

Priority Issues Set Forth in the CSR Medium-term Plan

For CSR promotion activities, we work to identify priority issues, set the CSR Medium-term Plans for each issue and carry out initiatives according to the plan.

CSR Medium-term Plan

The Nikon Group identifies priority CSR issues, creates a materiality map, put them into high-priority theme as Group common priority issues for the CSR Medium-term Plan. In addition, the departments in charge formulate three-year plans as well as fiscal targets for each of these priority issues. We are promoting activities by reporting and evaluating the progress status of each target at each higher-level meeting for the management layers involved, which includes the CSR Committee held every six months.

■ Revising Priority Issues

Based on the expectations of its stakeholders and social trends, the Nikon Group is identifying issues to focus on that should be prioritized in our initiatives for the sustainable growth of society. In recent years, the business environment of the Nikon Group is drastically changing. We entered the medical business and employees and manufacturing sites are increasing through M&A. Regarding social environment, new social issues are arising, for example, the transparency of society is increasing through growth of information technology, and new issues such as human rights issues in the supply chain including conflict materials and modern slavery. Taking these into account, we have revised the priority issues in the year ended March 31, 2016.

Revision Process of Priority Issues

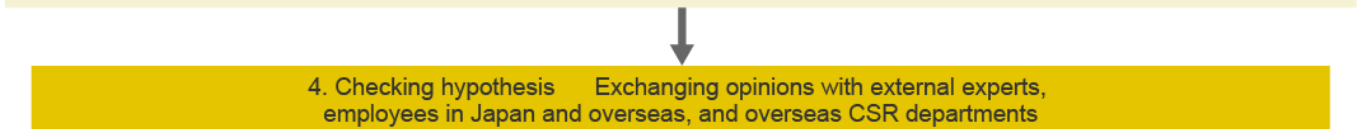
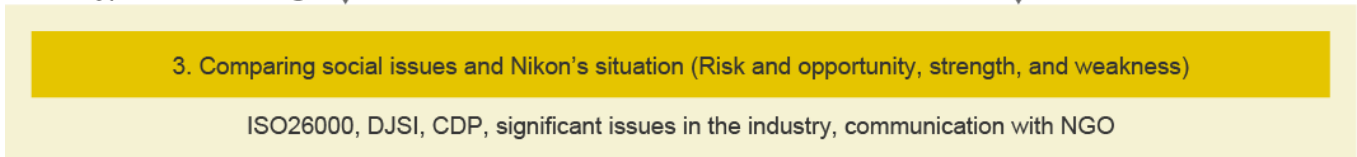
First Step

Collecting information



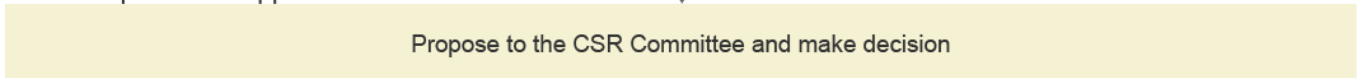
Second Step

Hypothesis building



Third Step

Proposal and approval



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First step: Collecting information

The CSR Department, the secretariat of the CSR Committee, implemented hearing investigation to 11 businesses units such as Semiconductor Lithography, FPD Lithography, Imaging, Industrial Metrology, Microscope Solutions, Medical Development and Business Development to clarify the relationship between the value chain and CSR. In addition to discovering each subject of the ISO26000 in detail by holding internal study sessions, we have gathered the social issues in the international society from important principles of GRI^{*1} guideline, SRI^{*2}-related items requested by external evaluation agencies, and issues raised by CSR-leading companies. Furthermore, we have also summarized issues which the major NGOs are interested.

Second step: Hypothesis building

CSR department identified candidates for priority issues by comparison of social issues in above first step and Nikon business characteristics, and by discussions with the related departments in charge of CSR activities. At the same time, we have also gathered feedback about CSR from different countries and regions, business departments, and 82 Nikon Group employees in a wide-range of positions. Furthermore, we have debated candidates of priority issues based on the feedback of the overseas regional holding companies and opinions of these employees at the CSR Global Communication Meeting held in October 2015. In addition, we invited Peter D. Petersen, co-founder of E-Square Inc. to the CSR Committee to provide a lecture presentation and exchange opinions about the latest trends in CSR.



Peter D. Petersen

Conclusion

We found that almost all the businesses in Nikon Group were linked with the issues which were significant in international society and there was a demand for us to deal with them. One urgent matter clarified in Nikon Group was that the employees felt that there was dissociation between CSR and their daily jobs. From these results, we realized the importance of linking CSR activities and medium-term plan, and decided to review the next medium-term plan, to begin in March 2020, so as to coordinate it with CSR priority issues.

*1 GRI (Global Reporting Initiative)

GRI is an international organization founded in 1997 with its headquarters in the Netherlands. It aims to develop and disseminate an international guideline concerning organizations' sustainability report. GRI is also an official cooperation center of UNEP (United Nations Environment Program), and companies and non-profit organizations from all around the world join it.

*2 SRI (Socially Responsible Investment)

This is an investment strategy/concept that assesses CSR aspects of social, ethical and environmental issues in addition to conventional financial figures such as performance, profitability and growth of the company, when making investments.

Problems and Proposed Measures Understood Through Aggregation of Employee Feedback

Problems	Proposed measures
- Difficult to see links between CSR activities and Medium-Term Management Plans and difficult to confirm progress and level of achievement	- Clearly linking Medium-Term Management Plans and CSR activities
- Exhaustion in CSR activities due to the numerous and confusing rules and regulations	- Organizing the large number of policies
- Misunderstanding CSR as only risk management activities - Optimistic awareness (eyes are only on internal problems)	- Cultivating a corporate climate to use Nikon resources with an eye toward external issues through education and enlightenment for SDGs

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■ CSR Materiality Map and Common Priority Issues in the CSR Medium-term Plan

Nikon Group decided not make an overall revision to the priority issues in the year ended March 31, 2016, but we changed a portion of the existing materiality map and priority issues based on the problems found in the process of reviewing the priority issues. We specifically changed the “Employee - human rights/labor practices” in the materiality map to “Human rights/labor practices” since it was also included in the other stakeholders. Furthermore, we added “Product quality and safety” and “Information security” which were positioned as high priority in the materiality map to the Group common priority issues in the CSR Medium-term Plan.

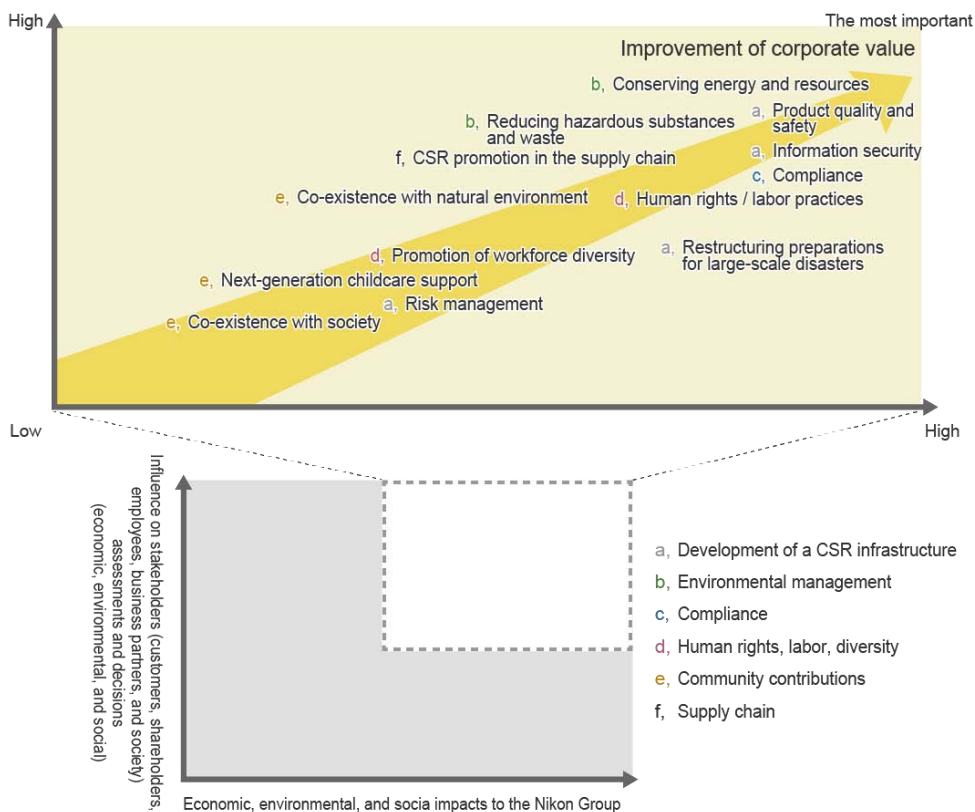
Priority Issues in the CSR Medium-term Plan
(From the year ended March 2016 to the year ending March 2018)

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We will strive to develop our business globally while constantly maintaining a strong awareness of CSR, including compliance- and environment related issues. We will enhance trust by encouraging and supporting communication with stakeholders, and responding sincerely to stakeholder expectations.

- Expansion and promotion of environmental management
- Implementation of compliance activities
- Respect for human rights and labor practices, and promotion of diversity in workforce
- Promotion of community contribution activities
- Promotion of CSR activities in the supply chain
- Ensure product quality and safety
- Promotion of information security

CSR Materiality Map of the Nikon Group



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Column

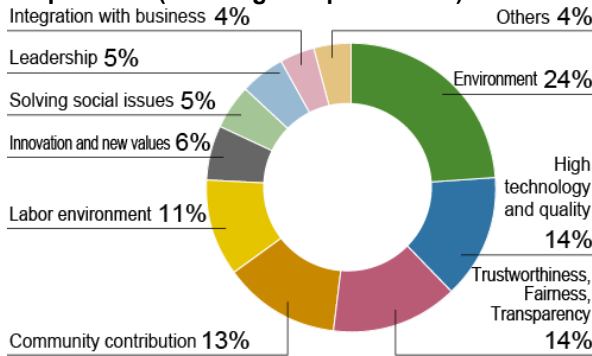
Gathering Feedback from Employees Worldwide

We are utilizing the feedback of our stakeholders in identifying priority issues and formulating a medium-term plan at the Nikon Group. We consistently questioned about sustainability and gathered feedback from 82 Nikon Group employees worldwide who are members of our stakeholders in the year ended March 31, 2016. Specifically in Japan, we conducted a workshop style World Café*¹ with CSR communicator*² and employees selected from each division. In overseas, the holding companies which are promoting CSR activities in each region, conducted questionnaire surveys and workshops with CSR coordinators*³ and others. As a result, we found that many employees give keywords related to the environment as CSR that should be achieved by Nikon. We also found that our employees had a high level of interest in thinking about the importance of contributing to society through supplying products of high quality, high technology products, social contribution, and contribution to local communities within the larger society.



World Café

Main Opinions of Employees: What is the CSR Pursued by the Nikon Corporation? (including multiple answers)



Discussion at the European CSR Communication Meeting

*1 World Café

Method of dialogue based on the concept to bring about a café-like atmosphere to allow for an open discussion between people in order to freely build networks.

*2 CSR communicator

Corporate departments related to Nikon CSR and CSR promotion office for each business division.

*3 CSR coordinator

CSR promotion representative appointed at each overseas Group company.