

Nikon CSR Procurement Standards

**October 1, 2018 (1.2nd Edition)
NIKON CORPORATION**

1 .About CSR-oriented Procurement in the Nikon Group

Business organizations have recently assumed greater responsibility for the sustainable development of society. In line with this trend, we at Nikon have established a corporate philosophy of "Trustworthiness & Creativity" and strive to contribute to society through our operational activities. The "Nikon Code of Conduct", form the fundamental central pillars supporting our philosophy—"Trustworthiness & creativity."

We revised the "Nikon CSR Procurement Standard" in accordance with the revision of the "Nikon Basic Procurement Policy".

Accordingly, we kindly request all of our Procurement Partners to understand each item contained in the "Nikon CSR Procurement Standards" and to further cooperate with us in promoting CSR throughout our supply chain. We also ask for your understanding that we will grasp expectations and demand from the international community changing with times and review and revise the "Nikon CSR Procurement Standard" appropriately to meet them.

Nikon Basic Procurement Policy

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

1. Sustainable corporate activities

Nikon shall conduct sustainable and fair corporate activities, while not only complying with applicable laws and accepted social norms, but tackling social issues such as forced labor, child labor, and environmental destruction.

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, technology, and corporate reliability that includes social responsibility initiatives.

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

2 .Overview of Nikon CSR Procurement Standards

As the Nikon Group deploys its businesses, the individuals and corporations in our so-called supply chain, including our Procurement Partners, are strongly encouraged to fulfill their social responsibility. In responding to such requirement, our Procurement Partners, who are also our Business Partners, are kindly requested to comply with the following items. It is important that our Procurement Partners understand that they must, in all of its business activities, comply with the laws, rules, and regulations of the countries in which they operate. The Standards recommend that our Procurement Partners work on advanced social and environmental activities based on international standards, beyond legal compliance.

The Standards have five sections. Sections A, B, and C define standards for Labor, Health and Safety, and the Environment, respectively. Sections D and E describes Ethics and key points of the allowable Management System regarding compliance with the Standards, respectively. The Standards comply with the "RESPONSIBLE BUSINESS ALLIANCE (RBA) CODE OF CONDUCT."

A) LABOR

Our procurement partners are committed to uphold the human rights of workers, and to treat them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. The recognized standards, were used as references in the such as the ILO Declaration and may be a useful source of additional information.

B) HEALTH and Safety

Our Procurement Partners are committed to recognize that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Our Procurement Partners also recognize that ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace. Recognized management systems such as OHSAS 18001 and ILO Guidelines on Occupational Safety and Health were used as references in preparing the Standards and may be useful sources in understanding the Standards.

C) ENVIRONMENTAL

Our Procurement Partners recognize that environmental responsibility is integral to producing world class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public.

Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) were used as references in preparing the Standards and may be useful sources in understanding the Standards.

D) ETHICS

To meet social responsibilities and to achieve success in the business, our Procurement Partners and their agents are to uphold the highest standards of ethics through sound and fair business management and appropriate disclosure of information including business conditions.

E) MANAGEMENT SYSTEM

Our procurement partners shall adopt or establish a management system whose scope is related to the content of the Standards. The management system shall be designed to ensure: (a) compliance with applicable laws, regulations and customer requirements related to our Procurement Partners' operations and products; (b) conformance with the Standards; and (c) identification and mitigation of operational risks related to the Standards. It should also facilitate continual improvement.

3 .Nikon CSR Procurement Standards

(Description of Items)

【Contents】

A) LABOR

- 1. Freely Chosen Employment**
- 2. Young Workers**
- 3. Working Hours**
- 4. Wages and Benefits**
- 5. Humane Treatment**
- 6. Non-Discrimination**
- 7. Freedom of Association**

B) HEALTH and SAFETY

- 1. Occupational Safety**
- 2. Emergency Preparedness**
- 3. Occupational Injury and Illness**
- 4. Industrial Hygiene**
- 5. Physically Demanding Work**
- 6. Machine Safeguarding**
- 7. Sanitation, Food, and Housing**
- 8. Health and Safety Communication**

C) ENVIRONMENTAL

- 1. Environmental Permits and Reporting**
- 2. Pollution Prevention and Resource Reduction**
- 3. Hazardous Substances**
- 4. Solid Waste**
- 5. Air Emissions**
- 6. Materials Restrictions**
- 7. Water Management**
- 8. Energy Consumption and Greenhouse Gas Emissions**
- 9. Biodiversity**

D) ETHICS

- 1. Business Integrity**
- 2. No Improper Advantage**
- 3. Disclosure of Information**
- 4. Intellectual Property**
- 5. Proper control of export procedures**
- 6. Fair Business, Advertising and Competition**
- 7. Protection of Identity and Non-Retaliation**
- 8. Responsible Sourcing of Minerals**
- 9. Information security**

E) MANAGEMENT SYSTEM

- 1. Company Commitment Management**
- 2. Accountability and Responsibility**
- 3. Legal and Customer Requirements**
- 4. Risk Assessment and Risk Management**
- 5. Improvement Objectives**
- 6. Training**
- 7. Communication**
- 8. Worker Feedback, Participation and Grievance**
- 9. Audits and Assessments**
- 10. Corrective Action Process**
- 11. Documentation and Records**
- 12. Supplier Responsibility**

«Supplement»

【Policy on Conflict Minerals】

【Paper Procurement Policy】

Nikon CSR Procurement Standards

We have included a detailed description of contents under each item being requested with our Procurement Partners.

A) LABOR

1 . Freely Chosen Employment

Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits, unless the holding of work permits is required by law. Workers shall not be required to pay employers or agents recruitment fees or other related fees for their employment

If any such fees are found to have been paid by workers such fees shall be repaid to the worker

2 . Young Workers

Child labor is not to be used in any stage of manufacturing. The term "child" refers to any person under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Our Procurement Partners shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations. Our Procurement Partners shall provide appropriate support and training to all student

workers. In the absence of local law, the wage rate for student workers, interns and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

3 . Working Hours

Studies of business practices clearly link employee's strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Employees shall be allowed at least one day off every seven days.

4 . Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.

5 . Humane Treatment

There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

6 . Non-Discrimination

Each Procurement Partner should be committed to a workforce free of harassment and unlawful discrimination. Our Procurement Partners shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests or physical exams that could be used in a discriminatory way.

7 . Freedom of Association

In conformance with local law, our Procurement Partners shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

B) HEALTH and SAFETY

1 . Occupational Safety

Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards. Reasonable steps must also be taken to remove pregnant women/nursing mothers from working condition with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers including those associated with their work assignments, as well as include reasonable accommodations for nursing mothers.

2 . Emergency Preparedness

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans. Such plans and procedures shall focus on minimizing harm to life, the environment and property.

3 . Occupational Injury and Illness

Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness including provisions to: encourage worker reporting; classify and record injury and illness cases; provide necessary medical treatment; investigate cases and implement corrective actions to eliminate their causes; and facilitate return of workers to work.

4 . Industrial Hygiene

Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control overexposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.

5 . Physically Demanding Work

Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.

6 . Machine Safeguarding

Production and other machinery shall be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

7 . Sanitation, Food, and Housing

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by our Procurement Partners or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8 . Health and Safety Communication

Our Procurement Partners shall provide employees with appropriate workplace health and safety training in the language of the worker or in a language the worker can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards.. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers shall be encouraged to raise safety concerns.

C) ENVIRONMENTAL PRESERVATION

1 . Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

2 . Pollution Prevention and Resource Reduction

Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance and facility processes; or by other means. The use of resources and generation of waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

3 . Hazardous Substances

Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

4 . Solid Waste

Our Procurement Partners shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

5 . Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, routinely monitored, controlled and treated as required prior to discharge. Our Procurement Partners shall conduct routine monitoring of the performance of its air emission control systems.

6 . Materials Restrictions

Our Procurement Partners are to adhere to all applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

7 . Water Management

Participant shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge; seeks opportunities to conserve water; and controls channels of contamination. Wastewater generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal. In addition, measures should be implemented to reduce generation of wastewater. Our Procurement Partners shall conduct routine monitoring of the performance of its wastewater treatment systems.

8 . Energy Consumption and Greenhouse Gas Emissions

Energy consumption and greenhouse gas emissions are to be recorded and documented, at the facility and/or corporate level. Our Procurement Partners are to look for cost effective methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

9 . Conservation of Biological Diversity

Global environmental conservation efforts should be made as a responsible company by minimizing its impact on the natural environment, including biodiversity. Also, we implement paper procurement with the sustainable use of forest resources in mind and ensure social trust and sympathy through eco-friendly excellent merchandises.

D) ETHICS

1. Business Integrity

The highest standards of integrity are to be upheld in all business interactions. Our Procurement Partners shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement.

2. No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are not to be promised, offered, authorized, given or accepted. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage. Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

3. Disclosure of Information

All business dealings should be transparently performed and accurately reflected on our Procurement Partners' business books and records. Information regarding company's labor, health and safety, environmental practices, business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices. Risk Information (e.g. damage by a large-scale disaster, occurrence of adverse effects on the environment or society, and discovery of a serious violation of law) is to be disclosed as well. Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable.

4. Intellectual Property

Intellectual property rights are to be respected; transfer of technology and knowhow is to be done in a manner that protects intellectual property rights; and, customer information is to be safeguarded.

5. Proper Control of Export Procedures

Our Procurement Partners shall streamline a clear-cut control system and follow proper export procedures regarding the exports of technologies and goods, as governed by applicable laws and regulations.

6. Fair Business, Advertising and Competition

Standards of fair business, advertising, and competition are to be upheld.

7. Protection of Identity and Non-Retaliation

Programs that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers² are to be maintained, unless prohibited by law. Our Procurement Partners should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

8. Responsible Sourcing of Minerals

Our Procurement Partners shall have a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Our Procurement Partners shall exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to customers upon customer request. Also, our Procurement Partners shall understand the "Nikon Policy on Conflict Minerals," cooperate with the surveys and audits conducted by Nikon, and perform responsible procurement of mineral resources within its supply chain.

9. Information Security

Our Procurement Partners shall observe the following three points regarding information security:

1. Defense against threats to computer networks
 - Our Procurement Partners shall take appropriate defensive measures against threats to their computer networks and to manage the networks in order not to cause any damage to their own or other companies.
2. Protection of Personal Information
 - Our Procurement Partners shall commit to protecting the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees. Our procurement Partners are to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, or shared.
3. Prevention of the Leakage of Customer and Third-party confidential information
 - Our Procurement Partners shall properly control and protect confidential information received from customers and third parties.

E) MANAGEMENT SYSTEM

1. Company Commitment

A corporate social and environmental responsibility policy statement affirming our Procurement Partners' commitment to compliance and continual improvement, endorsed by executive management and posted in the facility in the local language.

2. Management Accountability and Responsibility

Our Procurement Partners clearly identify senior executive[s] and company representative[s] responsible for ensuring implementation of the management systems and associated programs. Senior management reviews the status of the management system on a regular basis.

3. Legal and Customer Requirements

A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of the Standards.

4. Risk Assessment and Risk Management

A process to identify the legal compliance, environmental, health and safety and labor practice and ethics risks associated with our Procurement Partners' operations. Our Procurement Partners shall determine the relative significance for each risk and implement appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance.

5. Improvement Objectives

Written performance objectives, targets and implementation plans to improve our Procurement Partners' social and environmental performance, including a periodic assessment of our Procurement Partners' performance in achieving those objectives.

6. Training

Programs for training managers and workers to implement our Procurement Partners' policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.

7. Communication

A process for communicating clear and accurate information about our Procurement Partners' policies, practices, expectations and performance to employees, suppliers, and customers.

8. Worker Feedback, Participation and Grievance

Ongoing processes, including an effective grievance mechanism, to assess employees' understanding of and obtain feedback on or violations against practices and conditions covered by the Standards and to foster continuous improvement.

9. Audits and Assessments

Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Standards and customer contractual requirements related to social and environmental responsibility.

10. Corrective Action Process

A process for timely correction of deficiencies and inadequacies identified by internal or external assessments, inspections, investigations and reviews.

11. Documentation and Records

Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.

12. Supplier Responsibility

A process to communicate Standards' requirements to suppliers and to monitor supplier compliance to the Standards.

NIKON CORPORATION

Established on: August 15, 2015

The contents of the Standards may be revised without prior notice.

Revision History		
Revision Date	Edition	Major Revisions
August 15, 2015	Ed. 1	Established
August 1, 2016	Ed. 1.1	Revision(Corresponds to RBA Code of Conduct v 5.1)
October 1,2018	Ed. 1.2	Revision(Corresponds to Nikon Rules and RBA Code of Conduct v 6.0)

<Supplement>

【policy on Conflict Minerals】

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.

【Paper Procurement 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:

A) 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 HCVFs or by the FSC;

or

B) 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.