduct anti-bribery prevention. Therefore, we held awareness and implementation education of guidelines in each region around the regional holding companies in Asia, Europe, and the Americas in the year ended March 31, 2016 (introduced in Japan in the year ended March 31, 2015).

We are proud that the Nikon Group has never been the subject of investigation by any competent authority for corrupt practices due to these initiatives.

\* United Nations Global Compact

The UN Global Compact was announced by the then UN Secretary-General Kofi Annan at the World Economic Forum (Davos Conference) in 1999, and was officially launched at the UN headquarters in New-York in 2000. It is composed of ten principles in the areas of human rights, labor, environment and anti-corruption, and supportive companies are requested to embrace and implement these principles.

### Nikon Anti-Bribery Policy

(Established April 21, 2014)

Nikon proves worthy of the trust given by society under its corporate philosophy "Trustworthiness and Creativity", and has clarified its zero tolerance approach against bribery in Nikon Corporate Social Responsibility (CSR) Charter and Nikon Code of Conduct.

By establishing this policy, Nikon will fulfill its group-wide commitment to the prevention of bribery in all countries and areas where it conducts business, to enhance the relationship of trust with society.

#### - Scope

This policy applies to all directors and employees of Nikon ("Employees"). Nikon mentioned herein refers to Nikon Corporation and its subsidiaries.

#### - Responsibility

Responsibility for compliance with this policy is with top management who will immediately investigate the facts, and take appropriate actions, should any violations or potential violations of this policy occur.

#### 1. Prohibition of Bribery

Nikon prohibits the providing, offering or promising of money, benefit or other advantage ("Benefit"), directly or indirectly, to another person or entity, for the purpose of securing an improper advantage. Nikon also prohibits the accepting or requesting of improper Benefit.

#### 2. Dealing with Public Officials

Nikon will never provide, offer or promise bribes to public and quasi-public officials (including but not limited to officers or staff of national or local governments, government-controlled enterprises, government-controlled hospitals, political parties, etc., "Public Officials"). Nikon will conduct its business activities in compliance with applicable anti-bribery laws and regulations of relevant countries.

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### 3. Dealing with Third Parties

Nikon will never provide, offer or promise bribes to Public Officials through third parties such as agents and / or consultants. Nikon will select and assess the third parties from the perspective of anti-bribery compliance before starting business transactions, and requests their pledges against bribery when necessary. When undertaking investment activities, Nikon will perform due diligence including evaluation of bribery risks, of target companies in merger and acquisition transactions or prospective joint venture partners.

### 4. Accurate Record-Keeping

Nikon will keep accounting books accurately based on facts and maintain related vouchers appropriately, under its sound internal control system, to demonstrate its compliance with this policy and applicable anti-bribery laws and regulations of relevant countries.

### 5. Risk Assessment and Guidelines

Nikon will assess the bribery risks facing its business as appropriate, and review this policy when necessary. In addition, regional or individual company guidelines will be established by relevant group companies based on this policy.

### 6. Training and Reporting

Nikon will communicate this policy and applicable guidelines to Employees through education and training, and will require Employees to comply with them. Nikon will develop a reporting framework in order to prevent or correct any violations of this policy or applicable guidelines.

### 7. Consequences of Violation

Violation of this policy and / or applicable anti-bribery laws and regulations of relevant countries may result in disciplinary actions by the relevant Nikon group company, and may also result in such other action, including legal action, by appropriate government authorities.

### 8. Revision or Discontinuance

This policy is drafted by the chairperson of the Nikon Business Conduct Committee and approved by the Executive Committee.

## Measures to Prevent Competition Laws Infringements

At the Nikon Group, pledges for fair competitions and transactions as set forth in the Nikon Code of Conduct and our basic stance is to conduct fair competitions and transactions by complying with each country's competitions laws. The enforcement on global companies affected by Competition Law has been rigorous in recent years. The Nikon Group has established a communication framework among legal departments to strengthen our legal functions while continuing to promote education as a unified Group because even stricter measures are required.

However, the Vienna branch of Nikon GmbH, which is a subsidiary of Nikon, was informed of a violation to the Competition Law related to the resale price maintenance of the cameras. Thereafter, we have cooperated in all aspects of the investigation to reach an agreement with the authorities through the payment of 170,000 Euros in surcharges in October 2015. We are continuing the education and strengthening our legal

functions to prevent any recurrences as a response to this situation.

### ■ Expansion of the Competition Law training

At the Nikon Group, we developed our employees' training regarding Competition Law globally during the year ended March 31, 2015 and continued this effort in the year ended March 31, 2016. We introduced education to not only our imaging business, which has a relatively high risk of violating the Competition Law and our microscope solutions business but also our semiconductor device business and glass business by responding to the latest laws and business environments in our education materials of the last fiscal year. We are completing education for 61 companies and approximately 2,000 employees, including non-consolidated Group companies as of the end of March 2016.

We plan to consistently implement education related to the Competition Law in the future.

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## Actions Taken against Violations

The Nikon Group takes strict action against all violations of the work regulations and the Nikon Code of Conduct based on its in-house disciplinary rules after investigating the facts. In the year ended March 31, 2016, disciplinary action against the offender (and their managers/supervisors) was taken in three cases at Nikon Corporation and four cases at Group companies in Japan. In order to prevent the recurrence of similar problems, details of the cases, including the level of disciplinary action, are disclosed internally.

## Bioethics

The Nikon Group has established Bioethics Review Committee in September 2014 upon entering the medial field business to fully consider human dignity and human rights when conducting research and developing products. In prior to this, we have formulated Bioethics Review Committee Standards in June 2014 to ensure that the Committee manage human tissue research comply with the ethical standards of the Declaration of Helsinki and various related ethical guidelines, laws and regulations.

The Committee consists from human and social sciences and natural science experts. In the year ended March 31, 2016, two meetings were held to discuss the validity of each research from ethical and scientific standpoints.