

# Society/Labor

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## Critical Procurement Partners



In compliance with CSR Procurement Standards

Approx. **250**

## Percentage of women in management positions at Nikon:



Target: 7.5%

Results: **7.8%**

## Severity rate of lost time accidents at the Nikon Group:



**0.01%**

## Materiality 6

# Building a Resilient Supply Chain



## Reason for Priority

In recent years, stakeholders have become increasingly concerned about social issues related to human rights, work environments, health and safety, and the environment in the supply chain. In addition, raw material price fluctuations due to various factors such as global extreme weather events and natural disasters, geopolitical influences, and international conflicts have increased the instability and risks in the supply chain.

Against this backdrop, the Nikon Group, together with procurement partners who share our vision and act in unison, believes that it is necessary to listen to the views of society and build a resilient supply chain that can address these social issues.

## Commitment

As the environment surrounding the supply chain changes rapidly, it is imperative that we respond to factors causing instability and various risks. The Nikon Group is united in our efforts to strengthen our response to these challenges. Given these circumstances, we are expanding the scope of our response in our company to C (cost), D (delivery), and Q (quality), demand the same of our procurement. We strive to gain an understanding of procurement partner activities and the state of implementation with regard to sustainability.

Uncertainty and volatility continue to adversely affect parts procurement and logistics. In response, the Nikon Group endeavors to conduct transactions with procurement partners at fair prices and pursues collaborative activities from the perspective of Q+ESG. Our efforts are about building a resilient supply chain for our businesses and for sustainability. We intend to extend our initiatives gradually to include the suppliers of acquired companies that have joined the Nikon Group.

We seek strong relationships with procurement partners to visualize the supply chain, formulate and enhance business continuity plans (BCP), monitor CO<sub>2</sub> emissions, and strengthen human rights due diligence. In this way, we build an infrastructure that responds flexibly to significantly changing business risks and social issues. As a result, we reduce risk and achieve sustainable growth.

Hiroaki Tofuku  
Corporate Vice President  
General Manager of Production Technology Division

## [Policy for Activities]

- Nikon Basic Procurement Policy
- Nikon CSR Procurement Standards
- Responsible Minerals Sourcing Policy
- Nikon Basic Green Procurement Policy
- Nikon Green Procurement Standards

## [Organizations]

- Supply Chain Subcommittee

# Supply Chain Management

## Basic Approach

Nikon considers suppliers to be important partners helping us create and provide products and solutions useful for the world. Based on this belief, we strive to deepen mutual understanding and build trust with these procurement partners, and seek co-existence and co-prosperity. Furthermore, as a company working to build a better society and global environment as well as realize sustainable growth, we have established the Nikon Basic Procurement Policy to continually supply the world with useful products and solutions. Under this plan, we carry out our procurement activities in an honest and fair manner.

### Nikon Basic Procurement Policy (Summary)

Procurement based on the concept of partnership

1. Sustainable corporate activities
2. Open-door procurement
3. Procurement founded in fair competition



Nikon Basic Procurement Policy

<https://www.nikon.com/company/corporate/procurement/policy/>

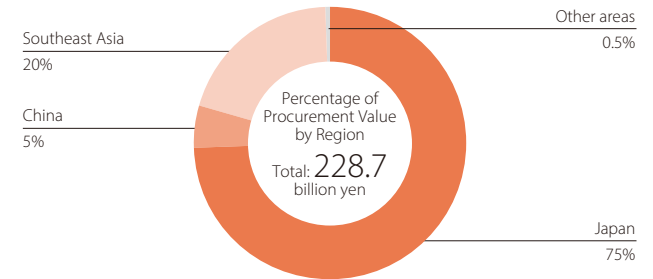
## The Nikon Group's Supply Chain

The Nikon Group has approximately 2,250 direct procurement partners globally. Beyond them, there are numerous Tier 2 and Tier 3 suppliers from whom we procure raw materials, electronic components, mechanical components, units, and others.

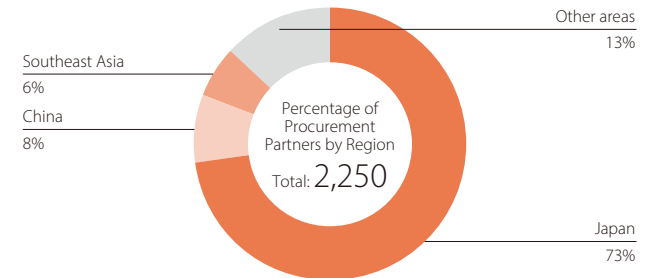
In the fiscal year 2023, the percentages by region based on procurement value were 75% for Japan, 20% for Southeast Asia, 5% for China, and 0.5% for other regions. Percentages of procurement partners by region were 73% in Japan, 8% in China, 6% in Southeast Asia, and 13% in other regions.

To ensure a high degree of quality, cost and delivery (QCD), overseas production bases of Nikon group, where are manufacturing Nikon products, hire employees locally and actively procure raw materials and parts from their countries and regions. We require our local procurement partners to comply with various standards and provide assistance for improvement. We work from a long-term perspective so as to enhance our procurement partners' corporate capabilities and to generate new business opportunities for them.

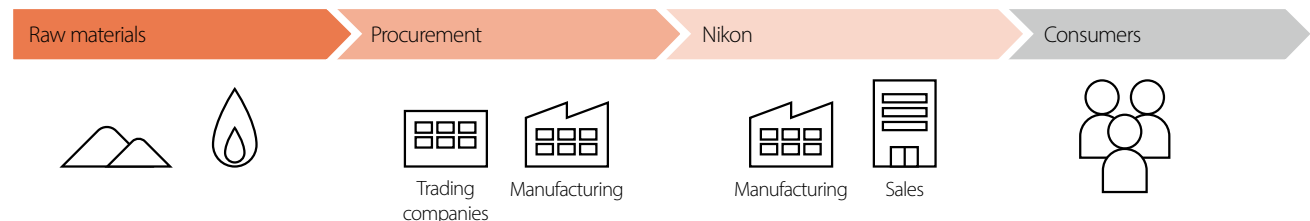
### Percentage of Procurement Value by Region



### Percentage of Procurement Partners by Region



### Supply Chain Illustration



## Strategy

### Risk

Risks in the supply chain include the spread of infectious diseases, extreme global-scale weather events, natural disasters, geopolitical influences, international conflicts. These factors can disrupt the supply-demand balance significantly for components and cause fluctuations in energy and raw material prices, leading to supply chain instability and potential business opportunity loss.

In particular, a major portion of the Nikon Group supply chain is in Japan, where earthquakes occur frequently. Stable procurement from procurement partners with inadequate BCP systems could be compromised, depending on the region, resulting in disruptions to the supply of products to our markets.

Public concern is rising related to human rights, the labor environment, health and safety, and environmental issues in the supply chain. Inappropriate efforts to address these concerns entail a risk of damage to our brand image and a loss of stakeholder trust.

### Opportunity

To create a sustainable society, we must build supply chains from an ESG procurement perspective, collaborating in activities with procurement partners. Given this perspective, the Nikon Group engages in environmentally and socially conscious procurement as we improve the stability of our supply chain. As a medium- to long-term goal, we aim to create sustainable supply chains that remain sound in the event of business

risks and social issues. This aim will help us achieve our Vision 2030, as stated in our Medium-Term Management Plan. Through these initiatives, we also strive to earn the trust of our customers and enhance the value of the Nikon Group brand. These activities lead to important opportunities for sustainable growth and enhanced corporate value.

### Strategy

We build strong relationships with procurement partners and establish mechanisms and systems to respond flexibly to supply chain risks, rapidly changing business risks, and social issues.

We conduct risk assessments of procurement partners to minimize the impact of business risks in the supply chain in the event of a contingency, to ensure quick response, and to assure business continuity. We offer support to procurement partners that have not fully identified and established BCP systems of their own.

We also conduct survey-based procurement partner assessments to identify, prevent, and mitigate human rights-related, environmental, and other social risks in our supply chain. We ask procurement partners identified as high-risk to conduct audits, and we provide remediation support to help these partners improve. Nikon establishes and operates effective remedy mechanisms to respond quickly and flexibly when risks do occur.

Our efforts in this area help us grow our business through stable supply chains, create social value, fulfill our social responsibility as a corporate entity, gain the trust of our customers, and enhance brand value.

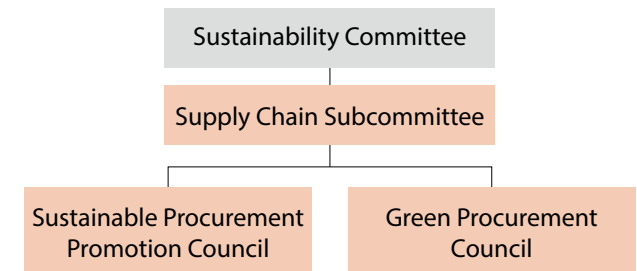
## Governance

The Nikon Group established the Sustainability Committee, chaired by the representative director and president. The director in charge of the Corporate Sustainability Department serves as vice chair of the Sustainability Committee.

Under the supervision of the general manager of the Production Technology Division (corporate vice president), the Supply Chain Subcommittee meets twice annually to conduct supply chain risk and opportunity management. The subcommittee is a subordinate body to the Sustainability Committee and reports progress to the parent committee. The subcommittee deliberates on activity reports and plans for building resilient supply chains.

Under this subcommittee, we established the Sustainable Procurement Promotion Council and the Green Procurement Promotion Conference. These bodies engage in specific activities for responsible supply chains in cooperation with procurement departments, other relevant departments in our businesses, and the management divisions at each manufacturing facility.

### ● Outline of Supply Chain Management System



## Procurement Hotline

The Nikon Group set up an externally accessible point of contact so that any information on violations of our CSR procurement standards in the supply chain can be quickly conveyed and acted upon. There were zero calls to the hotline related to procurement in fiscal year 2023.

## Risk Management

The Nikon Group has implemented a risk management system in order to deal appropriately with all risks that may have a significant impact on corporate management with the aim of sustainable growth for Nikon and Group companies.

In principle, procurement departments, related divisions, and divisions over manufacturing facilities take the lead in responding to supply chain risks. However, the Supply Chain Subcommittee and other subordinate meeting bodies discuss cross-organizational and critical risks overall and for specific matters. These bodies work with relevant departments to strengthen our response, as well as to review risk assessments and response measures. Reports and progress updates are shared with management through the Sustainability Committee as necessary.

## Identifying priority procurement partners

The Nikon Group identifies critical procurement partners through the following process based on perspectives such as procurement value, importance of procured components, and availability of substitutes. Once these are identified, we prioritize various surveys on social issues, while also working to strengthen inter-company collaboration in the course of our business. As of fiscal year 2023, the Nikon Group identifies approximately 250 companies globally as critical procurement partners.

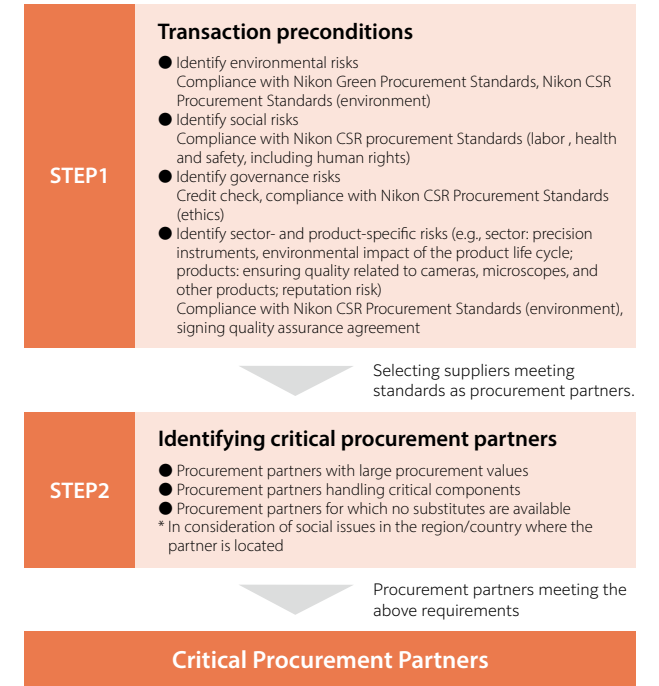
### STEP1

When beginning business with a new supplier, we apply the Nikon Group Procurement Procedure Manual to identify any environmental, social, governance, and sector- and product-specific risks. We also stipulate ESG in the terms of our master agreements. Suppliers that meet these standards are selected as procurement partners.

### STEP2

Among procurement partners, we identify those with whom we have large procurement values, those that handle critical components, and those for which no substitutes are available as critical procurement partners.

## ● Process for identifying critical procurement partners



## ● Number of Procurement Partners (Tier 1 Suppliers) and Critical Procurement Partners

	(companies)				
	FY2019	FY2020	FY2021	FY2022	FY2023
Procurement Partners (Tier 1 Suppliers)	2,700	2,700	2,300	2,250	2,250
Critical procurement partners (Tier 1 suppliers)	200	200	200	200	250

\* Critical procurement partners (Tier 1 suppliers): In fiscal year 2019, we changed the definition to as suppliers accounting for the top 80% of Nikon Group procurement costs.

## Indicators and Targets

### Indicators and Targets (Target Fiscal Year)

Percentage of human rights due diligence conducted\*1 (critical procurement partners): 100% (FY2025)

#### ▶ FY2023

##### Plan

1. CSR questionnaire diagnosis rate for critical procurement partners: 100%
2. Conducting CSR audits with and requesting improvements from critical procurement partners

##### Results

1. CSR survey diagnosis rate: 100% (247 companies)
2. CSR audits implemented (2 companies)
3. Written request for improvement (20 companies)

#### ▶ FY2024

##### Plan

1. CSR questionnaire diagnosis rate for critical procurement partners: 100%
2. Completion of CSR audits and written improvement requests to critical procurement partners

### Indicators and Targets (Target Fiscal Year)

Understanding BCP systems in the supply chain\*2: 100% (FY2025)

#### ▶ FY2023

##### Plan

1. Procurement partner location information visualization (13 companies)
2. Conduct BCP system surveys for procurement partners (50 or more companies)
3. Support for procurement partners requiring system establishment

### Results

1. Information and visualization of major procurement partner locations (15 companies)
2. Conduct BCP system surveys for procurement partners (61 companies)
3. Support for procurement partners requiring system establishment (10 companies)

#### ▶ FY2024

##### Plan

1. Information and visualization of major partner locations (15 companies)
2. Conduct BCP system surveys for procurement partners (50 or more companies)
3. Provide assistance to procurement partners failing to meet Nikon standards as a result of the fiscal year 2023 survey

\*1 Implement until improvement is completed when a survey or audit reveals correction is necessary.

\*2 The number of suppliers within the scope of the supply chain requiring the establishment of a BCP system.

## Major Initiatives

### Communication with Procurement Partners

#### Sustainable Procurement Briefings

The Nikon Group holds briefings every year to gain procurement partner understanding of Nikon Group procurement quality management and ESG-related policies and approaches. In 2023, we updated the existing procurement partner briefing and held Sustainable Procurement Briefing 2023 under a new name and with revised content. We held four of these

briefings between November 14 and 15, 2023, in an online format for procurement partners in Japan, China, and Thailand. A total of 1,158 participants representing 996 companies attended the presentations, which served as a meaningful opportunity for communication.

We also took time to recognize procurement partners who contributed to quality management and ESG through flexibility, promptness, and resiliency.

The Nikon Group will continue to deepen dialogue and collaboration with its procurement partners and fulfill its social responsibilities throughout the supply chain as a company that is trusted by society.



Sustainable Procurement Briefing 2023 (online)

#### Meetings with Procurement Partners

The Nikon Group believes in close communication with procurement partners and the importance of strengthening mutual relationships. To this end, we invite representatives of major procurement partners in Japan and overseas to our annual meetings with procurement partners. At these meetings, we report on Nikon's business environment, provide an overview of our business operations, and convey a message from the president.

## Education and Communication

In order to promote activities toward building a responsible supply chain, each and every employee in procurement departments must acquire the necessary knowledge, understand the basic procurement policy and various standards, and put these into action. To this end, we offer a variety of training programs and awareness-raising activities.

In fiscal year 2023, as in previous years, we provided training for internal practitioners and new employees involved in procurement. We strive to gain a greater understanding of the basics and background of our procurement operations to improve the stability of our supply chains and conduct environmentally and socially conscious procurement activities.

In fiscal year 2023, we began donating to a resilience improvement project in the Democratic Republic of Congo, where human rights abuses over minerals have become a major issue. This particular project is overseen

by Terra Renaissance, a Japan-based NGO. We also host in-house lectures given by Terra Renaissance to foster a better understanding of the conflict minerals issue.

## Visualizing the Supply Chain

The Nikon Group has been engaged in initiatives to accurately understand the current situation of its supply chain. These initiatives have enabled us to quickly and precisely identify the compliance status of our procurement partners with the standards required by the Nikon Group.

In fiscal year 2023, we implemented better visualization of the Tier 2 procurement partners and above who handle critical components, aiming to build a more resilient supply chain. In fiscal year 2024, we intend to expand efforts further, continuing to pursue visualization.

## Strengthening BCP

In recent years, strengthening the ability to respond to natural disasters such as earthquakes and floods, as well as the spread of new viruses, has become an important issue in supply chain management. The Nikon Group has established a BCP management system for rapid response in the event of an emergency and has engaged in the following initiatives.

In fiscal year 2023, we will work toward greater visualization of the supply chain through activities such as enhancing information on the locations of our major procurement partners for direct materials, including Tier 2 partners and above. In addition, we will entrench operation of our contingency survey so as to rapidly assess the situation in the event of an emergency. Furthermore, based on the survey results, we provided support to major procurement partners with inadequate BCP systems to help them build systems for handling emergencies and promote the strengthening of BCPs in the supply chains.

### ● Initiatives for Visualizing the Supply Chain

FY2019	<ul style="list-style-type: none"> <li>● Introduced an integrated procurement data management system to visualize supplier information for the entire Nikon Group</li> <li>● Started registering and gathering information on direct material procurement partners in Japan and Asian Group locations, where major suppliers are concentrated</li> </ul>
FY2020	<ul style="list-style-type: none"> <li>● Added information used for procurement partner assessment (e.g., management status, business transactions, ESG information)</li> <li>● Expanded scope of visualization to include indirect material procurement partners and procurement partners of Group locations in Europe</li> </ul>
FY2021	<ul style="list-style-type: none"> <li>● Added business continuity plan (BCP) and quality information used for procurement partner assessment</li> </ul>
FY2022	<ul style="list-style-type: none"> <li>● Conducted regular assessments of procurement partners based on visualized information</li> <li>● Provided assistance for improvement to procurement partners that do not meet standards and promoted transaction suspension of transaction volume review based on survey results and improvement status</li> </ul>
FY2023	<ul style="list-style-type: none"> <li>● Visualized procurement partner handling of critical parts and materials, beginning with Tier 2 suppliers</li> </ul>

● Initiatives to strengthen BCP

	I Visualizing the Supply Chain	II Establishing a Contingency Survey System	III Establishing Supplier BCP Systems
FY2020	<ul style="list-style-type: none"> <li>Registered procurement partner (Tier 1 supplier) location information necessary for contingency surveys in the integrated procurement data management system</li> </ul>	<ul style="list-style-type: none"> <li>Developed BCP internal first response infrastructure to efficiently assess procurement partner situations in the event of an emergency</li> </ul>	
FY2021		<ul style="list-style-type: none"> <li>Launched contingency surveys using the integrated procurement data management system</li> </ul>	<ul style="list-style-type: none"> <li>Conducted a survey on the status of infrastructure-related BCP system construction among our major procurement partners</li> </ul>
FY2022	<ul style="list-style-type: none"> <li>Expanded the scope of supplier location information visualization to include Tier 2 suppliers and beyond (manufacturing sites beyond trading company procurement partners)</li> </ul>		<ul style="list-style-type: none"> <li>Conducted a survey on the status of infrastructure-related BCP system construction among our major procurement partners, including those not related to infrastructure</li> </ul>
FY2023	<ul style="list-style-type: none"> <li>Visualized procurement partner handling of critical parts and materials, beginning with Tier 2 suppliers</li> </ul>		<ul style="list-style-type: none"> <li>Provided support for procurement partners with insufficient systems.</li> </ul>

Promoting CSR Procurement

Basic Approach

Nikon, as a global company, is committed to actively addressing social issues such as human rights, work environments, health and safety, and the environment in its supply chain, including among its procurement partners, through CSR procurement activities, in order to meet society's expectations with trust and to realize a sustainable society. With this in mind, the Nikon Group has established the Nikon CSR Procurement Standards in accordance with the Responsible Business Alliance (RBA) Code of Conduct. We have published these standards in Japanese, English, and Chinese.

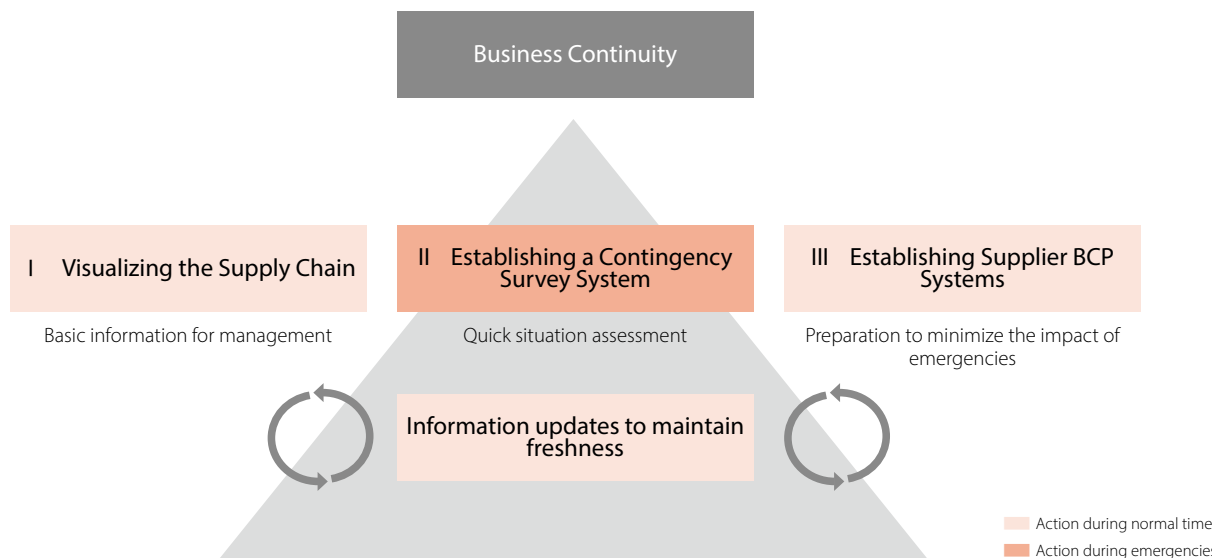
We also review these codes of conduct and standards on a regular basis to ensure our own procurement activities are consistent.

Initiatives for RBA → p.027



Nikon CSR Procurement Standards

<https://www.nikon.com/company/corporate/procurement/csr/>





### Compliance Requests

The Nikon Group incorporates compliance with the Nikon CSR Procurement Standards in its master agreements, and we ask all our procurement partners and their suppliers to act responsibly in accordance with these standards.

### Procurement Partner Assessments

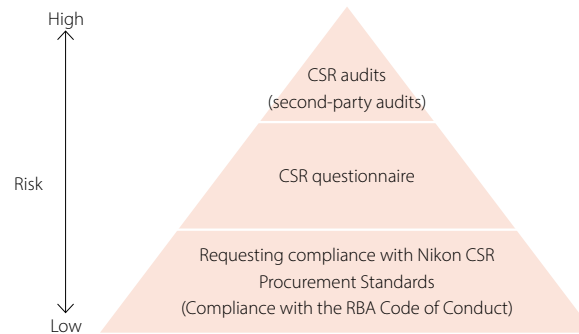
We will conduct assessments of critical procurement partners every three years, from fiscal year 2023 to fiscal year 2025 and from fiscal year 2026 to fiscal year 2028. For suppliers identified as Nikon Group critical procurement partners, we conduct CSR survey diagnosis using a CSR survey form, asking partners to self-assess their implementation of the Nikon CSR Procurement Standards. The CSR questionnaire is based on the RBA questionnaire and is conducted as an assessment of items related to human rights and human life, such as forced labor and child labor, with its own weighting. If the diagnostic results do not meet the target standards, improvements are requested.

Furthermore, we conduct CSR audits (second-party audits\*) of procurement partners that are particularly critical to our business or that we judge to be high-risk. We ask for improvements and provide assistance to address issues identified through CSR questionnaire diagnosis and CSR audits, confirming that improvements have been made. In principle, we confirm improvements in the year following the year of the improvement request (completion of improvements within one cycle, i.e., three years). If a serious violation of the Nikon CSR Procurement Standards is confirmed, or if a procurement partner does not cooperate sufficiently in a survey or audit or make any improvements to address issues, we will review our

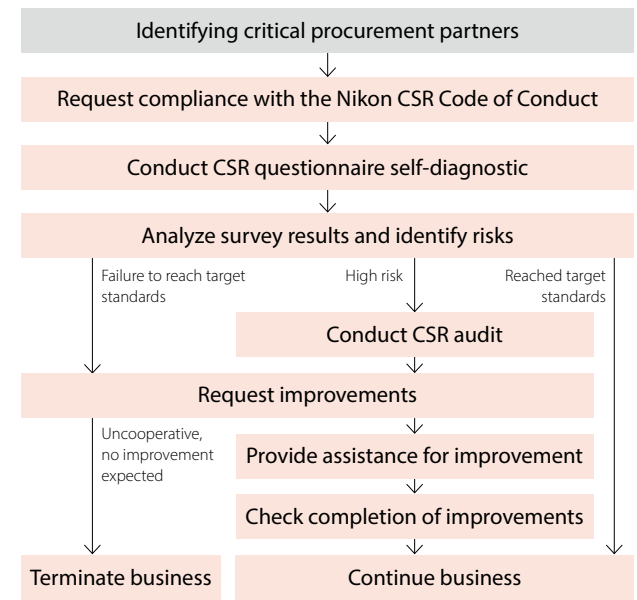
business relationship with the partner. In addition, we always conduct CSR questionnaire diagnostics for new suppliers before entering into a business contract with them, after confirming that they meet our standards.

\* Nikon CSR audit: An audit conducted by a commissioned consultant in accordance with RBA auditing standards.

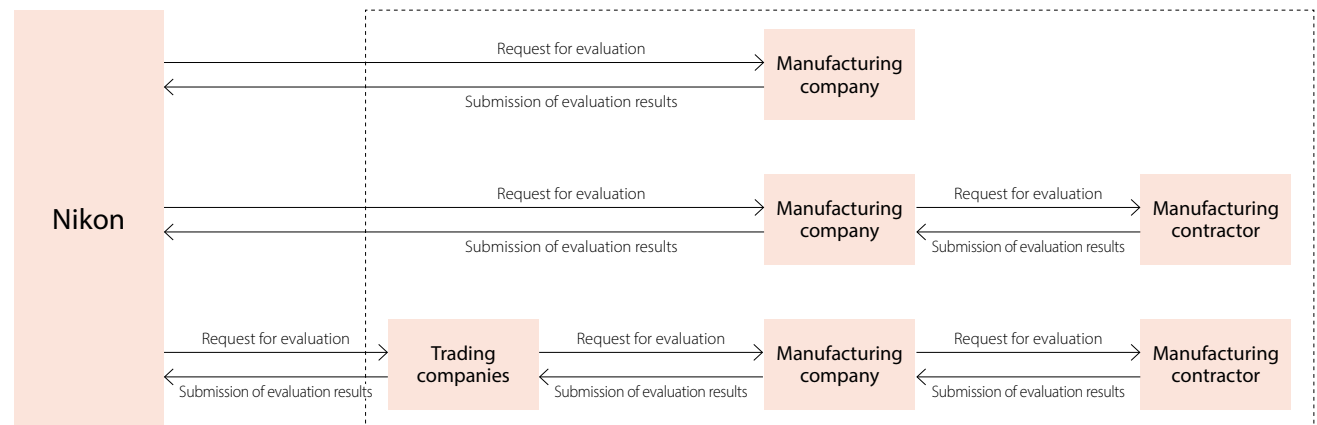
### Risk-Based Procurement Partner Assessments



### Flowchart of Critical Procurement Partner Assessments



### Scope of Assessments



## Results of Fiscal Year 2023 Assessment

We requested new procurement partners, critical partners, and Tier 2 suppliers and above to comply with the Nikon CSR Procurement Standards, and we conducted CSR questionnaire diagnosis for these entities. We also conducted CSR audits of our procurement partners.

### New Procurement Partners

In fiscal year 2023, we conducted CSR questionnaire diagnosis for 20 new procurement partners that will begin doing business with the Nikon Group. We confirmed said partners met target standards and began business transactions with these new procurement partners.

### Procurement Partners (Tier 1 Suppliers)

In fiscal year 2023, we conducted procurement partner assessments for critical procurement partners. CSR questionnaire diagnosis covered 247 procurement partners. We confirmed that 227 companies met target standards, and we requested 20 companies improve noncompliance related to labor, health and safety, the environment, and ethics. In addition, we conducted CSR audits (second-party audits) for three companies.

### Tier 2 Suppliers and Above (Critical Procurement Partners)

In the fiscal year 2023, we conducted CSR questionnaire diagnosis for 30 Tier 2 suppliers and above, confirming that these entities met target standards.

## Major Improvement Request Cases for CSR Audit Findings

### ● Notification of terms and conditions of employment on signing employment contracts

Issue	Failure to provide notification of contract terms on starting fixed-term employment
Assistance for improvement	Requests to reconfirm contracts and review requirements for employment, confirming the results of improvements

### ● Assessing the suitability of applicants during the hiring process

Issue	Unnecessary pre-employment examination requests
Assistance for improvement	Requests to discontinue inspections and revise guidelines, confirming the results of improvements

### ● Policies and procedures for eliminating discrimination

Issue	Failure to formulate policies and procedures
Assistance for improvement	Requests to develop policies and revise guidelines, confirming improvements

### ● Assessment results

	FY2019	FY2020	FY2021	FY2022	FY2023	Notes
CSR questionnaire diagnosis	—	211	—	—	247	Critical procurement partners (Tier 1 suppliers)
	8	—	15	6	20	New procurement partners (Tier 1 suppliers)
	—	60	43	11	30	Suppliers other than Tier 1 suppliers (Tier 2 and beyond, including key partners)
Improvement requests based on CSR assessment results	10	10	13	—	20	
Improvement requests based on CSR audits	3	3	—	2	3	Critical procurement partners (Tier 1 suppliers)
Improvements completed	14	13	26	—	3	Some improvements were completed in the fiscal year following the improvement request

### ● Fees related to employment

Issue	Failure to pay fees for issuing medical certificates at the time of new employment
Assistance for improvement	Requests for refunds and suspension of collection, confirming the results of improvement

### ● Assessing the suitability of applicants during the hiring process

Issue	Failure to provide notification of special retirement benefits paid on expiration of contract on signing employment contracts
Assistance for improvement	Requests provide notifications for contracts and provide information regarding special retirement benefits, confirming the results of improvement

### ● Working hours

Issue	Long working hours
Assistance for improvement	Requests to provide information of and consistently manage legal restrictions regarding long working hours Requests for ongoing monitoring

## Support for Responsible Minerals Sourcing

### Basic Approach

Certain minerals contained in Nikon products are mined and traded in conflict and high-risk areas. Concerns exist whether the mining processes may be a source of human rights abuses, including child and forced labor, environmental destruction, conflict, and social injustice. The Nikon Group established the Responsible Minerals Sourcing Policy, and we strive to procure mineral resources responsibly. The Nikon Group incorporates compliance with this policy into master agreements, and we ask all procurement partners and their suppliers to act responsibly in accordance with this policy.



Responsible Minerals Sourcing Policy

[https://www.nikon.com/company/corporate/procurement/conflict\\_minerals/](https://www.nikon.com/company/corporate/procurement/conflict_minerals/)

### Responding to High-Risk Conflict Minerals

Tin, tantalum, tungsten, gold, and cobalt are high-risk minerals distributed through our global supply chain from various countries and regions. In cooperation with procurement partners, Nikon continues to initiatives to improve supply chain transparency and reduce risk.

### Five Mineral Usage Survey and Results

We conduct a Nikon Group survey on the use of the five minerals as follows.

1. Identify Nikon Group products manufactured or commissioned to be manufactured in each business

- unit for the year covered by the survey
2. Request procurement partners handling products subject to the survey conduct their own survey of country of origin and smelters related to said minerals (using the industry standard Responsible Minerals Initiative: RMI Conflict Minerals Reporting Template (CMRT/EMRT)).
3. Compare smelter information collected from procurement partners against the RMI list of smelters
 

The results of the 2023 survey forming the basis of our 2024 Responsible Minerals Sourcing Report did not identify country of origin for all five minerals used in our products. However, we did not identify any minerals that could be considered as contributing to conflict in the reports submitted by procurement partners.

#### ● Tin, tantalum, tungsten, gold

Conducted surveys using CMRT for 793 procurement partners.

Of the 356 smelters identified in the survey, we found 236 to be RMAP-compliant\*.

#### ● Cobalt

Conducted surveys using EMRT for 38 procurement partners.

Of the 73 smelters identified in the survey, we found 44 to be RMAP-compliant\*.

More detailed information about these measures is published in our Responsible Minerals Sourcing Report 2023 (Results of the 2022 Survey) on the Nikon website.

\* Compliance includes smelters for which assessments were in progress.

### Risk Mitigation Initiatives

Nikon requires procurement partners to establish a conflict minerals policy and implementation plan.

We also encourage procurement from smelters that comply with the Responsible Minerals Assurance Process (RMAP). We also encourage smelters that do not comply with RMAP (as identified in our surveys) to obtain certification.



Responsible Minerals Sourcing Report 2024 (Results of the 2023 Survey)

[https://www.jp.nikon.com/company/sustainability/society-labor/supply-chain/Responsible\\_Minerals\\_Sourcing\\_Report\\_2023\\_Survey.pdf](https://www.jp.nikon.com/company/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Report_2023_Survey.pdf)

List of Smelters Conforming to RMAP Identified in the 2023 Survey (as of January 31, 2024) [English]

[https://www.nikon.com/company/sustainability/society-labor/supply-chain/rmap\\_list.pdf](https://www.nikon.com/company/sustainability/society-labor/supply-chain/rmap_list.pdf)

## Promoting Green Procurement

### Basic Approach

Environmental regulations like the EU RoHS\*<sup>1</sup> Directive and REACH\*<sup>2</sup> Regulations have even become more widespread in countries outside the EU, and Japan has also established similar laws and regulations. Moreover, efforts aimed at reducing CO<sub>2</sub> are rapidly growing around the world.

The Nikon Group has been aware of the social issues behind these social trends for some time. Based on the Nikon Green Procurement Policy, we conduct honest and fair materials procurement, aiming to continue providing products answering the expectations of our customers and to foster better society, a cleaner global environment, and sustainable corporate growth. Based on this philosophy, the Nikon Group created the Nikon Green Procurement Standards, prioritizing

the procurement of goods that give consideration to environmental impact, and we have made active involvement in environmental conservation a condition of doing business with our procurement partners. More specifically, we require that procurement partners abide by the Nikon Green Procurement Standards. Procurement partners are asked to establish and properly utilize an environmental management system (comprising both a management system for environmental conservation and a management system for hazardous chemical substances contained in products). Furthermore, we have defined prohibited chemical substances and controlled chemical substances for the chemical substances contained in products and used in manufacturing processes in the Separate Volume: Corresponding Chemical Substance List, a part of the aforementioned standards, and we require our procurement partners to comply with this and to submit data via chemSHERPA or another appropriate method.

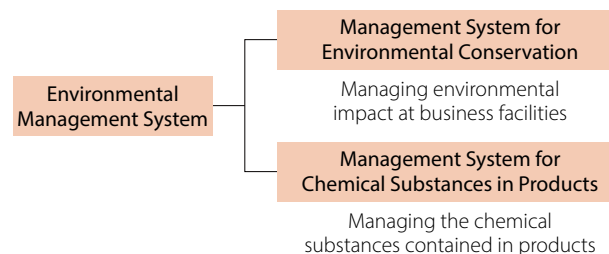
The Nikon Green Procurement Standards and the Corresponding Chemical Substance List include not only the substances regulated by the EU RoHS Directive, REACH Regulations, and other laws and regulations in Japan and abroad, but also our own regulated substances, and are both revised and updated regularly.

\*1 EU RoHS Directive → p.091

\*2 REACH Regulations → p.091

\*3 chemSHERPA → p.092

● Environmental Management System



**Environmental Management System Survey and Assessment**

At the Nikon Group, we conduct environmental management system surveys every three years in accordance with risks of chemical substances occurring in materials used, components, and processes. In addition, we conduct environmental management system assessments to check the status of the establishment and management of environmental management systems.

Environmental management system assessments are conducted for procurement partners identified as high-risk for containing prohibited chemical substances in products, and includes a review of their environmental management systems (EMS) and chemical management systems (CMS), including the extent to which procurement partners have put in place third party-certified management systems. For any noncompliance in environmental management systems found in the assessment process, improvements are requested, and assessments are completed after confirming that improvements have been made.

We use the results of these assessments to certify

procurement partners deemed compliant with our system standards as Nikon Environmental Partners. After certification, we continue to carry out checks on their system maintenance. For small companies where it is challenging to establish a system, we conduct a simplified environmental management system assessment to confirm the communication and management of chemical substance information. The target of this simple assessment extends to trading companies, and the simple assessment confirms that there are no problems in the management of chemical substances contained in products. Please note that this assessment is not a partner certification. In addition, we request that procurement partners submit data via chemSHERPA to check that their management of chemical substances contained in products is functioning effectively.

**Education and Communication**

To maintain and enhance the quality of its procurement partner assessments, the Nikon Group works to cultivate Environmental Management System Assessors.

More specifically, we provide education and training for personnel selected by Nikon business units and Group companies in and outside Japan, certifying those who meet our requirements as Environmental Management System Assessors. These certified assessors are the driving force in conducting environmental system assessments.

In the fiscal year 2023, 24 new assessors were certified, bringing the total number of assessors within the Nikon Group to 214\*.

\* As of March 31, 2024

## Assessment Results

We requested that procurement partners comply with the Nikon Green Procurement Standards and conducted assessments.

In the fiscal year 2023, we conducted assessments for 36 procurement partners. As a result, 15 companies\* were certified as new Environmental Partners.

In addition, we conducted renewal assessments for 131 procurement partners, bringing the total number of certified companies to 456\*, including newly certified companies. For the five companies\* not certified, we requested improvements.

### ● Environmental Partner Certification Results (as of March 31, 2024)

	FY2020	FY2021	FY2022	FY2023
Assessments	139	149	180	167
Newly certified Environmental Partners	18	36	31	15
Total certified Environmental Partners	420	453	456	456

\* Figure reflecting the decrease stemming from discontinued business transactions, business closures, etc.

## Action and Improvement Assistance Case for Findings from External Organizations

In fiscal year 2023, we determined that the use of bis (2-ethylhexyl) phthalate (DEHP) in artificial leather straps for Tropical Binoculars exceeded the standard value for the total concentration of phthalates specified in the REACH regulations. Therefore, we suspended shipments of this product. Continued use of the binoculars in question are not a cause any safety issues or quality defects. In addition, we determined that under normal use, the impact of the product on health is extremely small.

We will gladly exchange products for customers who wish a replacement.

\* PAHs: Polycyclic aromatic hydrocarbons.

Since December 27, 2015, tight restrictions have been imposed on standard content levels of eight PAHs for some uses.



Nikon Imaging

<https://www.nikon-image.com/support/whatsnew/2023/0914.html>