Promoting CSR-oriented Procurement

We tackle CSR-oriented procurement in cooperation with procurement partners to fulfill our corporate social responsibility for the supply chain.

Basic Approach to CSR Procurement

We are sincere with society and feel the need to participate in actions based on social responsibility through the entire supply chain in addition to our own to fulfill our social responsibilities.
Therefore, based on the Nikon CSR Charter, which is our basic approach toward CSR, and the Nikon Basic Procurement Policy, the Nikon Group is promoting the procurement of CSR to engage with CSR activities including the prevention of bribery and respect for human rights along the entire supply chain.

Development of CSR Procurement Standards

The Nikon Group has conducted activities up until now that are key to gaining understanding of the Nikon approach to CSR from its procurement partners.
However, we formulated the Nikon CSR Procurement Standards that clarify our request for compliance to our procurement partners in August of 2015 by outlining the higher social requirements, and the importance of supply chain management for CSR activities. We also comply to the code of conduct of the Electronic Industry Citizenship Coalition (EICC), which has standards equivalent to the global standards of the electronic industry.

URL Nikon CSR Procurement Standards
http://www.nikon.com/about/corporate/procurement/csr/index.htm

CSR-oriented Procurement Promotion System

The Nikon Group has established a Supply Chain Subcommittee as an organization to judge and determine matters of concern about CSR throughout the entire supply chain across departments. This subcommittee is chaired by Nikon operating officers and the general manager of corporate operations and is made up of members consisting of procurement departments of business divisions as well as manufacturing Group companies in Japan and overseas. This subcommittee is held every six months to report the main activities during that term as well as discuss plans for the next term.

Cooperation with Procurement Partners

The Nikon Group has gradually strengthened hosting of explanatory sessions, status surveys of procurement partners through questionnaires, exchange of ideas with individual partners, visiting confirmation of circumstances at individual partners, and encouragement for procurement partners.
Even when expanding the Nikon CSR Procurement Standards formulated in the year ended March 31, 2016, we have held explanatory sessions to share information from the background of formulating these standards to plans for future activities. Explanatory sessions held three times in Japan, twice in China, and once in Thailand saw a total of 1,223 participants from 897 procurement partners.
In addition, we are promoting CSR for the entire supply chain by requesting the addition of CSR for each and every supplier of our procurement partners (primary suppliers) at the Nikon Group.
This also helps us to share the latest trends regarding CSR-oriented procurement activities in the supply chains within the Nikon Group. There were no reports of breaches in the year ended March 31, 2016.

Procurement explanatory session in China (Wuxi)

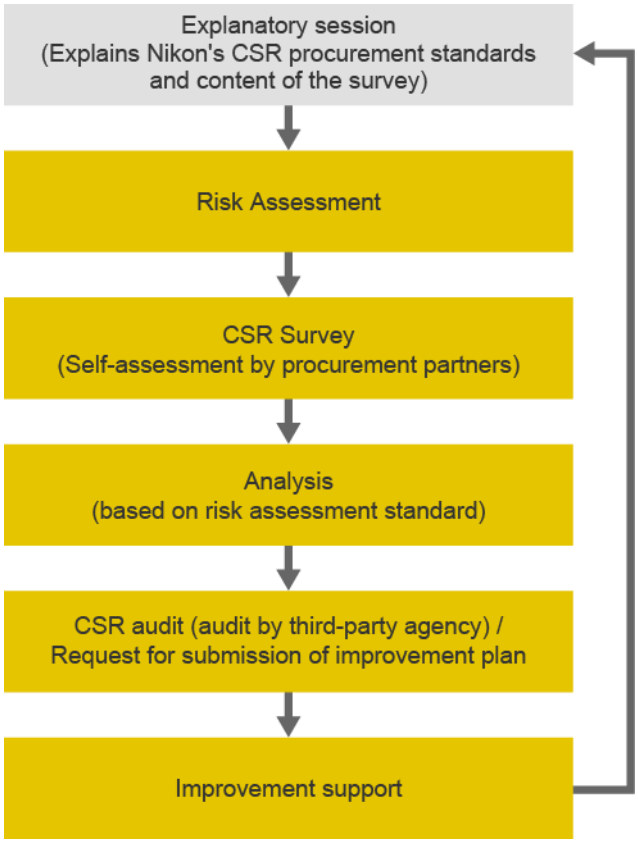
Supply Chain Communication

The Nikon Group started audits for procurement partners as of the year ended March 31, 2016 to confirm the compliance with the CSR Procurement Standards at procurement partners.

We selected procurement partners thought to have high CSR risk from various perspectives such as regional efforts, handling of materials, and their relationship with the Nikon Group as targets for surveys and implemented a self-assessment by the procurement partner. We assigned a weighted risk to each question and created risk profiles by aggregating each response. We implemented audits through visits by third-party auditing institutions for companies determined to have an especial need for improvement and requested improvements to inconsistencies that were found. We also requested the submission of improvement plans and execution of those plans for procurement partners determined to have importance but that were not part of the audits.

We introduced surveys (100% response rate) at 207 major procurement partners and audited three of those companies (located in Asian countries) in the year ended March 31, 2016. These three companies mainly had issues with labor and ethics and they were requested to make improvements. Additionally, we requested the submission of improvement plans from total of 13 companies including the three companies mentioned above. Two of these companies completed their improvements within the year. Furthermore, we have conducted support (on-site visits, email, etc.) for specific methods toward improvements.

We reviewed each process of the survey and audit for plans to generate higher quality and efficiency in CSR audits in the year ending March 31, 2017. We will continue to conduct audits and promotion of responsible procurement in the future.

The results of these surveys, audits, and improvement requests are also reported to the CSR Committee of supervising boards with members made up of our directors via the Supply Chain Subcommittees.

Flow of CSR Improvement Activities at Procurement Partners