

# Nikon Group Corporate Governance Guideline

Revised on May 11, 2017

## Nikon's Philosophy

The Nikon Group aims to contribute to sustainable development of society founded on its corporate philosophy "Trustworthiness & Creativity," an everlasting theme of the Group.

## Basic views on corporate governance

- Based on its corporate philosophy, the Nikon Group will carry out highly transparent management through fulfilling its fiduciary responsibilities towards shareholders as well as responsibilities towards stakeholders including customers, employees, business partners and society, etc., with a sincere and diligent attitude.
- The Nikon Group will strive to achieve sustainable growth and enhancement of its corporate value over the medium-to-long term, through improving management efficiency and transparency and further strengthening the supervisory function over management in light of the purposes of Japan's Corporate Governance Code.

## 1. Ensuring the interest and equal treatment of shareholders

### (1) Respect for the rights of shareholders

While respecting legitimate exercise of shareholder's rights, the Company ensures effective equality among shareholders. In addition, the Company recognizes the exercise of voting rights at the General Shareholders' Meetings as important rights of shareholders, and will develop an appropriate environment for the exercise of rights at the General Shareholders' Meetings.

### (2) Basic capital policy

The Company will continue its investments in the medium-to-long term growth strategies, while maintaining its financial soundness by generating operating cash flow and carrying out optimal financing. For the purpose of shareholder return, the Company will distribute dividends linked to the corporate financial performance, based on the basic concept of long term and stable return of profits to shareholders, while ensuring sufficient internal reserves for the future business development.

### (3) Policy on cross-shareholdings

For the purpose of smooth operation of business, reinforcement and maintenance of business relationships, facilitation of financial activities, etc., the Company may conduct cross-shareholdings within the extent necessary for enhancing its corporate value from a medium-to-long term perspective. With respect to major cross-shareholdings, results of verification of their economic rationality including dividends as well as future prospect, shall be reported to and discussed at the Board of Directors on a regular basis.

The voting rights associated with such cross-shareholding shall be appropriately exercised based on the perspective of whether it will contribute to the Company's shareholder value as well as enhancement of the investee's corporate value over the medium-to-long term.

## 2. Appropriate cooperation with stakeholders other than shareholders

Under the corporate philosophy, the Nikon Group will strive to appropriately cooperate with stakeholders including employees and other corporate personnel, customers, business partners, creditors and local communities.

Under the Nikon Corporate Social Responsibility (CSR) Charter, which represents the basic views towards the Nikon Group's corporate social responsibility, the Nikon Group will strive to engage in sound and fair corporate activities, in order to gain the trust of stakeholders. The Group will also strive to penetrate and establish awareness of corporate ethics among the officers and employees of the Nikon Group by clarifying the standards of behavior under the Nikon Code of Conduct, so that officers and employees of the Nikon Group may act sensibly in compliance with laws and regulations as well as the internal rules and with a high sense of ethics.

The CSR Committee is established for the purpose of development, education and enlightenment as well as monitoring of CSR awareness, under which the Business Conduct Committee engages in the activities for ensuring compliance, fairness and soundness of the corporate behavior on a regular basis. In addition, the Nikon Basic Environmental Management Policy is established and the Environmental Committee will promote environmental protection activities in order to pass down a sound environment to the next generation and to enable sustainable development of society.

Reporting/consulting hotlines such as the "Code of Conduct Hotline" will be established and operated to ensure compliance across the Nikon Group, through preventing and rectifying acts which violate social norms and/or corporate ethics. Persons who provided information via the reporting/consulting hotlines will not be subject to any disadvantageous treatment because of such reporting.

### **3. Full disclosure**

The Company, under its corporate philosophy "Trustworthiness & Creativity," makes it a basic stance to carry out active and fair disclosure of its corporate information. The Company will promote activities to further enhance understanding about the Nikon Group among shareholders and investors, by widely providing information on its management stance and business activities, as well as products and technologies, while complying with the timely disclosure regulations of the Tokyo Stock Exchange.

### **4. Responsibilities of the Board of Directors, etc.**

#### **(1) Board of Directors**

##### **i) Roles of the Board of Directors**

The Board of Directors supervises management by directors and assumes the decision-making functions on the matters prescribed under laws and regulations, and the Articles of Incorporation of the Company, as well as the important matters concerning the Nikon Group.

For the purpose of clarifying the scope of delegation to the executive directors and officers while ensuring prompt decision-making and management by the executive directors and officers, the Company specifically sets out the matters subject to deliberation at the Board of Directors in the criteria for matters subject to deliberation and report at the Board of Directors. For example, the Board of Directors makes decisions on matters concerning important management, including the basic management policies, the Medium Term Management Plan, the annual plan, the Basic Policy on Internal Control System, and investments and loans exceeding a certain amount.

##### **ii) Composition and the size of the Board of Directors**

The Board of Directors maintains adequate number of members to ensure its

effectiveness. The composition will be well-balanced overall by including directors with diverse knowledge and experience in the areas such as finance, accounting and legal compliance, as well as directors with in-depth knowledge about the business of the Nikon Group. In addition, two or more independent external directors are appointed in order to further strengthen the supervisory function of the Board of Directors.

### **iii) System for operating, gathering information, and supporting the Board of Directors**

The Company strives to provide appropriate and necessary information to directors for effectively fulfilling their roles and responsibilities. Meanwhile, at the meetings of the Board of Directors, the Company carries out prior distribution of relevant materials to the attendees of the meetings of the Board of Directors, and advance briefing to external directors as necessary, to ensure constructive discussion and exchange of opinions.

### **iv) Analysis of effectiveness of the Board of Directors**

The Company has been carrying out reviews as appropriate with a view to enhancing the overall effectiveness of the Board of Directors, while receiving useful suggestions from external officers. For further enhancement of the effectiveness, the Company will continue to carry out reviews on the methods, etc., for effective analysis and evaluation.

## **(2) Audit and Supervisory Committee**

### **i) Roles of the Audit and Supervisory Committee**

The Audit and Supervisory Committee audits and supervises the status of management by directors other than those who are Audit and Supervisory Committee members, and officers. For such purpose, Audit and Supervisory Committee members regularly attend the important meetings such as the

meetings of the Board of Directors and the Executive Committee, and conducts audits and supervision over the management and directors.

### **ii) Composition and the size of the Audit and Supervisory Committee**

The Audit and Supervisory Committee shall maintain an adequate number of members, within five members as prescribed in the Articles of Incorporation, to ensure highly effective audits and supervision. In addition, for the purpose of further enhancing independence and neutrality of the audit system, the majority of the Audit and Supervisory Committee shall be comprised of independent external directors.

## **(3) Policies and procedures for appointing officers**

### **i) Policies for appointment**

The Company appoints candidates for directors from among those who understand the management environment of the Company and who can contribute to sustainable growth of the Nikon Group and the enhancement of corporate value over the medium-to-long term from a sophisticated and global viewpoint, while also being qualified to meet the trust of society as members of the Board of Directors. Furthermore, the Company appoints external director candidates from among those with either wealth of knowledge and experience, etc., as executives of other companies, or expertise and experience, etc., as specialists such as attorneys and certified public accountants, and who are qualified to take part in management supervision function from a fair and objective standpoint independent from management.

The Company appoints officer candidates from among those with a broad perspective, wealth of experience, leadership, and capabilities to promote reforms in their respective area of responsibilities, while possessing the ability to strategically fulfill their capabilities to contribute to the improvement of

business performance.

## **ii) Criteria for determining independence of external directors**

In addition to the requirement for external directors under the Companies Act, the Company judges that an external director candidate is independent if he/she does not fall into any of the following requirements.

- a) The candidate serves or had served the Group in the past.
- b) The candidate is a "major client or supplier\*" of the Company or an executive thereof.
- c) The candidate is a major shareholder of the Company or an executive of the said major shareholder.
- d) The candidate had served in the past at a company whose directors are concurrently serving as the Company's external director and vice versa.
- e) The candidate is a person who belongs to a company or organization that receives a donation from the Company or a person who had served in the past at said company or organization.
- f) The candidate's relative within the second degree of kinship serves as an important executive of a "major client or supplier" of the Group or the Company.

\*"Major client or supplier" refers to a client or supplier that fall into either of the following.

- (1) A client or supplier with whom the Company has transaction that falls into the following, in any of the past three years
  - a party which receives payment from the Company equivalent to 2% of the party's consolidated net sales or 100.0 million yen, whichever the greater
  - a party which makes payments to the Company equivalent to 2% of the Company's consolidated net sales or 100.0 million yen, whichever the greater
- (2) A consultant, an accounting professional, or a legal professional who receives compensation from the Company in excess of 10.0 million yen per year (average over the past three fiscal years)

## **iii) Procedures for appointment**

Nomination of director candidates, as well as appointment of officers are decided, after making detailed explanation about the career profile, expertise,

etc., of each candidate at the Board of Directors, followed by careful deliberation with independent external directors. Nomination of candidates for directors who are Audit and Supervisory Committee members is subject to the prior consent of the Audit and Supervisory Committee.

## **iv) Successor of chief executive officer, etc.**

The Company recognizes the systematic training for the successors of its chief executive officer, etc., as a task with utmost importance in achieving its sustainable growth. The training is carried out responsibly by the President and Representative Director under the supervision of the Board of Directors including external directors.

## **(4) Policies on the training of directors**

In order to promote further understanding about the roles and responsibilities of directors, as well as to contribute to their advancement through acquiring the necessary knowledge and updating it as appropriate, the Company organizes study sessions inviting external experts such as attorneys, as lecturers on a regular and continuous basis.

Furthermore, the Company regularly implements review sessions on its important issues and reports on the business status of the Company, in order to promote effective utilization of the expertise of external directors as well as free and constructive deliberation. Through these measures, the Company supports external directors in further enhancing their understanding about the business, finance, organization, etc., of the Company, in order to receive appropriate advice from them.

## **(5) Related party transactions**

Upon conducting transactions with related parties, the Company will follow

appropriate procedures in advance as listed below, to avoid harming the common interest of the Company and its shareholders.

- Make resolutions at the meetings of the Board of Directors as appropriate, in consideration of the importance, etc., of a transaction.
- Exclude officers, etc., with special interest from resolution.
- Verify whether a transaction is carried out under common terms and conditions.
- Seek opinions from external directors, etc., as appropriate.

## **(6) Compensation system**

Compensation system is based on the following policies and procedures.

### **i) Basic policies**

Executive compensation will be determined to satisfy the following basic matters.

- Executive compensation should motivate executives to sustainably improve values of companies and shareholders, as well as enhance willingness and morale
- Executive compensation should keep, cultivate and reward excellent personnel
- The decision process for the compensation system should be objective and transparent

### **ii) Compensation system and performance-based structure**

a) The compensation system for executive directors and officers is comprised of the following items. The distribution ratio for compensation is determined by changing the percentages of fixed monthly compensation and performance-based compensation according to positions and duties.

"Fixed monthly compensation"

Monetary compensation not based on performance.

"Bonuses"

This monetary compensation is based on the degree of accomplishment and qualitative assessment of capital efficiency and profitability of the Group as a whole and departments in charge on a single-year basis, and is determined within the range of 0 to 200% of the standard payment.

"Performance-based stock compensation"

Stock compensation is determined within the range of 0% to 150% in accordance with achievement of consolidated net sales and consolidated operating income, etc. for the final fiscal year of the Medium Term Management Plan to be resolved per each three fiscal years with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of medium- and long-term performance.

"Subscription rights to shares granted as stock-related compensation"

Subscription rights to shares are granted with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of long-term performance, within the range not exceeding 5% of the share dilution ratio.

b) The compensation system for non-executive directors consists only of "fixed monthly compensation."

### **iii) Method for determining compensation level and amount**

The Compensation Committee discusses and advises on related systems in order to determine the level and system appropriate to the duties on account of compensation levels of major Japanese companies that globally develop their businesses so as to determine the compensation amount consistent with the performance of the Group and its business scale.

The Compensation Committee consists of the representative directors,

external directors and external experts, and discusses on establishment of executive compensation policies, consideration of the compensation system and specific calculation method. Based on the results of the discussions, compensation of directors who are not Audit and Supervisory Committee members is determined by a resolution of the Board of Directors, and compensation of directors who are Audit and Supervisory Committee members is determined by consultation at the Audit and Supervisory Committee.

## **5. Dialogue with shareholders**

### **(1) Constructive dialogue with shareholders**

The Company aims to hold constructive dialogue with shareholders, and appoints an officer in charge of this initiative, while collecting and sharing information through cooperation among relative departments within the Company as appropriate. For the purpose of dialogue with shareholders, senior management or responsible officers of the Company will attend meetings with shareholders, as far as reasonably practicable, and opinions, etc., obtained from such occasion will be shared among the senior management. Any insider information will not be expressed in said meetings, in accordance with the internal rules of the Company.

The Company will also enhance information sharing through such means other than meetings, including briefing sessions for institutional investors and individual investors, and provision of information through the Company's website, etc.

### **(2) Formulation and announcement of management strategies and management plans**

The Company formulates the Medium Term Management Plan, clarifying the

earnings projection, basic capital policy and priority measures, etc., with the aim of increasing its corporate value over the medium-to-long term, which is explained in detail at the briefing sessions for investors as well as on the Company's website, etc.

## **6. Revision and abolition of the Guidelines**

Revision and abolition of the Guidelines will be made subject to the resolution of the Board of Directors.

# Basic Policy on Internal Control System

Revised on March 21, 2017

We believe that the reinforcement of our company's corporate governance plays a pivotal role in achieving "a fair and transparent management deserving of stakeholders' confidence", and we intend to increase its effectiveness by improving the quality of our internal controls. We acknowledge that the achievement of effective and efficient business processes, the credibility of financial reports, the compliance with relevant laws and regulations, and the preservation of company's assets at our company and its subsidiaries (hereinafter the "Group") are the management's responsibility. Accordingly, we will prepare and refine a framework, including our internal regulations as well as our organization, to ensure fair business activity in compliance with the Japanese Companies Act and implementing regulations of the said Act.

## **1. A framework to ensure that performance of duties of directors, etc. and employees of the Group is in compliance with relevant laws and regulations as well as the articles of incorporation**

- (1) We have established the "Nikon CSR Charter", which shows the Group's basic stance on corporate social responsibility. Additionally, the "Nikon Code of Conduct" defines the standards of behavior to ensure sensible conduct by directors and employees of the Group, based on a high level of morality, pursuant to relevant laws and regulations as well as internal regulations. Through the "Nikon Code of Conduct" and "Nikon CSR Charter", we aim to permeate and establish awareness of corporate ethics among directors and employees of the Group.
- (2) Putting special emphasis on a social responsibility-oriented management,

we established the "CSR Committee", which aims at fostering, educating as well as disseminating CSR awareness. Established as its sub-committee, the "Business Conduct Committee" regularly performs its function to ensure legitimate, fair, and sound corporate behavior.

- (3) Regarding elimination of anti-social forces and groups, we have defined our basic policy and standards in the "Nikon CSR Charter" and the "Nikon Code of Conduct". Additionally, we are establishing a system to liaison with attorneys and police forces, to take steadfast action as an organization.
- (4) The "Basic Policy on internal control over financial reporting" has been established to ensure credibility of financial reporting by the Group. Frameworks to enable the foregoing are being prepared and improved.
- (5) Internal Audit Department has been established as an independent organization, reporting directly to the President. This Department examines whether operations within the Group are conducted in compliance with relevant laws and regulations as well as internal rules, and when necessary, makes recommendations as to how such operations can be improved.
- (6) Structures are established and administered at the each Group company in order to fully implement compliance within the Group and prevent or correct behaviors that violate social rules or corporate ethics. The "Code of Conduct Hotline" is being created as the report/consultation system in this respect.

## **2. A framework to ensure an efficient performance of duties, etc. by directors of the Group**

- (1) At our company and domestic subsidiaries, the executive officer system

provides a clear definition of the authority and responsibility in performance of an officer's duty, resulting in quick decision-making as well as an efficient performance of the officer's duty.

- (2) Rules of authority clearly define the scope of authority and responsibility for each post as well as each organization within the Group and are administered, to ensure organized and efficient performance of duties.
- (3) Meeting structures such as the "Executive Committee", as well as other committees and meeting bodies are established and are administered at our company to enable efficient decision-making and performance of duties for the Group by directors of our company. Among such organizations, the Executive Committee primarily consists of full-time directors, deliberates about and resolves major issues regarding management, general internal controls, and guidelines about general operations of the company's business, in accordance with the basic direction of management as determined by the Board of Directors. Major issues are reported to the Executive Committee by each department.
- (4) In accordance with our corporate philosophy of "Trustworthiness & Creativity", management targets of the Group are defined within annual plans as well as within the Medium Term Management Plans, and implemented as specific measures. In order to achieve annual targets, management of operations is carried out through divisional organization. A meeting is regularly held to examine business issues and responses to them. The achievement level of annual targets is evaluated and validated based on the "Achievement Evaluation System".

### **3. A framework aimed at preservation and control of information relating to the performance of duties by directors of our company**

- (1) Information regarding resolutions, decisions, and reports pertaining to performance duties by directors of our company are preserved in documentary format and until such time as provided in the "Rules of the Board of Directors", the "Rules of the Executive Committee", and the "Nikon Group Information Management Rules". The information control system is designed to allow access, when needed, from directors, as well as accounting auditors.
- (2) As for security of information, Information Security Division as an organization reporting directly to the President controls centralized management for information management within the Group and manages coordination and reinforcement of an information management framework within the Group. Further, the common rules in the Group are being established and these rules intend to make definitions of the access level per category and relevance, password control, measures for preventing leaks, manipulations and destructions of proprietary information and other matters generally and thoroughly known by employees and directors within the Group.

### **4. A framework including rules concerning risk of the Group loss management**

- (1) In accordance with our recognition of identification, assessment, and control of risk factors potentially affecting operations and business continuity as critical issues, we have established the "Risk Management Committee" and are developing a framework to appropriately control risks surrounding the Group.
- (2) We have prepared and implemented manuals and rules pertaining to fields such as corporate ethics, protection of personal information, environmental



control, quality control, export control, insider trading prevention, and disaster prevention, which reinforce the management framework concerning prevention of loss within the Group.

- (3) A framework is in place whereby Internal Audit Department audits the Group about its risk management, evaluates its effectiveness, and reports to the Board of Directors through the representative director when necessary, so that corrective measures can be implemented.

#### **5. A framework regarding reporting to our company of matters related to performance of duties by directors of subsidiaries**

A framework is being placed for important matters at subsidiaries to be reported and decided upon by our company.

#### **6. Implementation of matters concerning employees assisting the Audit and Supervisory Committee of our company, matters concerning these employees' independence from other directors (excluding directors who are Audit and Supervisory Committee members), and a framework to ensure effectiveness of instructions given to these employees by the Audit and Supervisory Committee**

- (1) Several employees, acting under supervision and orders of the Audit and Supervisory Committee of our company, are appointed as dedicated assistants to the Audit and Supervisory Committee, in order to ensure an efficient procedure of the Audit and Supervisory Committee as well as to ensure the increased effectiveness of the audit.
- (2) Transfer of the assistants or evaluation of the assistants' performance requires prior agreement by the Audit and Supervisory Committee, to ensure independence of such employees from other officers.

#### **7. A reporting framework for directors of the Group to the Audit and Supervisory Committee of our company, for other reporting to the Audit and Supervisory Committee of our company, and to ensure that reporting parties do not receive negative treatment as a result of such reports**

- (1) An Audit and Supervisory Committee member of our company has the authority to attend major meetings. This ensures that the Audit and Supervisory Committee members have opportunities to constantly understand the status of operations and the decision-making process of the Group.
- (2) A framework is being developed to ensure appropriate and effective reporting to the Audit and Supervisory Committee of our company regarding facts that can potentially cause damage to our company, information obtained through the reporting/consultation system concerning corporate compliance, or items to be reported at the Audit and Supervisory Committee as previously agreed with directors.
- (3) Internal Audit Department reports the status of internal audit as well as the results of the audit to the Audit and Supervisory Committee of our company. The Audit and Supervisory Committee of our company requests, if necessary, further investigations by Internal Audit Department.
- (4) We ensure that parties who make reports to the Audit and Supervisory Committee of our company do not receive negative treatment, including rules in place within the "confidentiality rules of the Code of Conduct Hotline" to forbid retaliation against parties that make reports to the "Code of Conduct Hotline", the report/consultation system.

#### **8. Matters regarding policies related to processing expenses or liabilities arising from performance of duties by Audit and Supervisory Committee**

**members of our company (limited to performance of duties regarding the Audit and Supervisory Committee)**

Audit expenses for Audit and Supervisory Committee members of our company are budgeted annually to a certain amount by request of Audit and Supervisory Committee, and for necessary audit expenses, our company makes payments that are in excess of the budget, pursuant to laws and regulations. Additionally, our company also makes payments, as required, for expenses required to appoint outside specialists.

**9. A framework to ensure effective audit by the Audit and Supervisory Committee of our company**

- (1) While ensuring independence of the Audit and Supervisory Committee of our company from management functions, this framework enables Audit and Supervisory Committee members of our company to hold regular meetings with the representative director in order to exchange opinions regarding issues to be dealt with by the company, or important tasks pertaining to audits, and to make necessary requests, consequently deepening the mutual understanding between them.
- (2) The Audit and Supervisory Committee of our company hold regular meetings with accounting auditors, to actively exchange opinions and information.

# Nikon Group Information Security Policy

The Nikon Group has established and implemented the following Nikon Group Information Security Policy, because we believe that the proper handling of any information asset is an important responsibility of the Nikon Group for the building of social trust and creating new value that exceeds expectations.

## **1. Information Security Management Systems.**

We will establish and put into effect management systems to manage Nikon Group's efforts related to information security.

## **2. Identifying Information Security Risks and Implementing Safeguards.**

To maintain and strengthen Nikon Group's information security, we will identify information security risks and implement safeguards to minimize such risks.

## **3. Formulating Criteria Related to Information Security.**

We will stipulate criteria for the proper management of Nikon Group's information assets, and these will be followed by officers, employees and related workers.

## **4. Implementing Information Security Training.**

We will provide training for Nikon Group officers, employees and related workers to learn ethics, skills and other necessary matters concerning information security.

## **5. Response in the Event of Information Security Incidents.**

We will establish systems and processes to promptly respond to incidents involving Nikon Group's information assets, strive to minimize damage and prevent reoccurrences.

## **6. Compliance with Laws, Etc.**

We will comply with applicable laws and social norms regarding information security.

## **7. Inspections and Continuous Improvement.**

We will inspect Nikon Group's efforts regarding information security to assure that they are being properly implemented and continuously improve them.

# 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.

## 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.
- 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 CO2 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.
- 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.



# 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.

## 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.

# The Nikon Basic Environmental Management Policy

Established April 1, 1992, revised May 24, 2011

## 1. Basic Philosophy

One of the priorities of Nikon (Nikon Corporation and the Nikon Group) is to foster coexistence and co-prosperity in all regions where its business operates across the world, everywhere on Earth, and even in space. This policy is based on the corporate philosophy of Nikon, "Trustworthiness and Creativity." In all our business activities we are committed to preventing environmental pollution, making effective use of resources, and contributing to building a recycling-based society, thereby protecting and improving the global environment and passing it on to future generations for the sustainable development of society.

## 2. Basic Approach

As a responsible company, Nikon is committed to assessing its impact on the natural environment and to protecting the global environment, including issues related to climate change and biodiversity. Our commitment is based on the recognition that if companies are to continue to develop, it is essential to solve environmental problems, because in the end this will contribute to the survival of humankind.

We will win the trust and support of society by providing high-quality products that are both people- and earth friendly, and we will introduce activities across Nikon and at our business partners to achieve this.

## 3. Action Guidelines

1. We will make every effort to promote reductions of CO<sub>2</sub> and waste emissions, reuse and recycling, while encouraging energy and resource conservation, waste reduction and conscientious waste processing with the goal of creating an environmentally-conscious recycling society.
2. We will perform environmental and safety reviews, including those to conserve biodiversity, at every stage of planning, development and design, in order to provide products that fully comply with environmental protection aims.
3. At every stage of production, distribution, use and disposal, we will actively introduce materials and equipments that are effective in protecting the environment, including conservation of biodiversity, strive to develop and improve technologies in this area, and work to minimize environmental burdens.
4. We will strive to meet targets for reduction of our environmental burdens and use of harmful substances, and continue to improve our environmental management system through environmental audits and other means.
5. We will develop and follow a rigorous code of standards, in addition to complying all environmental conservation treaties, national and regional laws and regulations.
6. We will conduct ongoing education programs to further employee knowledge of environmental issues and promote employee involvement in environmental activities.

7. We will provide business partners with guidance and information to promote optimal environmental protection activities.
8. In cooperation with our stakeholders, we will participate actively in the environmental protection programs of society at large, and actively disclose information.

# Basic Policy for the Promotion of Green Purchasing

## **Policy**

The Nikon Group prioritized the purchase of goods that take into account their effect on the environment from production to distribution, use, and disposal (environmentally-friendly goods) based on the Nikon Basic Environmental Management Policy and Nikon Basic Procurement Policy in mass production, mass consumption, and mass waste social systems.

## **Basic Approach**

- (1) Prioritize purchase of environmentally-friendly goods.
- (2) Sufficiently take into account the necessity and required amount.
- (3) Take into account the life cycle of the goods.
- (4) Switch from purchasing "things" to purchasing "services".
- (5) Take into account initiatives toward the environmental conservation of the supplier.

# Paper Procurement Policy

Established April 25, 2013

## **Policy:**

Nikon shall procure paper with concern given to biodiversity conservation and sustainable use of forest resources.

## **Operation Policy:**

1. In procuring paper, Nikon shall preferentially purchase paper made with concern for the environment based on the following principle: We shall preferentially purchase FSC-certified paper or 100% recycled paper (R100).
2. In case the paper described in item 1 above is unavailable, we shall purchase the following as a second-best paper:
  1. Paper certified by a reliable certification system other than the FSC or recycled paper other than R100.  
Ensure that the paper is not obtained from a forest of high protective value, such as those defined as HCVPs or by the FSC; or
  2. Paper confirmed to be compliant with relevant laws and regulations.  
Raw timber for the procured paper shall be trimmed following an appropriate procedure according to laws pertaining to forests in the country or region where the raw timber is produced.
3. We shall avoid purchasing paper materials made by a company deemed to have environmental or social problems in its material procurement and business activities.

# Nikon Basic Procurement Policy

## 1. Sound corporate activities

Nikon shall conduct sound and fair corporate activities, while complying with applicable laws and prescriptive social norms.

Nikon shall also encourage socially responsible behavior within its supply chain.

## 2. Open-door procurement

Nikon procures goods and services from global suppliers in as transparent a fashion as possible.

## 3. Procurement based on the concept of fair competition

Based on the principles of fair, free competition, Nikon assigns top priority to suppliers that offer superior performance in terms of quality, cost, delivery, and corporate reliability.

## 4. Procurement based on the concept of partnership

Our approach is that Nikon and our suppliers are partners working together to make good products. Under this approach, we work to understand each other, to build a relationship of trust, and to prosper together.

## 5. Green procurement

For the protection of the global environment, Nikon assigns priority to suppliers that provide consideration for environmental issues and that are actively engaged in environmental preservation activities in the manufacturing process for the procured goods.

\* "Nikon" refers to "Nikon Corporation and its domestic and overseas subsidiaries." Affiliates are encouraged to follow these Guidelines or to implement similar standards.

# Policy on Conflict Minerals

Established November 1, 2011, revised February 1, 2013, revised July 1, 2014

In view of the situation that four minerals (conflict minerals: tantalum, tin, tungsten and gold) mined in the Democratic Republic of the Congo and its neighboring countries are used to finance armed groups, aggravating conflicts, human rights abuses and environmental destruction, Nikon shall not, with the cooperation of our Procurement Partners, use conflict minerals mined or intermediated by armed groups.

## **Operation Policy**

Nikon will conduct and continue surveys in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We request our Procurement Partners to understand and agree to cooperate with our Policy on Conflict Minerals. Our Procurement Partners are also encouraged to cooperate with the surveys and audits conducted by Nikon and to perform responsible procurement of mineral resources within its supply chain.