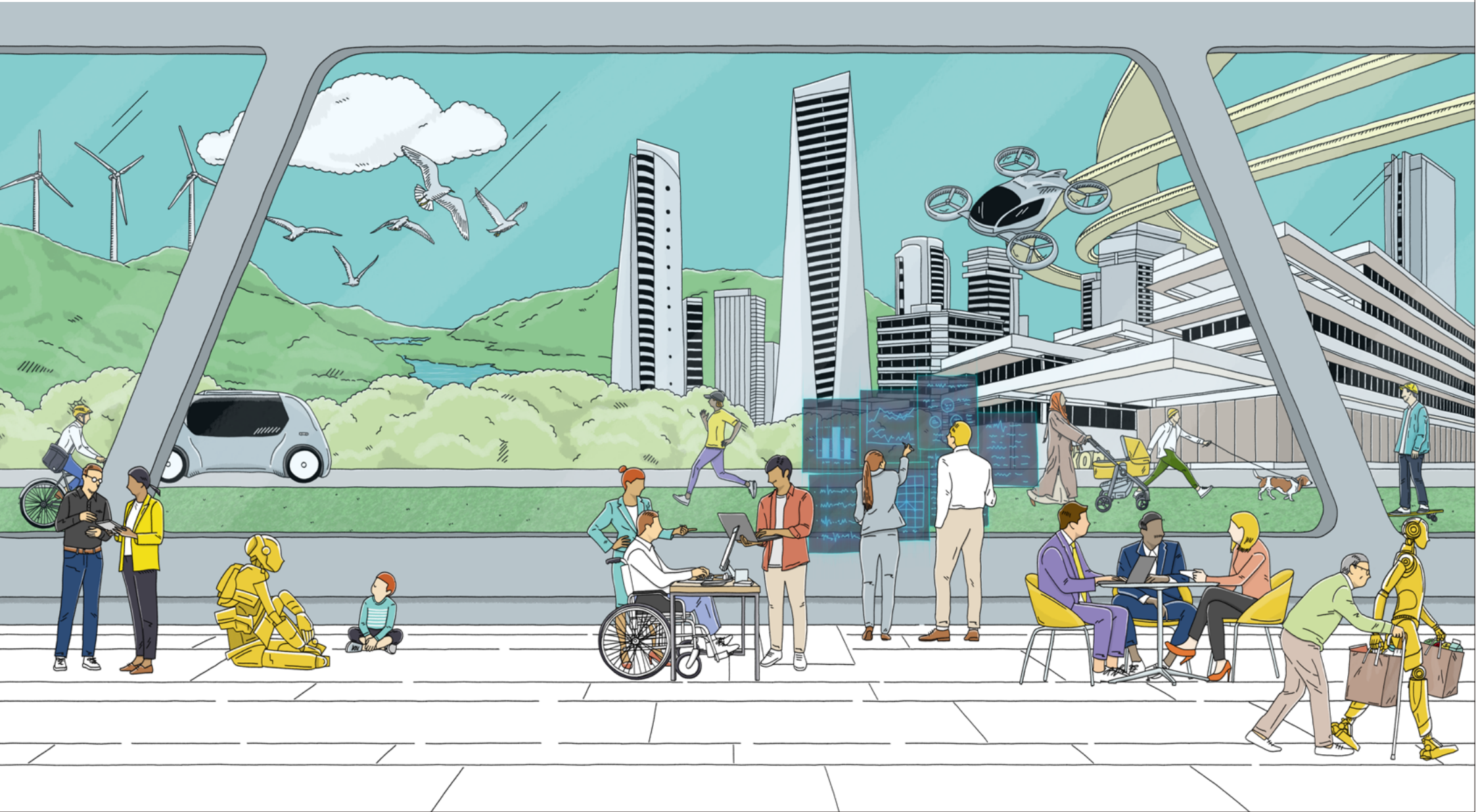




NIKON SUSTAINABILITY REPORT 2023



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About Sustainability Report 2023

Editorial Policy

The Nikon Group aspires to be a company that can both grow our business and contribute to the sustainable development of society. We also hope to build strong relationships with stakeholders by sharing information proactively about our basic approaches and initiatives.

The Sustainability Report 2023 is produced with reference to the GRI Sustainability Reporting Standards (GRI Standards) in order to provide comprehensive disclosure of non-financial information to stakeholders. With regard to climate change, we disclose information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Other standards and guidelines in Japan and other countries and regions are referenced as needed.

This report is structured in accordance with the Nikon Group's materiality and reports activities and results for the reporting period, with detailed data disclosed in the Sustainability Report 2023 Data Index. Data marked with a star (★) in the Data Index has received third-party assurance from Deloitte Tohmatsu Sustainability Co., Ltd. in accordance with ISAE 3000 and ISAE 3410 (of the International Standards on Assurance Engagements) in order to improve the reliability of the figures.



Sustainability Report 2023 Data Index

https://www.nikon.com/company/sustainability/report/2023/data_index2023.pdf

Reporting Period

Fiscal Year 2022 (April 1, 2022 to March 31, 2023)

Disclosures include some activities in or after April 2023.

Boundary

Nikon Corporation and consolidated subsidiaries

On Notations in Text Indicating Boundary

Nikon: Refers to Nikon brand or Nikon Corporation

Group Companies: Nikon consolidated subsidiaries (80 entities)

Nikon Group: Nikon Corporation and consolidated subsidiaries

*1 The scope for environmental data is defined on p.057 in ISO 14001 Acquisition Status and Data Categories in this report. In other cases where a specific scope is defined, details are clearly specified in each respective section.

*2 Unless otherwise stated, the term "employees" includes Nikon Group executive officers, permanent and non-regular staff, contract workers, contract workers from staffing agencies, part-time employees, and temporary personnel.

*3 The figures related to the financial content of this report are truncated to the nearest 100 million yen when stated in hundred millions of yen and rounded to the nearest 1 million yen when stated in millions of yen. Other figures are also rounded after presentation. Therefore, sums of detailed figures may not match total amounts.

Publication Date

September 2023 (previous report: September 2022)

This document is published once a year as an annual report.

Some past environmental performance data has been changed due to expansion of reporting boundary and other reasons.

Reference Guidelines, Etc.

GRI Sustainability Reporting Standards (GRI Standards)

Final Report Recommendations of the Task Force on Climate-related Financial Disclosures

GRI Content Index

Comparisons with each item of the GRI Standards are shown in the GRI Content Index.

GRI Content Index (→ p.G-01)

Contact

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108-6290, Japan

Tel.: +81-3-6433-3722

E-mail: Csr.Info@nikon.com

● On Disclosure of Financial and Non-Financial Information



Investor Relations (Website)

<https://www.nikon.com/company/ir/>

This website provides disclosure of financial and non-financial information, including business performance and corporate governance, primarily to investors and shareholders.

- Medium-Term Management Plan, Financial Results Conference Materials, Annual Securities Report
- Detailed Information on Corporate Governance
- Others



Sustainability (Website)

<https://www.nikon.com/company/sustainability/>

This website provides disclosure of non-financial information on sustainability for a wide range of stakeholders.

- Sustainability Report (PDF)
- Sustainability Report Data Index (PDF)
- Others



Nikon Report (Website)

<https://www.nikon.com/company/ir/management/nikon-report/>

An integrated report website presenting Nikon's efforts to achieve medium- to long-term growth and improvement in corporate value.

Toward a Sustainable Future



Sustainability Strategy and Materiality

In April 2022, Nikon announced our Medium-Term Management Plan (FY2022-2025). This plan is first half of the phase of our Vision 2030 to become a *key technology solutions company in a global society where humans and machines co-create seamlessly*. This Medium-Term Management Plan positions sustainability strategy as a management base and describes a basic policy defining sustainability as integral to our business.

Nikon sustainability is based on our Corporate Philosophy of Trustworthiness and Creativity. Two pillars support our business: (1) To evaluate and improve the benefits that our business receives from and the impact it has on society and the environment, and to respond to the expectations of society with trust and (2) To create value by contributing to the resolution of social and environmental issues and the achievement of SDGs through our businesses.

In fiscal year 2022, we confirmed the materialities that serve as the axis of our activities to ensure our approach to sustainability is in line with these pillars and appropriate for reaching our aspirational Vision 2030. In conducting this confirmation, we focused on the opinions and expectations of our stakeholders. We also collected a wide range of opinions from employees. In addition, I and other members of management discussed materialities with outside experts and incorporated the objective opinions we received.

As a result of these activities, we revised two of our

12 materialities. For one materiality, we changed *strengthening supply chain management* to *building a resilient supply chain*. We intend to cooperate with companies in our supply chain to build a system that responds more flexibly and agilely to various changes in the business environment.

For the other materiality, we changed *Diversity and Inclusion* to *Diversity, Equity & Inclusion (DEI)*. The Nikon Medium-Term Management Plan describes human capital management as another foundation of our management. DEI provides for fair opportunities according to the circumstances of each employee and fosters a corporate culture that encourages all to play active roles and take on new challenges. We see DEI as a key measure in forming the foundation of human capital management at Nikon.

Human Capital Management

Under our aspiration Vision 2030, Nikon is transitioning from providing mainly end products to delivering integrated solutions that meets needs for products, services and components. To this end, we must transform and expand the quality and quantity of human resources in our organizations.

Nikon pursues human capital management through three pillars: (1) Acquire talent; (2) Develop talent; and (3) Leverage talent. We engage in a number of measures in this context, including the training of solutions engineers who play an indispensable role in the transformation of our business model; strengthening systems to attract and support a diverse range of mid-career hires; revising personnel and wage systems to improve job satisfaction

and a sense of reward; and building a new head office conducive to efficient and comfortable work styles. My emphasis in pursuing these measures is to encourage employees to think and act proactively. It is essential that we become a group of professionals who work with initiative, knowledge, and skills to propose optimal solutions that coordinate internal and external resources, always acting with the success of our client in mind. Nikon aims to offer workplace environments in which each individual maximizes their abilities, feeling a sense of fulfillment and job satisfaction. At the same time, we encourage self-awareness in our employees, asking them to take responsibility for their own growth.

Growth in our human resources leads to growth in our businesses, linking opportunities for human resources to work at higher levels and on larger stages. By continuing

this virtuous cycle, we will achieve our Vision 2030, which is to become a key technology solutions company in a global society where humans and machines co-create seamlessly. And we will grow as a company with greater capacity to provide value to society and to our customers.

Ensuring Trustworthiness

In April 2023, Nikon established the Nikon Global Diversity, Equity & Inclusion Policy. The goal of this policy is to further strengthen Group-wide efforts in DEI, which is one of our materialities and an important factor in human capital management. Guided by this policy, we foster work environments and a corporate culture in which each employee recognizes the individuality and abilities of their colleagues.



Nikon has defined our vision for each of our 12 materialities, including DEI. In addition, we established strategies to address risks and opportunities appropriately for each materiality, as well as indicators and targets to monitor our progress.

For example, in *promoting a decarbonized society*, Nikon set a target within the Nikon Long-Term Environmental Vision to achieve carbon neutrality by the fiscal year 2050 across our entire supply chain. As we grow our businesses on the one hand, we must develop even more aggressive measures to reduce greenhouse gas emissions on the other. Based on this understanding, management held discussions and decided to convert 100% of the electricity used at our production centers in Thailand and Tochigi to renewable energy beginning in fiscal year 2023. Both of these facilities use significant amounts of electricity.

In addition, we are working to meet the indicators and targets for each materiality to live up to the trust of our customers and society. These activities include conducting human rights due diligence across our supply chain and resource circulation throughout the product life cycle.

Making Contributions Through Creativity

Over our history, Nikon has helped humanity use machines to explore new worlds, live new experiences, and achieve new possibilities through opto-electronics and precision technologies. I believe this will remain the role of Nikon on into the future, and we intend to focus particularly on *Materiality 1: Creating social value through core technologies*.

Looking to society in the year 2030, experts predict a mega-shift in values, how we view life and our lifestyles, social frameworks, and technology. This shift will bring about a transition to Industry 5.0, where people and machines co-create. We want to play a central role in this transition. We also want to make societies more sustainable and humanity more prosperous and happy. True to this commitment, our Medium-Term Management Plan calls for developing business in two value domains: Industry that expands possibilities for people and Quality of Life (QOL) that make lives better. Our greatest contributions will be in the areas of safety and work environments, decarbonization, circular systems for resources, health, and enriched spirit.

In fiscal year 2022, the first year of our plan, in the area of decarbonization, for example, we pursued the commercialization of the riblet process, which is expected to reduce fuel consumption and CO₂ emissions by reducing the frictional resistance of fluids. In 2022, we began the world's first proof-of-concept tests, applying riblets directly over the external paint of aircraft operated by Japan Airlines Co., Ltd. We also began tests of a riblet film processed using this technology and applied it to aircrafts operated by All Nippon Airways Co., Ltd. According to our estimates, applying this film to the entire ANA fleet could reduce CO₂ emissions by approximately 300,000 tons annually.

In the areas of safety and work environments and circular systems for resources, we made SLM Solutions Group AG a subsidiary in January 2023. SLM Solutions Group is one of the world's leading companies specializing in metal 3D printers. In April, we merged

our in-house material processing businesses and launched the Advanced Manufacturing Business Unit. We aim to become the global leader in the field of metal additive manufacturing. And we will achieve this goal by providing innovative manufacturing solutions to our customers through additive manufacturing and precision subtractive processing that contribute to automation, conserve resources, and reduce waste in the manufacturing process.

We continue moving faster toward commercialization in each of the areas defined as growth drivers in our Medium-Term Management Plan. We will also create and expand value of the type that contributes to society through new and existing businesses.

Toward the Future

Looking around the world, we see many pressing social issues, including ongoing tragic conflicts and new lifestyles in the with-COVID-19 era.

Amid these circumstances, Nikon continues to ask what we can do to create sustainable societies and how we can increase the level of our contributions.

I ask you, our stakeholders, for your continued support and high expectations of the Nikon Group in the future.

August 2023

Integrated Management of Growth and Sustainability Strategies



Muneaki Tokunari

Director

Executive Vice President

CFO

Officer in charge of the Corporate Sustainability Department

Trustworthiness and Creativity - Nikon Corporate Philosophy and Materialities

Nikon defined 12 materialities related to sustainability. We divide these 12 materialities related to sustainability into two categories based on the Nikon Corporate Philosophy of Trustworthiness and Creativity: (1) Meet society's expectations to win trust and (2) Contribute to society through creativity.

In terms of trustworthiness, we pursue a range of initiatives related to the environment, social/labor, and governance. In fiscal year 2022, we reduced greenhouse gas emissions from our business facilities by 30% compared with fiscal year 2013. The ratio of women among new graduate hires was 32%, compared with our target of 25%. In April 2023, we established the Nikon Global Diversity, Equity & Inclusion Policy, reflecting our intent to make the most of diversity in managing our businesses.

In terms of creativity, we began seeing tangible results, including in our work with two airlines. We are helping these companies reduce fuel consumption and CO₂ emissions using our proprietary optical processing machines for microfabrication applied to the surface of aircraft. This microfabrication imitates the skin of sharks that swim in the sea at high speed.

In recognition of these efforts, Nikon received the top global score* in the Dow Jones Sustainability Indices for our industry group. We also received a AAA rating in the MSCI ESG Ratings*. Furthermore, Nikon shares are included in all six of the ESG investment indices adopted by GPIF*.

*Scores and ratings as of August 2023

Enhancing Corporate Value

We believe sustainability initiatives will lead to greater social and non-financial value at Nikon. And over a certain time frame, these factors will lead to increased financial value, such as ROE, share price, and market capitalization.

To this end, the executive compensations system under the Medium-Term Management Plan we began in fiscal year 2022 incorporates sustainability strategies and human capital management initiatives into KPIs used to determine the amount of PSUs (performance share units), a type of performance-linked stock compensation.

Fiscal year 2022 was one that saw a number of important business developments. However, the expectations of society and stakeholders continue to rise. In my capacity as CFO and officer in charge of sustainability, I continue to pursue sustainability as an integral part of the Company's growth strategy as we aim to enhance corporate value.

August 2023

Nikon Group Profile

Corporate Information

Company name Nikon Corporation

Head office Shinagawa Intercity Tower C, 2-15-3, Konan, Minato-ku, Tokyo 108-6290, Japan
Tel.: +81-3-6433-3600

Representative Toshikazu Umatate
Representative Director and President

Established July 25, 1917

Capital ¥65,476 million (as of March 31, 2023)

Revenue Consolidated 628,105 million yen (as of March 31, 2023, presented under International Financial Reporting Standards (IFRS))

Number of employees Consolidated 18,790 (as of March 31, 2023)
Non-consolidated 4,184 (as of March 31, 2023)

Group companies by region (consolidated; as of March 31, 2023)
Japan [excluding Nikon] 19 companies / Europe 19 companies Asia / Oceania 26 companies / Americas 16 companies

Business domains The Nikon Group provides a wide range of products, services, and solutions globally based on our opto-electronics and precision technologies cultivated over more than 100 years of history.

Main Business, Products by Segment

■ **Imaging Products Business**
Digital camera-interchangeable lens type, Interchangeable lens, Compact DSC

■ **Precision Equipment Business**
FPD lithography system, semiconductor lithography system, Alignment station, Measurement and inspection system

■ **Healthcare Business**
Biological microscope, Retinal diagnostic imaging system, cell manufacturing

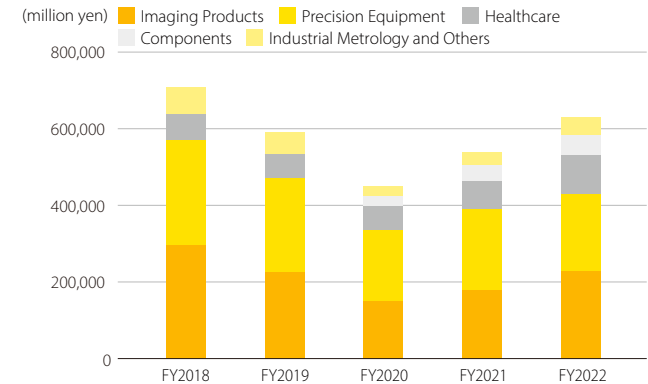
■ **Components Business**
EUV-related component, Optical parts, Optical components, Encoders and Actuators, Photomask substrate for FPD

■ **Digital Manufacturing Business**
Metal 3D printer, Optical processing machine and Contract material processing, Measuring instrument, X-ray system, industrial microscopy

* The Nikon Group has established a new reportable segment, the Digital Manufacturing Business, effective from the fiscal year ending March 2024. This segment consolidates businesses previously included in Industrial Metrology and Others, as well as departments and subsidiaries engaged in additive manufacturing.

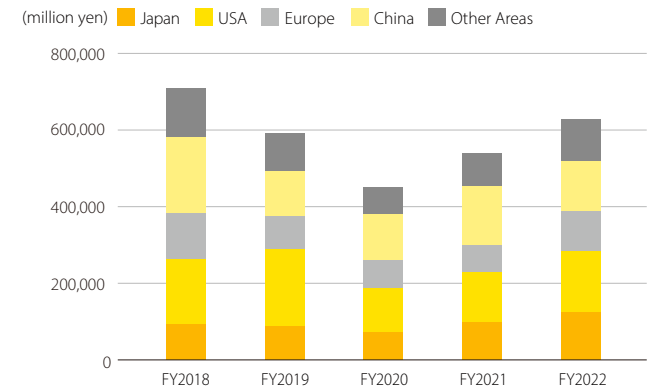
Main Financial Data

● Revenue by Industry Segment (Consolidated)



* Figures are presented in accordance with IFRS.
* Based on reportable segments through the fiscal year ended March 2023. The Components Business is presented as a reportable segment beginning the fiscal year ended March 2022.
* Composition of revenue by segment

● Revenue by Region (Consolidated)



* Figures are presented in accordance with IFRS.

Corporate Philosophy

Trustworthiness and Creativity

Corporate vision

Unlock the future with the power of light

Overview of the Medium-Term Management Plan

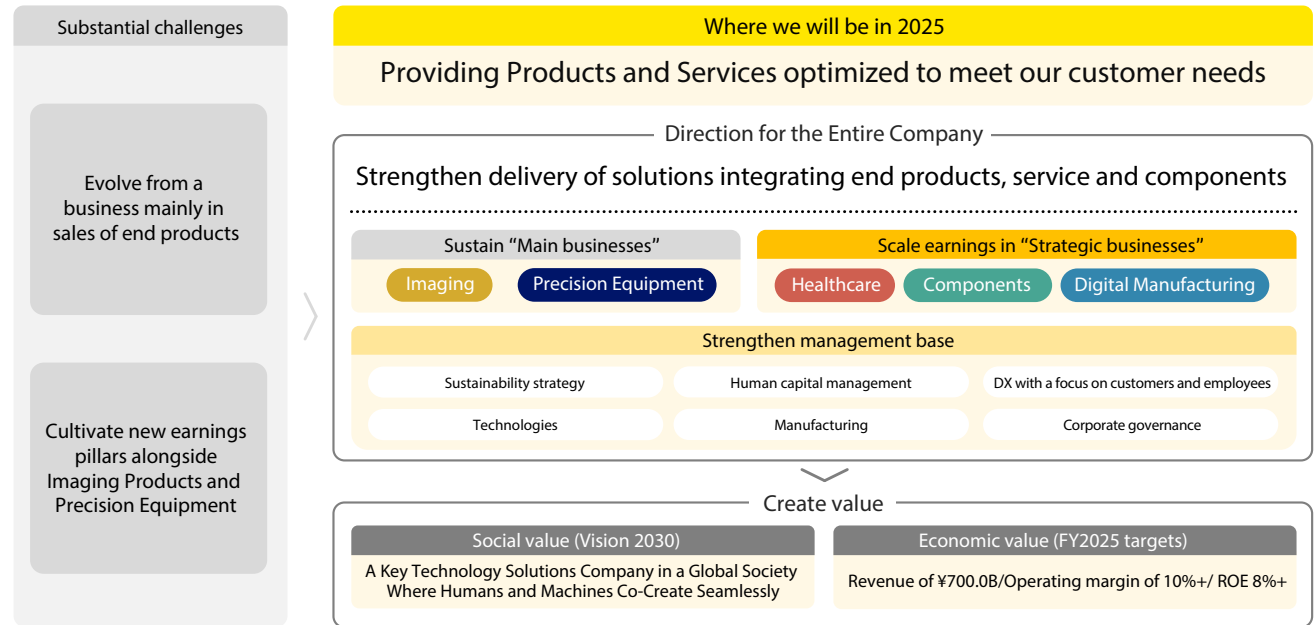
Vision 2030

On April 7, 2022, the Nikon Group announced its Medium-Term Management Plan (fiscal years 2022-2025). In order to formulate this Medium-Term Management Plan, we first imagined our Vision 2030, set targets to be reached by 2025 to move toward achieving this, and then laid down measures to make it a reality. When we imagine society in 2030, there will be changes in people's values and outlook on life, changes in social environments, such as climate change and resource scarcity, and the continuation of technological innovations, such as the arrival of Industry 5.0. In the midst of such great change (a megashift), we believe that people will leave the labor required to live up to machines and humans and machines will co-create seamlessly in order to enable people to focus on more creative work for self-expression and consumption in the pursuit of value.

Nikon has three strengths: innovations in manufacturing technologies, proven capability and brand to deliver sophisticated solutions globally, and strong support from stakeholders. Taking advantage of these, we wanted to continue to provide new value to a global society where humans and machines co-create seamlessly in 2030, and so we formulated our Vision 2030 as *A key technology solutions company in a global society where humans and machines co-create seamlessly*. In order to do this, we will accompany our customers and deeply align with customer needs, thereby aiming to be a supporter of customer innovation.

Direction for the Entire Company

The current Medium-Term Management Plan covers the four-year period from fiscal year 2022 to fiscal year 2025. Toward the year 2030, we have set where we will be in 2025 as a



company that providing products and services optimized to meet our customer needs.

In order to reach this point, Nikon has set the direction for the entire company as strengthen delivery of solutions integrating end products, services and components in order to address two management issues: evolve from a business mainly in sales of end products, and cultivate new earnings pillars alongside Imaging Products and Precision Equipment. First, in order to strengthen solution delivery, we are breaking away from the production-oriented perspective, being closer to our customers, accurately grasping their needs, and providing end products, services, and components as

integrated solutions. In addition, in the main businesses of the Imaging Products Business and Precision Equipment Business, we will expand customer interactions and the value delivered to secure stable revenues, and work to scale earnings in Strategic Businesses such as the Healthcare Business and Components Business. Furthermore, we will strive to grow profits through growth drivers in each of our businesses and diversify profits with expansion in services and components. Specifically, we will focus on five growth drivers: optical and EUV related components, material processing and robot vision, digital lithography, imaging contents, and contract cell manufacturing and drug discovery support.

Basic Strategy to Support the Implementation of the Execution of the Medium-Term Management Plan

Strengthening the management base is critical to implementing the business strategy set out in the Medium-Term Management Plan.

First, sustainability strategy. Based on the corporate philosophy of "Trustworthiness and Creativity," we will continue to evaluate and improve the impact of our business on the environment and society, and meet society's expectations to win trust, while creating value that contributes to solving environmental and social issues and achieving SDGs more actively through our businesses.

Next, human capital management. Human capital is the most important management resource for making our visions a reality. We will acquire, develop, and leverage all necessary talent, while focusing more than ever on furthering its acquisition, such as by strengthening employment strategies and employment branding to make our growth strategies a reality. We also hope to combine young and mid-career workers, global talent, and specialists to increase individual productivity. For our employees, we want to be a company that provides them with the opportunities to acquire abilities as professionals, express themselves and their abilities, and feel fulfilled.

Finally, Digital transformation (DX). In our relationships with our customers, we aim to increase both customer satisfaction and revenue by developing account-based marketing utilizing digital or digital services for individual and corporate customers. In our relationships with employees, we will create an environment in which they can work on a higher level through the digitization of business processes, while also creating a digital infrastructure in which they can flexibly work anywhere, and at any time.

Presenting Our Vision to Stakeholders

We have established a special website to help more stakeholders understand Nikon's Vision 2030.

In addition, Nikon has launched the Vision 2030 Magazine website in Japanese to communicate about how the world is changing and what challenges Nikon is taking on toward the year 2030 from various perspectives.

We hope you will avail yourself of this information.

*The English website is scheduled to launch in October 2023.



Medium-Term Management Plan

<https://www.nikon.com/company/ir/management/midtermbusiness/>

Vision 2030 Special Website

<https://www.nikon.com/vision2030e/>

Vision 2030 magazine (Website in Japanese)

<https://www.nikon.com/vision2030magazinej/>

Nikon's Sustainability

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Stakeholder Engagement	016
Sustainability Materiality	020

Our Approach to Sustainability

Basic Approach

The Nikon Group defines sustainability as contribution to a sustainable society and achievement of sustainable growth for the company through the realization of its Corporate Philosophy of Trustworthiness and Creativity in its business activities. With this idea as the main statement, the Board of Directors has decided on four intentions that support this idea as the Sustainability Policy. Under this policy, the Nikon Group has established the Nikon Code of Conduct, which embodies Nikon's basic approach to CSR and lays down standards for employees to follow when taking actions based on this approach.

Sustainability goals are defined from the perspective of both creation of social value through business and what is necessary to gain the trust of stakeholders and society, centering on issues defined as materialities. Because it is important that these goals be addressed as an integral part of the business, Nikon formulates them in conjunction with the formulation of its Medium-Term Management Plan and Annual Plan. In addition, the Medium-Term Management Plan, announced in April 2022, positions addressing materialities in our business from the perspectives of both trustworthiness and creativity as one element of our management base within our sustainability strategy.

In addition, we believe that dialogue with stakeholders is essential to our various sustainability initiatives, including environmental, human rights, and ethical initiatives. We also focus on appropriate information disclosure and communication based on that disclosure.

Sustainability Policy

The Nikon Group aims to both contribute to a sustainable society and achieve sustainable growth for itself by putting into practice the Nikon philosophy of Trustworthiness and Creativity through our business activities.

- We are committed to helping solve environmental and social challenges and achieve Sustainable Development Goals (SDGs) through our business activities by delivering uniquely Nikon products and services.
- We aim to do better for the environment and for society by objectively assessing the impact our business has on the environment and society and continually striving to make improvements.
- Through active dialog with our stakeholders, we stay abreast of changes in society. We also constantly reflect on our own activities to meet stakeholder expectations.
- We do more than what is required to comply with laws and regulations. We act with integrity and fairness and disclose information appropriately.

● Sustainability Policy Positioning

Corporate Philosophy

Sustainability Policy

Nikon Code of Conduct



Nikon Code of Conduct

<https://www.nikon.com/company/sustainability/management/codeofconduct/>

Sustainability Materiality (→ p.020)

Creating Social Value Through Core Technologies (→ p.027)

Thorough Compliance (→ p.131)

● Conceptual Diagram of Sustainability Strategy in the Medium-Term Management Plan

Sustainable Society

Contribution to Sustainable Society and Achievement of Sustainable Growth for the Company

Vision 2030

A Key Technology Solutions Company in a Global Society Where Humans and Machines Co-Crete Seamlessly

Nikon's Value Proposition Areas in the Medium-Term Management Plan

Industry

(1) Creating social value through core technologies

Quality of Life



Business Activity

(2) Ensuring trustworthiness by maintaining and increasing quality



Society/Labor

(6) Building a resilient supply chain
(7) Respecting human rights
(8) Diversity, equity & inclusion
(9) Employees' health and safety



Environment

(3) Promoting a decarbonized society
(4) Promoting resource circulation
(5) Preventing pollution and conserving ecosystems



Governance

(10) Thorough compliance
(11) Strengthening corporate governance
(12) Strengthening risk management

Contribute to Society through Creativity

Meet Society's Expectations to win Trust

* (1) through (12) are sustainability materiality.

Sustainability Materiality (→ p.020)

Sustainability Promotion System

System

In order to effectively implement the Sustainability Policy, the Nikon Group has established the Sustainability Committee, chaired by the Representative Director and President, and with the officer in charge of the Corporate Sustainability Department as the vice chair. Its members are comprised of members of the Executive Committee and all general managers responsible as heads of the business units and divisions, with related department managers participating as observers.

The committee deliberates on overall management and decision-making related to sustainability activities, including identifying materialities, setting goals for materiality issues, managing the progress of each measure, evaluating performance, and directing improvements. We also monitor overall sustainability risks with a focus on materiality.

In addition, to properly respond to risks that might critically impact corporate management, the Nikon Group has set up the Risk Management Committee, which also identifies and takes other actions against risks to the Nikon Group based on risk identification surveys in coordination with the Sustainability Committee.

In principle, the Sustainability Committee meets twice a year. In fiscal year 2022, it met four times. At the same time, lectures by experts and discussions are held at this committee's meetings to enhance each member's knowledge of global social issues and trends. Deliberations at this committee are reported at least once a year to the Board of Directors, which manages and supervises the appropriateness and effectiveness of activities as well as associated risks.

The Environmental Subcommittee and the Supply Chain Subcommittee have been established under the Sustainability Committee.

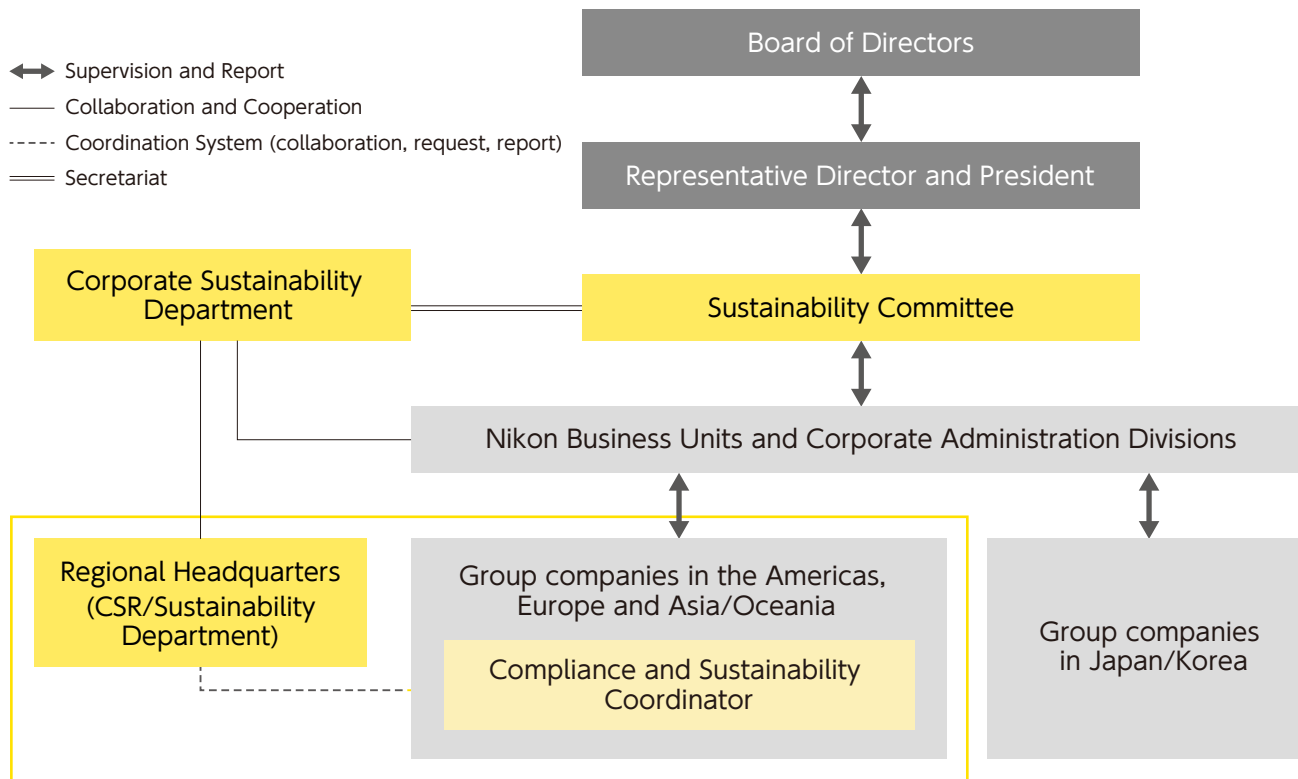
● Sustainability Promotion System (As of March 31, 2023)

↔ Supervision and Report

— Collaboration and Cooperation

----- Coordination System (collaboration, request, report)

==== Secretariat



Environmental Management Promotion System (→ p.055)

Supply Chain Management (→ p.097)

Risk Management (→ p.143)

Promotion System at Group Companies Outside Japan

The Nikon Group has established a sustainability department at each regional headquarters, in order to advance consistent sustainability initiatives across the Group companies while taking into account the characteristics of each region where they are located, including culture, customs, language, etc. We divide the geographic areas where we operate into four regions (excluding Japan), and the sustainability departments of Nikon and of each regional headquarters puts in place systems for the promotion of sustainability within their jurisdiction. Furthermore, a Compliance and Sustainability Coordinator is appointed at each company to ensure collaboration. In addition, a Sustainability Global Communication Meeting is held once a year, with participants representing the CSR/sustainability department at each regional headquarters. At this meeting, information regarding social trends in each region, progress made in sustainability activities, and issues that need to be addressed, is shared and discussed. In fiscal year 2022, this meeting was held in the U.S. In particular, a forum was established for exchanging opinions with local Group company stakeholders about DEI, and intensive discussions were held on how to strengthen future initiatives.

Activities Aimed at Raising Employees' Sustainability Awareness

The Nikon Group publishes a quarterly newsletter in 14 languages covering activities related to the SDGs and sustainability-related news within and outside the Group, with the aim of raising sustainability awareness among employees. In addition, a sustainability page has been established on our Group portal site (Japanese), with new content posted every two weeks regarding sustainability awareness-raising and the current status of related Group activities. In the fiscal year 2022, we disseminated information on various themes, including biodiversity, human rights, compliance, and corporate citizenship activities, to raise awareness and encourage employee participation in activities. Furthermore, Nikon held a talk event about SDGs in the workplace in Japan for employees in Japan using a web conferencing system. To provide an opportunity for people to become familiar with sustainability and to think about the connection between their work and the SDGs, employees from different business units were invited to appear on stage each time to introduce initiatives at their workplaces.



Sustainability Newsletter

Participation in International Initiatives

The Nikon Group aims to enhance the optimization and effectiveness of its activities by working together with various groups through involvement in international initiatives.

Participation in Environmental Initiatives and Outreach to Society
 (→ p.054)

Joining the UN Global Compact

Nikon became a signatory to the UN Global Compact (UNGC) in 2007. We respect the ten principles covering the four areas of human rights, labor, environment and anti-corruption. Through the UNGC, the Nikon Group acquires a global perspective on social challenges as well as gaining opportunities to share information with other companies and build a network with experts.



● Main Achievements for the Fiscal Year 2022 in Relation to the Ten Principles of the UN Global Compact

	Principle	Policy	Jurisdiction	Achievements
Human rights/ Labor	1·2/3·4·5·6	Nikon Human Rights Policy	Sustainability Committee	Disseminated a message from the president to all Nikon Group employees on Human Rights Day. In addition, human rights events and human rights e-learning programs were held in Japan. Furthermore, the communication handbook for deepening consideration of human rights in advertising and promotions was updated and disseminated to those in charge.
		Nikon CSR Procurement Standards	Supply Chain Subcommittee	Conduct CSR assessment, audits, and corrective actions once every three years for procurement partners that are selected based on risk assessment from various perspectives. In the current fiscal year, the CSR questionnaire was revised in consideration of the RBA's SAQ, and the CSR questionnaire diagnosis was conducted for seven new procurement partners and 10 key partners (Tier 2 suppliers and beyond). In addition, CSR audits were conducted for two procurement partners and improvements were requested.
		Responsible Minerals Sourcing Policy		In addition to conducting 3TG surveys of products in all business units, in fiscal year 2022, the scope of the cobalt survey was expanded to include a cumulative total of four business units. Published the Responsible Minerals Sourcing Report and the list of smelters that are either 3TG/cobalt conformant or undergoing surveys.
Environment	7·8·9	Nikon Long-Term Environmental Vision	Environmental Subcommittee	Deployment throughout the Group of Environmental management systems and implementation of initiatives. In fiscal year 2022, we reviewed our Nikon Medium-Term Environmental Goals in conjunction with materiality inspections and formulated the Environmental Action Plan accordingly.
		Nikon Green Procurement Standards	Supply Chain Subcommittee	Conducted our triennial environmental management system survey in accordance with risks of chemical substances occurring in materials used, components, and processes. Also conducted environmental management system assessments to confirm the establishment and management of environmental management systems. In fiscal year 2022, we conducted assessments for 59 procurement partners. As a result, 31 companies were newly certified as environmental partners (total number of certified environmental partners: 456).
Anticorruption	10	Nikon Anti-Bribery Policy	Compliance Committee	Confirmation of the operation of anti-bribery guidelines using a self-inspection sheet. In fiscal year 2022, we began work on revising the Anti-Bribery Guidelines to reflect the latest social trends and business realities. In addition, education on anti-bribery was provided to Nikon Group employees.

Initiatives for RBA

With the aim of enhancing sustainability both within the Nikon Group and in the supply chain, Nikon joined the Responsible Business Alliance (RBA)^{*1} in May 2018. The RBA has established the RBA Code of Conduct to ensure that working environments remain safe and workers are treated with respect and dignity, while also setting standards for the fulfillment of environmental and ethical responsibilities within the supply chains of all member companies. In fiscal year 2022, we conducted education and assessments on the RBA Code of Conduct at 18 manufacturing facilities inside and outside Japan to ascertain the status of compliance with the RBA Code of Conduct for the entire Group. The results were reviewed by the Corporate Sustainability Department, which provided feedback to improve and

resolve issues at the respective business facilities. In fiscal year 2023, we plan for a Group-wide effort to improve and resolve issues identified in assessments. In August and September of 2022, the RBA VAP^{*2} audit was carried out at Kumagaya Plant, the first such audit for Nikon. It was carried out by an RBA-dispatched auditor and covered all applicable categories of labor, health and safety, environment, and ethics. Results revealed generally good levels for each. For the issues identified, we will formulate and carry out a voluntary improvement plan, and undergo a re-audit of items improved during the first half of fiscal year 2023, after which the final audit results will be determined. With a sincere approach to the audit results, we will maintain our process of continuous improvement to promote compliance with RBA's Code of Conduct. In addition, Nikon is implementing measures to foster

compliance with the RBA Code of Conduct throughout the supply chain. For example we ask procurement partners to implement the RBA self-assessment and making effective use of relevant educational materials. In fiscal year 2022, the questionnaire was revised to enable a rigorous understanding of the status of each company's CSR-related initiatives and risks.

^{*1} The Responsible Business Alliance (RBA) is an international industry coalition dedicated to corporate social responsibility in global supply chains (labor, occupational health and safety, environment and ethics). Initially, the RBA was founded primarily by three leading U.S. electronics companies; its membership has since expanded to include firms in the automotive, retail and toy manufacturing sectors, among others.

^{*2} Validated Assessment Process (VAP): An audit to verify compliance with the RBA's Code of Conduct for labor, health and safety, environment, and ethics, conducted by an audit organization accredited by the RBA.

Promoting CSR Procurement (➔ p.101)

Stakeholder Engagement

Basic Approach

For a company to fulfill its social responsibility, it must disclose its own policies and results to stakeholders in addition to taking feedback and expectations seriously and constantly improving its own activities. Stakeholder engagement is essential for achieving this. The Nikon Group strives to achieve reciprocal communication with stakeholders including customers, shareholders, employees, business partners, and society as a whole. We also work to maintain and develop healthy relationships with them through a variety of opportunities and methods.

● Nikon Group's Main Stakeholders



● Main Forms of Engagement with Stakeholders

Main Stakeholders	Methods of Engagement	Objectives
Customers	<ul style="list-style-type: none"> · Call centers and service counters (as required) · Responses to customers by departments in charge of sales/services (as required) · Sharing of information via the website and other methods (as required) · Exhibitions/events (several times a year) · News releases via mass media and other methods (as required), etc. 	Provision of high quality, high value-added products and services, response to feedback and requests, and provision of appropriate information on products and services
Shareholders	<ul style="list-style-type: none"> · General Shareholders' Meeting (once a year) · Announcements (as required) · Publishing of various types of printed materials including the NIKON REPORT and interim reports (once a year), etc. · Sharing of information via the website and other methods (as required) · Financial Results Conference (four times a year) · Responding to ESG investment (as required), etc. 	Timely and appropriate disclosure of information, acquisition of appropriate evaluation and support from capital markets, fair and highly transparent corporate management, appropriate return of profits
Employees	<ul style="list-style-type: none"> · Sharing of information via company newsletters, the Group portal site and other methods (as required) · Labor and management conferences, and conferences with employee-elected representatives (as required) · Reporting and Consulting System (as required) · Conducting human rights and labor standards surveys at the Group companies (once a year) · Conducting employee awareness surveys and questionnaires (once every one to two years) · President's Town-hall Meetings, etc. (as required) 	Active utilization of diverse human resources, provision rewarding work and workplace environment, proper treatment of workers, enhancement of occupational safety and mental health, positive labor-management relationships
Business partners	<ul style="list-style-type: none"> · Dialog through everyday business activities (as required) · Meetings with procurement partners (once a year) · Briefings/surveys/audits/correctional support for procurement partners on CSR procurement(as required) · Survey/assessments of the establishment of environmental management systems (as required), etc. 	Mutual development through provision of products and services that are useful to society, fair business relationships, smooth sharing of information, joint research and development, and CSR procurement
Society	<ul style="list-style-type: none"> · Participation in local events (as required) · Collaboration with NGOs/NPOs in Corporate Citizenship Activities (as required) · Participation in economic and industry organizations (as required) · Consultations with governmental agencies, academic societies/research organizations (as required) · Issuing of the Nikon Sustainability Report (once a year), etc. 	Compliance with laws and regulations, participation in industry-government-academia collaboration projects, participation in the community as a corporate citizen, contribution to technology development through support for research organizations, and enhancement of our activities through partnerships

● Main Affiliated Organizations Related to Sustainability (As of March 31, 2023)

Organization Name	
Joint Article Management Promotion-consortium (JAMP)	Japan Machinery Center for Trade and Investment (JMC)
Global Compact Network Japan (GCNJ)	Institute of Business Ethics (IBE)
Business Ethics Research Center (BERC)	Japan Business Council in Europe (JBCE) (CSR Committee)
Japan Electronics and Information Technology Industries Association (JEITA) (CSR Committee, Environment Committee, and Responsible Minerals Trade Working Group)	Responsible Business Alliance (RBA)
Keidanren (Japan Business Federation) (Committee on Responsible Business Conduct and SDGs Promotion)	Responsible Minerals Initiative (RMI)
Platform for Learning Innovation - Japan (PLIJ)	SEMI Japan (SDGs/Sustainability Committee)
The four Japanese electric and electronic (E&E) industrial associations, JEITA, CIAJ, JBMA and JEMA (The Expert Committee on Chemical Substances in Products, Expert Committee on Waste and Recycling Measures Relating to Business Facilities, Expert Committee on Chemical Substance Measures Relating to Business Facilities, and Biodiversity Working Group)	

Engagement with Employees

The Nikon Group believes that it is very important for every employee to share the company's vision, to be committed to the company's policies and plans, and to work proactively to put them into effect.

In fiscal year 2022, a special site was set up within our portal site to communicate the newly announced Medium-Term Management Plan to employees, including three videos of discussion with the president about the plan and his thoughts on it, among others.

The President's Town Hall Meeting 2022 was also held as in the previous year. In Japan, a total of three meetings were held where the president and representatives selected from each unit actively exchanged opinions. The live broadcast was accessed a total of 1,200 times, and many employees watched the recorded content, including videos they missed that could be viewed on demand. A total of nine town hall meetings for Group companies outside Japan were also held in an online format. During the discussions between the president and representatives of each company, questions and opinions related to the Medium-Term Management Plan were exchanged.

Separately, we continue to actively disseminate information through the Group portal site, internal newsletters, and e-mails.



Video of an internal presentation discussion about the Medium-Term Management Plan

Engagement with Shareholders and Investors







Nikon set a goal of capital market-oriented management and has been focusing on investor relations activities that emphasize dialogue with shareholders and investors. We firmly believe that for Nikon, which aims to achieve sustainable growth in its corporate value, engagement (i.e., objective- focused dialog) with shareholders and investors is a valuable opportunity to hear views from diverse perspectives. We hold interviews with a total of approximately 500 shareholders, institutional investors and analysts both within and outside Japan throughout the year. In fiscal year 2022, we continued to announce quarterly financial results via a webcast. Moreover, we held our first IR Day the current fiscal year as an opportunity to provide a deeper understanding of Nikon, and the general managers responsible as heads of the various business units explained the financial targets and strategies of the businesses in our Medium-Term Management Plan announced in April 2022. In addition to the online format, top management has quickly resumed face-to-face meetings inside and outside Japan to listen directly to opinions from shareholders and institutional investors. In this way, we have redoubled our efforts to disseminate information regarding the current state of the company's operations in a timely, appropriate manner, through constructive dialog with large numbers of institutional investors and analysts. The feedback and advice that the Nikon Group has received from shareholders and investors has provided the Group with many useful suggestions that the Group can utilize when implementing our growth strategies, business management and restructuring, etc. In particular, we have engaged in frank, wide-ranging exchanges of opinion with investors who are focused on a long-term




perspective, covering matters such as contributions towards addressing social issues through business activities, financial strategies regarding capital allocation, and ESG-related issues (particularly governance). We can make effective use of these opinions when reflecting on our business management and considering our strategies, by sharing them with the Board of Directors and the Executive Committee on a regular basis. Going forward, Nikon aims to enhance its engagement with shareholders and investors in terms of both quality and quantity. In addition, we will listen carefully to stakeholders' hopes and expectations, and will make effective use of what we have learned to improve our business management.

External Evaluation

As a business enterprise that adopts a proactive stance towards sustainability activities, the Nikon Group has received positive evaluations from a variety of external organizations.

● Inclusion in ESG Investment Indexes (As of June 30, 2023)




ESG Investment Index	Selected/Overview
FTSE4Good Index Series  FTSE4Good	Selected: Since 2004 The ESG Investment Indexes by FTSE Russell, wholly owned by the London Stock Exchange
ECPI Indices  ECPI Sense in sustainability	Selected: Since 2011 ECPI is a company based in Milan and Luxembourg that produces research, ratings and indices on companies' ESG performance
SOMPO Sustainability Index  Sompo Sustainability Index	Selected: Since 2013 The SOMPO Sustainability Index is a socially responsible investment product that enables pension funds and other institutional investors to invest broadly in companies with high ESG evaluations
FTSE Blossom Japan Index^{*1}  FTSE Blossom Japan Index	Selected: Since 2017 FTSE Blossom Japan Index is designed to reflect the performance of Japanese companies with excellent track records in terms of ESG
MSCI Japan ESG Select Leaders Index^{*1 *2} 	Selected: Since 2017 MSCI Japan ESG Select Leaders Index selects companies from various sectors with excellent ESG practices from among the top 500 Japanese stocks in terms of market capitalization
Dow Jones Sustainability Indices DJSI World and DJSI Asia Pacific  Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	Selected: Since 2018 Every year, the sustainability of major global companies is quantified from three perspectives: economy, environment, and society. Based on the results of evaluation by industry, approximately the top 10% are selected for DJSI World and approximately the top 20% in the Asia-Pacific region are selected for DJSI Asia Pacific

ESG Investment Index	Selected/Overview
S&P/JPX Carbon Efficient Index^{*1} 	Selected: Since 2018 The S&P/JPX Carbon Efficient Index is an index that uses TOPIX, the representative stock index for the Japanese market, as its securities universe and selects composite stocks with a focus on disclosure of environmental information and level of carbon efficiency
S&P Japan 500 ESG index	Selected: Since 2019 The S&P Japan 500 ESG Index is one of the S&P 500 ESG Index series, which was newly announced by S&P Dow Jones Indices LLC, with the main indices in Japan as its universe
MSCI Japan Empowering Women Index^{*1 *2} 	Selected: Since 2019 The MSCI Japan Empowering Women Index selects companies in various industries that have demonstrated superior gender diversity performance, from among the 500 listed Japanese companies with the highest market capitalization
FTSE Blossom Japan Sector Relative Index^{*1} 	Selected: 2022 It is designed to measure the performance of Japanese companies that demonstrate relative environmental, social, and governance excellence in their respective sectors

*1 Selected as an ESG index by the Government Pension Investment Fund, or GPIF.

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● ESG Evaluation (As of April 06, 2023)

Rating	Evaluation/Overview
<p>CDP Climate Change A List and CDP Supplier Engagement Leader</p> 	<p>CDP is an NPO whose main activities include requesting that business enterprises and local government authorities disclose information relating to the measures they have taken to address environmental issues, including climate change strategies, waste resource conservation, forest conservation, etc., in line with requests from global institutional investors etc., who are concerned about the environment, and also promoting increased adoption of measures of this type. Organizations that secure an A rating (the highest possible rank) in relation to climate change are included in the CDP Climate Change A List. The CDP awards the title of Supplier Engagement Leader to global leaders that collaborate effectively with suppliers in relation to climate change</p>
<p>AAA MSCI ESG Rating</p> 	<p>The MSCI ESG Ratings adopt a seven-point scale from "AAA" to "CCC," ranking a company's ESG performance according to industry-specific ESG risks and its ability to manage those risks relative to its industry peers. In 2023, we obtained AAA, the highest possible rating</p>
<p>Sustainability Yearbook 2023 Top1% S&P Global ESG Score</p> 	<p>Each year, S&P Global evaluates the sustainability of the world's leading companies from three perspectives: economy, environment, and society. It then selects and honors those companies that receive particularly exceptional scores. The Top 1% S&P Global ESG Score recognizes companies that score within 1% of the highest scoring company in each industry group with a score of 60 or higher</p>

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Sustainability Materiality

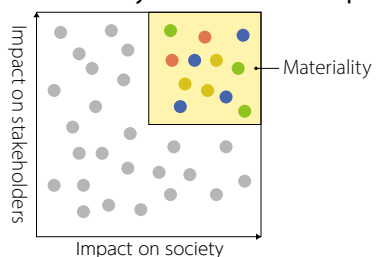
Identification of Materiality

The Nikon Group identifies materiality in order to ensure the efficient and steady implementation of sustainability measures. With this, we implement a process of goal setting, progress management, evaluation, and improvement for each materiality, and are developing sustainability activities for our departments and employees.

In addition, the Nikon Group reviews materiality every one to three years in response to changes in society and the business environment.

Specifically, we begin by identifying social issues from the GRI Standards, ISO 26000, the UN Global Compact, the Sustainable Development Goals (SDGs), and other standards. Issues of particular relevance to the Nikon Group are then extracted on the basis of analyses of the Group's value chain and our corporate vision. Next, to identify materiality candidates, the Nikon Group assessed the degree of impact of the identified social issues. These assessments were performed by examining the issues that ESG ratings institutions prioritize, communicating with NGOs and other internal and external stakeholders and benchmarking with respect to other enterprises that have already prioritized CSR. Finally, after a validity assessment and repeated discussions at the management level, materialities were identified, and the Nikon Group's visions and goals for each issue were approved by the Executive Committee.

Materiality Extraction Concept

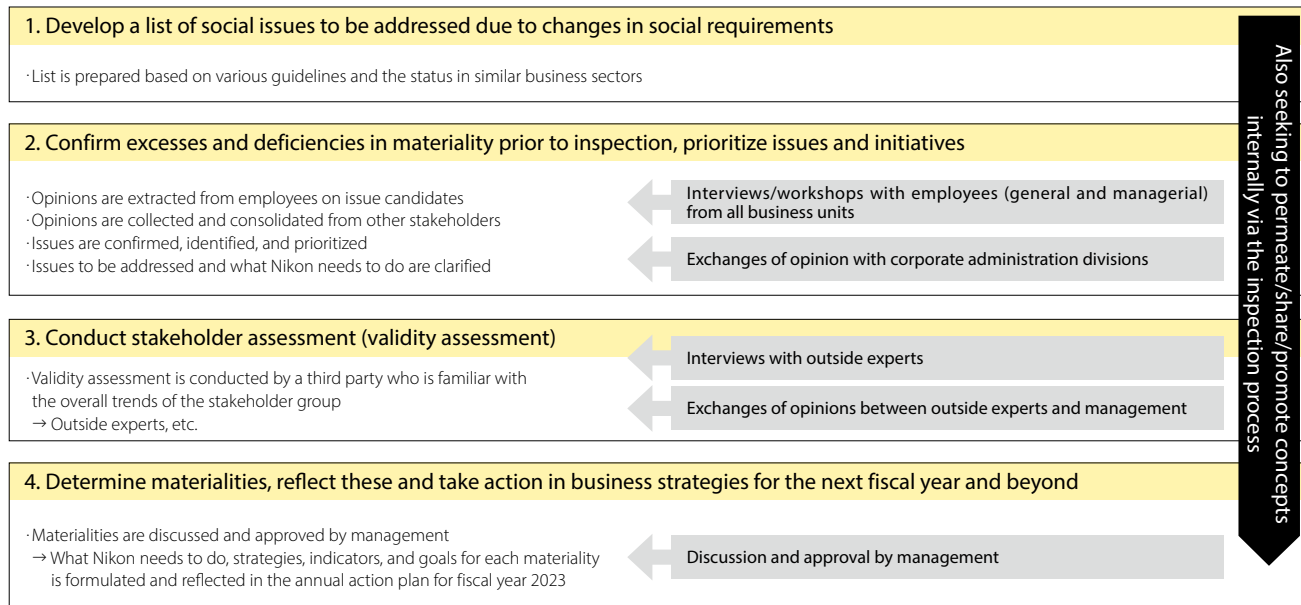


Materiality Inspection

In January 2021, the Nikon Group selected 12 materialities in four areas. However, with the new Medium-Term Management Plan announced in April 2022, we conducted inspections to ensure that our materiality efforts would lead to the realization of our Vision 2030. In the process, interviews and workshops were conducted with all business units a total of 16 times to gather a wide range of employee opinions. In addition, outside experts and management held discussions at the Sustainability Committee making efforts to ensure that inspections were conducted from a stakeholder perspective.

As a result, the previous materiality structure of four areas and 12 items was retained, but Materiality 6, Strengthening Supply Chain Management, was changed to Building a Resilient Supply Chain, and Materiality 8, Diversity & Inclusion, was changed to Diversity, Equity & Inclusion. In addition, we have defined visions for each materiality which Nikon needs to do in order to achieve the Vision 2030 as presented in our Medium-Term Management Plan. Furthermore, we have positioned the Nikon Group's efforts to appropriately address both risks and opportunities as strategies, and have established indicators and targets for each strategy.

Materiality Inspection Process

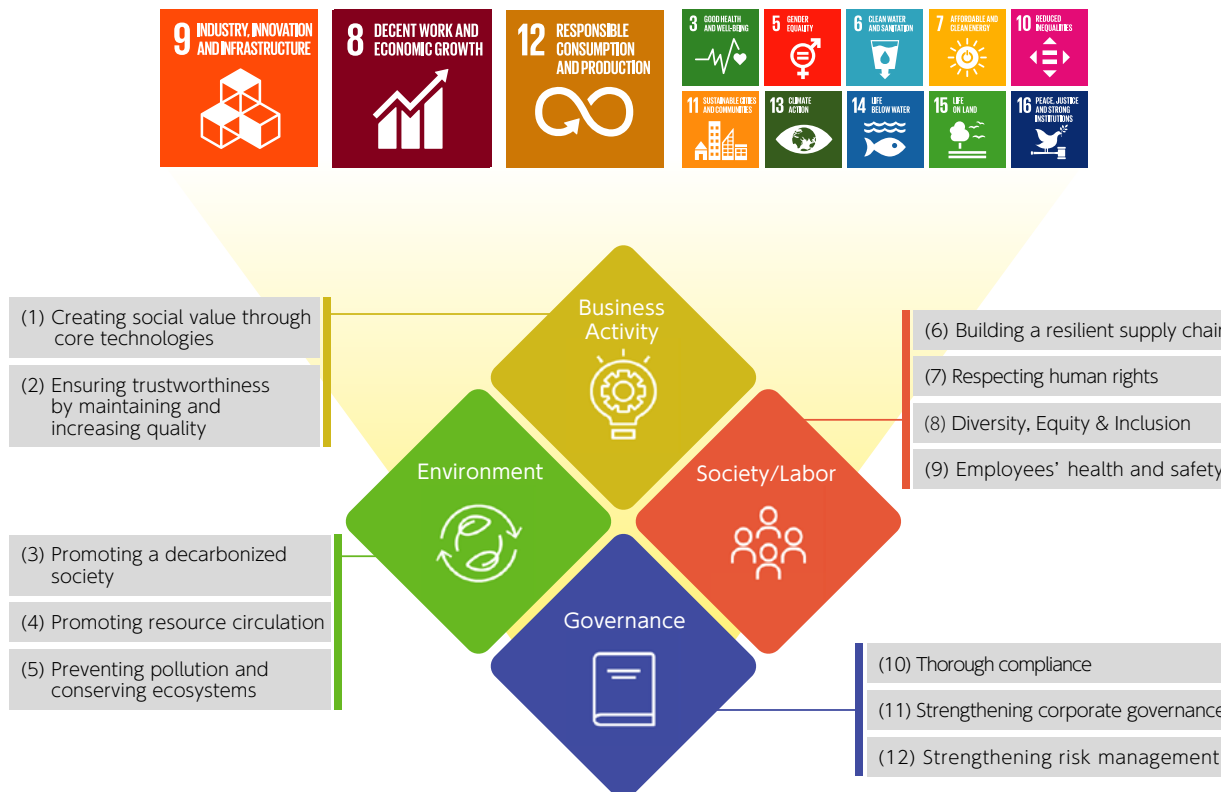


Materiality and SDGs

The Nikon Group has identified 12 materialities in the four areas of Business Activity, Environment, Society/Labor, and

Governance. We aim to contribute to the achievement of the SDGs by 2030 by setting forth visions and strategies for each materiality and working on goals and annual action plans based on these.

Materiality and Related SDGs



PDCA Cycle Implementation Framework

At Nikon, to ensure that our sustainability initiatives are integrated with our business activities, all business units and corporate administration divisions formulate the Medium-Term Management Plan and Annual Plan, set sustainability goals, and manage their progress in the same cycle. The appropriateness of the content is discussed by the Sustainability Committee. Furthermore, for Materiality, related departments set goals and promote group-wide activities, while the Sustainability Committee manages progress on a semiannual basis.

We are also developing these sustainability and materiality goals by incorporating them into our target management system. Through these efforts, we aim to steadily implement each of our goals and further instill sustainability into the operations of every department and section, as well as the work of each employee.

In addition, in order to clarify management's responsibility for achieving goals, effective June 2022, we have revised the performance-based stock compensation system for Nikon's executives, allocating 10% of evaluation factor scoring to efforts for strengthening the management base, such as sustainability strategies and human capital management.

Materiality Goals

In conjunction with the materiality inspection for fiscal year 2022, the Nikon Group has set forth visions and strategies for each materiality, and formulated goals and annual action plans based on these. By managing the progress of these efforts, we will steadily advance our initiatives.

● Materiality Goals and Fiscal Year 2023 Plan

Materiality		Risk	Opportunity	SDGs Contributed To	Vision	Strategy	Indicator	Goal (Achievement Year)	Fiscal Year 2023 Plan (Action Plan)
Business Activity	Materiality 1 Creating social value through core technologies	Customer defection due to the inability to deliver solutions that contribute to customer experience value and innovation creation in an increasingly diverse society	Contributing to solving social issues by delivering solutions that transform social systems and lifestyles	9	A Key Technology Solutions Company in a Global Society Where Humans and Machines Co-Create Seamlessly	Expansion of growth drivers, services and components	Growth drivers as a percentage of consolidated operating profit	40% or more (FY2030)	*Annual plan for each business unit and division
							Services and components as a percentage of consolidated operating profit	50% or more (FY2030)	
	Materiality 2 Ensuring trustworthiness by maintaining and increasing quality	Customer defection and loss of social credibility due to failure to ensure quality that leads to customer satisfaction, including safety and environmental correspondence	Earning the trust of customers and society by ensuring and improving quality in response to changing customer needs	12	Providing competitive products and services with safe, environmentally friendly and information security	Advancement and establishment of quality management	Degree of achievement of the plan to review the quality management system in response to changes in the business environment	100% (every fiscal year)	Revision of Quality Management Directive (QMD)
							Quality management system operation status monitoring/ Percentage of improvement plans in place	100% (every fiscal year)	Completion of assessment implementation based on annual plan (at least eight departments/ companies)
						Comprehension of basic training on quality (division, business units, Group manufacturing companies)	80% or more (FY2025)	Training participation rate: 80% or more (business units, Group manufacturing companies in Japan)	

Materiality		Risk	Opportunity	SDGs Contributed To	Vision	Strategy	Indicator	Goal (Achievement Year)	Fiscal Year 2023 Plan (Action Plan)
Environment	Materiality 3 Promoting a decarbonized society	Increased business costs and increased investment due to failure to respond to global trends toward achieving the 1.5° C target	Reducing greenhouse gases in our supply chain to maintain the trust of our customers and society Expanding business by delivering solutions that contribute to the decarbonization of society	7,13	Achieving carbon neutrality throughout the supply chain by FY2050	GHG emission reduction in Scope 1, 2, and 3 and accelerate introduction of renewable energy	GHG emission reduction rate of Scope 1 and 2 (compared to FY2013)	71.4% (FY2030)	36.5%
							GHG emission reduction rate of 3 categories* in Scope 3 ^{*1} (compared to FY2013)	31% (FY2030)	Reduce environmental impact by making effective use of the LCA methodology 50% or more creation of eco-friendly products
							Renewable energy adoption rate	30% (FY2030)	25%
	Materiality 4 Promoting resource circulation	Increased business costs and divestment in a mass-production, mass-consumption, mass-disposal economy	Fulfilling customer and societal expectations by transitioning to a circular economy	6,11,12	Minimizing resource consumption and maximizing resource circulation throughout the supply chain	Reducing resource consumption and waste, etc.	Rate of reduction in total discharged waste (compared to FY2018)	10% or more (FY2030)	3% or more
							Rate of freshwater consumption reduction (compared to FY2018)	5% (FY2030)	2% or more
							Rate of use of recycled materials for products	5% or more (FY2030)	*Targets set for each business unit and division
	Materiality 5 Preventing pollution and conserving ecosystems	Penalties and brand damage incurred due to failure to reduce environmental impact throughout the product life cycle	Fulfilling customer and societal expectations through achieving a nature-positive position	6,11,12,14,15	Have zero negative impacts on human health and ecosystems in the supply chain	Appropriate use of chemical substances and reduction of ecological impact and dependence	Use of hazardous chemical substances in manufacturing processes	Use zero (FY2030)	Implementation of measures to abolish prohibited substances
							Inclusion of hazardous chemical substances in products	Containing zero (FY2030)	Compliance with laws and regulations of each country and strengthening of management systems
							Percentage of FSC-certified or recycled paper (catalogs, instruction manuals, packaging boxes)	100% (FY2030)	Implementation of measures according to paper usage

*1 Three categories: Purchased goods and services, upstream transportation & distribution, and use of sold products.

Materiality		Risk	Opportunity	SDGs Contributed To	Vision	Strategy	Indicator	Goal (Achievement Year)	Fiscal Year 2023 Plan (Action Plan)
Society/Labor	Materiality 6 Building a resilient supply chain	Brand damage due to discovery of human rights and environmental issues in the supply chain	Earning customer trust through stable business development based on a sustainable supply chain	8,12	A sustainable supply chain that remains sound at all times in the face of business risks and social issues	Building a mechanism for supply chain risk assessments and immediate emergency response	Percentage of human rights due diligence conducted ² (critical procurement partners)	100% (FY2025)	100% CSR questionnaire diagnosis rate for critical procurement partners Conducting CSR audits with and requesting improvements from critical procurement partners
		Loss of business opportunities due to supply chain instability					Understanding BCP systems in the supply chain ³	100% (FY2025)	Procurement partner location information visualization (13 companies) Conducting BCP system surveys for procurement partners (50 or more companies) Provision of support for procurement partners for which system establishment is necessary
	Materiality 7 Respecting human rights	Brand damage, loss of trust, and penalties due to discovery of human rights issues	Maintaining stakeholder trust by reducing human rights risks and fostering a corporate culture that respects human rights	8,10,16	Minimizing human rights risks throughout the value chain	Spreading awareness of human rights via the Nikon Human Rights Policy and conducting human rights due diligence	Level of awareness of Nikon Human Rights Policy	100% (FY2030)	Human rights training participation rate: 95% or more (Nikon Group in Japan)
							Conformity rate of RBA Code of Conduct (manufacturing facilities)	90% or more (FY2025)	Analysis of RBA self-check sheets and implementation of improvements
	Materiality 8 Diversity, Equity & Inclusion	Decreased ability to acquire human resources and outflow of human resources, homogeneity in decision making, and deterioration of corporate image	Improving employee engagement, encouraging innovation, and enhancing responsiveness to diversifying social issues and customer needs	5,8,10	Realizing a corporate culture that welcomes diversity and harnesses it in business activities	Spreading awareness of the Nikon Global Diversity, Equity & Inclusion Policy, creating an environment in which diverse human resources can participate fully, and applying DEI to business activities	Level of awareness of Nikon Global EDI Policy	100% (FY2030)	Formulation of DEI policy and publishing content for understanding and encouragement Establishment of promotion system and priority DEI themes to be addressed by each company and business
							Percentage of female managers (Nikon)	8.0% or more (FY2025)	Percentage of female managers: 7.5%+ Percentage of female new hires: 25%+
	Materiality 9 Employees' health and safety	Decreased productivity due to occupational accidents and poor performance, and decreased stakeholder confidence	Improving business plan execution through healthy, safe, and fulfilling work for all	3,8	Allowing each individual to fulfill their potential with a sense of physical and mental health in a safe and comfortable working environment	Raising awareness of the Nikon Group Health and Safety Policy and implementing health and safety activities	Percentage of findings in periodic health checkups (Nikon)	Below the previous national average ⁴ (every fiscal year)	57.3% or less · Health guidance and recommendations for medical checkups by occupational health staff · Health education
							Occupational accidents that are attributable to work and related to the performance of work	60 or less (FY2025)	Risk assessments (new processes and after disasters) Safety education Sharing of health and safety information
							High stressed person rates in stress checks (Nikon)	Below the previous national average ⁵ (every fiscal year)	15% or less · Individual counseling · Mental health education

*2 If a CSR questionnaire diagnosis or CSR audit reveals rectification is necessary, this is carried out until improvements are completed.

*3 Managed as the number of suppliers requiring establishment of a BCP system.

*4 National average for the manufacturing industry as published by the Ministry of Health, Labor and Welfare.

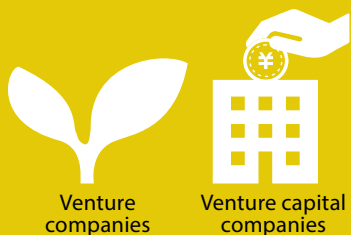
*5 National average as published by stress check contractors.

Materiality		Risk	Opportunity	SDGs Contributed To	Vision	Strategy	Indicator	Goal (Achievement Year)	Fiscal Year 2023 Plan (Action Plan)
Governance	Materiality 10 Thorough compliance	Loss of stakeholder trust, brand damage, and penalties due to serious compliance violations	Maintaining society's trust through ethical and good-faith behavior in accordance with international guidelines	16	Zero compliance violations	Spreading awareness of the Nikon Code of Conduct	Establishment of compliance awareness ^{*6}	95% or more (FY2025)	Code of Conduct education: Implemented throughout the Nikon Group (100% implementation rate by number of companies) Individual issue education (competition laws, harassment, etc.): Implemented at relevant workplaces/companies
							Awareness level of whistleblower system ^{*6}	95% or more (FY2025)	Re-permeating information about reporting (consultation) contact points in the whistleblower system (reporting and consulting system)
	Materiality 11 Strengthening corporate governance	Management instability and loss of stakeholder confidence due to governance that does not ensure discipline	Maintaining stakeholder trust and growing sustainably through fair and transparent governance	—	Governance that is transparent, efficient, and trusted by stakeholders	Continuously conducting effectiveness evaluations of the Board of Directors and improving its diversity	Assessing Board effectiveness and addressing key issues	100% (every fiscal year)	Discussions on and action addressing issued identified in fiscal year 2022 by the Board of Directors Evaluation via advance questionnaires and individual interviews Preparation of evaluation reports
							Diversity of the Board of Directors	Optimizing the composition of the Board of Directors to meet stakeholder demands (every fiscal year)	Consideration of the optimal composition of the Board of Directors
	Materiality 12 Strengthening risk management	Increased damage due to failure to adequately prepare for contingencies by identifying diversified risks	Preventing and mitigating the impact of contingencies and maintaining stakeholder confidence by taking measures to address risks from a medium- to long-term perspective	—	Appropriate measures in place to address key risks	Establishing a company-wide risk management system in line with environmental changes and management strategies	Progress in identifying important risks and implementing measures based on risk assessments	100% (every fiscal year)	Review of BCM to support optimization of export control system Continued compliance with applicable personal information protection laws and regulations in various countries

*6 Checked by Nikon Group awareness surveys.

Business Activity

Investment Support Through Open Innovation



Customer Satisfaction



88.4%

Procurement Partner Quality Management System Assessments



Conducted for

84 companies

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Materiality 1

Creating Social Value Through Core Technologies



Reason for Priority

Companies are considered public institutions and have a responsibility to contribute to the sustainable development of society through transparent and fair business activities.

Moreover, in recent years, amidst the emergence of social issues of global importance, companies are required to innovate in ways that will transform social systems and lifestyles, and to contribute to solving these issues through their businesses.

Nikon's Approach

Imagine society in 2030, it is likely that not only will people's values, lifestyles, and outlooks on life shift, but so too will social frameworks on topics like climate change and resource scarcity shift. Furthermore, there will likely be an accelerated shift in technologies, such as with the advent of Industry 5.0. In the midst of this mega-shift, we believe that people will focus more on creative, self-fulfilling work and value-driven consumption, and that there will be greater co-creation between humans and machines.

In April 2022, Nikon announced a new Medium-Term Management Plan in which its Vision 2030 (for the year 2030) is to become *a key technology solutions company in a global society where humans and machines co-create seamlessly*.

Over its 100 years of history, Nikon has cultivated ultra-precise *Monodzukuri* (manufacturing) capabilities, eminently present in its lithography systems. It has also cultivated a brand that has popularized digital cameras worldwide and greater trust among its stakeholders. Leveraging these strengths, we will provide solutions closely tied to customer experience value and the generation of innovation, and expand possibilities for people in a world where humans and machines co-create more seamlessly. We will also contribute to the realization of a prosperous and sustainable society by providing innovative value that will help address societal and industrial challenges, including those presented in the SDGs.

Nikon's Social Value Creation

Contributing to Society Through Business Activities

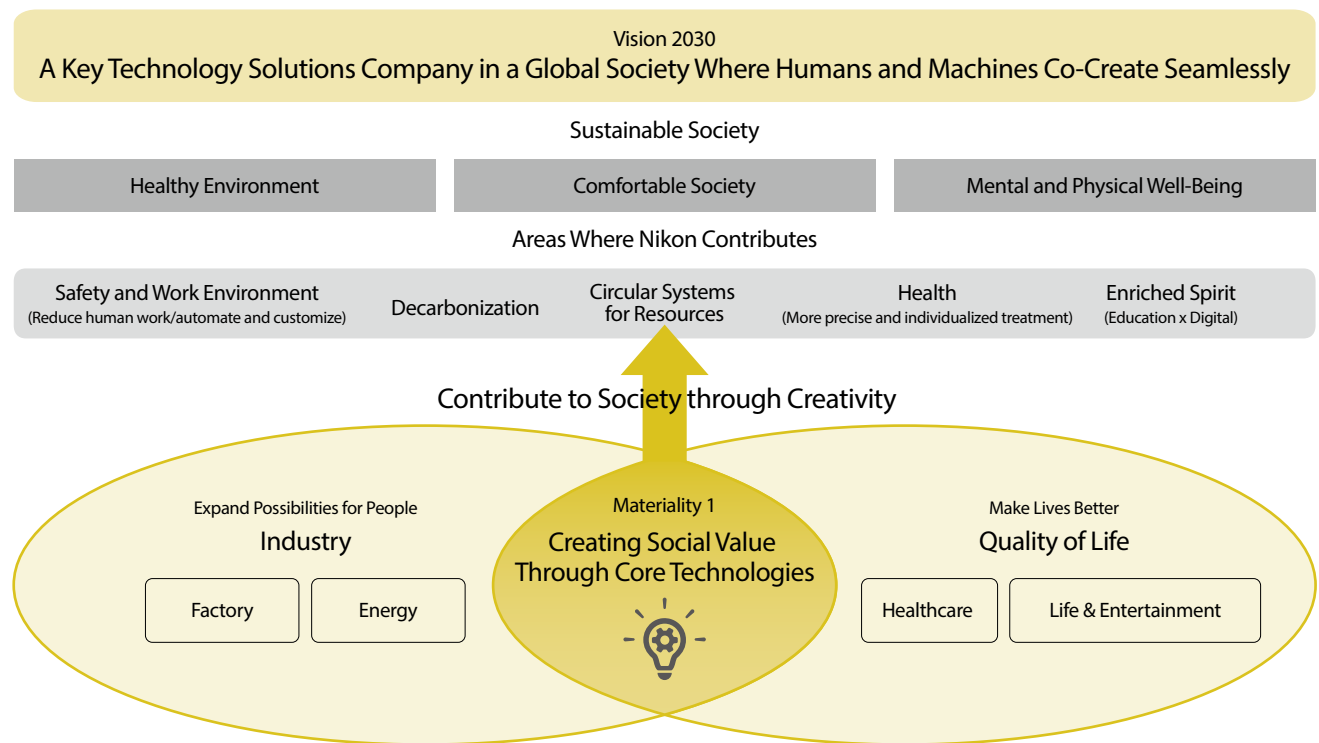
The Nikon Group aspires to be a company that contributes to the sustainable development of society through the creativity of new value through its businesses based on its Corporate Philosophy of Trustworthiness and Creativity. In its Sustainability Policy, we are committed to helping solve environmental and social challenges as well as achieve Sustainable Development Goals (SDGs) through our business activities by delivering unique Nikon products and services. In addition, we have selected *Creating Social Value through Core Technologies* as a materiality. To put this into practice, in April 2022, Nikon announced a Medium-Term Management Plan with sustainability strategy as one of its management foundations. Under this plan, our Vision 2030 is to become a *key technology solutions company in a global society where humans and machines co-create seamlessly*. With this, we will focus our efforts on building industries that will expand possibilities for people and quality of life (QOL) that will make lives better in the fields of Factory, Energy, Healthcare, and Life & Entertainment. Specifically, in the Factory area, we will become a lead player in flexible manufacturing systems with Robot Vision and Material Processing. We will also contribute to the diversification and sophistication of devices with digital lithography. In the Energy area, we will leverage optical processing machines to promote energy efficiency improvements with fine processing and re-use with additive processing. In the Healthcare area, we will support drug discovery that lightens the burden on doctors and patients, aiming to achieve regenerative medicine for everyone. In the Life & Entertainment area, we will support a society where

people are connected in ways that transcend time and space and virtual and reality with image infrastructure production technologies.

In a world where humans and machines co-create more seamlessly, we will use these efforts to contribute to

the achievement of the SDGs and the realization of a sustainable society, especially in the areas of safety and work environment, decarbonization, circular systems for resources, health, and enriched spirit.

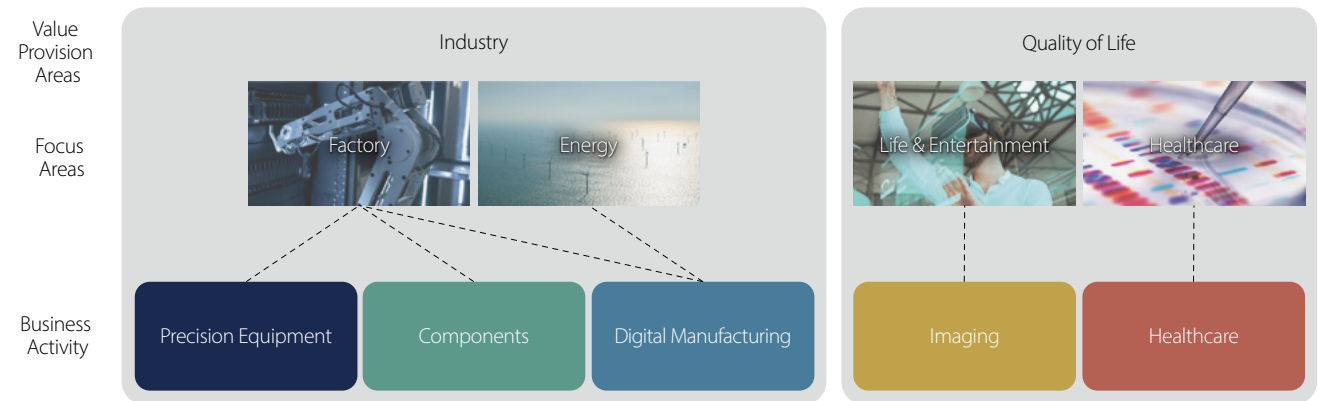
● Contributions to Society Through Creativity



Areas and Businesses of Contribution in the Medium-Term Management Plan

In its Medium-Term Management Plan, Nikon aims to use its Components, Digital Manufacturing, and Precision Equipment businesses to provide value in the area of Industry. Likewise, we aim to use our Imaging Products and Healthcare businesses to provide value in the Quality of Life area. In this context, we aim to contribute to a sustainable society and grow our own company by focusing on five areas, with the delivery of integrated solutions, including finished products, services, and components as growth drivers.

● Areas and Businesses Where Nikon Provides Value



● Contributions Through Business Activities

Areas Where Nikon Contributes		● Precision Equipment ● Components ● Digital Manufacturing ● Imaging ● Healthcare
Safety and Work Environment (Reduce human work/automate and customize)	<ul style="list-style-type: none"> Contribute to work environments and public transportation infrastructure through sensing, imaging and displays, etc. Contribute to urban planning and resilient social infrastructure with image analysis and optical telecommunications technology Contribute to space industry and technology by providing satellite modules, etc. 	
Decarbonization	<ul style="list-style-type: none"> Increase energy efficiency in society with additive and fine processing using optics Enhance manufacturing efficiency in robots with sophisticated hands and eyes and device manufacturing processes Contribute to a society where people connect transcending time and space and real and virtual leveraging image production technologies Contribute to a healthy global environment with longer lasting light sources and more durability in our products 	
Circular Systems for Resources	<ul style="list-style-type: none"> Reduce the burden of waste and promote re-use among our customers through turbine repairs and ultra-precision processing, controls and measurement, etc. Aim to achieve a recycling society by strengthening equipment re-use and refurbished systems sales Leverage digitalization to help reduce needs 	
Health (More precise medicine and individualized treatment)	<ul style="list-style-type: none"> Reduce the burden on doctors and patients and support drug discovery with early and high-precision evaluation of ailments Achieve regenerative medicine for everyone with Contract Cell Manufacturing solutions Support medicine with high-precision robot modules 	
Enriched Spirit (Education x Digital)	<ul style="list-style-type: none"> Contribute to rich and creative visual expression and culture with imaging equipment and 3D and 4D technology, etc. Leverage cameras, microscopes and telescopes to stimulate interest in outer space and the natural sciences and contribute to Education and training that transcends time and space and real and virtual 	

Research and Development (R&D)

In Nikon, the Technology Strategy Committee, chaired by the President, utilizes analyses of macro social issue trends to analyze business environments and study and evaluate markets, developing new areas where Nikon should focus its efforts. For example, the Next Generation Project Division and the Digital Solutions Business Unit have been working together since the previous Medium-Term Management Plan's period to expand business for optical and EUV-related components, a short-term growth driver in the Medium-Term Management Plan, and materials processing and robot vision, a medium-term growth driver in this plan. Their cooperation has made steady progress in these areas. The Technology Strategy Committee also formulates technology strategies and R&D plans for existing businesses. These serve as the foundation for the Advanced Technology Research & Development Division's duties for R&D of technologies shared by business units and R&D of future technologies.

Open Innovation

Nikon has adopted open innovation, which actively utilizes external resources, as a means of accelerating the development of new products and services and the launch of businesses that will lead to solutions for expanding and intensifying social issues. Specifically, this includes not only corporate venture capital investment, but also direct investment in start-up firms through the establishment of a private fund, as well as arrangements for providing support and incubation for start-ups and employees that have developed technologies or ideas with strong potential. As of May 31, 2023, we are providing investment support to 18 venture companies and 13 venture capital firms.

● Investment Support Through Open Innovation



18 Venture companies

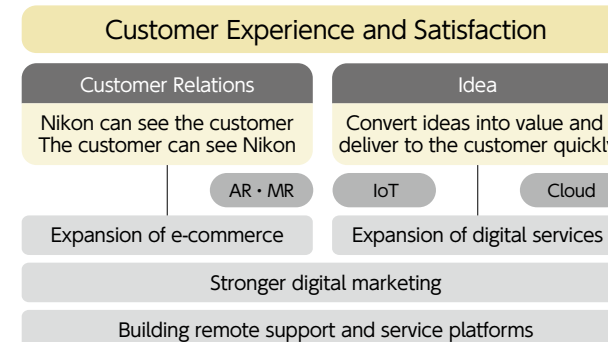


13 Venture capital companies

Digital Transformation (DX)

In the new normal after the emergence of COVID-19, companies have been using digital technologies to transform business models and digital transformation (DX) to leverage establish competitive advantage. This DX has accelerated and become essential to improve customer experience and satisfaction and to innovate to meet future needs. Knowing this, Nikon intends to strengthen DX as one of its management foundations in its Medium-Term Management Plan. Specifically, we will enhance the value we provide to customers by expanding our e-commerce and digital services centered on the Imaging Products business, as well as strengthening digital marketing by sharing and harnessing customer data internally to improve planning accuracy and to make dynamic sales proposals. We will also enhance this value by developing remote support and service platforms in the precision Equipment business. In addition, to support these DX initiatives, we will work to overhaul the Group's IT infrastructure systems, improve its IT literacy, and develop strong cyber security and data governance.

● Customer-Oriented DX



Value Provided Through Business Activities (1)

Areas where Nikon contributes: Decarbonization

Riblet Processing that Contributes to Carbon Neutrality

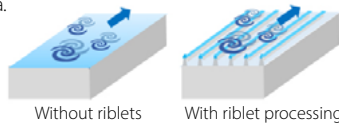
Shark Skin-like Riblets

A riblet is a biomimetic technology based on the microscopic pattern of shark skin. Sharks have evolved the surface of their skin to have a longitudinal grooved shape, reducing the frictional resistance of contact with the water and making it possible to swim faster and more efficiently. Riblets are a microstructure consisting of artificial longitudinal grooves inspired by this evolution. Research began in this area several decades ago, and swimwear applying this microstructure to its surface garnered great attention after it led to new world records.



Riblet Mechanism for Reducing Frictional Resistance

Riblets reduce contact frictional resistance by using vertical grooves to create distance between vertices and the wall surface and reduce the contact area.

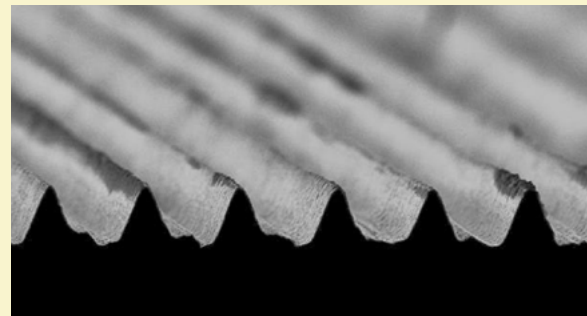


Benefits of Riblet Processing

By imparting a riblet shape to an object moving against water or air, it can help reduce frictional resistance. For example, riblet processing on aircraft fuselages and race car bodies can reduce frictional resistance to the air, thereby improving fuel efficiency and increasing speed. Riblet processing on blades used in applications such as wind turbines, gas turbines, and jet engines offer potential improvements in energy efficiency.

Nikon's Unique Laser Processing Technology

Laser processing generally involves irradiating a laser beam onto an object, such as a metal, to cut or drill a hole. Nikon's high-precision laser processing technology enables the precise formation of minute three-dimensional shapes. In order for maximal riblet effectiveness, they must be machined to the optimum shape for each object. Nikon's technology allows for this. Furthermore, advanced optical technology enables



Cross-section of riblet processing (viewed under electron microscope)

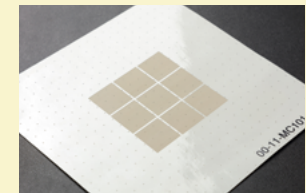
processing a wide variety of materials, including metals, resins, and fiber-reinforced plastics.

Proof of Concept Testing on Aircraft

It is said that about half of the resistance between an aircraft and the air during flight is the frictional resistance generated on the fuselage surface. Riblet processing on a fuselage surface is expected to reduce this frictional resistance, thereby improving fuel efficiency and reducing CO₂ emissions.

Since July 2022, Japan Airlines Co., Ltd. (JAL) has been engaged in proof of concept flights using an aircraft with a part of the paint film on the lower fuselage exterior panel using riblet processing by Nikon and O-Well Corporation. The aircraft, built using a Nikon construction method, has been confirmed to be sufficiently durable, with over 750 hours of flight time. Friction-reducing effects from the riblets have been confirmed by the Japan Aerospace Exploration Agency (JAXA).

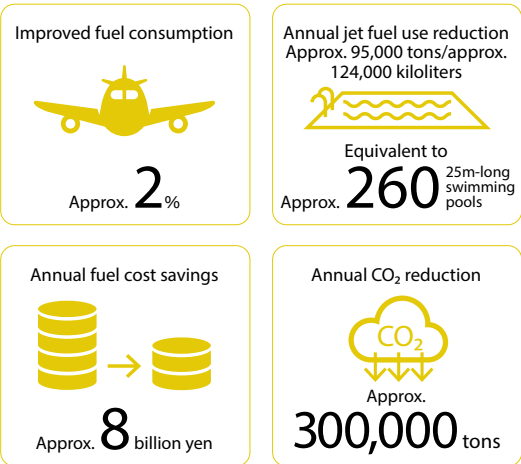
Furthermore, since October 5th, 2022, All Nippon Airways Co., Ltd. (ANA) has been operating two aircrafts equipped with riblet film manufactured using Nikon's processing technology attached near the roots of the main wings and on the upper surface of the fuselage. If the film is applied to ANA's entire fleet of aircraft, it is expected to improve fuel efficiency by 2%, reduce jet fuel consumption by approximately 95,000



Riblet film

tons, fuel costs by approximately 8 billion yen, and CO₂ emissions by approximately 300,000 tons per year.

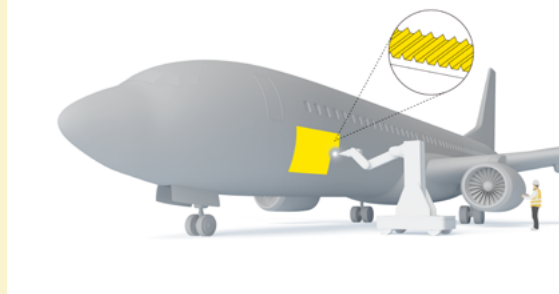
Estimated Benefit of Riblet Film Applied to ANA's Aircraft Fleet



*1 Effects calculated based on the following main conditions: Theoretical reduction effect of 6.17% x 80% processing of fuselage surface x 90% flight time at cruising altitude, applied to currently owned aircraft (calculated by Nikon)

Illustration of Riblet Processing on Aircraft

In the future, we aim to adopt Nikon-developed equipment for riblet processing on aircraft fuselages.



Expanding Utilization of Riblet Processing

As the effects of climate change become more pronounced and the accompanying damage and losses become more serious, efforts to improve energy efficiency and reduce CO₂ emissions are accelerating in various fields to achieve the 1.5°C target, which aims to limit the increase in global average temperature to 1.5°C. Amid this, the frictional resistance reduction benefits offered by riblets can be utilized in many products. In addition to aircraft and wind power generation, application fields are expanding to include gas turbines, helicopters, rolling stock, ships, drones, pumps, and household appliances. Nikon will contribute to the realization of carbon neutrality by developing businesses and providing solutions that take advantage of its unique riblet processing technology.

Value Provided Through Business Activities (2)

Areas where Nikon contributes: Enriched Spirit

Expanding Educational Possibilities Through New Video Technology

Volumetric Video: The Next Generation of Video Production Technology

Virtual reality (VR) and augmented reality (AR) technologies are widely used in media such as music videos and movies, enabling new kinds of visual expression. It also offers use in training and simulation in potentially hazardous environments, tours of museums and art galleries from the comfort of one's home or hospital, and in many other areas that contribute to the visual arts, industry, and social activities, enriching people's lives.

Volumetric video is attracting attention as the optimal technology for creating this kind of VR and AR content. This technology reconstructs 3D data based on image data captured by multiple cameras. It allows free viewpoint adjustment after the fact and enables conversion into data suitable for the content to be produced, making it a next-generation content production technology with great utility value.



A volumetric video production studio at Nikon Creates Corporation, a Group company

Making Volumetric Video Accessible via Portability

A typical volumetric video shoot requires a dedicated studio with dozens of cameras and a green screen background. It also requires significant processing time for images from the many cameras used.

Nikon's portable volumetric video capture system combines ordinary digital cameras with depth-sensing cameras, using the captured images and depth data to generate 3D data. As a result, just four camera units can serve as a shooting system, making image capture accessible even to the general public. The portable nature of the system allows data to be generated on the spot and used in real time, regardless of the shooting location.

New Video Technology Expands Educational Possibilities

Nikon hopes to expand the use of volumetric video to places of education. Therefore, we are participating in Scheem-D, a digitalization initiative for university education promoted by the Ministry of Education, Culture, Sports, Science and Technology, as well as collaborating with schools, local governments, and educational institutions to demonstrate a new educational solution using portable volumetric video.

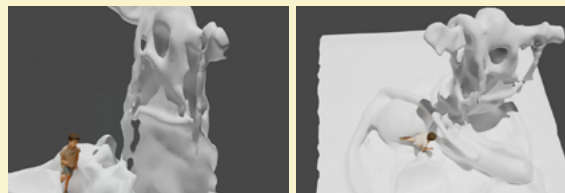
One demonstration was conducted at a class given at Setagaya Elementary School, affiliated with Tokyo Gakugei University. In this class, students were given a hands-on educational experience in which they were able to watch

their own clay sculptures and dance performances in VR, using 3D data generated from filming. The students were able to view the 3D images of their creations from the perspective they preferred, viewing dance movements from angles that were physically impossible. This technology is expected to offer children viewing information and experiences that they have never had before, thereby fostering their powers of discovery and sensitivity, and improving their motivation to learn.

Nikon is also working to commercialize delivering educational solutions using volumetric video. By spreading these solutions to more system to more places of education, we will contribute to improving the quality of education and expanding the potential of each and every child who will be the leaders of our future.



Volumetric video recordings of children dancing and clay crafts, demonstrating application in the confined space of a classroom



Visually synthesized dance and craft data

● Benefits of Using Volumetric Video in Education

Fostering the power of discovery	Students can freely choose what they want to see and easily compare 3D data to develop their cognitive ability
Improving motivation to learn	New experiences using the latest expressions via 3D and head-mounted displays (HMDs), etc., increase students' positive attitude toward learning
Use in a variety of subjects	Can be used effectively not only for subjects such as social studies, science, daily life, arts and crafts, and physical education, but also for extracurricular activities such as club activities and cultural festivals

Class Held at Setagaya Elementary School, Affiliated with Tokyo Gakugei University

Teacher's Comment

The class successfully achieved the objective of increasing the number of perspectives from which you can view an artwork. The experience of immersing themselves in a work of art they themselves created was very stimulating for the children.

Parent's Comment

It was very interesting to be exposed to a new kind of learning.

Children's Comments

When I actually went in, it was different than what I imagined. It was fun to see me moving around.

Value Provided Through Business Activities (3)

Areas Where Nikon Contributes Safety and Work Environment

An Ultra-Compact Smart Camera Helping to Evolve Manufacturing Sites

Aiding Automation, Labor Savings, and DX in Manufacturing

In the field of manufacturing, there is a growing need for DX to improve productivity, reduce costs, and create new products and services. Therefore, manufacturers are using automation and labor savings more and more in processing, assembly, transportation, and inspection through machine tools, inspection equipment, and industrial robots. In addition, it is increasingly likely that the work by highly skilled technicians and inspections relying on the visual acuity of skilled workers will be replaced by robots and systems that utilize smart cameras and AI. This not only increases the efficiency and productivity of manufacturing sites, but also improves the working environment and reduces labor shortages, allowing people to focus on work that only people can do, leading to the creation of new value and culture. Through the development and business deployment of smart cameras, Nikon will promote DX in manufacturing and contribute to solving social issues.

The LuFact Series of Ultra-Compact Smart Cameras

The LuFact series of industrial cameras were born from

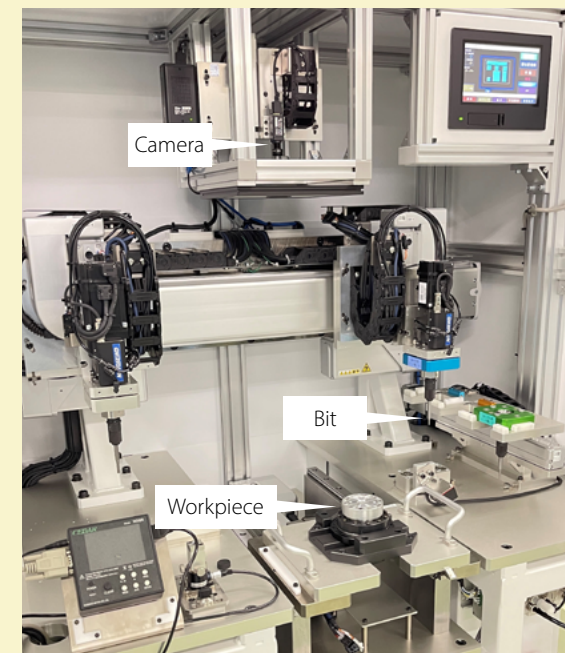
Nikon's unique image processing technology accumulated over its long history in digital cameras. Separating the image processing unit from the camera head enables an ultra-compact design that offers installation freedom for industrial robots and various other applications. The new LuFact A2000, announced in November 2022, is equipped with a CPU and dedicated processor to enable edge AI computing. Image data (inspection data) from the camera head is processed and judged by the A2000-G AI image processing unit, removing the need for computers at the inspection site. Conventionally, information obtained at the inspection site has been sent to a server or cloud for processing, inspection, and judgment. However, with the edge collecting and processing the data, transmission frequency and data volumes can be significantly decreased, thereby reducing the burden on communication infrastructure and power consumption.



LuFact series ultra-compact camera heads

Case Study

An automatic screw tightening equipment at one of Nikon Group's manufacturing subsidiaries that produces encoders. This equipment automatically tightens the screws by analyzing the video captured by the LuFact smart camera to determine the screw tightening position on the workpiece. This contributes to labor savings and increased productivity.



Materiality 2

Ensuring Trustworthiness by Maintaining and Increasing Quality



Reason for Priority

Ensuring that products and services that are widely utilized in the market are safe to use is an important precondition for the development of a sustainable society. Amid advances in technologies such as IoT and AI, it is necessary to ensure quality, including product security, in addition to safety and environmental correspondence. Also customer needs that change in terms of lifestyle, value etc., are an important aspect of quality enhancement.

Commitment

The Nikon Group sees itself as having a mission to contribute to the healthy development of society by achieving creative, efficient *Monodzukuri* (manufacturing). To this end, we optimize our production system from a company-wide perspective and consider each *Monodzukuri* (manufacturing) process from the product planning, development, and design stages, keeping in mind our response to future environmental changes. The most important theme here is quality assurance, which includes safety, environmental consideration, and product security. With the Quality Committee playing a central role, we are working to strengthen our company-wide quality management system, visualize quality loss costs, and foster a culture of quality by improving the level of quality education and entrenching behavioral principles, thereby preventing quality problems.

In addition, in order to meet the increasingly diverse and sophisticated needs of our customers, we will strive to ensure trustworthiness by maintaining and increasing quality, not only in our products, but also in supporting product orders and providing services.

Nobuyuki Ishizuka
Executive Vice President
General Manager of Production Technology Division

【Activity Policies】

- Basic Quality Policy
- Quality Management Directive (QMD)

【Organizations】

- Quality Committee

● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○ : Achieved △ : Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
Provision of high-quality products and services that are trusted by the customer through creative <i>Monozukuri</i> (manufacturing) that emphasizes customer safety and the environment	Continue to provide high-quality products and services that win customers' trust and meet their expectations	12	Nikon Group in Japan	To prevent accidents involving safety-related products, establish safety design standards for products in new fields and conduct safety design training in a systematic manner	Issued standards for new fields in January 2023, including the X-Ray Equipment Safety Standards and the Industrial Robots Safety Standards (training on these standards is scheduled to be held in June and July 2023)	○
	Reduce quality incidents to zero		Nikon Group	Conduct quality system re-inspection based on the comprehensively revised Quality Management Directive (QMD) for major Group companies	Inspected the quality management system based on QMD was conducted mainly at Group companies in Japan (issues identified were addressed by formulating improvement plans)	○
			Nikon	Determine integrated rules for quality management system (QMS) assessments* and environmental management system assessments	After reviewing integration issues, decided to incorporate environmental management system assessments into QMS assessments from a long-term perspective. In addition, added a mechanism to provide feedback on quality/environmental accident cases from assessments (rules will continue to be studied and trial operation is scheduled to start in fiscal year 2023)	△
	Enhance customer engagement, identify customer needs, and generate market development ideas		Nikon Group	Undertake revision of the Nikon website to quickly guide website visitors towards the product information pages, so as to promote digital marketing aimed at strengthening customer engagement	Renewed global website in March 2023 with introduction of cookie banner and review of privacy notices etc. Began activities for compliance with GDPR and personal information protection laws in various countries	○

* From fiscal year 2021, the Nikon Group began conducting conventional audits, referred to as assessments, related to quality control and management of chemical substances in products. These assessments are the same as the audits defined in JIS Q 19011, and refer to a systematic process for objectively evaluating the degree to which QMD requirements are being met.

Nikon *Monodzukuri* (Manufacturing)

Basic Approach

The Nikon Group's basic philosophy is Customer and Quality first, and we provide *Monodzukuri* (manufacturing) to realize the products and services that our customers want in the best way. We then anticipate our customers' challenges and drive innovation utilizing a variety of solutions. That is our vision for Nikon *Monodzukuri* (manufacturing).

In order to achieve this goal, it is necessary to create a strong production system that can respond to any kind of changes. The Nikon Group will strive to strengthen resilience against changes in our business environment and achieve sustainable *Monodzukuri* (manufacturing) in production bases, technology, procurement and logistics, quality, and other strategies.

As a manufacturer, *Monodzukuri* (manufacturing) is the main source of Nikon's business activities. Going forward, we will further expand the value provided to our customers.

System

The Nikon Group has established the Production Technology Division, the Optical Engineering Division, the Advanced Technology Research & Development Division, and the Next Generation Project Division as the organizations that provide a cross-functional framework within each business unit. We are aiming for company-wide optimization of *Monodzukuri* (manufacturing) that transcends the boundaries of individual business units. Specifically, we are enhancing our manufacturing foundation by building an ECM (engineering chain management) system and framework, along with the corresponding technology, and developing our SCM (supply chain management). We will use this system and framework to promote not only existing businesses, but smoothly establish new ones. We will also create a worker-friendly work environment to improve productivity and realize high-quality *Monodzukuri* (manufacturing).

Strategies for Achieving Our Vision

Production Base Strategy

We will build a strong production system that can respond to changes by developing the unique strengths of each site and promoting cooperation among sites. As an example, Sendai Nikon, which was transferred from the Imaging Business Unit to the Production Technology Division, is being reborn as a development, prototyping, and production base for BtoB businesses at our various business units by utilizing high-precision manufacturing technology and development design capabilities. In addition, we are working to cross function all of the domestic production base to optimize production system by transferring Miyagi Nikon Precision Co., Ltd. from FPD Lithography Business Unit in April 2023.

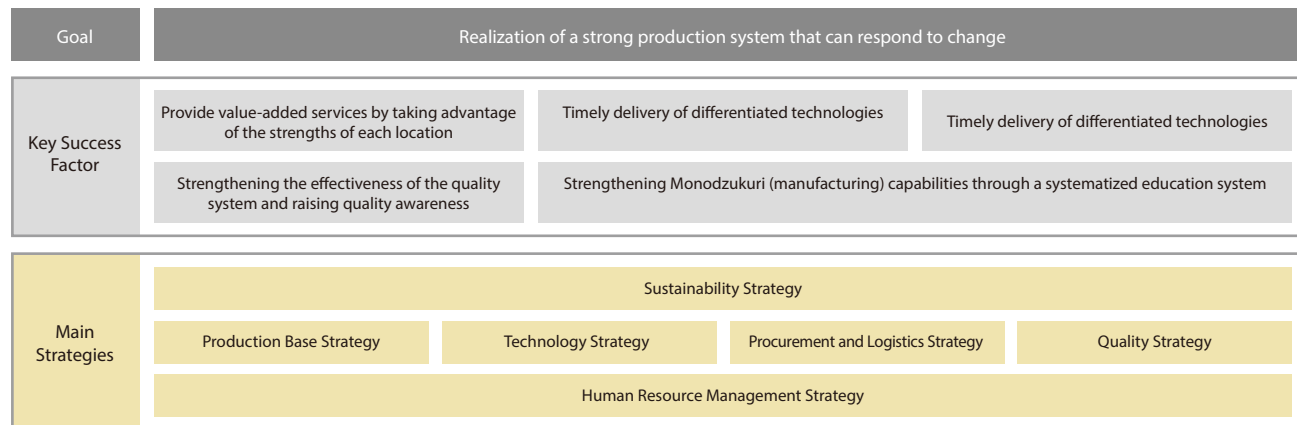
Technology Strategy

We will continue to strengthen the core technologies that will support Nikon Group's *Monodzukuri* (manufacturing) (materials, manufacturing, and assembly and adjustment technology) and utilize IE (industrial engineering) initiatives, equipment development, and DX, which make up the foundation of *Monodzukuri* (manufacturing), for future product development and manufacturing.

Procurement and Logistics Strategy

The environment surrounding the supply chain is undergoing dramatic changes, including soaring resource prices, tightness in material procurement, and logistics disruptions. Cooperation with procurement partners based on a strong relationship of trust is important for stable supply in the

● Enhancing Our *Monodzukuri* (Manufacturing) Foundation Under the Medium-Term Management Plan (Conceptual Image)



supply chain. We aim to work with procurement partners that adhere to the levels of quality and sustainability for providing the best required by Nikon, to deliver high quality and sustainable products to the world, to earn the trust of our stakeholders, and to sustain our corporate activities.

Quality Strategy

In order to always meet customer needs and deliver safe and reliable products (products and services) in a timely manner, we are working to maintain and strengthen the quality systems in each of our business units. To this end, we have established a Quality Committee to deliberate and make decisions on important matters related to quality control. The committee monitors and supervises the quality. In addition, as a means of raising quality awareness, we will develop basic principles of *Monodzukuri* (manufacturing) in order to solidify and establish the ideal state of *Monodzukuri* (manufacturing). We will summarize the quality-oriented approach and *Monodzukuri* (manufacturing) actions currently practiced at each production site, develop them as basic principles, and deploy them throughout the Nikon Group to firmly establish a quality-oriented culture.

Strengthening *Monodzukuri* (Manufacturing) Capabilities

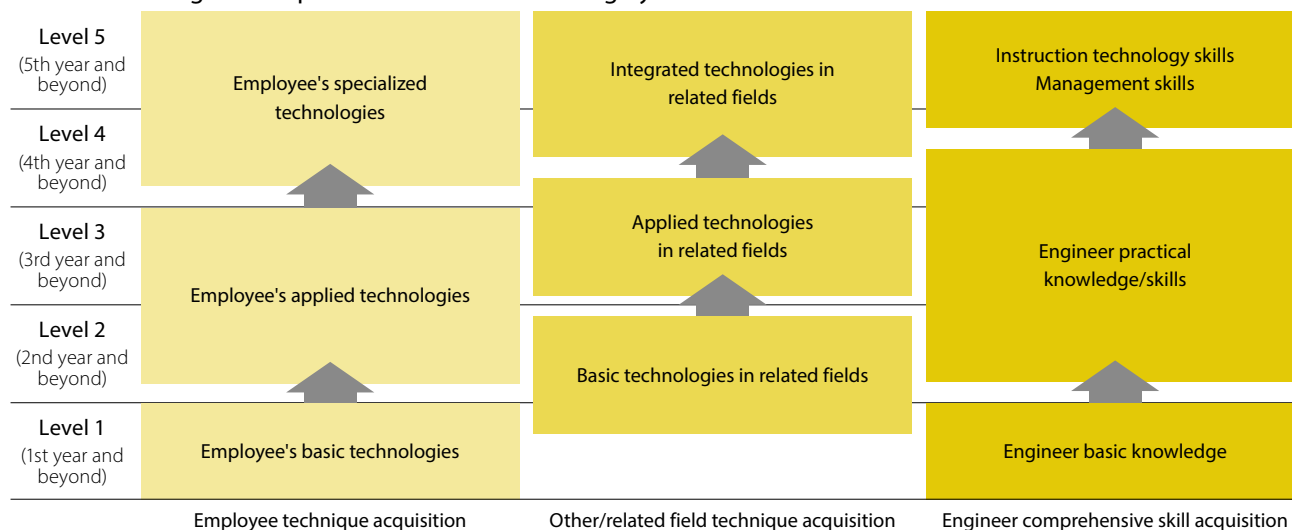
The Nikon Group provides various types of training for promoting high-level *Monodzukuri* (manufacturing) capabilities, including specialized technical training by field for new employees, as well as employee training based on job duties and experience. Nikon has been providing long-term training, including technical training for new employees to acquire basic *Monodzukuri* (manufacturing) skills as well as basic training to cultivate design developers who will acquire knowledge and experience encompassing all *Monodzukuri* (manufacturing) processes, from upstream processes to downstream processes. Moreover, mid-level designers receive practical training on processing to acquire general manufacturing knowledge, with the aim of encouraging

skills advancement. Furthermore, Nikon has also been offering training for cultivating optical designers in relation to maintaining and advancing opto-electronics technologies, one of Nikon's core technologies. The training entails both fundamental theoretical knowledge and passing on the Company's unique technology and skills. In fiscal year 2022, 214 courses were held with 4,558 participants.

In fiscal year 2023, we will provide opportunities to systematically learn about a wide range of technical fields, not only for young engineers, but also for career entrants and internal employee reskilling (re-training), in an effort to develop creative engineers with a broad perspective.

Human Resource Development (▶ p.122)

● Structural Diagram of Specialized Technical Training by Field



Ensuring Quality and Safety

Basic Approach

The Nikon Group has established a Basic Quality Policy centered around the idea of increasing the value we provide to our customers, and the value that we provide to society, through our products and services. In order to put this policy into practice, we have also established the quality management directive (QMD).

For each business unit (including the Group companies), we have created a Quality Manual (QM) based on the QMD. This QMD encompasses the requirements of ISO 9001* accreditation, and we are implementing swift and appropriate revisions in response to changes in trends and situations happening around the world.

The Nikon Group has obtained ISO 9001 accreditation, primarily at production companies, and the rate of accreditation acquisition at Nikon and the Group manufacturing companies is approximately 50% (percentage of companies).

* ISO 9001: An international standard of quality management system established by the International Organization for Standardization (ISO). The ISO 9000 series is a quality management system for organizations to maintain and manage quality. ISO 9001 certification can be obtained from an officially recognized body.

Basic Quality Policy

Based on its Corporate Philosophy of *Trustworthiness and Creativity*, Nikon has established the following Basic Quality Policy. It aims to increase the value that we provide to customers through our products and contribute to the healthy development of society.

- (1) Enhance brand value and provide high-quality distinctive products to the market in a timely manner through creative and efficient *Monodzukuri* (manufacturing).
- (2) Provide safe and environmentally considered products and earn the trust of customers and society.

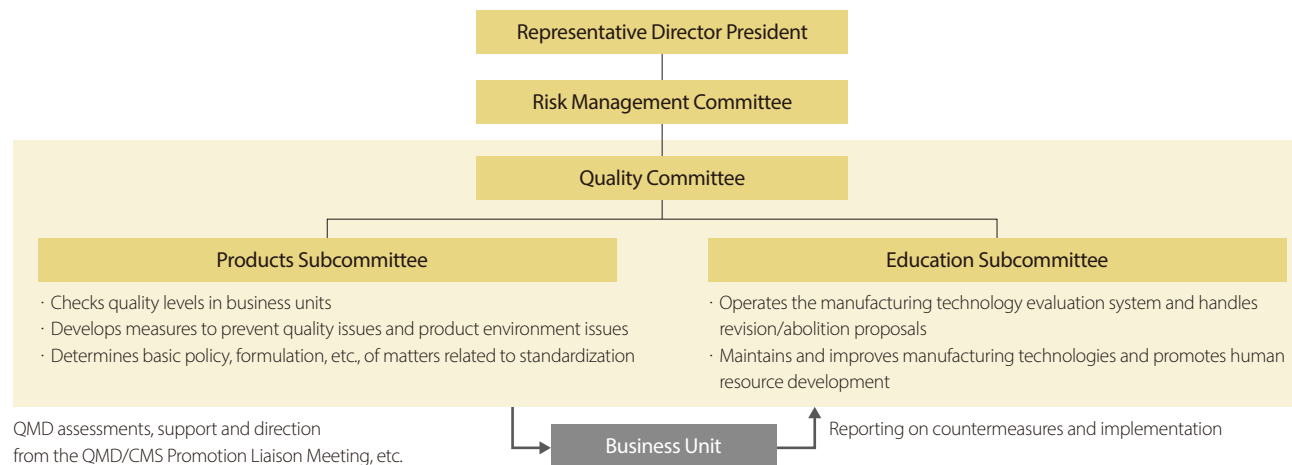
System

The Nikon Group has established the Quality Committee to deliberate and make decisions on important matters related to quality control for the entire Group. The General Manager of the Production Technology Division chairs the committee, and division managers from each business unit and others serve as standing committee. Under the Quality Committee we have established the Products Subcommittee, and Education Subcommittee—the purpose of these is to strengthen the functions of the Quality Committee in preventing quality and environmental problems, meeting legal and regulatory standards and ensuring security, and maintaining and improving manufacturing technologies.

Decisions made at the Quality Committee are shared at the QMS^{*1}/CMS^{*2} Promotion Liaison Meeting which is held twice a year as a forum for exchanging information among all the business units. Based on this, each business unit reflects decisions made at the Quality Committee in its business processes, revising each QM where necessary, thereby strengthening the Quality Management System. In fiscal year 2022, we will continue to promote the three-year plan for quality system rechecks for all business units that started in fiscal year 2021, triggered by the comprehensive review of quality control guidelines in September 2020.

*1 QMS: Quality Management System,
*2 CMS: Chemical Substances Management System (Management of chemical substances in products)

● Quality Management System (As of April 1, 2023)



Comprehensively Managing Quality

The Nikon Group works to improve quality by establishing frameworks to comprehensively manage Nikon Group internal information, such as production-related information, along with external information obtained from customers and the marketplace.

In fiscal year 2022, we established indicators for quality loss costs in the production process of each business unit and began taking measurements, making progress toward shared company-wide visualization.

In fiscal year 2023, in addition to implementing improvement activities based on reduction targets for quality loss costs in production processes that were visualized in the previous fiscal year, we will advance quality improvement by developing a measuring system for unmeasured items.

Major Initiatives

Small Group Activities

The Nikon Group has been promoting small-group activities since 1979, believing that they are essential for ensuring high quality and that each and every employee has a high level of awareness and takes the initiative in improving daily operations. In fiscal year 2022, 706 groups and 5,672 people engaged in such activities at the Nikon Group inside and outside of Japan.

Furthermore, every year in July the Nikon Group holds Nikon Group Select Small Group Activity Presentation presided over by the company president, where the best activity groups from each region get together to talk and educate each other. In fiscal year 2022, more than 280 employees participated, including executives, and the excellent presentations were used as a reference for improvement activities in each unit. In addition, special presentations were made by improvement activity teams that transcended the boundaries of business units to develop best practices.

Quality Training and Raising Awareness

The Nikon Group believes it is imperative that each and every employee acquires the relevant knowledge and quality control skills, tailored to the specific requirements of individual employees' positions, levels and specialties. Based on this approach, starting with the Nikon Group in Japan, we are promoting internal education and awareness-raising related to quality in order to raise the standard for all employees and strengthen and foster the development of selected members from the workplace.

The Technical College program, a forum for training and

educating young engineers, had 1,027 participants in the mandatory training course on quality control in fiscal year 2022. In addition, the Expert Package Training program, which aims to develop experts in statistical quality control, has completed its fifth term, and a total of 109 students from the first through the fifth terms are active in the field.

For e-learning programs, in fiscal year 2022, we updated our Introduction to Statistical Methods Training, equivalent to Grade 3 of the Quality Management and Quality Control Examination (QC KENTEI), adding content from statistical distribution courses. This training was also conducted early for some eligible participants. This new content will be rolled out to all employees in Japan in fiscal year 2023.

For outside of Japan, we have begun producing video materials in the English, Chinese, and Thai languages, which will be implemented starting with some Group manufacturing companies in fiscal year 2023. In fiscal year 2024, we also aim to implement the same training as that required in Japan at Group manufacturing companies outside Japan.

Furthermore, every year during Quality Month in November, Nikon hosts the Quality Month Conference. In fiscal year 2022, we welcomed Mr. Isao Endo, well-known author of books on building field capabilities and mechanisms for visualization and stronger companies to our conference, where he gave a lecture entitled "Corporate Management and Field Capabilities for Greater 'Trustworthiness and Creativity.'" Taking the perspective of a business consultant, he spoke about the importance of visualizing issues and field capability (the ability to execute) for working to solve issues with ownership in order to realize a company's ideal vision going forward. This is, in other words, the development of an organizational climate that allows each individual to take on challenges from the same perspective and the fostering of a culture of challenge will lead to a company's competitiveness.

This lecture was attended by approximately 120 Nikon Group executives and employees and 130 procurement partners, including those watching via the simultaneous webcast.

Quality Education Programs for Employees (Applicable to: Nikon Group in Japan)

■ Mandatory training for all employees

- E-learning for all employees
 - Basic Quality Control Training (QC Grade3)
 - Introduction to Statistical Methods Training (QC Grade 3)
- Basic Quality Control Training for new employees

■ Specialist training for engineers

- Expert package training
(comprehensive training that combines experimental design and multivariate analysis, etc.)
- SQC leader training
(basic training combining Q7, N7, exam and estimation, etc.)

Implementing QMD CMS assessments

The Nikon Group conducts QMD/CMS assessments to check the status of quality management and management of chemical substances in products based on QMD, and investigates, confirms, and evaluates the status of quality management operations throughout the Group. This assessment is conducted by the Product Subcommittee

Chairperson of the Quality Committee, who is responsible for the assessment. In the event of an improper situation, we instruct corrective action or improvement and promptly implement such measures to maintain and improve our quality control activities. Additionally, important findings are reported to the Executive Board Committee and reflected in our internal controls.

In fiscal year 2022, QMD CMS assessments were conducted for two Nikon divisions and six major group companies using assessment check sheets adopted to the organization being assessed.

The Nikon Group also make continuous reviews in order to further enhance the effectiveness and efficiency of these assessments.

Initiatives for Procurement Partners

Cooperation from procurement partners is essential in order to promote Quality First initiatives. Therefore, we conclude quality assurance agreements with our procurement partners based on their understanding of the Nikon Group's Quality First philosophy.

To quantitatively understand and manage the state of maintenance of the QMS, we conduct a self-evaluation using the Self-assessment Sheet once every three years. We also conduct QMS assessments for procurement partners that we have determined to be important.

In fiscal year 2022, we conducted QMS assessments for 84 procurement partners. For procurement partners that did not meet Nikon's required standards, we discuss countermeasures and implement systematic improvements with them.

We also analyzed the results of past QMS assessments and distributed instructions to our procurement partners on items

where they tended to fall below Nikon's required standards, requesting that they conduct self-inspections. Furthermore, we made efforts to determine rules for an integrated assessment with our high-affinity environmental management system assessments. After reviewing various issues and considering the ideal form of assessment from a long-term perspective, we decided on a policy to incorporate environmental management system assessments into QMS assessments and to add a mechanism to provide feedback on quality/environmental accident cases to assessments. In fiscal year 2023, we plan to determine rules for efficient and effective integrated assessments and begin trial operations.

Ensuring Safety of Products and Services

The Nikon Group gives due consideration to the safety of products and services for the entire lifecycle of the product from the planning stage, right through to disposal.

Note that the number of serious product accidents relating to safety* for fiscal year 2022 was zero.

* Serious product accidents related to safety: Based on the definition of serious product accidents used in the Consumer Product Safety Act.

Ensuring Safety in Products and Services

The Nikon Group regards safety as an integral part of the quality of its products and services, and believes that its most important mission is to provide safe products and services to its customers. This is also incorporated into the QMD and the rules of every business unit, which must be adhered to. In addition, we confirm in our regular QMD and CMS assessments that each division and department is implementing the safety-related matters incorporated in those QMDs and rules.

In addition, the Nikon Group is obliged to conduct safety assessments for all of its products. In line with the established the Safety Design Principles Sort (Safety Design Principles [General Standards], Common Standards and Product Area-Specific Safety Design Standards) which are based on international standards, etc., we are putting in place safety designs to pin-point and eliminate any potential risks and hazards.

In fiscal year 2022, we newly added two standards to the Safety Design Principle Sort. First is the Industrial Robots Safety Standards to ensure the safety of equipment mounted with industrial robots and parts and assemblies used with industrial robots, and the second is the X-Ray Equipment Safety

Standards to ensure the safety of equipment using X-rays. The Nikon Group ensures safety through design reviews at the development and design stages and inspections of manufacturing processes during mass production. We also obtain certification from third-party certification bodies as necessary.

Product Security

Even during the rapid growth in technologies such as IoT and AI, the Nikon Group is strengthening and improving quality management systems in order to provide safe products and services to customers.

In fiscal year 2022, the Product Security Countermeasures Standards, established in 2019, were revised to strengthen security in Nikon Group products and services.

Product and Service Safety Training

To ensure the safety of our products and services, the Nikon Group conducts a variety of periodic safety education programs for employees, including the Safety Design Principles Sort that define standard of safety design, the Product Liability Act, and the Electrical Appliance and Material Safety Act.

In fiscal year 2022, approximately 1,260 employees of the Nikon Group in Japan took educational training courses provided by the Quality and Environmental Administration Department of the Production Technology Division and the Technical College. In addition, seminars were held to explain specific safety technologies with the aim of further deepening employees' understanding in Safety Design Principles Sort education.

Furthermore, in light of changes in the business environment,

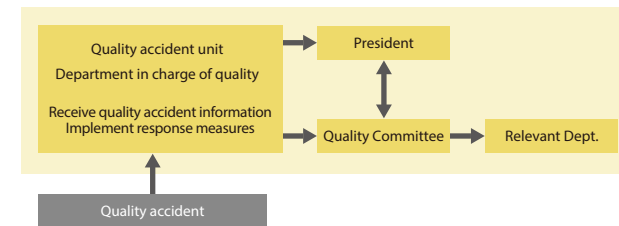
we provide new training on robotics and in-vehicle products, and encourage participation in external training courses on safety design technology.

Response in Case of an Accident

The Nikon Group carries out planning, design, manufacturing, quality assurance, sales, logistics, and services with sufficient consideration to product safety. In the event of a quality problem in the market, including safety issues, or even if there are concerns regarding such an occurrence, we immediately cooperate with the relevant departments to ascertain the facts and promptly take any necessary measures in accordance with our escalation response procedures. Additionally, quality problems that have a significant impact on customers are reported to top management and disclosed promptly, and a system is in place to respond appropriately to customer inquiries.

In fiscal year 2022, we took measures to prevent damage occurring, spreading, or recurring against 11 incidents with following these procedures. These measures are also reviewed annually, and suitably revised if needed.

● Flowchart Outlining Communication After Accidents Occur



Information Provision for Safe Use

In the Nikon Group, we provide appropriate information for all products to ensure that customers can use its products and services safely. For example, information on correct usage and information to help safeguard against accidents due to misuse or carelessness is provided directly on the products themselves and in instruction manuals.

Information which needs to be disclosed is stipulated in Nikon's proprietary Safety Design Principles Sort and we are confirming its appropriateness in product risk assessment or in safety evaluation.

Additionally, certification marks are indicated in accordance with the laws and regulations of each country or region where the product is sold.

For example, products with wireless functions are labeled as compliant with the Radio Act of various countries and regions. Furthermore, in fiscal year 2022, there were no violations of laws, regulations, etc., with regard to safety labeling and information provision.

Customer Satisfaction

Basic Approach

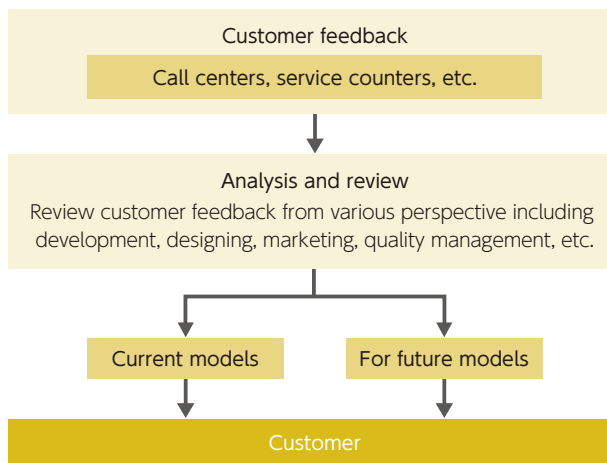
The Nikon Group strives to improve customer satisfaction and trust by providing products and services that are unsurpassed in safety and quality, and also useful to society. The Nikon Group has previously built a system.

Product Development for Imaging Products Based on Customer Feedback

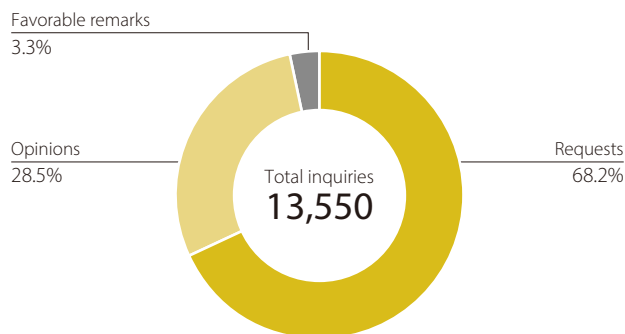
At the Nikon Imaging Products, feedback is received through call centers, service counters and NPS* staff from general and professional users as well as users who use photographic equipment in businesses worldwide. After careful analysis, customer feedback is examined from a range of different perspectives by departments such as the Product Development, Design, Marketing, and Quality Assurance Department. The results are reflected in our products and services leading to improved customer satisfaction.

* Nikon Professional Services (NPS): A membership-based support services for professional photographers who use Nikon products.

Customer Feedback Flowchart (Imaging Products)



Breakdown of Call Center Inquiry Analysis and Investigation (Japan, Fiscal Year 2022)



* This breakdown of call center inquiries does not include questions regarding retail stores or product usage of the total 55,000 inquiries received.

Responding to Requests for Additional Functionality

Nikon takes requests from customers around the world very seriously, even after products are launched, and strives to satisfy customers by incorporating the latest features they seek into our products. For example, for the Z 9 flagship mirrorless camera released in December 2021, firmware version 2.00 released in April 2022 enables internal RAW recording at 8.3K resolution at 60 frames per second and 12-bit color, as well as support for Custom Wide-Area AF, which offers a wide variety of AF area patterns. In addition, firmware version 3.00, released in October 2022, has been well received by many of our customers, with improvements such as better low-light limitations for autofocus and reduced loss of focus when an obstacle crosses in front of the desired subject.



Custom Wide-Area AF, added in Z9 firmware version 2.00

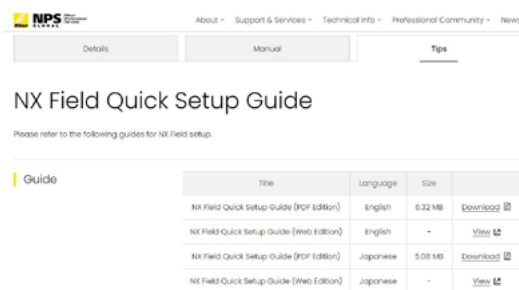


News > Nikon releases the upgraded firmware version 3.00 for the Nikon Z 9 full-frame mirrorless camera

https://www.nikon.com/company/news/2022/1026_firmware_01.html

Responding to Requests for Connection Methods

NX Field, a remote shooting system for corporate customers, is used at sporting and other events, where it enables connecting remotely to multiple Nikon mirrorless cameras and digital SLR cameras, allowing remote operation, settings, and automatic transmission of captured images to an FTP server. Since we received many requests from customers for a simple manual on how to connect, we published this manual as the NX Field Quick Setup Guide on the NPS* global website.



* NPS → p.044

Initiatives to Improve Services in the Imaging Products Business

For our imaging products business, along with our customer first mindset, we aim to provide after-sales service that makes customers say, "I am really glad I purchased a Nikon product." In order to make this a reality Nikon has created a Service

Division at the Nikon Head Office.

As of the end of March, 2023, we have an organization that can provide consistent service quality to more than 200 repair service facilities and direct contact points (customer service counters) in 70 countries and regions around the world. We are also striving to improve services through diverse initiatives.

Maintaining and Improving Repair Quality

Once a year, an assessment is conducted at all Nikon service locations to check the accuracy of the equipment and tools is within standards. Additionally, in order to monitor repair quality at each site, repair data is collated by the Service Division headquarters at the Nikon Head Office on a monthly basis to verify the absence of any issues. At the same time, so as to be able to provide high-quality service in all countries and regions, we have introduced a cloud service that enables sharing of information on Nikon products and quality management, and through which we offer regular guidance to all service facilities, including local distributors and authorized repair service providers, in those countries and regions where Nikon does not have its own service facilities, with the aim of maintaining and improving service quality. We are also working to improve quality control and quality in individual countries and regions. For example, the employees of Nikon Imaging (China) Sales Co., Ltd. conduct twice-yearly assessments of each authorized repair service provider based on their own unique assessment list as well as visiting each service provider individually to hold technical seminars.

Enhancing Customer Satisfaction

Twice a year, in order to enhance customer satisfaction, we provide training on product knowledge that makes effective use of e-learning for employees involved with service

provision, and online technical training sessions using web conferencing systems.

In addition, the Imaging Business Unit is working to collect actual customer feedback, collate this data at the Service Division headquarters, and share the information globally so that the individual staff members involved with service understand the product concepts, and provide customers with advice regarding the optimal camera settings for the images they want to capture. We also offer a maintenance package that includes cleaning and an accuracy inspection for customers who wish to maintain their equipment prior to shooting. We have posted a trouble-shooting guide on the Nikon website so that customers can diagnose issues before requesting service. Through measures such as these, we are working to not only sell products, but also provide added value. As countermeasures against COVID-19, we not only conduct temperature checks at the service reception desk and provide alcohol for sterilization, but also avoid close contact by requiring appointments for reception visits and maintaining an appropriate physical distance while handling service requests.

Customer Satisfaction Survey Results

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022
Customer satisfaction	87.9	86.6	87.0	86.9	88.4

* The above figures include satisfaction with call center response in the Americas, Europe, and China.

Column

Strengthening Customer Engagement Through Interactive Communication

Nikon is committed to interactive communication with customers by enhancing online and offline contact points to provide a seamless experience. We are taking actions in a diverse range of countries and regions with the goal of making people fall in love with Nikon.

In Europe, as part of the #LevelUpWithNikon campaign, creators were invited to take Nikon equipment to tourist spots and other locations where their images can shine. We approached mainly young smartphone users and showed them tips on photography using Nikon equipment, letting them experience the difference in images from smartphones. We have also created and published video content capturing the event and the excitement of our customers.

In addition, we added a new Super Short Film Category for videos between 20 and 40 seconds in length to our Nikon Photo Contest 2022-2023. By accepting submissions of short videos, a more familiar medium for younger generations, we have lowered the barriers for participation especially among young video creators, providing opportunities to show off a more diverse range of works to the rest of the world.

In Japan, we once again sponsored the annual Vertical Movie Award, an award supporting young video creators who challenge themselves via vertical movies. Through our activities, we have supported the activities of video creators with a particular focus on young people.

Strengthening the Foundation of the Organization to Utilize Design in Management

The Nikon Group has established an organization and operational structure that encourages design to enhance the value of the experience of products and services delivered. By deepening our understanding of our clients' essential needs and utilizing the design process in our approach to their solutions, we aim to revitalize our efforts.

In addition, in order to deliver even more value to the customer's experience of our products and services, we are focusing on traditional graphic design for not only all contact points items, but also on movie and exhibition booth design. In this way, we will continue to make use of design in our management to make the Nikon brand more valuable to our customers.

 Design
<https://www.nikon.com/company/technology/design/>



Young smartphone users, in particular, were able to experience the difference between images from Nikon equipment and smartphones

Environment

Scope 1 and Scope 2
Greenhouse Gas Emissions
(compared to fiscal year 2013)



33.8%
Reduction

Total Waste Generated from
Operations
(compared to fiscal year 2018)



20%
Reduction

FSC-Certified Paper Used in New
Product Catalogs
(Japan, North America, Europe)



Approximately
93%

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Reasons for Priority

As the impact of climate change becomes more pronounced and the associated social and economic losses and damages become more severe, the importance of the 1.5° C target for limiting the global average temperature rise was confirmed at the 27th Conference of the Parties (COP27) of the United Nations Framework Convention on Climate Change. The conference also determined to set stronger goals on a country-by-country basis, etc. To achieve the 1.5° C target, greenhouse gas must be reduced to effectively zero by the year 2050. In order to realize long-term environmental goals, companies need to establish environmental strategies, build frameworks for environmental management based on this strategy, and steadily implement initiatives within these frameworks.

Simultaneously, there is a need to shift away from the traditional linear economy characterized by a cycle of mass production, consumption, and waste generation toward a circular economy, in which resources are recycled and reused. In addition, with regard to chemical substances contained in products, there has been a steady expansion in the scope of substances that are subject to regulation, as well as in the geographical areas in which such regulations apply. Companies need to take steps to reduce environmental impact throughout the product lifecycle, and to respond appropriately and reliably to the aforementioned regulations in their business activities.

In December 2022, the 15th Conference of the Parties (COP15) to the United Nations Convention on Biological Diversity adopted the Kunming-Montreal Global Biodiversity Framework, agreeing to halt biodiversity loss and put nature on a recovery track by 2030 with the goal of achieving Nature Positive. The targets defined include enhanced information disclosure and initiatives by companies—matters that we must address.

【Policy for Activities】

- Nikon Long-Term Environmental Vision
- Nikon Environmental Activity Policy
- Nikon Basic Green Procurement Policy
- Nikon Green Procurement Standards
- Hazardous Chemical Substances Guideline
- Paper Procurement Policy

【System】

- Sustainability Committee
- Environmental Subcommittee
- Supply Chain Subcommittee

【Management System】

- ISO 14001

Commitment

Under the Nikon Long-Term Environmental Vision, Nikon strives toward three goals: (1) Realizing a Decarbonized Society; (2) Realizing a Resource Circulating Society; and (3) Realizing a Healthy and Environmentally Safe Society. To this end, we established the Nikon Medium-Term Environmental Goals as specific goals to achieve by fiscal year 2030.

In our efforts to realize a decarbonized society, we aim to reduce greenhouse gas emissions from business facilities by 71.4% (compared to fiscal year 2013) by fiscal year 2030. This effort will help us achieve carbon neutrality by fiscal year 2050. This target was certified by the Science Based Targets (SBT) initiative. We are also a member of RE100 and are working to adopt renewable energy. In fiscal year 2022, we improved to roughly 22% in renewable energy use. This fiscal year, we set quantitative targets for the 3Rs related to our products, such as usage rates for recycled materials, to realize a resource circulating society. We also intend to respond to requests for enhanced information disclosure in a consistent manner and based on the new biodiversity framework, aiming to realize a healthy and environmentally safe society. While climate change is a risk to our business, we also see a business opportunity to contribute to decarbonization and resource circulation by leveraging our core technologies. The Nikon Medium-Term Management Plan includes a sustainability strategy as one of its pillars. Here, we will contribute to building a sustainable society while balancing environmental friendliness and business growth.

Muneaki Tokunari
Director and Executive Vice President
Corporate Environmental Officer

Environmental Strategy

Long-Term Environmental Vision and Medium-Term Environmental Goals

To proactively address environmental risks and regulations, we formulated the Nikon Long-Term Environmental Vision, which looks ahead to fiscal year 2050. The Nikon Long-Term Environmental Vision comprises three pillars believed to be particularly important in consideration of the global situation and the characteristics of Nikon's business, which uses limited resources to manufacture and sell products. We will continue to strive for the achievement of carbon neutrality throughout

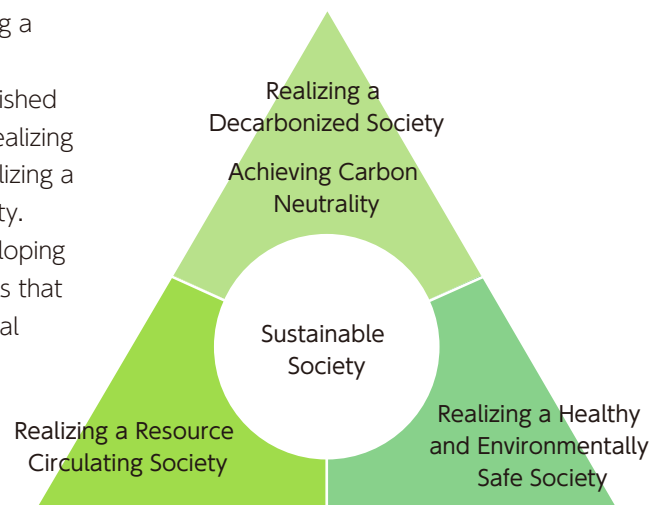
our supply chain by fiscal year 2050 as we aim to realize a decarbonized society. These three pillars are linked with Materiality and with the Nikon Medium-Term Environmental Goals, for which fiscal year 2030 is the target year. We conducted a review of materiality in fiscal year 2022. In the progress, we also reconfirmed the Nikon Medium-Term Environmental Goals, reviewing these goals in light of social trends and the state of progress for Nikon's business and environmental activities.

Environmental Action Plan

Based on the Sustainability Policy and the Nikon Environmental Activity Policy, the Nikon Group has formulated the Nikon Long-Term Environmental Vision and the Nikon Medium-Term Environmental Goals and has established the Environmental Action Plan as a single-year target. We are implementing this plan across the entire Nikon Group. We clarify the relationship between the environment and our business activities and then make an accurate assessment of the impacts and risks posed to the environment and use this information to prioritize these goals and plans. The Environmental Subcommittee deliberates on and approves self-evaluation performances and we review our action plans for the next year and thereafter based on the issues that are identified by the Subcommittee.

● Nikon Long-Term Environmental Vision (Target Period: Fiscal Year 2050)

The Nikon Group contributes to building a sustainable society through the Nikon Long-Term Environmental Vision, established for Realizing a Decarbonized Society, Realizing a Resource Circulating Society, and Realizing a Healthy and Environmentally Safe Society. The Nikon Group is committed to developing new businesses and tackling innovations that will contribute to reducing environmental impacts.



Nikon Environmental Activity Policy

https://www.jp.nikon.com/company/sustainability/environment/strategy/environment_policy.pdf

● Nikon Long-Term Environmental Vision and Medium-Term Environmental Goals

Materiality	Nikon Long-Term Environmental Vision Target Year: Fiscal Year 2050	Vision	What Nikon Will Do	Nikon Medium-Term Environmental Goals Target Year: Fiscal Year 2030
Materiality 3 Promoting a Decarbonized Society	Realizing a Decarbonized Society	Achieve carbon neutrality throughout the supply chain by fiscal year 2050	<ul style="list-style-type: none"> Improve manufacturing facilities and production processes and promote decarbonization 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions (Scope 1^{*1} and Scope 2^{*2}) by 71.4% ^{*3} compared to fiscal year 2013 <p>[Targets for Fiscal Year 2025 in Sustainability Strategy of the Medium-Term Management Plan (Fiscal Year 2022 - Fiscal Year 2025)] Reduce greenhouse gas emissions (Scope 1 and Scope 2) by 46.5% compared to fiscal year 2013</p>
			<ul style="list-style-type: none"> Promote eco-office and diverse work styles to achieve a decarbonized workstyle 	
			<ul style="list-style-type: none"> Accelerate renewable energy adoption 	<ul style="list-style-type: none"> Achieve renewable energy adoption rate to 30%^{*3} <p>[Targets for Fiscal Year 2025 in Sustainability Strategy of the Medium-Term Management Plan (Fiscal Year 2022 - Fiscal Year 2025)] Achieve renewable energy adoption rate to 18%^{*3}</p>
			<ul style="list-style-type: none"> Visualize the environmental impact in each process within products' lifecycles and implement new environmental initiatives harnessing expertise 	
			<ul style="list-style-type: none"> Downsize cargo, promote modal shift and establish a transportation system requiring minimal energy Require procurement partners to formulate and pursue greenhouse gas reduction targets 	
Materiality 4 Promoting Resource Circulation	Realizing a Resource Circulating Society	Minimize resource consumption and maximize resource circulation throughout the supply chain	<ul style="list-style-type: none"> Reduce waste through streamlining processes from development to manufacturing Minimize the amount of abrasives used 	<ul style="list-style-type: none"> Achieve the following zero emissions level^{*5} at all manufacturing companies Japan: Level 5 Group manufacturing companies in China: Level 1 Other Locations: Levels determined individually Reduce total amount of waste generated by 10% or more compared to fiscal year 2018
			<ul style="list-style-type: none"> Promote the 3Rs of water (reduce water consumption, and recycle and reuse water) 	
			<ul style="list-style-type: none"> Take into account the impacts that products have on the environment from the initial planning phase onwards and promote the 3Rs^{*7} throughout the product lifecycle 	<ul style="list-style-type: none"> Reduce waste by extending product life, reducing size, decreasing weight, etc. Reduce the amount of plastic packaging materials used by 10% compared to fiscal year 2022 Promote the reuse and recycling of products, parts, materials, and related packaging materials Use at least 5% recycled materials in products Ensure at least 10% of plastic packaging materials are recycled or biomass plastics.
Materiality 5 Preventing Pollution and Conserving Ecosystems	Realizing a Healthy and Environmentally Safe Society	Have zero negative impacts on human health or ecosystems in the supply chain	<ul style="list-style-type: none"> Comply with the laws, ordinances and regulations of the countries and regions where we operate and also manage the use of chemical substances appropriately based on more rigorous voluntary targets 	<ul style="list-style-type: none"> Zero use of hazardous chemical substances^{*8} in manufacturing processes Zero hazardous chemical substances contained in products^{*9}
			<ul style="list-style-type: none"> Conduct ecosystem conservation activities Quantify and minimize impact and dependence on ecosystems 	

*1 Scope 1: Direct greenhouse gas emissions from the use of fuel on site.

*2 Scope 2: Indirect greenhouse gas emissions from the consumption of purchased electricity or heat.

*3 Under review and study based on fiscal year 2022 results and future environmental strategies.

*4 Scope 3: Indirect greenhouse gas emissions related to business activities in the supply chain (excluding emissions already included in Scope 1 and 2).

*5 Achieving zero emissions level: The concept of zero emissions was first advocated by the United Nations University (UNU) in 1994. It is an approach that seeks to reduce the waste to net zero for society as a whole, by using the waste generated in industrial activity as resources for other industries. The Nikon Group has introduced level-specific targets into its zero emissions initiatives.

Zero emissions Level 1 refers to a final landfill disposal rate of less than 1%. Zero emissions Level 5 refers to a final landfill disposal rate of 0.5%.

*6 Freshwater consumption: Sum of water withdrawal volumes A, B, and C, minus returned water volume D (A+B+C-D).

A: Water withdrawal from municipal water supply facilities (tap water, industrial water, etc.) B: Water withdrawal from surface water (lakes, rivers) C: Water withdrawal from groundwater D: Return water of equal or better quality than the water withdrawal source (applicable to B and C only)

*7 3R: Here, "3R" means to Reduce the amount of resources used and the amount of waste generated, to Reuse products and components, and to Recycle.

*8 Hazardous chemical substances: Here, "hazardous chemical substances" refers to prohibited substances as defined in the Hazardous Chemical Substances Guideline, a voluntary standard.

*9 Zero hazardous chemical substances contained in products: Here, "contained" is defined as having an amount that exceeds the threshold level specified by law.

● Environmental Action Plan Achievements for the Fiscal Year 2022 [Summary]

Self-evaluation ○ : Achieved △ : Measures started but not yet achieved

Materiality	Targets for Fiscal Year 2022		Results	Self-Evaluation	Corresponding Page	
Decarbonized society	Materiality 3 Promoting a Decarbonized Society	Greenhouse gas reduction	• Reduce Scope 1 and Scope 2 greenhouse gas emissions by 31.6% compared to fiscal year 2013	• Reduced Scope 1 and Scope 2 greenhouse gas emissions by 33.8% compared to fiscal year 2013	○	p.063
			• Achieve a renewable energy adoption rate of 9% or higher in electricity used for business activities	• Renewable energy share of electricity used for business activities: 22.3%	○	p.067
		Reduce environmental impact from products	• Reduce environmental impact by making effective use of the LCA methodology • Create eco-friendly products	• Continued to expand the range of product models subject to LCA calculation (100% for new products) • Approximately 82% of new products certified as eco-friendly products	○	p.060
		Reduction of the environmental impact of transportation	• Reduce greenhouse gas emissions in distribution by 10% compared to fiscal year 2019	• Reduced greenhouse gas emissions in distribution by 28% compared to fiscal year 2019	○	p.070
		Engagement with procurement partners	• Complete understanding of CO ₂ emissions for main procurement partners who account for 80% of procurement costs	• Completed understanding of CO ₂ emissions for main procurement partners who account for 81% of procurement costs	○	p.062
Resource circulating society	Materiality 4 Promoting Resource Circulation	Zero emissions	• Nikon and Group manufacturing companies in Japan: Maintain level 5 • Group manufacturing companies in China: Maintain level 1 • Group manufacturing companies outside Japan: Implement initiatives in line with conditions in each respective country	• Nikon and Group manufacturing companies in Japan: Achieved level 5 (final landfill disposal rate of 0.06%) • Group manufacturing companies in China: Achieved level 1 (final landfill disposal rate of 0.49%) • Group manufacturing companies outside Japan: Conducted disposal in accordance with respective national laws and regulations	○	p.075
			Waste reduction	• Reduce total waste emissions from business activities by 2% or more compared to fiscal year 2018 (total waste emissions: 7,616 tons or less)	• Reduced total waste emissions from business activities by 20% compared to fiscal year 2018	○
		Promotion of the appropriate use and effective utilization of water	• Reduce freshwater consumption by at least 2% compared to fiscal year 2018 (freshwater consumption in fiscal year 2018: 1,877,000 m ³) • Improve water reuse rate compared with the previous fiscal year	• Freshwater consumption: Reduced by 7.4% compared to fiscal year 2018 • Water reuse rate: Goal not achieved; -1.7% compared to the previous year	△	p.082
		Promotion of reducing, reusing and recycling	• Undertake the development of technologies to achieve a 70% or higher abrasive recycling rate	• Technical considerations increased due to a change in the target abrasive material type. Reform systems through team members who have the necessary knowledge and skills; begin considering ways to reduce the amount of abrasives used	△	p.080
			• Reduce environmental impact from products • Promote the reuse of products, parts, and materials • Promote the use of recycled materials for products	• Continued sales of used semiconductor lithography systems • Refreshed and upgraded FPD lithography systems • Promote use of recycled materials for imaging products and packaging materials	○	p.076-077
Healthy and environmentally safe society	Materiality 5 Preventing Pollution and Conserving Ecosystems	Reduction of hazardous chemical substances, etc.	• Abolish the use of prohibited level hazardous chemical substances based on the Hazardous Chemical Substances Guideline • Create a roadmap to take measure such as selection of alternative substances and sealing by the end of fiscal year 2024	• Completed the identification of residual prohibited level hazardous chemical substances; discussing individual measures • On track to eliminate approximately 65% of the hazardous chemical substances in question	○	p.087
			• Comply with the hazardous chemical substances laws and regulations of each country • Strengthen the management system for hazardous chemical substances contained in products	• Zero violations of laws and regulations • Strengthened the management framework of hazardous chemical substances contained in products	○	p.085
		Implementation of activities aimed at biodiversity conservation	• Perform local contribution activities of marine plastic pollution issues at least once a year in each business facility	• Regional contribution activities for marine plastic pollution prevention: 29 activities; 1,028 participants (across 20 sites in total)	○	p.092-093
			• Pursue paperless business operations • Promote the use of FSC-certified paper for paper items bearing Nikon logo	• Digitized product catalogs and instruction manuals • Newly ordered product catalogs: Around 93% for use in Japan, North America and Europe are printed on FSC-certified paper, excluding special paper types	○	p.091

● Environmental Action Plan Targets for Fiscal Year 2023 [Summary]

Materiality		Targets for Fiscal Year 2023	
Decarbonized society	Materiality 3 Promoting a Decarbonized Society	Greenhouse gas reduction	<ul style="list-style-type: none"> Reduce Scope 1 and Scope 2 greenhouse gas emissions by 36.5% compared to fiscal year 2013 Achieve a renewable energy adoption rate of 25% or higher in electricity used for business activities
		Reduction of the environmental impact from products	<ul style="list-style-type: none"> Reduce environmental impact by making effective use of the LCA methodology Create eco-friendly products 50% or more
		Reduction of the environmental impact of transportation	<ul style="list-style-type: none"> Reduce greenhouse gas emissions in distribution by 2.7% year on year
		Engagement with procurement partners	<ul style="list-style-type: none"> Identify CO₂ emissions of critical procurement partners (30 or more companies) Hold workshops for procurement partners (at least twice)
Resource circulating society	Materiality 4 Promoting Resource Circulation	Zero emissions	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Maintain level 5 Group manufacturing companies in China: Maintain level 1 Group manufacturing companies outside Japan: Implement initiatives in line with the actual conditions and circumstances of the country
		Waste reduction	<ul style="list-style-type: none"> Reduce total waste emissions from business activities by 3% or more compared to fiscal year 2018 (total waste emissions: 7,538 tons or less)
		Promotion of the appropriate use and effective utilization of water	<ul style="list-style-type: none"> Reduce freshwater consumption by 2% compared to fiscal year 2018
		Promotion of reduce, reuse and recycling	<ol style="list-style-type: none"> Reduce <ul style="list-style-type: none"> Reduce environmental impact of products and packaging materials (reduce size, extend product life, etc.) Reuse <ul style="list-style-type: none"> Promote reuse of products, parts, materials, and packaging Recycle <ul style="list-style-type: none"> Promote use of recycled materials in products
Healthy and environmentally safe society	Materiality 5 Preventing Pollution and Conserving Ecosystems	Reduction of hazardous chemical substances, etc.	<ul style="list-style-type: none"> Determine measures to abolish prohibited level hazardous chemical substances based on the Hazardous Chemical Substances Guideline; implement measures in order Comply with the hazardous chemical substances laws and regulations of each country Strengthen the management system for chemical substances contained in products
		Implementation of activities aimed at biodiversity conservation	<ul style="list-style-type: none"> Perform local contribution activities related to marine plastic pollution issues at least once a year at each business facility
			<ul style="list-style-type: none"> Promote paperless operations or the use of FSC-certified paper for paper items bearing the Nikon logo






Participation in Environmental Initiatives and Outreach to Society

By participating in a range of initiatives relating to the environment, Nikon is able both to accelerate its own initiatives undertaken within the Nikon Group, and also help to influence governments and society.

In April 2023, we joined as a new member of the Japan Climate Leaders' Partnership (JCLP). The JCLP is a group of companies committed to achieving sustainable decarbonized societies. In so doing, we aspire to demonstrate to society our intentions and actions to support decarbonized societies in a manner consistent with the Paris Agreement, and contribute to international and regional sustainable development through our own decarbonization practices. Also in April 2023, we endorsed the message released by the Japan Climate Initiative (JCI), an organization in which we have participated since its founding. This statement called on the Japanese government to introduce effective measures and implement regulatory reforms to accelerate the introduction of the renewable energy, as well as adopt effective carbon pricing as quickly as possible.

Setting Science-Based Targets and Signing Up to the Business Ambition for 1.5°C Initiative (→ p.063)
 Joining RE100 (→ p.067)
 Disclosures in Accord with the TCFD Recommendations (→ p.071)

● Major Environmental Initiatives and Organizations with Nikon's Participation

Initiatives and Organizational Activities	活動内容
Science Based Targets (SBT) 	In February 2021, Nikon revised Scope 1 and Scope 2 greenhouse gas emissions reduction targets from 26% to 71.4% (compared to fiscal year 2013), receiving a certification from the SBT Initiative for the 1.5°C standard
Business Ambition for 1.5°C 	Endorsed in March 2021
RE100 	Joined in February 2021 In March 2021, Nikon sent a letter to the Japanese government, alongside other member companies, calling for expanded adoption of renewable energy
Japan Climate Initiative (JCI)	Joined as a founding member in July 2018 Nikon supported the April 2021 JCI message calling on the Japanese government to set ambitious targets for 2030 to help realize the goals of the Paris Agreement on Climate Change In April 2023, we endorsed the JCI message calling on the Japanese government to introduce effective measures to accelerate the renewable energy and adopt effective carbon pricing as quickly as possible
Task Force on Climate-related Financial Disclosures (TCFD) 	In November 2018, Nikon expressed its support for the TCFD's final report (TCFD recommendations) and takes action for appropriate disclosure of information related to climate change
TCFD Consortium 	Joined as a founding member in May 2019
Japan Climate Leaders' Partnership (JCLP) 	Joined in April 2023

Environmental Management Promotion System

Environmental Governance

The Nikon Group ensures the governance of Group-wide initiatives through discussions in the Sustainability Committee, as well as in the Environmental Subcommittee and the Supply Chain Subcommittee, both entities under the Sustainability Committee. We also ensure governance through management and oversight by the Board of Directors.

Environmental Management Promotion System Framework

The Nikon Group has established the Sustainability Policy with the goal of earning stakeholders' trust through continuing to be a highly honest and transparent company, contributing to the realization of a sustainable society. Based on this policy, the Sustainability Committee has been established to ensure appropriate actions are taken, including fostering sustainability awareness, conducting education and training, and monitoring sustainability-related activities.

The Sustainability Committee convenes twice a year to make overall decisions about activities relevant to sustainability, including the environment, such as setting goals relating to materiality, receiving progress reports on activities, and issuing directions for improvement as required. The committee is chaired by the Representative Director and President and has members from the Executive Committee and others. The Environmental Subcommittee formulates specific policies, targets and achievement criteria in relation to the Nikon Group's environmental issues and environmental activities, verifies implementation status, and promotes relevant response measures, in line with the Nikon Long-Term Environmental Vision. The Environmental Subcommittee is

chaired by the Director and Executive Vice President, who is also the Corporate Environmental Officer and convenes twice a year. Members of the Environmental Subcommittee are heads of the departments with responsibilities relating to the environment, procurement, logistics, and sustainability. The Supply Chain Subcommittee promotes sustainable procurement, including addressing environmental issues, together with procurement partners. The Supply Chain Subcommittee is chaired by Nikon's Procurement Sector Manager and convenes twice a year.

Details from the Environmental Subcommittee and the Supply Chain Subcommittee are reported to the Sustainability Committee twice a year.

We incorporated sustainability strategies, including environment-related strategies, as an evaluation factor into the performance-linked stock compensation plan for

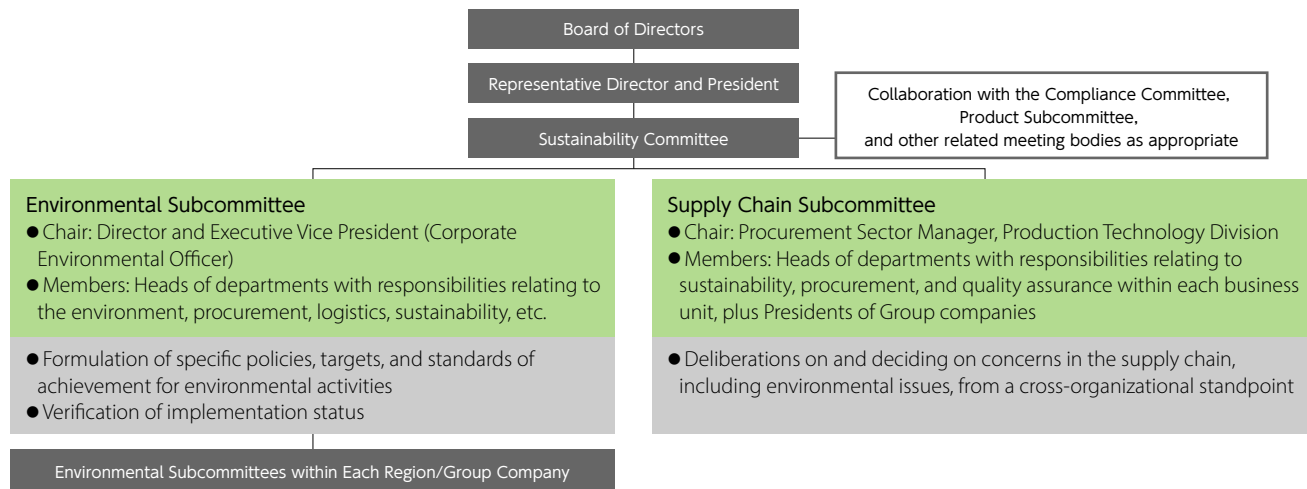
directors and officers. We strive to ensure that the status of our environmental initiatives is reflected in director and officer compensation, as well as in that of related division heads and department employees.

Sustainability Promotion System (→ p.013)
Supply Chain Management System (→ p.098)

System for Supervision by the Board of Directors

Details from the Sustainability Committee are reported to the Board of Directors once a year. On these occasions, the Board verifies the Nikon Medium-Term Environmental Goals, including climate change-related goals, and the progress made towards achieving them. In fiscal year 2022, we reported to the Board of Directors on our initiatives for

● Environmental Management Promotion System (As of April 1, 2023)



decarbonization and resource circulation under our Medium-Term Management Plan. We also communicated the direction of information disclosures based on TCFD. The Board oversees and manages the effectiveness of sustainability-related activities from a management perspective and incorporates these activities into the Group's overall strategy.

Legal Violations

In fiscal year 2022, there were no fines or sanctions for violation of environmental laws and regulations imposed on Nikon or any of its Group companies in or outside Japan.

Environmental Management System

The Nikon Group has rolled out its Environmental Management System (EMS) across every one of its companies.

Utilization of ISO 14001 Certification

The Nikon Group conducts environmental management in accordance with ISO 14001 and aims to have all manufacturing business sites certified under this standard. We will continue to use the ISO 14001 system and promote environmental management integrated with our business activities by introducing mechanisms for mitigating environmental impacts while maintaining a clear understanding of both internal and external circumstances. The status of our ISO 14001 certification progress is presented on the following page.

Implementing EMS Assessments^{*1}

The Nikon Group conducts HQ EMS Assessments to check the state of top management and the EMS Secretariat per region, and Local EMS Assessments to check the state of organizations within each region. These assessments are each conducted once a year, designed to check conformity with ISO 14001 and to improve performance. HQ EMS Assessments is conducted by EMS assessors qualified by IRCA^{*2} or JRCA^{*3} or those with EMS management experience at a regional secretariat. To maintain and improve the quality of these assessments, the Nikon Group in Japan conducts EMS assessor cultivation training four times a year. A total of 74 employees completed this training in fiscal year 2022. Employees completing this training are tasked with conducting Local EMS Assessments.

We are also cultivating assessors at Group companies outside Japan through participation in training programs run by auditing organizations.

In addition, the Nikon Group in Japan conducts training on laws and regulations related to the environment twice a year. A total of 107 employees completed this training in fiscal year 2022. These trainings, which were previously conducted in person, were all held remotely to prevent the spread of infectious diseases. In January 2023, we updated our training on environmental laws and regulations to a new format. Now, we invite lecturers from educational institutions to conduct the training, thereby improving the level of training and ensuring access to the latest legal information.

^{*1} EMS Assessment: At the Nikon Group, the term "EMS assessment" is used as an equivalent to "internal audit" in ISO 14001, and internal auditors are called "EMS assessors."

^{*2} IRCA (International Register of Certificated Auditors): An international certification organization for management system auditors.

^{*3} JRCA: A certification and registration body for management auditors established within the Japanese Registration of Certificated Auditors and experts. The body registers certification of ISO management system auditors and internal auditors.

Nikon Eco Program

The Nikon Group has introduced the Nikon Eco Program, which is a simplified environmental management system for our non-manufacturing facilities in and outside Japan that have low environmental impacts. The Nikon Eco Program is divided into two levels, Standard and Basic. This mechanism helps facilities more easily implement environmental activities.

The Nikon Eco Program Standard (NEPS) is designed for relatively large non-manufacturing facilities. The Standard level requires goals set for the reduction of environmental impacts, efforts made to achieve those goals, and improvement and enhancement of activities while repeating

the PDCA cycle. The Nikon Eco Program Basic (NEPB), which is designed for relatively small non-manufacturing facilities, involves visualization of environmental impacts and conducting activities related to the environment. NEPS has already been adopted at all five applicable business facilities. At all other business facilities, NEPB has been introduced to steadily visualize environmental performance data.

● **Nikon Environmental Management Tools** ✓ : Applicable

	ISO 14001	Nikon Eco Program Standard	Nikon Eco Program Basic
Target business facilities	Manufacturing facilities and certain non-manufacturing facilities, etc., where ISO 14001 certification is required	Large-scale non-manufacturing facilities, etc.	Small-scale non-manufacturing facilities
<ul style="list-style-type: none"> Implementation of environmental impact assessments, compliance assessments, and EMS assessments Implementation of corrective actions, preventive actions, etc. Management reviews, etc. 	✓	—	—
<ul style="list-style-type: none"> Setting of environmental goals Utilization of the PDCA cycle in relation to targets 	✓	✓	—
<ul style="list-style-type: none"> Implementation of environmental awareness-raising activities Collection of environmental impact data 	✓	✓	✓

● **ISO 14001 Acquisition Status and Data Categories (Fiscal Year 2022)**

✓ : Acquired

Data Category	Company	ISO 14001 Acquisition Status
Nikon	Nikon Corporation	✓
Group manufacturing companies in Japan	Tochigi Nikon Corporation	✓
	Tochigi Nikon Precision Co., Ltd.	✓
	Sendai Nikon Corporation	✓
	Miyagi Nikon Precision Co., Ltd.	✓
	Hikari Glass Co., Ltd.	✓
	Nikon Engineering Co., Ltd.	✓
	Nikon CeLL innovation Co., Ltd. ^{*1}	* 1
Group non-manufacturing companies in Japan	Nikon Tec Corporation	✓
	Nikon Solutions Co., Ltd.	✓
	Nikon Systems Inc.	✓
	Nikon Business Service Co., Ltd.	✓
	Nikon Product Support Corporation ^{*1}	* 1
	Nikon Vision Co., Ltd.	✓
	Nikon Imaging Japan Inc.	✓
Group manufacturing companies outside Japan	Hikari Glass (Changzhou) Optics Co., Ltd.	✓
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.	✓
	Nikon (Thailand) Co., Ltd.	✓
	Nikon Lao Co., Ltd.	✓
	Nikon X-Tek Systems Ltd.	✓
	Optos Plc	✓
Optos, Inc.	✓	
Group non-manufacturing companies outside Japan ^{*2}	39 other companies	* 1

* The ISO 14001 certification rate for the Nikon Group as a percentage of the number of employees at manufacturing sites is nearly 100%.

* Data classification for environmental performance data in this report is based on the above data categories.

*1 These companies have introduced the Nikon Eco Program.

*2 Four non-manufacturing Group companies in Japan with extremely limited environmental impact that have not obtained ISO 14001 are included.

This excludes 20 companies such as private funds, companies in the process of liquidation, newly added companies through M&A, etc.

Environment-Related Risk Management System

The Nikon Group works to identify and assess environment-related risks and opportunities using both top-down and bottom-up approaches, with the perspective of avoiding risks and problems that might emerge in the future.

Top-down risk assessment involves the Executive Committee identifying risks and opportunities related to the environment from the standpoint of management strategy.

Bottom-up risk assessment involves assessments using ISO 14001 that cover manufacturing facilities with major environmental impact. Environment-related risks and opportunities are identified by each business facility and the ISO 14001 Secretariat. In addition, the Risk Management Committee, which handles all forms of risks facing the Nikon Group, conducts risk identification surveys and uses the results to compile a risk map.

The Environmental Subcommittee determines how to address the identified risks and opportunities within the EMS framework. These risks and opportunities are then addressed with concrete measures. Measures with high priority are reflected in the Group's Environmental Action Plan. Nikon also regularly verifies and follows up on the progress of these measures.

We have identified two environmental risks—risk deriving from climate change and risk deriving from environmental regulation—as the main environmental risks that the Nikon Group should place particular emphasis on, and we are working to address these risks.

For more information on risks related to climate change, please refer to Disclosures in Accord with the TCFD Recommendations.

Disclosures in Accord with the TCFD Recommendations (→ p.071)

Risk Deriving from Environmental Regulation and Nikon's Response

There is a risk that violations of laws and regulations relating to energy, greenhouse gas, the atmosphere, water quality, soil, chemical substances, and waste may result in business suspension orders or the need to spend large sums of money on remediation work, which in turn could have a negative impact on company valuation and affect the operations of the Nikon Group as a whole. There is a possibility that regulation may become even more restrictive in the future; if ensuring compliance results in a high level of expenditure, this could negatively impact the Nikon Group's financial health.

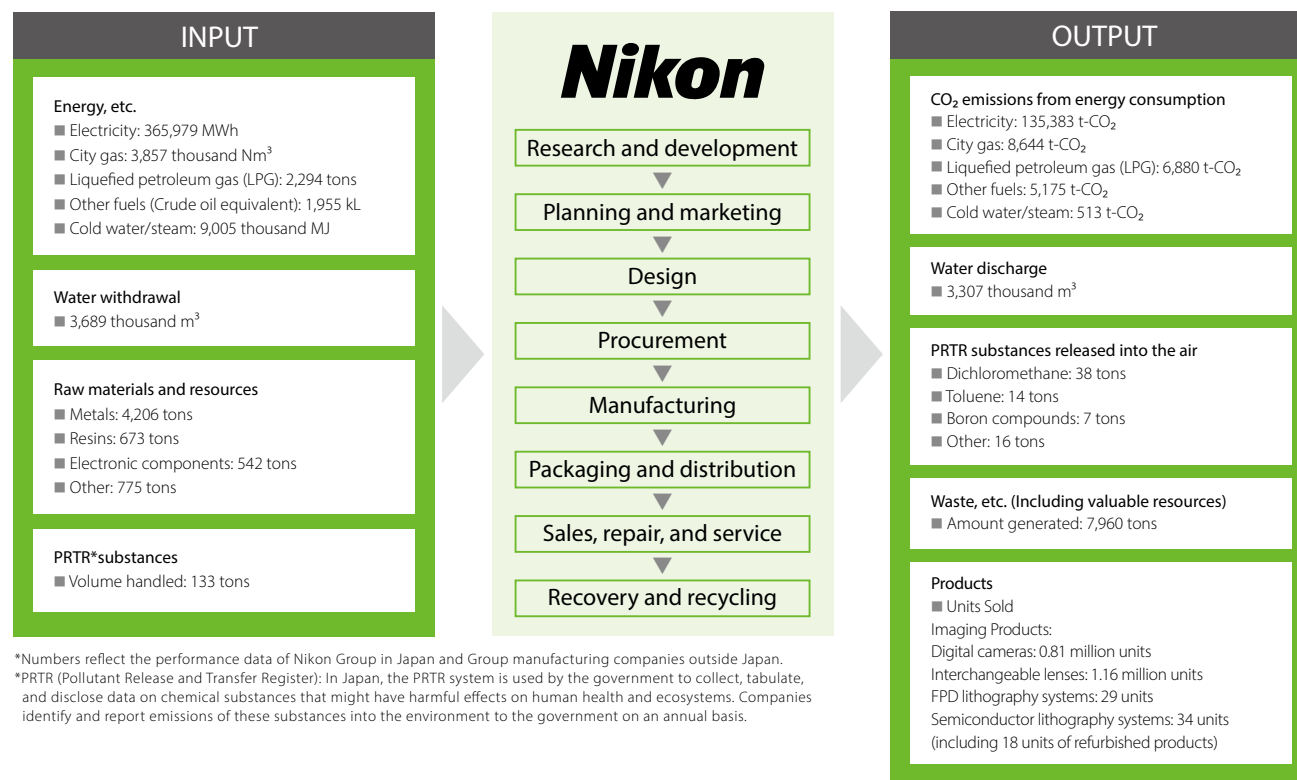
In order to be prepared for these risks, the Nikon Group establishes voluntary, self-directed standards that are more rigorous than each region's statutory requirements. We also establish and revise relevant internal rules, implement education and training for relevant employees, work to strengthen the Group's management systems, and strive to monitor and respond to regulatory changes, etc., in a timely manner.

Business Activities and the Environment

The Nikon Group aspires to be a company that contributes to the sustainable development of society. We ensure that we have a clear understanding of our relationship between the environment and our business activities in order to make an accurate assessment of our environmental impacts and

risks. We prioritize initiatives based on this assessment and set goals accordingly, and we attach great importance to carrying out environmental activities to achieve these goals. Therefore, the Nikon Group is actively advancing the collection of environmental data covering electricity and other forms of energy, waste, water, etc., both inside and outside of Japan.

Relationship Between Nikon Group Businesses and the Environment



*Numbers reflect the performance data of Nikon Group in Japan and Group manufacturing companies outside Japan.
 *PRTR (Pollutant Release and Transfer Register): In Japan, the PRTR system is used by the government to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. Companies identify and report emissions of these substances into the environment to the government on an annual basis.

Eco-friendly Product Development

The Nikon Group works to develop what we term as Eco-friendly Products by taking into account environmental impacts starting from product planning and design phases, following the Eco-friendly Product Development Flow provided to the right.

Nikon Product/Packaging Assessment

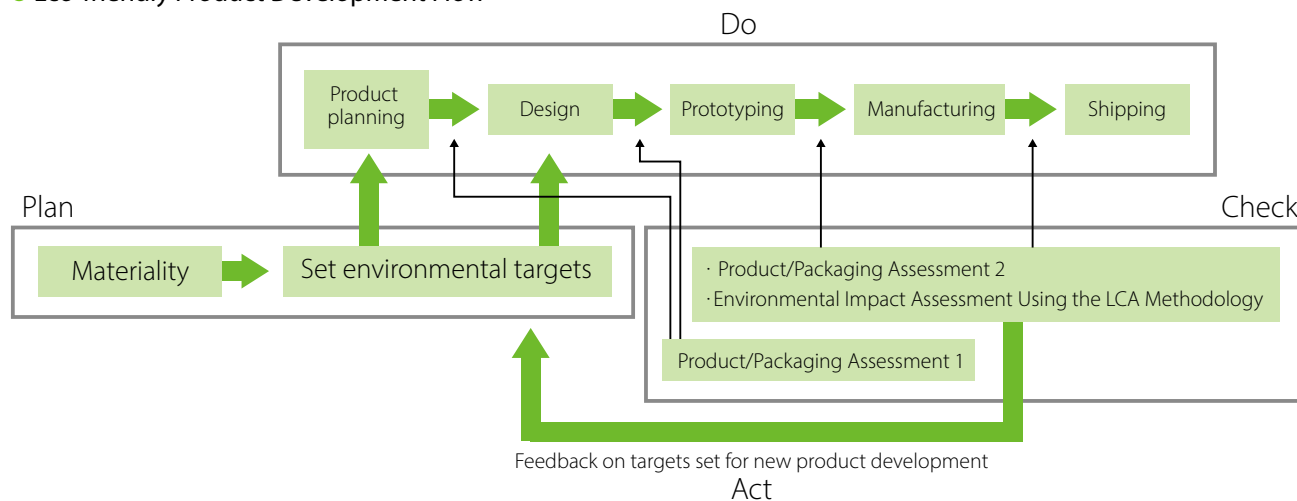
The Nikon Group has formulated the Nikon Product Assessment and Nikon Packaging Assessment. These assessments are applied to all newly-developed products and packaging materials so that our product development will thoroughly incorporate the characteristics of Nikon products and their environmental impact. As illustrated in the figure, these assessments evaluate the degree of reduction in weight and volume for products and packaging, reduction in hazardous substances, and material commonality and recyclability from the planning, design, prototype, and production stages. We also review evaluation categories and criteria in accordance with updated laws, revised regulations, and social trends.

Plastic Reduction Initiatives

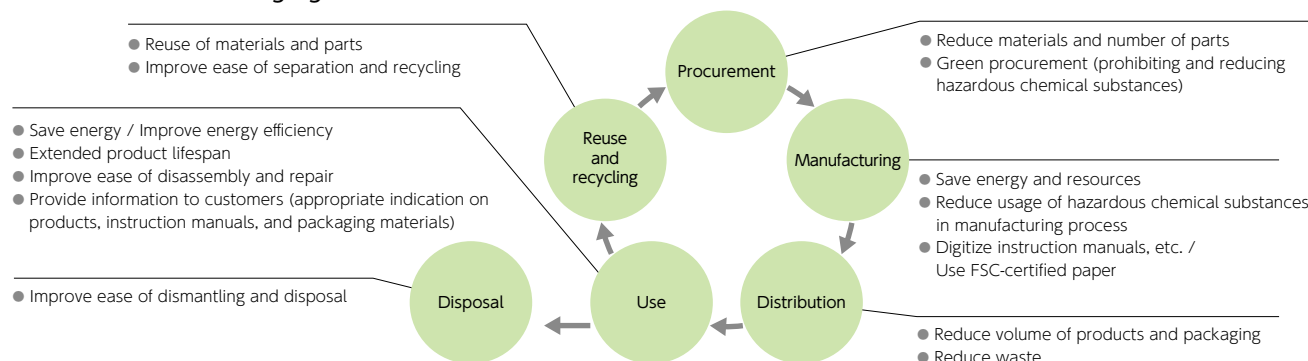
Plastic waste is not biodegradable and remains in the natural environment for a long time unless incinerated. Plastic waste is one of the significant causes of marine and other environmental pollution. As most plastics are from petroleum, these products produce greenhouse gas when incinerated. Therefore, the Nikon Group included evaluation categories such as the reduction of packaging materials used and a change to materials with less environmental impact in the

Nikon Packaging Assessment. This is one way in which we encourage a reduction in plastic packaging materials and a shift to paper-based materials.

● Eco-friendly Product Development Flow




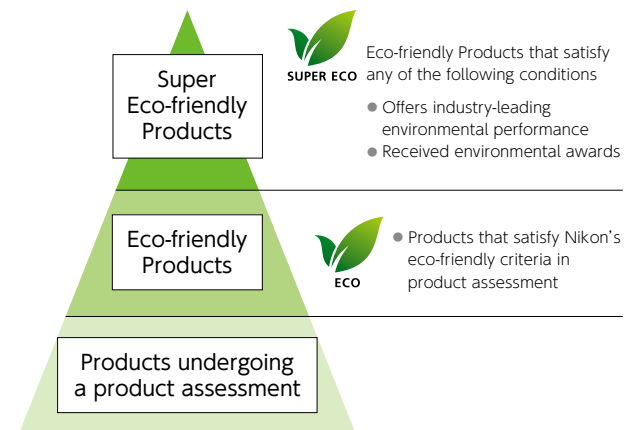
● Nikon Product/Packaging Assessment Items



Eco-friendly Products Framework

In the past, all products that had been developed by implementing product assessment were classed as Eco-friendly Products. However, we revised the definition and underlying framework, establishing a new system effective from fiscal year 2017, whereby those products that conform to more rigorous standards in product assessment are classed as either Eco-friendly Products or Super Eco-friendly Products. Along with this, Nikon has created its own unique logos for each of Eco-friendly Products and Super Eco-friendly Products. In fiscal year 2022, approximately 82% of new products were classified as Eco-friendly Products.

 Eco-friendly Products (Certified as of March 2023)
https://www.nikon.com/company/sustainability/environment/eco_product_en2023.pdf



*The above logos are used only for Nikon products recognized as Eco-friendly Products based on our own standards of environmental consideration. The above logos are not affiliated with any environmental organizations.

Environmental Education and Awareness Raising Activities for Employees

The Nikon Group believes that the awareness and understanding of employees who are the foundation of its activities are vital to furthering its environmental activities and increasing its standards.

Therefore, we have introduced various environmental education and awareness raising activities for our employees in an effort to help employees have a better understanding and awareness of environmental activities.

Environmental Education

The Nikon Group provides employees with education matched to their duties and position, based on the EMS training plan.

● Environmental Education Programs (Fiscal Year 2022)

(Unit: persons)

Content	Participants	
	Nikon	Group companies in and outside Japan
Education on environmental issues and EMS	143	1,415
Education on setting and achieving environmental goals	134	336
Education on EMS assessments*	97	270
Education on environmental laws and hazardous chemical substances	52	591

*EMS Assessment: At the Nikon Group, the term "EMS assessment" is used as an equivalent to "internal audit" in ISO 14001

Environmental Awareness Raising Activities

The Nikon Group conducts various environmental awareness-raising activities among employees in the month of June, which is designated as Nikon Environment Month. In addition, every year we implement environment-related e-learning for the Nikon Group in Japan, focusing in particular on matters that employees need to be familiarized with. The content of this e-learning is also shared with Nikon Group companies outside Japan and is incorporated into individual companies' environmental education and awareness-raising activities. During fiscal year 2022, we conducted e-learning on the management and legal compliance system for chemical substances contained in products.

● Environmental Awareness-Raising Activities (Fiscal Year 2022)

Main Environmental Awareness-Raising Activities	Eligible Organizations	Results
Nikon Environment Month (June)	Environmental photo contest	Nikon Group Entries: 160
	Environmental commendation program	Nikon Group Entries: 11
	Awareness-raising posters and newsletter distribution	Nikon Group 15 languages supported
	Environment Month Seminar	Nikon Group in Japan 120 participants
Environmental e-Learning (From November)	Nikon Group in Japan	Attendance rate: 88%
	Group companies outside Japan	Implemented for eligible personnel
Earth Hour* (March)	Nikon Group	Participants: 44 companies

*Earth Hour: An environmental campaign organized by the World Wide Fund for Nature (WWF). People around the world show their desire to stop global warming and protect the global environment by switching off the lights at the same time on the same day.

Column

Earth Hour Initiative

The Nikon Group has participated in Earth Hour since 2010. During fiscal year 2022, 44 companies participated by turning off the lights in their offices, factories, and outside signboards. The companies also called on employees to participate and on social media to encourage followers to join the program. Via an external website, Nikon Australia Pty Ltd (Australia) conducted an initiative to encourage Australians to turn off the lights, go outside, and look up at the night sky. With the help of photographer Will Eades, a Nikon Creator, the website received over 100,000 views for an article on seven tips to capture a perfect shot of the starry sky.



Materiality 3

Promoting a Decarbonized Society



● Promoting a Decarbonized Society

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Targets for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Targets for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
<ul style="list-style-type: none"> Reduce greenhouse gas emissions (Scope 1 and Scope 2) by 71.4% compared to fiscal year 2013 Achieve renewable energy adoption rate to 30% Reduce greenhouse gas emissions (in three of 15 Scope 3 categories—purchased goods and services, upstream transportation & distribution, and use of sold products) by 31% compared to the fiscal year 2013 	<ul style="list-style-type: none"> Improve manufacturing facilities and production processes and promote decarbonization Promote eco-office and diverse work styles to achieve a decarbonized workstyle Accelerate renewable energy adoption Visualize the environmental impact in each process within products' lifecycles and implement new environmental initiatives harnessing expertise Downsize cargo, promote modal shift and establish a transportation system requiring minimal energy Require procurement partners to formulate and pursue greenhouse gas reduction targets 	7,13	Nikon Group	<ul style="list-style-type: none"> Reduce Scope 1 and Scope 2 greenhouse gas emissions by 31.6% compared to fiscal year 2013 	<ul style="list-style-type: none"> Reduced Scope 1 and Scope 2 greenhouse gas emissions by 33.8% compared to fiscal year 2013 	○
			Nikon Group	<ul style="list-style-type: none"> Achieve a renewable energy adoption rate of 9% or higher in electricity used for business activities 	<ul style="list-style-type: none"> Renewable energy share of electricity used for business activities: 22.3% 	○
			Nikon Group	<ul style="list-style-type: none"> Reduce environmental impact by making effective use of the LCA methodology Create eco-friendly products 	<ul style="list-style-type: none"> Continued to expand the range of product models subject to LCA calculation (100% for new products) Approximately 82% of new products certified as eco-friendly products 	○
			Nikon Group	<ul style="list-style-type: none"> Reduce greenhouse gas emissions in distribution by 10% compared to fiscal year 2019 	<ul style="list-style-type: none"> Reduced greenhouse gas emissions in distribution by 28% compared to fiscal year 2019 	○
			Nikon Group	<ul style="list-style-type: none"> Complete understanding of CO₂ emissions for main procurement partners who account for 80% of procurement costs 	<ul style="list-style-type: none"> Completed understanding of CO₂ emissions for main procurement partners who account for 81% of procurement costs 	○

Reduction of Greenhouse Gas in the Supply Chain

Setting Science-Based Targets and Signing Up to the Business Ambition for 1.5°C Initiative

The Nikon Group has established greenhouse gas emission reduction targets as part of our Medium-Term Environmental Goals concerning Realizing a Decarbonized Society, which is a part of the Nikon Long-Term Environmental Vision. In recent years, the impact of climate change has become more apparent, and the trend toward decarbonization in society has picked up speed. With this in mind, in February 2021 Nikon revised Scope 1 and Scope 2 greenhouse gas emissions reduction target from 26% to 71.4% (compared to fiscal year 2013). This new target was certified in April 2021 by the Science Based Targets (SBT) initiative^{*1} as conforming to the criteria for helping to keep the average global rise in temperature within 1.5°C. We are considering revisions to this target based on the requirements set by the SBT Initiative.

In March 2021, we also expressed our support for the Business Ambition for 1.5°C initiative launched by the UN Global Compact, the SBT Initiative, and We Mean Business^{*2}. This initiative encourages companies to set scientifically based greenhouse gas reduction targets for reducing greenhouse gas emissions to net zero by 2050 to keep the average global temperature rise within 1.5°C compared to pre-industrial levels. Going forward, Nikon will further accelerate its initiatives to support decarbonization.

^{*1} Science Based Targets (SBT) initiative

The SBT initiative is a collaboration between CDP, an international NGO working on environmental issues such as climate change, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. The initiative targets achieving the Paris Agreement-mandated objective of holding the increase in the global average temperature to below 2°C above pre-industrial levels. It certifies the CO₂ emission reduction targets of companies that are in line with emissions reduction scenarios based on scientific facts.

^{*2} We Mean Business

A platform run by international organizations, think tanks, NGOs, and other organizations that are engaged in encouraging companies and investors to adopt measures to combat global warming.

The Nikon Group's Science Based Targets (SBT)

Target year: Fiscal year 2030

- Reduce Scope 1 and Scope 2 greenhouse gas emissions 71.4% compared to fiscal year 2013
- Reduce Scope 3 greenhouse gas emissions (purchased products and services; transportation and delivery (upstream); and use of company products sold) by 31% compared to fiscal year 2013



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Greenhouse Gas Emissions Across Our Supply Chain

The Nikon Group calculates greenhouse gas emissions in the entire supply chain in accordance with the Greenhouse Gas Protocol (GHGP).

In fiscal year 2022, Scope 1 emissions were 34,668 tons- CO₂e and Scope 2 emissions were 140,199 tons- CO₂e. With these results, we achieved the Nikon Group target of reducing Scope 1 and Scope 2 emissions by 31.6% compared to fiscal year 2013 ultimately reducing CO₂ emissions by 33.8%. Our measures centered on expanding renewable energy sources resulted in reductions at a more steady pace than planned.

Our Scope 3 results were 716,958 tons-CO₂e emissions.

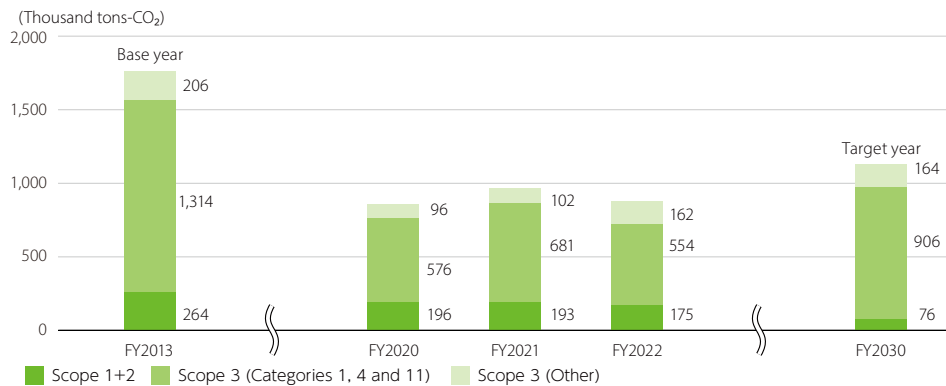
We reduced emissions volume year on year, mainly due to fluctuations in operations. Although current emissions are lower than targets for fiscal year 2030, the impact of COVID-19 infections and other factors are still apparent. Further, we assume emissions could increase due to business fluctuations in the future, so we intend to remain vigilant in our efforts to reduce emissions.

We will continue to engage in detailed energy conservation and expansion of renewable energy based on the Nikon Medium-Term Environmental Goals, pursuing reductions in line with the path to limit the global temperature increase to 1.5°C or less. In the long term, we will reduce Scope 1, 2, and 3 GHG emissions to 10% or less and neutralize the remaining emissions to achieve carbon neutrality by fiscal 2050.

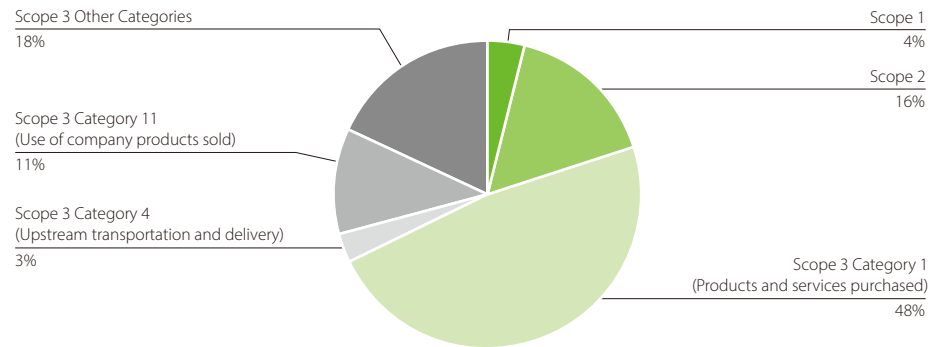
With particular regard to Scope 1 and 2 emissions, we established a task force under the Environmental Subcommittee in April 2022 to discuss ways to reduce emissions in order to achieve Nikon' Medium-Term Environmental Goals. In fiscal year 2022, we assessed and incorporated the impact of GHG emissions in our emissions reduction plan under the new Medium-Term Management Plan.

Nikon Long-Term Environmental Vision and Medium-Term Environmental Goals (➔ p.051)

● Changes in Greenhouse Gas Emissions Across the Entire Supply Chain



● Percentage of Greenhouse Gas Emissions Across the Supply Chain (Fiscal Year 2022)

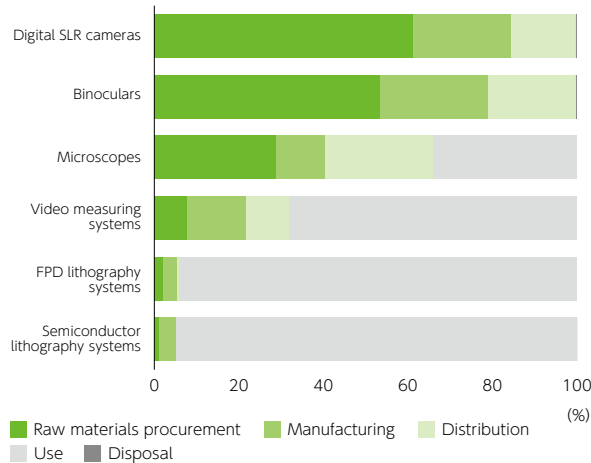


Initiatives to Reduce Greenhouse Gas Emissions in Products

Environmental Impact Assessment Using the LCA Methodology

Nikon calculates CO₂ emissions in each phase of a product's lifecycle by conducting evaluations of our environmental impact using the Life Cycle Assessment (LCA) methodology. These evaluations are carried out for a range of products, including some of our most popular models. Results show that there are large CO₂ emissions in the raw material procurement phase for imaging products and in the use phase for products in FPD and semiconductor lithography systems, as well as industrial metrology. From this, we understand that it is important for us to make improvements at these phases, and we are therefore incorporating this into new product development.

● Percentage of CO₂ Emissions Throughout the Product Lifecycle for Major Nikon Products



CO₂ Reduction Measures for Products

For imaging products, we have the highest amount of CO₂ emissions at the raw material procurement phase. We are therefore focusing on making camera bodies smaller and lighter, as well as reducing their number of parts. The NIKKOR Z 17-28mm f/2.8 full-frame/FX format ultra-wide-angle zoom lens is approximately 31% lighter in weight, 32% smaller in volume, and has 46% fewer parts than the NIKKOR Z14-24mm f/2.8 S, an equivalent ultra-wide-angle zoom lens. As a result, we reduced CO₂ emissions over the product life cycle per unit by approximately 46%.



NIKKOR Z 17-28mm f/2.8

Promoting CO₂ Reductions with our Procurement Partners

The Nikon Group encourages major procurement partners to reduce CO₂ as one of the assessment categories within our environmental management system.

When conducting our environmental assessment during fiscal year 2022, we requested approximately 170 companies to establish a system to reduce their CO₂ emissions. When necessary, we provided guidance on the calculation of Scope 1 and Scope 2 CO₂ emissions.

During fiscal year 2023, we intend to participate in the CDP Supply Chain Program*¹ and request our major procurement partners to disclose information. We will reduce CO₂ emissions throughout the supply chain by understanding Scope 1, Scope 2, and Scope 3 emissions, not only for ourselves, but also for our procurement partners.

*1 CDP Supply Chain Program: An information disclosure program conducted by CDP, an international NGO working in climate change and other environmental fields. Member companies that disclose information on climate change, water, forests, etc., through CDP use this platform to request environmental information disclosure from their suppliers.

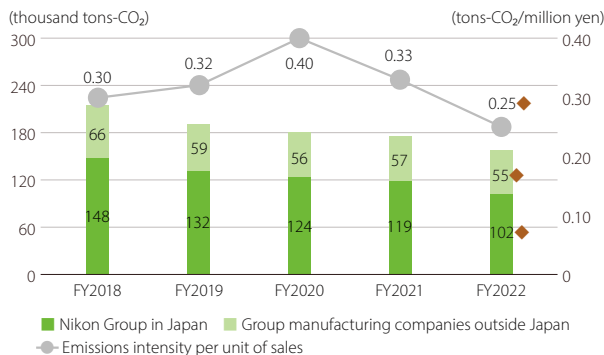
Promoting Green Procurement (→ p.105)

Initiatives to Reduce Greenhouse Gas Emissions at Business Facilities

Changes in CO₂ Emissions from Energy Consumption and Changes in Energy Consumption

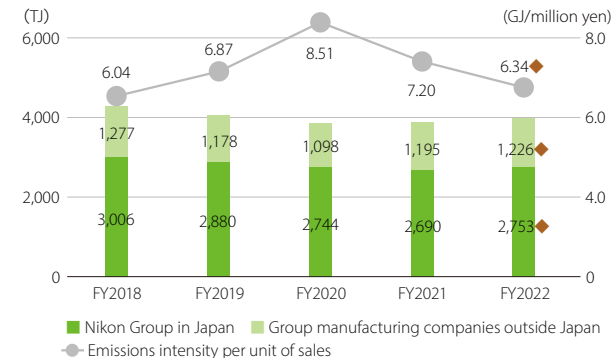
By striving to improve product development and production processes and make production equipment more efficient, the Nikon Group is making a serious effort to reduce CO₂ emissions derived from energy consumption. We are also implementing energy-saving measures and adopting renewable energy. CO₂ emissions from the energy consumption of the Nikon Group in Japan and Group manufacturing companies outside Japan for fiscal year 2022 amounted to 156,594t-CO₂, down 10.7% year on year. Emissions per unit of sales improved significantly due to higher sales resulting from a recovery in business performance. Going forward, we will take further measures to reduce CO₂ and cut our emissions.

● Changes in CO₂ Emissions from Energy Consumption



*1 The following values were used for CO₂ conversion factors.
 [Electricity]
 Japan: CO₂ emission factors without adjustment for each electric power utility noted in the "List of Basic Emissions Factors by Electric Power Utility" specified in the Act on Promotion of Global Warming Countermeasures
 UK: Residual mix
 USA: NERC regional residual mix
 Other countries: International Energy Agency (IEA) factors for the respective country
 [City gas]
 Japan: Gas company-specific factors under the guidance document for Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act), were multiplied by the values given in Appended Table 2 of the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures and 44/12
 UK: Factors from the Report on Greenhouse Gas
 Other countries: Equivalent values to a typical Japanese gas company
 [Heat and other fuels]
 Factors noted in the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures
 *2 The above factors were also used for the calculation of CO₂ emissions according to market-based criteria for Scope 1 and Scope 2 in p.064.
 *3 Emissions have been calculated using the Basic Emission Factors, subtracting the renewable energy portion from total energy consumption.
 ◆: Values in Data Index assured by third party

● Changes in Energy Consumption



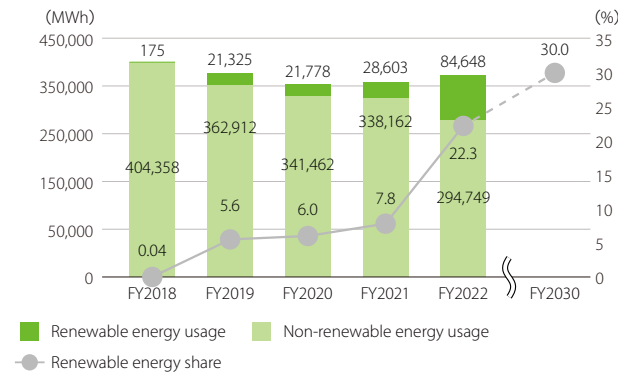
* The following values were used for calorific-value conversion factors.
 [Electric power] Factors given in the guidance document for the Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act)
 [City gas]
 Japan: Gas company-specific factors under the guidance document for the Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act)
 UK: Values calculated from the factors for the Report on Greenhouse Gas
 Other countries: Equivalent values to a typical Japanese gas company
 [Heat and other fuels] Factors given in the guidance document for the Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act)
 ◆: Values in Data Index assured by third party

Utilizing Renewable Energy

The Nikon Group pursues renewable energy as an effort to reduce greenhouse gas emissions from business facilities. Our goal is to increase the ratio of renewable energy to electricity consumption to at least 30% by fiscal year 2030 through in-house power generation, electricity plans, renewable energy certificates, and other means. As a result of our efforts, we achieved 22.3% in fiscal year 2022, meeting both our fiscal year target and the target for fiscal year 2025. We are currently reviewing our targets as we aim to expand and accelerate the use of renewable energy further. We will continue our efforts as we consider renewable energy additionality^{*1} and sustainability to contribute to the wider adoption of renewable energy in society.

^{*1} Requirement that the impact encourages new renewable energy installations

Renewable Energy as a Share of Electric Power Consumption



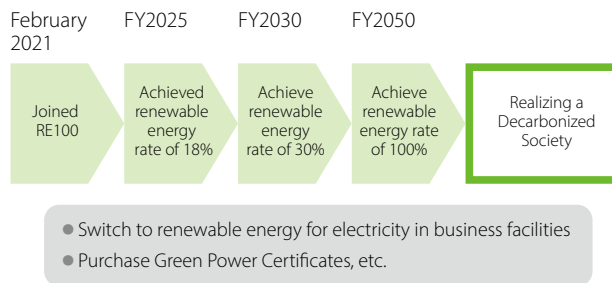
Joining RE100

Nikon joined RE100^{*}, an international initiative seeking to have companies source 100% renewable energy for electricity used in business activities. We aim to switch to 100% renewable energy-derived electricity used in the Group's business activities by fiscal year 2050, and we plan to work actively alongside other RE100 member companies to foster the development of the renewable energy market and to encourage governments in this area.

^{*} RE100
Run as a partnership by the Carbon Disclosure Project (CDP) and The Climate Group (an NPO focused on activities in response to climate change). RE100 is an international initiative with participation from companies all over the world.



The Nikon Group's Roadmap for Adoption of Renewable Energy



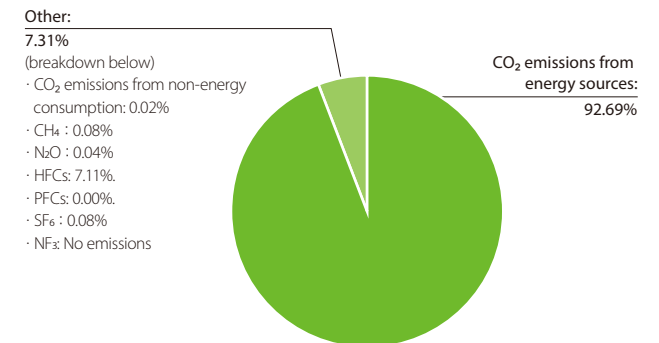
CO₂ Emissions from Non-Energy Consumption and Other Greenhouse Gas Emissions

For fiscal year 2022, CO₂ emissions from non-energy sources^{*1} and other greenhouse gas^{*2} totaled 12,358t-CO₂e, accounting for 7.3% of the greenhouse gas emitted by Nikon and Group manufacturing companies. Of these gas, HFCs contained in detergents used in the manufacturing process constituted the largest category at 7.1%.

The Nikon Group is working to establish alternative technologies while implementing chemical substance management thoroughly in accordance with the Hazardous Chemical Substance Guideline in order to reduce CO₂ emissions from non-energy sources and other greenhouse gas.

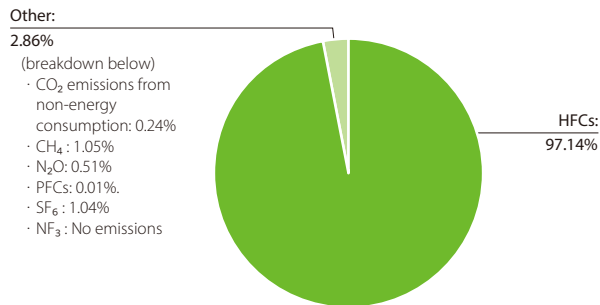
^{*1} CO₂ generated by fire extinguishers, sprays, waste incineration, etc.
^{*2} Other greenhouse gas: CH₄, N₂O, HFCs, PFCs, SF₆, NF₃

Breakdown of Greenhouse Gas Emissions from Nikon and Group Manufacturing Companies



◆ Values in Data Index assured by third party

● Breakdown of CO₂ Emissions from Non-Energy Consumption and Other Greenhouse Gas Emissions ◆



◆: Values in Data Index assured by third party

Greenhouse Gas Reduction Measures at Business Facilities

Reducing Greenhouse Gas Emissions Through More Efficient Product Development

By continuing to strive for further improvement and evolution in the core technologies that underpin our manufacturing operations, the Nikon Group is able to enhance the efficiency of development and production operations and raise quality standards. In turn, we also reduce our environmental impact by achieving reductions in energy consumption and the generation of waste.

Optical technologies, one of the core technologies of the Nikon Group, is supported by optical glass with high performance and quality. The development and manufacturing processes for optical glass use high temperatures from melting furnaces and require repeated experiments, which leads to high energy consumption and a large amount of waste. The Nikon Group has therefore focused attention on how we approach quality engineering. In order to achieve significant efficiency gains in the development and manufacturing processes for optical glass, Nikon has worked to improve evaluation methods, use simulations to reduce the number of experiments, shorten lead times, and improve the accuracy of our stamping (metalworking).

As a result, the Nikon Group has achieved significant reductions in energy consumption, greenhouse gas emissions, and waste emissions, leading to a greatly reduced impact on the environment. The simulations and technical data established in these measures have been applied and extended to the development and manufacturing processes of other lens materials, thereby helping to further reduce environmental impact.

Conserving Energy at Business Facilities

When planning new equipment installation at all Nikon Group business facilities, one important process is energy saving checks, and determining whether or not to install the equipment based on these checks. After the equipment has been installed, its energy use is monitored, and its performance is managed compared to the forecast. Furthermore, a range of energy saving initiatives are ongoing at each business facility, including switching over to energy saving lights, using motion sensor-equipped lighting, and working to make air conditioning equipment and office machinery more efficient.

Initiatives for Commuting and Company Vehicles

All Nikon Group business facilities are making efforts to adopt fuel-efficient, environmentally-friendly vehicles such as hybrid cars as company vehicles. In December 2021, Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. (China) switched two employee shuttle buses from gasoline-powered to electric vehicles. In November 2022, Nikon began using a fuel cell vehicle for use as a company car. Many business facilities are also working to mitigate environmental impact from their employees' commute, through means like encouraging employees to utilize car sharing, cycle to work, and actively use public transport.

● Main Energy-Saving Initiatives at Business Facilities

Energy-Saving Initiative	Initiative Content
Adjusting design and development	Reducing experiments and prototyping through effective use of AI, CAE, and external technical information
Conserving energy in production equipment	Integrating and replacing production equipment, and making existing equipment more energy-efficient
Enhancing productivity	Improving conformity rates through IE analysis, optimizing work flow lines and production spaces, and automating production
Upgrading transformer equipment	Switching over to highly efficient receiving and transformer equipment
Adjusting utilization of transformer equipment	Integrating transformers, reducing electricity consumption from equipment on standby, and switching equipment off when not in use
Upgrading air conditioning equipment	Improving cooling efficiency and streamlining equipment footprint through replacement of cooling and refrigeration equipment, reducing power consumption by replacing motors
Adjusting air conditioning usage	Optimizing temperature and humidity settings and scheduling usage periods
Reducing heat dissipation and heat absorption loss	Insulating piping and exterior walls, optimizing heat exchangers, integrating piping and bypasses
Adjusting building facilities	Upgrading to insulating window glass and energy-saving elevators
Conserving energy in lighting	Switching over to LED lights, adjusting the spacing of lights, and adjusting brightness
Conserving energy in vacuums and compressed air equipment	Switching over to highly efficient pumps, adopting bypassing for piping, optimizing pressure, and optimizing pump operation controls
Adjusting water usage	Improving the efficiency of water pumps installed in receiving tanks and optimizing piping
Upgrading company vehicles	Purchase environmentally friendly vehicles (electric vehicles, fuel cell vehicles, etc.)
Improving driving practices for company vehicles	Achieving energy-efficient driving through training to optimize driving styles and making use of driving recorder analysis

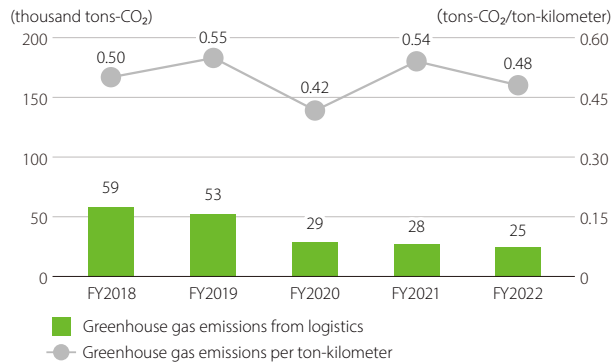
Initiatives to Reduce Greenhouse Gas Emissions in Distribution

Understanding Greenhouse Gas Emissions in Distribution

Nikon Group products are manufactured in facilities located mainly in Asia and sold worldwide. We use this information to understand the distribution routes, transportation volumes, and greenhouse gas emissions involved, working to reduce emissions during distribution.

In fiscal year 2022, greenhouse gas emissions in distribution amounted to 837.1t-CO₂ in Japan and 24,574.1t-CO₂ for international shipments and logistics outside Japan. The Nikon Group outperformed our target of reducing emissions by 10% compared to fiscal year 2019, ultimately reducing greenhouse gas emissions by 53%.

Greenhouse Gas Emissions from Distribution in Japan, International Shipment and Distribution Outside Japan



Initiatives to Reduce Greenhouse Gas Emissions in Distribution

Promotion of Modal Shifts

The Nikon Group promotes modal shifts* in order to reduce environmental impact, shifting the main mode of delivery from air to marine transport.

In fiscal year 2022, the Healthcare Business Unit continued modal shift of import cargo from Nanjing Nikon Jiangnan Optical Instruments Co., Ltd. The Imaging Business Unit and Nikon Vision Co., Ltd. switched the transportation of certain products to ocean freight.

In addition, the Imaging Business Unit reduced greenhouse gas emissions by transporting repair parts stored in Japan to Thailand by ocean freight.

* Modal shift
This term is normally used to refer to a shift to a different method of transport in order to reduce the impact on the environment.

Environmentally-Friendly Transportation

As well as gradually shifting over to the use of environmentally-friendly vehicles with low fuel consumption for delivery trucks, etc., the Nikon Group is also working to promote eco-driving (fuel-efficient driving) by holding regular seminars for drivers.

We also recognize the importance in taking measures in the upstream stages of the product lifecycle in order to achieve more efficient transportation. Planning departments in each business unit have lent their expertise to help incorporate considerations from product design stages to transport loading. The Imaging Business Unit modified cushioning materials and made packaging boxes more compact. Nikon Vision Co., Ltd. now provides operation manuals online. The

Industrial Metrology Business Unit improved packaging functionality while limiting package sizes. And the Healthcare Business Unit is conducting drop tests and other measures toward downsizing boxes for certain accessories.

We implement appropriate load size management for truck transport in Japan to reduce the number of trucks on the road.

Disclosures in Accord with the TCFD Recommendations

Climate Change-related Disclosures in Accord with the TCFD Recommendations

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), released a final report titled *Recommendations of the Task Force on Climate-related Financial Disclosures*. Nikon announced support for the TCFD Recommendations in November 2018 and is promoting information disclosure based on these.

Governance

– Organizational governance of climate-related risks and opportunities –

Initiatives	<ul style="list-style-type: none"> ● The Sustainability Committee, chaired by the representative director and president, identifies risks and opportunities, and discusses strategies, indicators, targets, and performance. After these discussions, the committee decides whether to make decarbonization-related investments. ● The Environmental Subcommittee under the Sustainability Committee examines risks and opportunities related to climate change, drafts strategies and indicators/targets, and manages progress. ● The Corporate Sustainability Department implements Group-wide climate-related responses based on decisions of the Sustainability Committee. ● Reports are made on the Sustainability Committee's activities to the Board of Directors at least once a year. The Board of Directors manages and supervises the adequacy, effectiveness, and related risks in connection with climate change and other environmental activities
Fiscal Year 2022 Progress	<ul style="list-style-type: none"> ● The Sustainability Committee met four times, and the Environmental Subcommittee met two times, deliberating and deciding matters related to climate change response

Environmental Governance (➡ p.055)

Strategy

– Actual potential impact of climate-related risks and opportunities on business, strategy, and financial planning –

Initiatives	<ul style="list-style-type: none"> ● Set Promoting a Decarbonized Society as a materiality ● Conduct climate change scenario analyses to identify risks and opportunities (see p.072) ● Incorporate sustainability initiatives, including measures addressing climate change, in the Medium-Term Management Plan ● Incorporate evaluations considering sustainability initiatives, including climate change initiatives, in officer remuneration
Fiscal Year 2022 Progress	<ul style="list-style-type: none"> ● Considered the adoption of renewable energy to achieve the Nikon Medium-Term Environmental Goals ● Analyze risks and opportunities related to climate change ● Verify the impact of business growth on GHG emissions over the period covered by our Medium-Term Management Plan

Nikon Long-Term Environmental Vision and Medium-Term Environmental Goals (➡ p.050)

Risk Management

– Integrated risk management of the processes used to identify, assess, and manage climate-related risks –

Initiatives	<ul style="list-style-type: none"> ● The Risk Management Committee manages our risks on a Group-wide basis, while the Sustainability Committee uses its expertise to identify and assess environmental risks, including those from climate change, discussing how to respond ● Matters discussed and approved by each committee are reported to the Board of Directors ● Identified and established awareness of potential impact value for identified risks, alongside other potential factors, in a financial simulation of the medium-term management plan
Fiscal Year 2022 Progress	<ul style="list-style-type: none"> ● Conducted a risk identification survey and compiled a risk map presenting results by scale of impact and probability of occurrence. These were provided as feedback to relevant departments in order to share recognition of risks facing the entire company. ● Reflected identified risks in the Environmental Action Plan, etc., rolling these out throughout the Group

Environment-Related Risk Management System (➡ p.058)

Metrics and Targets

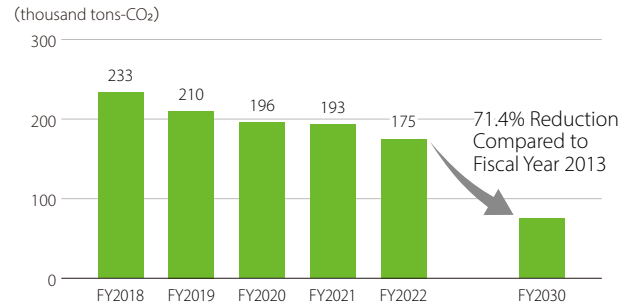
– Metrics and targets used to assess and manage climate-related risks and opportunities –

Greenhouse gas emissions (Scopes 1, 2, and 3) and renewable energy usage for electricity for fiscal year 2022 were as follows. We will continue to strive for the achievement of carbon neutrality by fiscal year 2050, in line with the Nikon Medium-Term Environmental Goals.

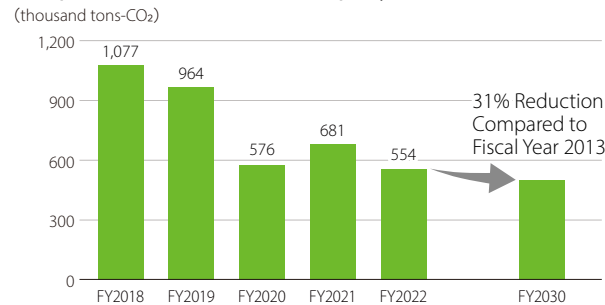
In order to monitor the actual status of our suppliers, we will participate in the CDP supply chain program and begin collecting information on Scope 3 emissions in fiscal year 2023.

Metrics	Targets
Scope 1, 2 reduction rate (compared to fiscal year 2013)	Fiscal Year 2030: 71.4%
	Fiscal Year 2023: 36.5%
Reduction in three Scope 3 categories (purchased products and services; transportation and delivery (upstream); and use of company products sold) (compared to fiscal year 2013)	Fiscal Year 2030: 31%
	Fiscal Year 2023: <ul style="list-style-type: none"> Reduce environmental impact by making effective use of the LCA methodology Create at least 50% eco-friendly products
Renewable energy adoption rate	Fiscal Year 2030: 30%
	Fiscal Year 2023: 25%

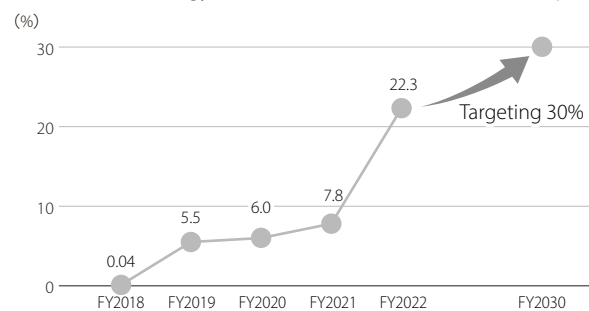
● Scope 1+2 Emissions



● Scope 3 Emissions (Three Categories: Purchased Products and Services, Transportation and Delivery (Upstream), and Use of Company Products Sold)



● Renewable Energy as a Share of Electric Power Consumption



Climate Change Scenario Analysis

The Nikon Group conducts analysis of climate-related risks and opportunities by comprehensively considering a number of factors, such as, the characteristics of business, the location conditions of production sites and business facilities, the recent degree and frequency of natural disasters due to climate change, industry trends, trends in related laws and regulations, representative concentration pathway (RCP) scenarios used in the IPCC climate change forecasts, as well as survey results and scenarios carried out by external research institutes. As such, we identify and evaluate risks under the 2°C and 4°C scenarios.

The Nikon Group recognizes that under the 2°C scenario there would be a tightening of, for example, greenhouse gas emission regulations and greater market demands accompanying these regulations. Under the 4°C scenario there would be an increase in natural disasters, such as floods, and a rise in temperatures. But under any scenario we recognize that there will be changes in energy technology and costs with a wider transition to renewable energies. The Nikon Group is therefore taking measures to adapt to climate change as a business strategy in consideration of the financial impact these scenarios will have. The Nikon Group will continue to carry out and improve its scenario analysis going forward.

Climate Change Risks Faced by the Nikon Group

[Financial impact] High: 10 billion yen or more, Medium: 1 to 10 billion yen, Low: 1 billion yen or less

[Urgency] High: Within 3 years, Medium: 3 to 10 years, Low: Later than 10 years

Risks Faced by the Nikon Group		Financial Impact	Urgency	Response															
Physical risks (acute and chronic)	An increase in typhoons, floods, and other weather-related disasters could disrupt supply/operations or reduce asset values due to damage to major production sites (Japan, Thailand, etc.) and supplier sites, disruption of logistics networks, and other factors. In addition, a rise in sea levels may increase the probability of these risks.	High	Medium	<ul style="list-style-type: none"> Promoting Total Supply Chain Management activities Promoting Business Continuity Management (BCM) 															
	A rise in average temperatures could lead to increased electricity costs due to increased load on cooling and other air conditioning equipment. In particular, strict temperature controls required in manufacturing and transporting precision equipment may become unreasonably difficult, or management costs may increase.	Small	Low	<ul style="list-style-type: none"> Promoting aggressive energy-saving activities 															
	Long-term changes in precipitation patterns, as well as droughts, could constrain the use of water resources and adversely affect operations.	Medium	Low	<ul style="list-style-type: none"> Reducing water withdrawal Promoting water resource recycling 															
Transition risks	<table border="1"> <tr> <td>Policies and regulations</td> <td> <ul style="list-style-type: none"> Introduction or expansion of carbon pricing policies, such as carbon taxes, could increase Nikon's operating costs if applied to us. In addition, purchase prices may increase if these are applied to suppliers. Changes in national energy policies where we have business sites could lead to higher electricity prices, which would increase operating costs and purchasing costs. </td> <td>High*</td> <td>Medium</td> <td> <ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Reducing greenhouse gas emissions through modal shifts and improved distribution routes Requiring suppliers to reduce greenhouse gas emissions </td> </tr> <tr> <td>Technologies</td> <td> <ul style="list-style-type: none"> Failure to reduce emissions during product use and shift to low-carbon manufacturing methods and materials could result in reduced sales opportunities. </td> <td>High</td> <td>Low</td> <td> <ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Improving energy-saving performance for products Creating new materials and manufacturing methods </td> </tr> <tr> <td>Markets/ Reputation</td> <td> <ul style="list-style-type: none"> Failure to adequately meet customers' decarbonization requirements could result in reduced sales opportunities. Inadequate response to decarbonization could damage our evaluations/reputation and affect stock price and sales. </td> <td>Medium</td> <td>Low</td> <td> <ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Promoting proactive information disclosure </td> </tr> </table>	Policies and regulations	<ul style="list-style-type: none"> Introduction or expansion of carbon pricing policies, such as carbon taxes, could increase Nikon's operating costs if applied to us. In addition, purchase prices may increase if these are applied to suppliers. Changes in national energy policies where we have business sites could lead to higher electricity prices, which would increase operating costs and purchasing costs. 	High*	Medium	<ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Reducing greenhouse gas emissions through modal shifts and improved distribution routes Requiring suppliers to reduce greenhouse gas emissions 	Technologies	<ul style="list-style-type: none"> Failure to reduce emissions during product use and shift to low-carbon manufacturing methods and materials could result in reduced sales opportunities. 	High	Low	<ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Improving energy-saving performance for products Creating new materials and manufacturing methods 	Markets/ Reputation	<ul style="list-style-type: none"> Failure to adequately meet customers' decarbonization requirements could result in reduced sales opportunities. Inadequate response to decarbonization could damage our evaluations/reputation and affect stock price and sales. 	Medium	Low	<ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Promoting proactive information disclosure 			
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Markets/ Reputation	<ul style="list-style-type: none"> Failure to adequately meet customers' decarbonization requirements could result in reduced sales opportunities. Inadequate response to decarbonization could damage our evaluations/reputation and affect stock price and sales. 	Medium	Low	<ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Promoting proactive information disclosure 															

* Specific example: Carbon tax system in the Netherlands

In 2021, the Netherlands began levying a carbon tax equivalent to 30 Euros per ton of greenhouse gas emissions, targeting manufacturing firms and other firms in the industrial sector.

This carbon tax is set to increase by 10 Euros every year, and by 2030 it is expected to have risen to 125 Euros per ton of emissions.

A similar trend toward the introduction of carbon taxes can be seen in other countries in Europe.

While the Nikon Group's business areas do not currently fall within the scope of such carbon taxes, there is a possibility that the scope of applicability may be extended in the future.

For instance, the Nikon Group's manufacturing companies in Europe had total annual greenhouse gas emissions of around 1,300 tons in fiscal year 2020. If these companies were to become subject to carbon taxes and no measures were taken to reduce emissions, the Group could face an annual carbon tax bill of around 162,500 Euros.

Climate Change Opportunities for the Nikon Group

[Applicable period] Short-term: Within 3 years, Medium-term: 3-10 years, Long-term: Later than 10 years

Opportunities for the Nikon Group	Applicable Period
<ul style="list-style-type: none"> • Rising evaluation of Nikon by consumers, institutional investors, and others for our technologies and business activities (as follows) contributing to a decarbonized society could lead to increased sales and higher stock prices. - Increase energy efficiency in society with additive manufacturing and fine processing using optics - Additive processing contributing to longer product lifespans through repair of existing parts, etc. - Robots with sophisticated hands and eyes and device manufacturing processes, that enhance manufacturing efficiency - Longer lasting light sources and more durability in our products, that contribute to a healthy global environment - Image production technologies that contribute to a society where people connect transcending time and space and real and virtual. 	Short- to long-term
Achieving efficiency in production processes and distribution, as well as carrying out energy-saving activities, could reduce future carbon taxes and energy costs.	Short- to long-term
Total Supply Chain Management, a practice designed to prepare for physical risks, and improvements in our BCM could make our business structure more robust.	Short-term

Materiality 4

Promoting Resource Circulation



● Environmental Action Plan Fiscal Year 2022 Results [Overview]

Self-evaluation ○ : Achieved △ : Measures started but not yet achieved

Targets for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Targets for Fiscal Year 2022	Results for fiscal year 2022	Self-Evaluation
<ul style="list-style-type: none"> Achieve the following zero emissions levels at all manufacturing companies: Japan: Level 5 Group manufacturing companies in China: Level 1 Other locations: Levels determined individually Reduce total amount of waste generated by 10% or more compared to fiscal year 2018 Reduce freshwater consumption by 5% compared to fiscal year 2018 Reduce waste by extending product life, reducing size and weight, etc. Reduce the amount of plastic packaging materials used by 10% compared to fiscal year 2022 Promote the reuse and recycling of products, parts, materials, and related packaging materials Use at least 5% recycled materials in products Ensure at least 10% of plastic packaging materials are recycled or biomass plastics 	<ul style="list-style-type: none"> Reduce waste through streamlining processes from development to manufacturing Minimize the amount of abrasive agents used Promote the 3Rs of water (reduce water consumption, and recycle and reuse water) Take into account the impacts that products have on the environment from the initial planning phase onwards and promote the 3Rs throughout the product lifecycle 	6,11,12	Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Maintain level 5 Group manufacturing companies in China: Maintain level 1 Group manufacturing companies outside Japan: Implement initiatives in line with conditions in each respective country 	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Achieved level 5 (final landfill disposal rate of 0.06%) Group manufacturing companies in China: Achieved level 1 (final landfill disposal rate of 0.49%) Group manufacturing companies outside Japan: Conducted disposal in accordance with respective national laws and regulations 	○
			Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Reduce total waste emissions from business activities by 2% or more compared to fiscal year 2018 (total waste emissions: 7,616 tons or less) 	<ul style="list-style-type: none"> Reduced total waste emissions from business activities by 20% compared to fiscal year 2018 	○
			Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Reduce freshwater consumption by at least 2% compared to fiscal year 2018 (freshwater consumption in fiscal year 2018: 1,877,000 m³) Improve water reuse rate compared with the previous fiscal year 	<ul style="list-style-type: none"> Freshwater consumption: Reduced by 7.4% compared to fiscal year 2018 Water reuse rate: Goal not achieved; -1.7% compared to the previous year 	△
			Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Undertake the development of technologies to achieve a 70% or higher abrasive recycling rate 	<ul style="list-style-type: none"> Technical considerations increased due to a change in the target abrasive material type. Reform systems through team members who have the necessary knowledge and skills; begin considering ways to reduce the amount of abrasives used 	△
			Nikon Group	<ul style="list-style-type: none"> Reduce the environmental impact from products Promote the reuse of products, parts and materials Promote the use of recycled materials in products 	<ul style="list-style-type: none"> Continued sales of used semiconductor lithography systems Refreshed and upgraded FPD lithography systems Promote use of recycled materials for imaging products and packaging materials 	○

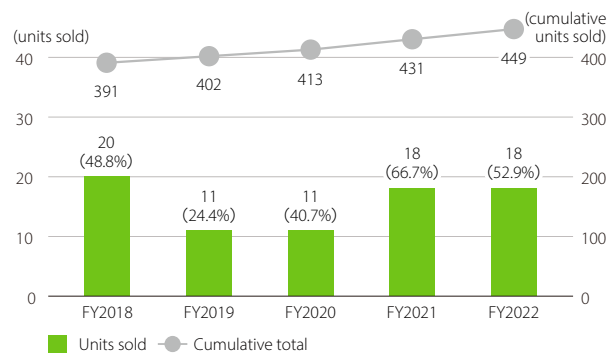
3R Initiatives for Products and Packaging

Sales of Refurbished Semiconductor Lithography Systems and Reuse of Projection Lenses

The Nikon Group has commercialized a service for collecting and reconditioning used Nikon semiconductor lithography systems from customers, where it replaces and reconfigures parts and installs the refurbished systems for new customers in and outside Japan. This business activity is an example of the Nikon Group's practice of reusing its own products within the Group. As of fiscal year 2022, the Nikon Group had sold a cumulative total of 449 refurbished products.

The Nikon Group is also working on extending the life of lithography systems by using Nikon's latest technology to reuse and replace projection lenses which have deteriorated from long-term use and cannot maintain basic exposure performance.

● Sales Trends of Refurbished Semiconductor Lithography Systems (for ICs)



* Figures in parentheses indicate share of total units sold

Battery Recycling

In Japan, the Nikon Group has been collecting and recycling end-of-life rechargeable batteries used in Nikon digital cameras from users via the JBRC*.

* JBRC: The Japan Portable Rechargeable Battery Recycling Center
An organization that promotes recycling of small rechargeable batteries in accordance with the Act on the Promotion of Effective Utilization of Resources.



Recyclable battery mark

Recycling and Reuse of Used Nikon Products

Under the WEEE Directive*¹, European countries have been establishing national laws in relation to the collection and recycling of used electrical and electronic equipment. In response to these laws, the Nikon Group has been working to fulfill its responsibility for the collection and recycling of Nikon digital cameras and other products.

The Nikon Group has registered with local collection organizations in more than 30 countries, establishing collection and recycling networks in each of these. We are also implementing product assessments at their design stages to promote easy-to-disassemble designs, reductions in the types of raw materials used, and extensive utilization of recycled resources, to comply with the provisions of the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment*² in Japan.

As to reuse, part of our services includes accepting digital cameras returned from customers, repairing them, and then selling them as refurbished cameras in and outside Japan.



EU recycling symbol

*1 WEEE (Waste Electrical and Electronic Equipment) Directive: Legislation enacted in the EU in 2003 (and revised in 2012) requiring EU Member States to collect and recycle waste electrical and electronic equipment.

*2 Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment: Enacted on April 1, 2013. This legislation stipulates the responsibilities of various entities, including national and local public bodies, business operators and manufacturers, with respect to the promotion of recycling of small waste electrical and electronic equipment such as digital cameras and game devices.

Recycling of Packaging Materials

The Nikon Group promotes the recycling of packaging materials for Nikon products including digital cameras in Japan by outsourcing the task to the Japan Containers and Packaging Recycling Association.

In Europe, under the EU Packaging and Packaging Waste Directive, each country has established a packaging waste recovery and recycling system in accordance with its national laws. In the EU, the Nikon Group pays recovery and recycling fees to recycling organizations in each country, cooperating in promoting the collection and recycling of containers and packaging materials in various countries. In addition, we facilitate sorted collection by providing recycling marks and material indications on product containers and packaging materials as specified in each country.



Examples of recycling marks in each country

Reducing Resource Usage in Relation to Packaging and Instruction Manuals

Saving Resources by Downsizing Packaging Boxes

The Nikon Group is working to reduce the amount of materials it uses, such as paper and plastic, by reducing the size of individual packaging boxes.

For the AX/AX R confocal microscope system, in addition to reducing the size of its packaging box in keeping with the miniaturization of the product itself, the Group was able to reduce the overall volume of the packaging box by 20% and the weight of packaging materials by 35% by changing the bottom pallet of the packaging box from steel to paper. The use of paper pallets has also greatly reduced environmental impact on disposal.

Reducing Plastics in Packaging

In recent years, marine pollution from plastic waste has become a global problem. In response, the Nikon Group implements a number of measures that include reducing the amount of disposable plastics used in product packaging and at production sites, using paper-based materials instead of plastics, etc.

For example, the Nikon Group began using recycled PP bands made from recycled materials as transportation packaging between production sites in Japan.

Reducing the Amount of Paper Used for User's Manuals

The Nikon Group is working to save resources in the user's manuals packaged with Nikon products. For example, in recent years, the amount of paper used for user's manuals for mirrorless cameras has tended to increase as the range of functions that these cameras provide has grown, thus requiring more pages in these manuals. Paper use has also increased with the need to provide replacement manuals or supplementary materials when upgrading firmware. In response to this situation, we have been taking steps to substantially simplify user's manuals provided with our cameras, while providing more detailed information in a timely manner through the Nikon website. Customers now access the latest information whenever they need it using their preferred device, whether it be their laptop, tablet computer or smartphone. This helps to enhance customer convenience. Further, this initiative not only helps with reducing paper usage, but also contributes to cutting CO₂ emissions associated with printing and product transportation.

Initiatives Aimed at Reducing Waste, Etc.

Towards Zero Emissions

The Nikon Group has introduced level-specific targets into its zero emissions* initiatives.

Nikon and Group manufacturing companies in Japan maintain level S status. In fiscal year 2022, Nikon X-Tek Systems Ltd. (UK) and Hikari Glass (Changzhou) Optics Co., Ltd. (China) achieved level S status.

In addition, Optos Plc (UK) and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. (China) achieved level 1 status, while other Group manufacturing companies are making further efforts to achieving Level 1 by fiscal year 2030.

*Zero emissions: First advocated by the United Nations University in 1994.

It embodies an approach that seeks to reduce waste from the whole of society to zero by recycling waste from one industry for use as a resource in other industries.

Zero Emission Level-Specific Targets

Level S: Final landfill disposal rate of less than 0.5%

Level 1: Final landfill disposal rate of less than 1%

Level 2: Final landfill disposal rate of less than 5%

Level 3: Final landfill disposal rate of less than 10%

Level 4: Final landfill disposal rate of less than 20%

*1 Final landfill disposal rate = Final landfill amount / (waste + valuable resources)

*2 The final landfill amount is the amount of waste disposed of by landfill at the final disposal site.

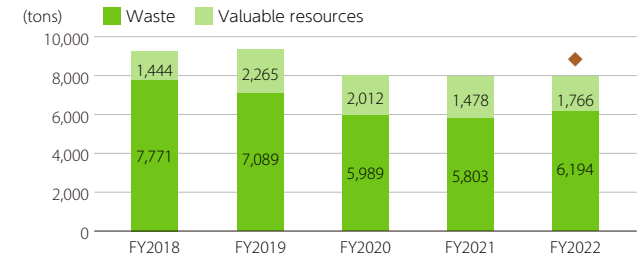
Waste Reduction Performance

The amount of waste (excluding valuable resources) generated by the Nikon Group in Japan and by the Group manufacturing companies outside Japan during fiscal year 2022 was 6,194 tons. This figure represented a reduction of 20% (1,577 tons), achieving the Group target of reducing the total waste generated from operations by at least 2% compared to fiscal year 2018 (7,616 tons or less in total waste). The total amount of final landfill waste generated was 547 tons ♦, with 5,647 tons of waste recycled (not including valuable resources).

In fiscal year 2023, we will continue our efforts to reduce total waste generated.

♦:Values in Data Index assured by third party

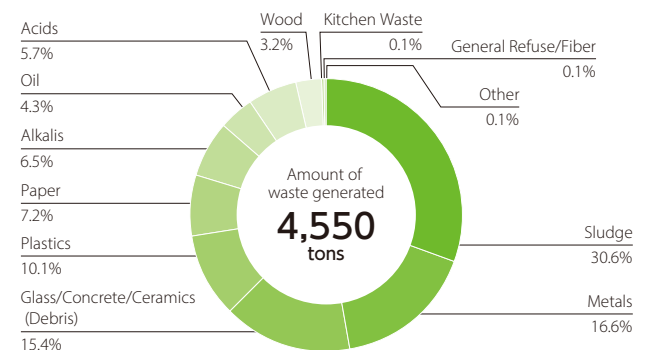
Waste Generated by the Nikon Group in Japan and Group Manufacturing Companies Outside Japan (Waste + Valuable Resources)



* Added Nikon (Thailand) Co., Ltd. and X-Tek Systems Ltd. in fiscal year 2018, and Nikon CeLL innovation Co., Ltd., Nikon Lao Co., Ltd., Optos, Inc., and Optos Plc in fiscal year 2019.

♦:Values in Data Index assured by third party

Breakdown by Category of Waste (Waste + Valuable Resources) Generated by the Nikon Group in Japan (Fiscal Year 2022)



Waste Reduction and Resource Circulation Measures

Initiatives in the Manufacturing Process

Abrasive agents used to polish optical glass are discarded as abrasive sludge after use. Abrasive sludge accounts for around 19% of waste discharged by the Nikon Group in Japan. During fiscal year 2018, the Nikon Group established a method to reuse these abrasives, achieving a 45% reduction in abrasive sludge waste at the Nikon Shonan Branch, which produces photomask substrates. The Nikon Group is currently rolling out this method to the entire Nikon Group in an effort to further reduce abrasive sludge waste.

At Sendai Nikon Corporation, we are taking actions to recycle resources. For example, plastic waste is sorted by material and color, gate parts from molded products are crushed, and heating is used to reduce the volume of extruded polystyrene foam. With regard to metal waste, oil is separated from metal shavings by centrifugal separation, thereby enhancing the value of recycled valuable resources.

Paper Resource Initiatives

The Nikon Group is working to reduce document printing by digitizing meeting materials and encouraging the use of computers and tablets to confirm engineering drawings and forms. We are also working to reduce paper usage by changing the settings on multifunction printers and installing software to reduce accidental or unnecessary copying.

Protection of Water Resources

Water Resource Conservation Measures

Large quantities of water are used in the production processes for optical lenses, part of Nikon's main product category, and for the quartz glass used in these lenses. For example, during the optical lens polishing process, water has to be added frequently in order to keep the polishing agent at the right consistency. Similarly, in the quartz glass production process, our waste gas purification devices require water to remove acid components from waste gases. To conserve water resources, the Nikon group monitors the amount of water withdrawal, discharge, and reuse, proactively implementing initiatives for effective water use. Beginning in fiscal year 2021, the Group also introduced a new freshwater consumption indicator*, as we believe it is important that water used should be returned at an equal or better quality than when it was withdrawn. The Nikon Group believes that reducing freshwater consumption will lead to reduced water withdrawal load in each region.

For fiscal year 2022, the Nikon Group water withdrawal was 1,738,000 m³, achieving the Environmental Action Plan goal for the fiscal year to reduce water withdrawal by at least 2% compared with fiscal year 2022. We did not achieve our fiscal year 2022 target for water reuse rate, which called for an improvement compared to the previous fiscal year.

* Freshwater consumption: Sum of withdrawal volumes A, B, and C, minus returned water volume D (A+B+C-D).

A: Water withdrawal from municipal water supply facilities (tap water, industrial water, etc.)

B: Water withdrawal from surface water (lakes, rivers, etc.)

C: Water withdrawal from groundwater

D: Return water of equal or better quality than the withdrawal source (applicable to B and C only)

Water Risk Assessments

The term water risk is used to refer to the impact that issues relating to water conservation, water-related natural disasters, water pollution, etc., can have on a business enterprise's activities. For the Nikon Group, which requires large quantities of water in the manufacturing processes for its optical parts, etc., a proper understanding and awareness of water risk is vitally important. Therefore, we carry out water risk assessments at each facility and strive to monitor the situation effectively.

In 2019, we conducted a water risk assessment based on Aqueduct^{*1} for 16 domestic and international business facilities having high water withdrawal levels. As a result, we confirmed that there are no significantly high water stress^{*2} areas in the regions where the Nikon Group conducts business activities.

During fiscal year 2022, we continued to address water risk, conducting water risk surveys that targeted the 31 Group facilities in and outside Japan identified in our survey conducted during fiscal year 2020. Specifically, we incorporated these procedures into medium- and long-term repair plans for locations in which we identified risk leaks due to aging facilities and equipment.

*1 Aqueduct: A world map and information tool showing global water risks, provided free of charge by the World Resources Institute.

*2 Water stress: A condition in which demand for water exceeds supply.

Appropriate Wastewater Treatment

The Nikon Group uses large amounts of water in its manufacturing processes. When discharging water used, the Group applies appropriate wastewater treatment to minimize the environmental impact on waterways in each region. Specifically, we have established voluntary standards that are even stricter than discharge standards found in each region, and we conduct wastewater treatment in accordance with these levels alongside, with regular monitoring of the wastewater discharge situation.

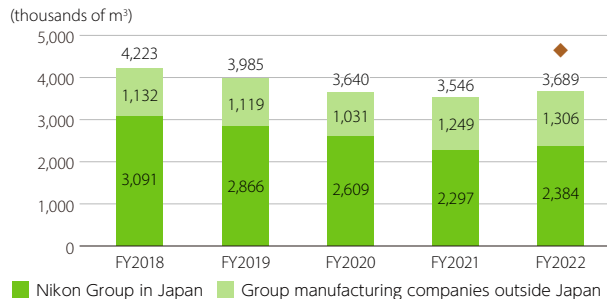
Water Withdrawal and Discharge

Nikon Group water withdrawal for fiscal year 2022 was 3,689,000 m³ (Nikon Group in Japan accounting for 2,384,000 m³, and Group manufacturing companies outside Japan accounting for 1,306,000 m³). Wastewater discharge volume amounted to 3,307,000 m³ (Nikon Group in Japan accounting for 2,262,000 m³, and Group manufacturing companies outside Japan accounting for 1,045,000 m³). Freshwater consumption totaled 1,738,000 m³, and we achieved our target of reducing freshwater consumption by at least 2% compared to fiscal year 2018 (7.4% reduction).

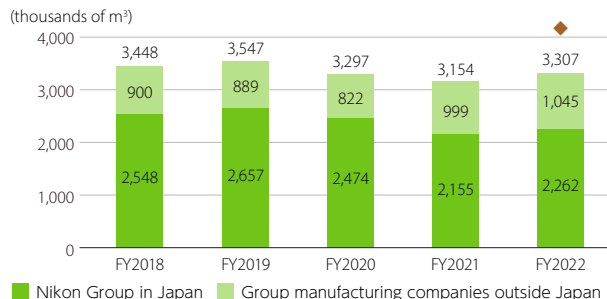
In addition, at the business facilities and the Group manufacturing companies that make use of considerable amounts of water, we pay special attention to ensuring that wastewater generated in manufacturing processes is properly treated, and endeavor to reuse as much water as possible. Nikon Group water reuse rate for fiscal year 2022 was 7.0%, falling short of our target to increase water reuse rate compared to the previous year (down 1.7%). The main reason for this result was that the amount of water reused at the Nikon Shonan Branch, where wastewater from the cleaning process is reused as supply water for the pure water production equipment, decreased 58% compared to fiscal year 2021. This decrease was due to a suspension of pure water supply to conserve water when cleaning equipment is not used.

The Nikon Group will continue efforts to reduce freshwater consumption further and improve recycling rates.

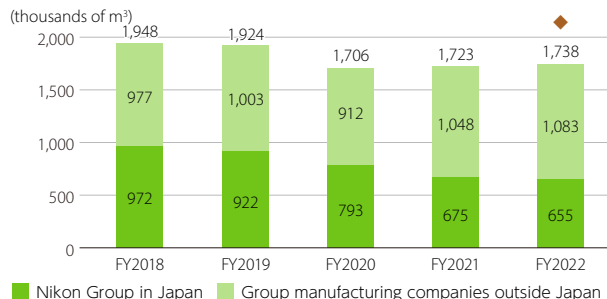
Changes in Water Withdrawal



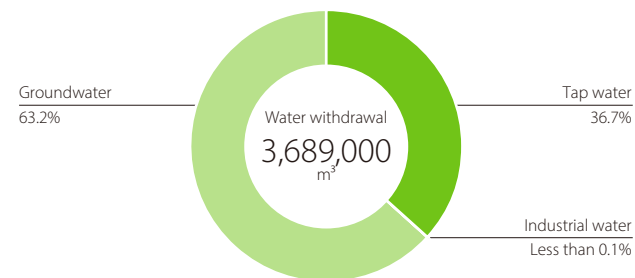
Changes in Water Discharge



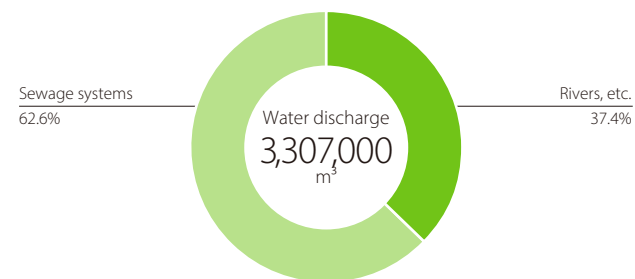
Changes in Freshwater Consumption



Breakdown of Water Withdrawal (Fiscal Year 2022)



Breakdown of Water Discharge (Fiscal Year 2022)



◆: Values in Data Index assured by third party

Water Reuse Measures

Case Example of Wastewater Reuse (Nikon Shonan Branch)

When manufacturing photomask substrates, the Nikon Shonan Branch uses a large amount of water resources during the polishing and cleaning processes. Accordingly, during fiscal year 2018, the Nikon Shonan Branch implemented a mechanism to reuse the wastewater from the cleaning process as supply water for pure water production equipment. As a result, over the course of fiscal year 2022, the Nikon Shonan Branch reused approximately 6,000 m³ of water discharge for the year, reducing water withdrawal 5% compared with the period prior to adoption.

Effective Use of Concentrated Water (Nikon Kumagaya Plant)

Nikon Kumagaya Plant manufactures semiconductor lithography systems, a process requiring a large amount of ultrapure water. In order to produce ultrapure water, tap water is first fed into the ultrapure water system and separated into pure water and concentrated water by the RO membrane. The pure water is treated further to produce ultrapure water. However, the concentrated water had previously been discharged as wastewater. In fiscal year 2018, Nikon adopted a process to reuse this concentrated water effectively to supplement water used in cooling towers. In addition, we have been increasing the number of cooling towers reusing this concentrated water since October 2020. As a result, over the course of fiscal year 2022, the Nikon Kumagaya Plant reused approximately 43,000 m³ of concentrated water as supplementary water for cooling

towers. This reused water accounted for approximately 14% of the total water withdrawal at the Nikon Kumagaya Plant.

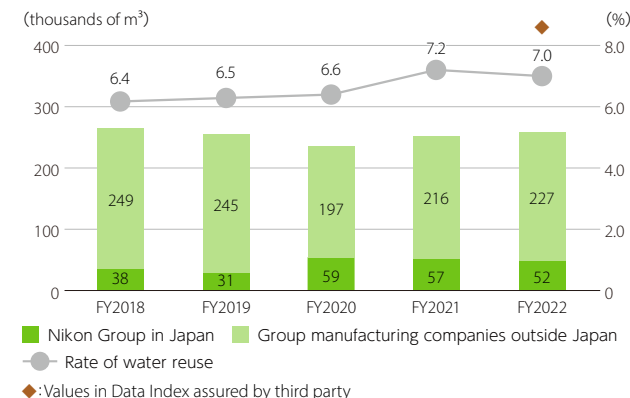
Reuse of Domestic Wastewater and Treated Water (Nikon Lao Co., Ltd.)

Nikon Lao Co., Ltd. (Laos) is located in a district with only basic water supply infrastructure, and has been actively implementing measures to improve water resource efficiency. From April 2017, the company has been purifying domestic wastewater and reusing it for flushing toilets and for their garden sprinkler system. Since February 2018, they have also been using treated water as coolant.



Wastewater treatment system at Nikon Lao Co., Ltd.

Changes in Water Reuse at the Nikon Group in Japan and Group Manufacturing Companies Outside Japan



Materiality 5

Preventing Pollution and Conserving Ecosystems



● Environmental Action Plan Fiscal Year 2022 Results [Overview]

Self-evaluation ○ : Achieved △ : Measures started but not yet achieved

Targets for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Targets for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
<ul style="list-style-type: none"> • Zero usage of hazardous chemical substances in manufacturing processes • Zero hazardous chemical substances contained in products • Continue activities to preserve the environment in the vicinity of company facilities that contribute to the prevention of marine plastic pollution • Product catalogs: Electronic data or FSC-certified paper 100% • Instruction manuals: Electronic data or FSC-certified paper/recycled paper (80% or more recycled pulp content) 100% • Packing boxes: FSC certified paper or recycled paper 100% 	<ul style="list-style-type: none"> • Comply with the laws, ordinances and regulations of the countries and regions where we operate and also manage the use of chemical substances appropriately based on more rigorous voluntary targets • Conduct ecosystem conservation activities • Quantify and minimize impact and dependence on ecosystems 	6,11,12,14,15	Nikon and Group manufacturing companies	<ul style="list-style-type: none"> • Abolish the use of prohibited level hazardous chemical substances based on the Hazardous Chemical Substances Guideline • Create a roadmap for measures, such as the selection of alternative substances and hermetic sealing by the end of fiscal year 2024 	<ul style="list-style-type: none"> • Completed identification of residual prohibited level substances; discussing individual measures • On track to eliminate approximately 65% of the hazardous chemical substances in question 	○
			Nikon Group	<ul style="list-style-type: none"> • Comply with the hazardous chemical substances laws and regulations of each country • Strengthen the management system for hazardous chemical substances contained in products 	<ul style="list-style-type: none"> • Zero violations of laws and regulations • Strengthened the management framework for hazardous chemical substances contained in products 	○
			Nikon Group	<ul style="list-style-type: none"> • Perform local contribution activities of marine plastic pollution issues at least once a year in each business facility 	<ul style="list-style-type: none"> • Regional contribution activities for marine plastic pollution prevention: 29 activities; 1,028 participants (across 20 sites in total) 	○
			Nikon Group	<ul style="list-style-type: none"> • Pursue paperless business operations • Promote the use of FSC-certified paper for paper items bearing the Nikon logo 	<ul style="list-style-type: none"> • Digitized product catalogs and instruction manuals • Newly ordered product catalogs: Around 93% for use in Japan, North America and Europe are printed on FSC-certified paper, excluding special paper types 	○

Management and Reduction of Hazardous Chemical Substances in Products

Responding to Regulations on Hazardous Chemical Substances

To safeguard human health and reduce environmental risks, the Nikon Group strives to implement rigorous chemical substance management that adheres to international regulatory frameworks. More specifically, we established our own Nikon Group standards (Nikon Green Procurement Standards) to ensure compliance with international environmental laws and regulations, including the EU RoHS directive^{*1} and REACH regulation^{*2}. Nikon products are made from a very large number of materials and components. For this reason, we work closely with our procurement partners

to conduct surveys using chemSHERPA^{*3}, a scheme that facilitates sharing information on chemical substances in products. Based on information gathered from these surveys, we confirm whether Nikon products comply with Nikon Green Procurement Standards, striving to manage and reduce hazardous chemical substances in our supply chain.

Promoting Green Procurement (→ p.105)

^{*1} EU RoHS Directive: RoHS stands for "Restriction of Hazardous Substances." This directive restricts use of specified hazardous substances in electrical and electronic equipment.

^{*2} REACH Regulations: An EU regulation on chemical substances that came into effect in 2007. REACH stands for "Registration, Evaluation, Authorisation and Restriction of Chemicals." Under this regulation, manufacturers and importers of chemical substances are required to register information on the safety and use of these substances.

^{*3} chemSHERPA: A shared scheme for communicating information on chemical substances contained in products in the supply chain.

Abolition of All Ozone-Depleting Substances

As of fiscal year 2008, the Nikon Group has abolished the use of substances that contribute to the depletion of the ozone layer (HCFCs). These substances had previously been used as refrigerants needed to regulate the temperature in FPD lithography systems and semiconductor lithography systems. For devices previously sold that used HCFCs as their refrigerant, the Nikon Group is developing new types of air-cooling units that do not use HCFCs, and which can be installed in these older devices.

With this modification, the Nikon Group is helping to not only reduce the use of HCFCs, but also to extend the product lifespan of older devices.

Main Measures for Chemical Substance Management

1. Researching recent global trends in related laws and regulations
 - Collecting information from external committees, etc.
2. Implementing surveys of hazardous chemical substances in products
 - Conducting surveys via the supply chain
 - Making effective use of IT to realize efficient data management
 - Implementing chemical analysis, etc.
3. Discussing countermeasures of the Nikon Group
 - Utilizing the relevant internal environment-related systems (committees, etc.)
4. Communicating countermeasures, both internally and externally, in a timely manner
 - Reduction of hazardous chemical substances, alternative instructions, etc.
 - Formulating and updating the Nikon Green Procurement Standards
5. Confirming compliance with laws and regulations
 - Implementing product/package assessments
6. Confirming how procurement partners manage chemicals and helping to upgrade their processes
 - Implementing Chemical substances Management System assessments for procurement partners
 - Providing support to procurement partners for building Chemical Substances Management System

Technology Without Hazardous Substances

The Nikon Group works to develop technologies that do not employ hazardous substances.

Use of Lead- and Arsenic-Free Technology

In the 1990s the Nikon Group adopted the use of lead- and arsenic-free glass*, in the recognition that the lead and arsenic used in most optical glass at that time had a serious environmental impact. We are also thoroughly utilizing lead-free solder. Today, with the exception of certain products with special specifications for industrial use, the utilization rate of lead-free solder in new designs is 100%.

*Lead- and arsenic-free glass: Nikon has developed a new type of glass that contains absolutely no lead or arsenic for the optical glass used in the lenses and prisms built into optical instruments. Nearly all of Nikon's product lines have a 100% utilization rate of lead- and arsenic-free glass.

Adoption of Hexavalent Chromium-Free Technology for Surface Treatment Processes

Nikon has formulated rigorous technical standards in order to discontinue the use of heavy metals (hexavalent chromium, lead, cadmium, and mercury) in all surface treatment processes, including plating. We provide separate technical support to the procurement partners to which we outsource surface treatment processes, and use chemical analysis to check actual products delivered.

Management and Reduction of Organofluorine Compounds

In June 2022, the Stockholm Convention listed the organofluorine compound PFHxS as a substance to be eliminated. Prior to this, the Nikon Group designated the organofluorine compound PFHxS as a prohibited substance in the Nikon Green Procurement Standards in November 2022. We are making progress in replacing parts which contain this substance.

In addition, we designated all organofluorine compounds (PFAS), including PFHxS and PFOA, as controlled substances. We are monitoring the inclusion status of these substances and considering alternatives.

Management and Reduction of Hazardous Chemical Substances

Policy and System for Management of Chemical Substances

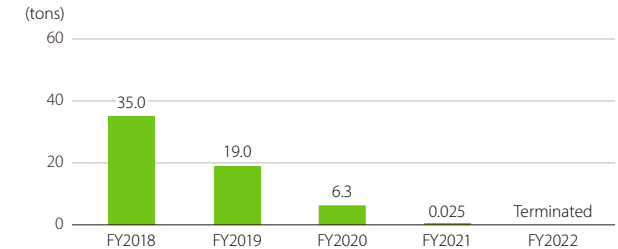
The Nikon Group has established and enforces the Hazardous Chemical Substances Guideline, which is stricter than the relevant statutory requirements, as a self-directed chemical substances management measure. Management standards have been established in relation to chemical substances used in the production process and contained in products, according to the risks to the environment and to health. These substances are classified as "Prohibited," "Reduced," "Controlled," or other. In particular, we have set deadlines for terminating the use of "Prohibited" substances as we work toward eliminating these substances altogether. We eliminated nearly all HCFCs, and we are taking measures against HFCs, which are greenhouse gases, and dichloromethane, which is believed to be carcinogenic. We replaced dichloromethane partially with alternatives, and recovery equipment should be in operation by the end of fiscal year 2023 for processes difficult to handle through alternatives. These measures will allowed us to reduce dichloromethane emissions by more than 65% compared with for fiscal year 2022. For HFCs, our reductions are significantly ahead of the Montreal Protocol, which targets reduction of at least 85% by 2036.

Control and Reduction of Chemical Substances in Manufacturing

The Nikon Group implements measures aimed at preventing the incidence of environmental pollution. In concrete terms, the Nikon Group continues to strive to reduce the risk of environmental pollution to as close to zero as possible by implementing environmentally-friendly management of chemical substances, from purchase to use to disposal. When purchasing a new chemical substance, a system has been established whereby a safety data sheet (SDS)* is obtained and a risk assessment is conducted. Measures based on the results of the assessment are then checked and confirmed by the environment department and the health and safety department from an expert's point of view. In addition, the Chemical Substance Risk Control Team, which is a working group spanning each business unit, sets common targets for the Group in order to reduce hazardous chemical substances used in the production process. Since fiscal year 2018, we have been working to terminate the use of 1-bromopropane. As of fiscal year 2022, we eliminated the use of this substance.

* Safety data sheet (SDS): To promote improvements in the appropriate management of chemical substances by business enterprises, when a chemical substance specified by the Chemical Substances Control Law (CSCL), or a product containing such a substance, is transferred or supplied from one enterprise to another, the transferring or supplying enterprise is required to provide, in advance, a safety data sheet (SDS) noting information about the characteristics of the chemical substance and how it should be handled.

● Amount of 1-Bromopropane Handled at the Nikon Group



Nikon Group's PRTR and VOCs

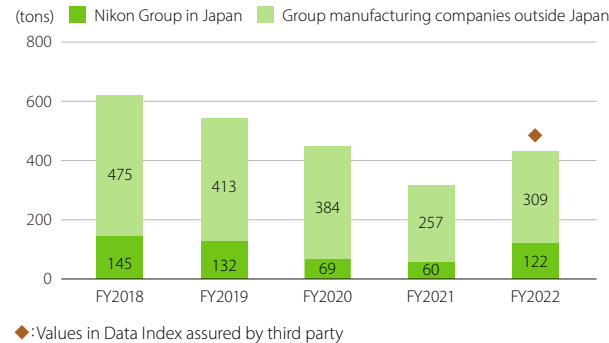
At the Nikon Group in Japan and Group manufacturing companies outside Japan, we use the Hazardous Chemical Substances Guideline to reduce the use of and manage chemical substances subject to inclusion in a pollutant release and transfer register (PRTR)*, and also carry out safety controls on the handling and disposal of these substances based on the safety data sheets (SDS). In addition, the Nikon Group carries out environmental information surveys twice a year to compile data on uses, disposals, transfers, etc. We implement internal management that is more rigorous than the PRTR, conducting surveys for all substances of which 100g or more are handled per year, based on our own standards, as compared to Japan's PRTR system which only requires reporting for substances of which 0.5 tons or more (or 1 ton or more, depending on the substance) are handled per year.

We established reduction targets for our efforts to reduce the amount of volatile organic compounds (VOC)^{*2} emitted into the atmosphere, implementing measures to make cleaning equipment more airtight, improve the rate of reuse, and otherwise reduce atmospheric emissions. For fiscal year 2022, VOC emissions totaled 122 tons from the Nikon Group in Japan and 309 tons from Group manufacturing companies outside Japan. Emissions were higher year on year due to increased production activities in connection with the emergence from the COVID-19 pandemic.

*1 PRTR → p.058

*2 VOCs mentioned here mean the 100 major VOCs as indicated by the Ministry of the Environment

● VOC Emissions of the Nikon Group in Japan and Group Manufacturing Companies Outside Japan



Control and Disposal of Polychlorinated Biphenyl (PCB) Waste

With regard to waste and in-use electrical equipment containing polychlorinated biphenyl (PCB), which can be harmful to living organisms and the environment, the Nikon Group conducts surveys of all Group companies to confirm whether they possess any such equipment, observes stringent safekeeping practices in compliance with relevant laws and regulations, and submits all required notifications to the relevant governmental authorities.

In fiscal year 2019, Nikon completed treatment of all high-density PCB waste in the Nikon Group. As of March 2023, one Group business facility in Japan possesses transformers which create low-density PCB waste. After consultation with a government-certified waste disposal operator for industrial waste, we intend to carry out treatment of this low-density PCB waste, completing treatment within the deadline of March 31, 2027 specified in the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)*.

* The Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes: A special measures law aimed at promoting the appropriate processing of polychlorinated biphenyl (PCB) waste.

Prevention of Air, Water and Soil Pollution

The Nikon Group not only complies with laws, regulations, ordinances, and other rules for the prevention of air, water, and soil contamination from emission of hazardous chemical substances, but also promotes initiatives such as concluding agreements with local organizations and setting voluntary standard values in this area.

Continuing from the previous fiscal year, neither Nikon nor any Group manufacturing company in Japan emitted regulated substances into the air or into wastewater at levels exceeding those permitted by the relevant standards in fiscal year 2022.

Biodiversity Conservation

Basic Approach

Biodiversity is the foundation of society, and conserving biodiversity is extremely important for companies to continue business activities.

The Nikon Group engages in biodiversity conservation for “realizing a healthy and environmentally safe society”, a part of the Nikon Long-Term Environmental Vision, and is implementing related activities to this end.

The loss of nature over that past several years has accelerated climate change. And the world is realizing that climate change is a cause of nature loss. The Nikon Group recognizes this relationship with climate change and is committed to conserving biodiversity.

Risks and Opportunities

In December 2022, the second part of the 15th Conference of the Parties (COP15) to the Convention on Biological Diversity was held in Montreal, Canada. During the convention, representatives adopted a new international goal, the Kunming-Montreal Global Biodiversity Framework (GBF). This framework established a 2030 Mission to take urgent action to halt and reverse biodiversity loss and put nature on a path toward recovery. The framework includes 23 new targets with related business goals under each.

Companies will have to accelerate biodiversity efforts if they are to achieve these targets. The Nikon Group recognizes the risks and opportunities related to biodiversity in light of this social context and our own business characteristics.

● Nikon Group Risks and Opportunities Related to Biodiversity

Risks/ Opportunities	Details		Related GBF Target No.
Principle Risks	Climate change measures	· Increased costs for balancing climate change measures and biodiversity conservation (e.g. renewable energy procurement that avoids negative impacts on biodiversity)	8
	Legal compliance	· Environmental assessment incorporating biodiversity and related information disclosures	14, 15
		· Strengthened laws and regulations regarding pollution prevention, including the use and handling of chemical substances and related information disclosures; switch to alternative products	7, 11
		· Mandates to reduce the use of plastics and replace with materials having less environmental impact	7
	Resources	· Stronger supplier management for sustainable resource procurement	9
· Information disclosures related to resources and shift of raw materials to recycled and recyclable materials		16	
Principle Opportunities	· Expanded sales of technologies and products that improve energy efficiency and contribute to decarbonization		8
	· Expanded sales of technologies and products that reduce resource use and waste		16
	· More opportunities to use products and technologies in biodiversity research and conservation activities		20, 21
	· More opportunities to use products in biodiversity education		20, 21

Relationship Between Ecosystem Services, Business Activities and Environmental Activities

Corporate activities are profoundly linked to biodiversity. We obtain resources needed in our business activities from ecosystems, while causing impacts on ecosystems, such as the emission of chemical substances and greenhouse gases, from our business activities. At the Nikon Group, we conducted analysis and assessment of dependence and impact on biodiversity in our business

activities, led by the relevant corporate departments. We also conducted hearings for business units, and an analysis and evaluation using the specialist standpoint of each department revealed high levels of dependence and impact within ecosystem services, specifically provisioning services, regulating services, and cultural services. We strive to minimize our burden on ecosystem services by reducing greenhouse gas emissions, reducing hazardous chemical substances as typified by compliance with the EU RoHS Directive^{*1}, reducing waste (zero emissions, etc.),

reducing paper consumption, and using FSC-certified paper^{*2} on an active basis. At the same time, we contribute to mainstreaming biodiversity by providing products for education and research and through corporate citizenship activities. In addition, we believe in the importance of contributing to biodiversity conservation through our core businesses, providing products and services that improve energy efficiency, reduce waste, and recycle resources.

*1 See p.085 for EU RoHS Directive

*2 FSC-certified paper

Paper certified as made from wood harvested from appropriately managed forests.

● Main Nikon Group Activities Relevant to Ecosystem Services

Ecosystem Services with a High Level of Dependence/Impact		Specific Examples	Major Initiatives
Provisioning services	Wood materials and fibers	Use of paper as product materials (operation manuals, catalogs, packaging materials, etc.) Use of paper in business activities (copy paper, etc.)	Reducing the Amount of Paper Used for User's Manuals (→ p.078) Paper Usage with Consideration for Biodiversity (→ p.091) Paper Resource Initiatives (→ p.080)
	Fresh water	Use of water in business activities	Protection of Water Resources (→ p.081)
Regulating services	Maintenance of air quality	Emissions of chemical substances in business activities	Management and Reduction of Hazardous Chemical Substances (→ p.085) Management and Reduction of Hazardous Chemical Substances (→ p.087) Promoting Green Procurement (→ p.105)
	Regulation of climate	Greenhouse gas emissions in business activities	Reduction of Greenhouse Gases in the Supply Chain (→ p.063) Initiatives to Reduce Greenhouse Gas Emissions in Products (→ p.065) Initiatives to Reduce Greenhouse Gas Emissions at Business Facilities (→ p.066) Initiatives to Reduce Greenhouse Gas Emissions in Distribution (→ p.070)
	Water purification and waste treatment	Generation of waste, including water discharge, in business activities	Initiatives Aimed at Reducing Waste, Etc. (→ p.079) Protection of Water Resources (→ p.081) Management and Reduction of Hazardous Chemical Substances (→ p.087)
Cultural services	Ethical values	Use of products for nature appreciation, education, and research Corporate Citizenship Activities	Support for Biodiversity Conservation and Restoration (→ p.093) Encouraging Future Generations to Appreciate Global Environmental Issues (→ p.150)

Various methods for evaluating the relationships between business and biodiversity are under consideration. And as we adopt these evaluation methods moving forward, the Nikon Group continues to contribute to the conservation of biodiversity by assessing the relationship between ourselves and nature, setting targets, and implementing effective measures.

Paper Usage with Consideration for Biodiversity

Paper, a forest resource, is one of the resources that the Nikon Group benefits from ecosystem services. The Nikon Group strives to reduce paper consumption as a part of the conservation of biodiversity and forest resources. These efforts include the digitization of product catalogs and instruction manuals. In addition, under our Paper Procurement Policy, we have recommended conversion to paper use that is mindful of the sustainable use of forest resources.

In product development, we verify the environmental sustainability of the paper resources that we use by implementing the Nikon Product Assessment and Nikon Packaging Assessment at the planning and design stage as well as at the prototyping and production stage, as we promote the utilization of biodiversity-friendly paper resources.

Reducing Resource Usage in Packaging and Instruction Manuals (→ p.077)
Nikon Product/Packaging Assessment (→ p.059)



Paper Procurement Policy

https://www.nikon.com/company/sustainability/environment/safety/Paper_Procurement_Policy.pdf

Conversion to Using FSC-certified Paper

The Nikon Group is, in accordance with its Paper Procurement Policy, switching over to the use of FSC-certified paper. In initial conversions, we are prioritizing high-quantity paper use cases with a major impact on society.

In Japan, we are using FSC-certified paper for product

catalogs and for printed materials, corporate envelopes, name-cards, and other items issued or used by Nikon's administration departments. We have been implementing measures to promote the shift to FSC-certified paper for the paper used by our business units; with the exception of specialty paper, we used FSC-certified paper for 93% of all product catalogs issued in Japan, North America, and Europe in fiscal year 2022. We have also nearly completed shifting over to FSC-certified paper for instruction manuals, such as those for microscopes and measuring instruments.

* See P85 for FSC-certified paper → p.090

Activities in Industry Groups

Nikon participates in the Environmental Strategy Liaison Committee Biodiversity Working Group (WG) formed by the four leading Japanese electric and electronic (E&E) industrial associations*, and works to promote biodiversity conservation and restoration activities alongside the associations' member companies. This working group undertakes a wide variety of activities, including the publication of biodiversity awareness-raising materials and handbooks for activity implementation, the conduction of surveys on biodiversity-related trends, the organization of training activities, and the creation and publication of a public database of case-studies on biodiversity conservation work undertaken by the associations' member companies.

During fiscal year 2022, we focused on increasingly important biodiversity trends, including the Kunming-Montreal Global Biodiversity Framework adopted at the second part of the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) in December 2022, the Taskforce on Nature-related Financial Disclosures (TNFD) launched in June 2021, and the Science-Based Targets for Nature (SBTN), for which initial guidance was released in September 2020. Through engagement with government agencies, NGOs, and other organizations, we gathered and reviewed information necessary for association member companies.

Nature-positive, a posture to return biodiversity loss to a recovery trajectory, has become a major issue for international society like carbon neutrality in climate change. Given this, we will continue to deepen our partnerships and consider ways in which the industry as a whole and our Group can respond appropriately in fiscal year 2023.

* The four leading Japanese electric and electronic (E&E) industrial associations are as follows. These associations are collaborating on biodiversity initiatives. The Japan Electrical Manufacturers' Association (JEMA), The Japan Electronics and Information Technology Industries Association (JEITA), Communications and Information Network Association of Japan (CIAJ), Japan Business Machine and Information System Industries Association (JBMIA)

Initiatives at Each Business Facility

The Nikon Group contributes towards the conservation of biodiversity and the protection of the natural environment in local communities.

In addition, having become aware that around 80% of ocean waste was originally urban waste that was washed into the sea, we are making a serious effort to keep the areas around our facilities clean, as well as working to beautify nearby footpaths and flowerbeds, etc. We also actively participate in and collaborate on environmental conservation activities organized by local communities to protect rare plant and animal species, etc., as well as other activities undertaken to revitalize the local community.

A total of 1,028 employees participated in community contribution activities during fiscal year 2022.

Nikon Corporation, Sendai Nikon Corporation, Miyagi Nikon Precision Co., Ltd., Hikari Glass Co., Ltd., Nikon Engineering Co., Ltd., Nikon Solutions Co., Ltd., Nikon Systems Inc., Nikon Business Service Co., Ltd., Nikon Product Support Corporation

With the collaboration of local government authorities, these Nikon organizations implemented clean-up activities for garbage, fallen leaves, and other debris from parks, roads, and footpaths in the vicinity of the respective site.

- Nikon Yokosuka Plant: Became registered business endorsing the Declaration of Action against Marine Plastic Waste; joined beach cleanup activities at the Yuigahama Beach in Kamakura, etc.
- Nikon Yokohama Plant: Became a registered business as a Hama Road Supporter; engaged in cleanup activities

around the plant; planted and managed flower seedlings in roadside planting strips (flower beds)

- Nikon Mito Plant: Became a registered business under the Hinuma Watershed Clean Operation, Hinuma Watershed Clean-up Activities, and Ishigawa River Clean-up Activities



Cleanup near plant grounds (Nikon Oi Plant)



Tulips planted and cultivated by Yokohama Plant employees

Tochigi Nikon Corporation, Tochigi Nikon Precision Co., Ltd., and TNI Industry Corporation

These organizations undertake clean-up activities in the vicinity of each facility, and collaborated with a Tochigi Prefecture government-sponsored association for cleaning up the Naka River in line with the goal of "Realizing Zero Plastic Waste in our Forests, Countryside, Rivers and Lakes."



Cleaning Up the Banks of the Naka River (Tochigi Nikon Corp., Tochigi Nikon Precision Co., Ltd.)

Optos, Inc., Optos Plc

These companies conducted cleanup activities at Worcester Park in Massachusetts, U.S.A., and grassland cleanup and local ecosystem protection activities at Fife Coast and Countryside Trust in the U.K.



Park cleanup activity (Optos, Inc.)



Grassland cleanup and ecosystem protection activity (Optos Plc)

Nikon Vision Co., Ltd.

In collaboration with a nature conservation group, Nikon Vision provides children with the experience of observing wild birds and other animals in forests and waterside areas using binoculars and actual microscopes made by the company.

Column: Helping Children Experience Forest and Waterside Creature Watching
 (➡ p.150)

Nikon (Thailand) Co., Ltd. (Thailand), Nikon Lao Co., Ltd. (Laos)

Nikon (Thailand) and Nikon Lao conducted cleanup activities around their plants on World Environment Day, June 5, 2022. World Environment Day was established by the United Nations in 1973. Nikon (Thailand) distributed 200 zamiculcas saplings to employees and encouraged them to plant and grow trees around their homes.



Cleanup activities around the plant (Nikon Lao Co., Ltd.)



Employees and families planting zanzibar gem (Nikon (Thailand) Co., Ltd.)



Support for Biodiversity Conservation and Restoration

Nikon has been supporting the AKAYA Project of the Nature Conservation Society of Japan (NACS-J) since 2006. This project involves research and verification testing aimed at conservation and restoration of biodiversity in the Akaya Forest, which is centered in an around 10,000 hectare area of national forest in the north of Minakami Town in Gunma Prefecture, and which has been designated by UNESCO as the Minakami Biosphere Reserve, as well as promoting sustainable community development that makes effective use of forest resources. In addition to providing our digital cameras and binoculars to support research activities, Nikon also encourages employees of the Nikon Group in Japan to participate in volunteer activities to help regenerate the natural forests.

Furthermore, Nikon helped to plan and create a booklet, *AKAYA NOTE*, in cooperation with people involved in the Akaya Project, and has been distributing it to the people of Minakami every year since 2019. In Minakami Town, this booklet is utilized in environmental education at schools, where UNESCO biosphere reserve classes are taught by visiting teachers.



Nikon Group employees participate in volunteering activities that seek to accelerate the regeneration of natural forest by removing trees and plants that retard the growth of young trees. The effectiveness of these activities has been verified by periodic monitoring surveys.

Society/Labor

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Critical procurement partners



In compliance with CSR Procurement Standards

Approx. **200**

Percentage of female managers at Nikon:



Target: 7.5%

Results: **6.9%**

Severity rate of lost time accidents at the Nikon Group:



0.01%

Materiality 6

Building a Resilient Supply Chain



Reason for Prioritization

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

With the rapidly changing supply chain environment, there is an urgent need to respond to unstable elements and risks, and the Nikon Group is taking action as a unified group here. Amid an environment like this, the "D" of QCD (Quality, Cost, Delivery) becomes even more important.

As uncertainty and volatility continue to prevail in parts procurement and logistics, the Nikon Group, both on its own and with procurement partners and act in unison, works to listen to the views of society and build a resilient supply chain that can address these social issues.

Sustainable procurement policies and activities are ingrained throughout the supply chain, and we build strong relationships with procurement partners to better visualize the supply chain. We will work with our procurement partners to formulate and enhance business continuity plans (BCP), monitor CO₂ emissions, and strengthen human rights due diligence, aiming to be able to respond flexibly to significantly changing business risks and social issues, and to achieve risk reduction and sustainable growth.

Nobuyuki Ishizuka
Executive Vice President
General Manager of Production Technology Division

【Activity Policies】

- 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

● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
Realization of effective procurement in which the supply chain as a whole contributes to the resolution of societal issues and safeguards quality, cost, and prompt delivery (QCD), by sharing Nikon's approach to procurement policy with suppliers and by implementing rigorous risk management	Further strengthen suppliers' CSR management systems	8,12	Procurement partners / tier 2 suppliers	CSR assessment of key partners (tier 2 suppliers and beyond) that should be prioritized in CSR procurement risk management	Conducted assessment for 10 key partners (suppliers with significant impact on business) using a questionnaire	○
			Procurement partners	Conduct CSR audits of three procurement partners	Conducted CSR audits and requested improvements from two procurement partners (one was scheduled to be conducted in June 2023 due to schedule adjustments)	△
			Procurement partners	Expand the survey on tantalum, tin, tungsten, gold, and cobalt contained in products including batteries and other imaging products in order to procure minerals in compliance with various regulations and laws in each country	Expanded the scope of the survey to include batteries and other imaging products. Identified risks from survey results and conducted due diligence	○
	Strengthen BCM by thoroughly implementing the collection and management of procurement data		Procurement partners	Understand the BCP structure of procurement partners	Conducted BCP structure surveys for 71 procurement partners to understand establishment status	○

Supply Chain Management

Basic Approach

Nikon considers its suppliers 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 with them. 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



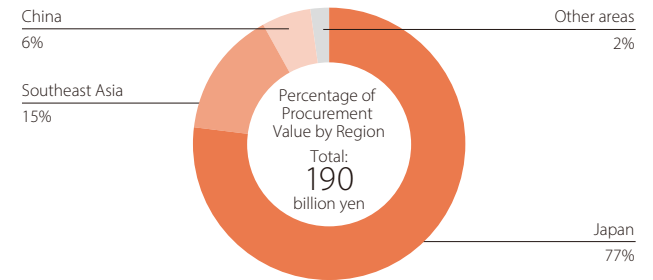
Nikon Basic Procurement Policy

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

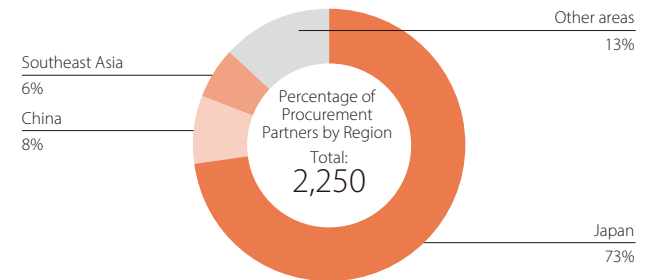
The Nikon Group's Supply Chain

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 2022, the percentages by region based on procurement value were 77% for Japan, 15% for Southeast Asia, 6% for China, and 2% 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), over seas 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.

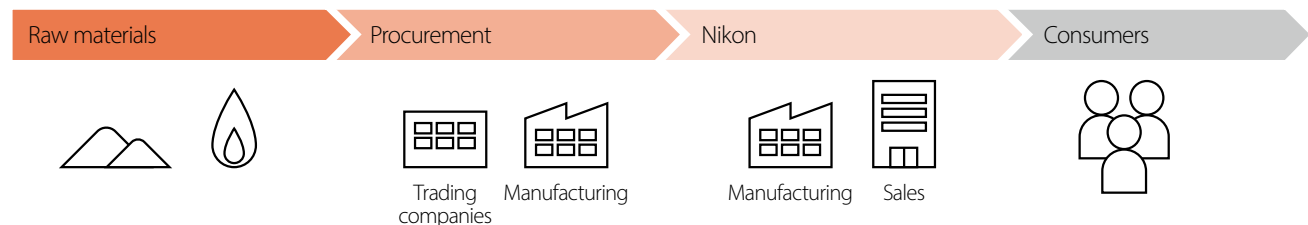
Percentage of Procurement Value by Region



Percentage of Procurement Partners by Region



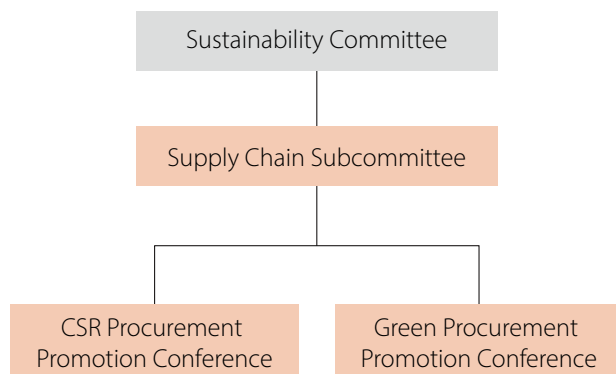
Supply Chain Illustration



System

Each fiscal year, we set targets to be addressed for important issues in the area of establishing the supply chain. These targets, and progress toward their achievement, are reported at the Sustainability Committee. We have also established a Supply Chain Subcommittee under the supervision of the Procurement Sector Manager, with the heads of quality assurance and procurement from each business and the presidents of Group manufacturing companies in and outside Japan as core members. This subcommittee reports on activities and deliberates on plans for a responsible supply chain. Under this subcommittee, we have established the CSR Procurement Promotion Conference and the Green Procurement Promotion Conference to promote specific activities for a responsible supply chain in cooperation with procurement departments and relevant departments in our businesses, as well as the management departments at each manufacturing facility.

● Outline of Supply Chain Management System



Identifying Critical 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 the fiscal year 2022, the Nikon Group has identified approximately 200 companies globally as critical procurement partners.

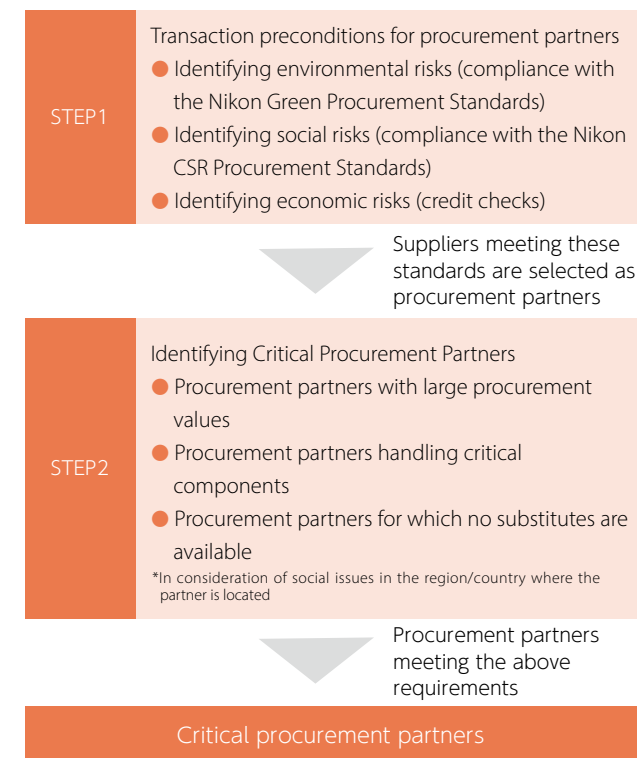
STEP1

When we start business with new supplier, we select suppliers in accordance with the Nikon Group's Procurement Procedure Manual. 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, those with whom we have large procurement values, those that handle critical components, and those for which no substitutes are available are identified as critical procurement partners.

● Process for Identifying Critical Procurement Partners



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

	FY2018	FY2019	FY2020	FY2021	FY2022
Procurement partners (tier 1 suppliers, approximate)	3,200	2,700	2,700	2,300	2,250
Critical procurement partners (approximate)	600	200	200	200	200

(companies)

*From the fiscal year 2019, this has been changed to the top 80% of procurement value for the Nikon Group

Communication with Procurement Partners

Procurement Partner Briefings

The Nikon Group holds briefings every year to inform procurement partners of the Nikon Group's procurement and ESG-related policies and approaches. From fiscal year 2021 onward, meetings have been held online to facilitate interactive communication with procurement partners in Japan, China, and Thailand.

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.



Procurement Partner Briefing Report 2022

https://www.nikon.com/company/sustainability/society-labor/supply-chain/Procurement_Partner_Briefing_2022.pdf

Education and Communication

In order to promote activities toward 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 the fiscal year 2022, as in the previous year, we continued to deepen understanding of ESG procurement, strategic procurement, and stable procurement through training for internal hands-on procurement staffers and for new employees.

Meetings with Procurement Partners

The Nikon Group believes in close communication with its 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.

Procurement Hotline

The Nikon Group has 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. In the fiscal year 2022, there were 0 calls to the procurement hotline.



Inquiries (Procurement, CSR Procurement, Green Procurement)

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

Inquiries (Responsible Minerals Sourcing Hotline)

<https://www.nikon.com/company/sustainability/society-labor/supply-chain/form/>

Initiatives for Procurement Partners

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 the fiscal year 2023, with the aim of building a resilient supply chain, we will work toward better visualization of tier 2 procurement partners and beyond which handle critical components.

● Past Initiatives

FY2019	<ul style="list-style-type: none"> Introduced an integrated procurement data management system to visualize supplier information for the entire Nikon Group Started registering and gathering information on direct material procurement partners in Japan and Asian Group locations, where major suppliers are concentrated
FY2020	<ul style="list-style-type: none"> Added information used for procurement partner assessment (e.g., management status, business transactions, ESG information) Expanded scope of visualization to include indirect material procurement partners and procurement partners of Group locations in Europe
FY2021	<ul style="list-style-type: none"> Added business continuity plan (BCP) and quality information used for procurement partner assessment
FY2022	<ul style="list-style-type: none"> Conducted regular assessments of procurement partners based on visualized information 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

Strengthening BCP

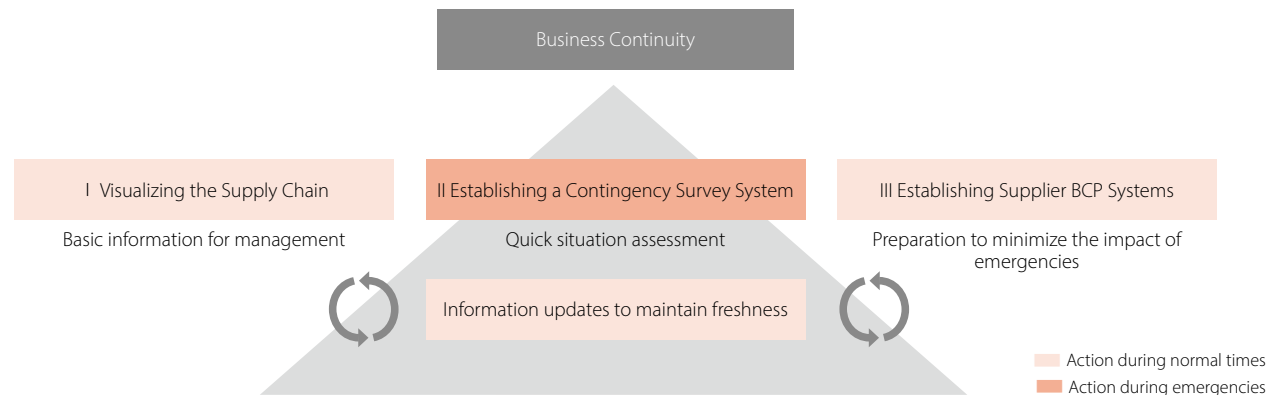
In recent years, strengthening the ability to respond to natural disasters such as earthquakes and floods, as well as the spread of new viruses, has become an important issue in supply chain management. The Nikon Group has established a BCP management system for rapid response in the event of an emergency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

In the 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 and auxiliary manufacturing material, including those in tier 2 and beyond. 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 will provide 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.

● Past Initiatives

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



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. 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.

Initiatives for RBA (→ p.015)



Nikon CSR Procurement Standards
<https://www.jp.nikon.com/company/corporate/procurement/csr/>

Initiatives for Procurement Partners

CSR procurement at the Nikon Group is an activity aimed at monitoring the implementation of CSR elements such as human rights, work environments, health and safety, and environment in the supply chain and at reducing risks. Assessments are conducted according to risk level. In cases where there is no direct business relationship with Nikon, we conduct assessments through our tier 1 supplier procurement partners, which include trading and manufacturing companies.

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.

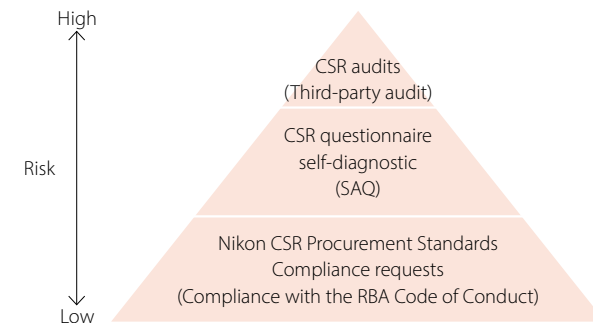
Procurement Partner Assessments

Assessments of critical procurement partners are conducted once every three years. For those critical procurement partners for the Nikon Group's business, identified as those with large procurement values, those handling critical components, those without available substitutes, and in consideration of any social issues at the respective partners' location, we use CSR questionnaires to conduct a self-diagnostic to identify the level at which partners are implementing 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.

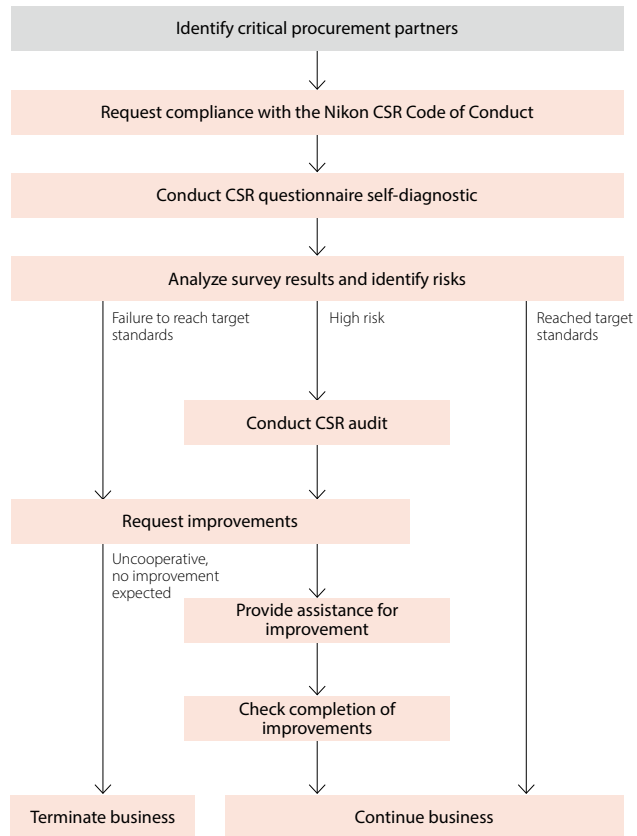
Furthermore, we conduct CSR audits (third-party audits) of procurement partners that are particularly critical to our business or that we judge to be high-risk. Nikon will provide assistance for improvements to address issues identified through CSR questionnaire diagnostics and CSR audits. If a serious 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.

In the fiscal year 2022, our CSR questionnaire was overhauled to align with the RBA's Self-Assessment Questionnaire (SAQ) for the purpose of efficient and effective CSR surveys and risk analysis. We have also revised the standards for determining high risk (less than 60% for each item) so that the status of CSR-related initiatives and risks can be strictly monitored. We have launched use of our revised questionnaire beginning with our survey for key partners (suppliers with a significant impact on our business).

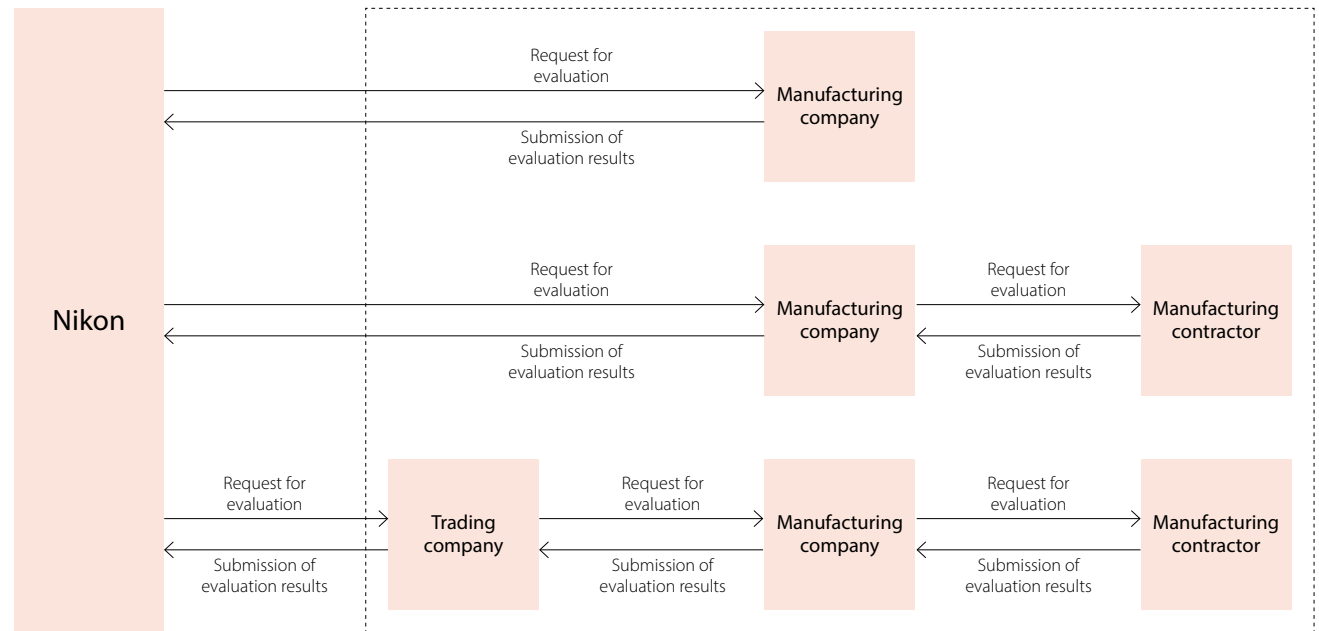
● Risk-Based Procurement Partner Assessments



● Flowchart of Critical Procurement Partner Assessments



● Scope of Assessments



Results of Fiscal Year 2022 Assessment

We requested that new procurement partners and key partners (suppliers with a significant impact on our business) comply with the Nikon CSR Procurement Standards and conducted CSR questionnaire diagnostics. We also conducted CSR audits of our procurement partners.

New Procurement Partners

In the fiscal year 2022, we conducted CSR assessment diagnostics for 7 procurement partners with whom we began new business transactions. Each was confirmed to be in compliance with our target standards, and we began doing business with them as procurement partners.

Procurement Partners (Tier 1 Suppliers)

In the fiscal year 2022, we conducted CSR audits (third-party audits) for 2 procurement partners (outside Japan). Based on the Nikon CSR Procurement Standards, we requested improvement of items that are not in compliance with respect to labor, health and safety, the environment, and ethics. In the fiscal year 2023, we plan to conduct assessments of our procurement partners (tier 1 suppliers) once every three years.

Key Partners (Tier 2 Suppliers and Beyond)

In the fiscal year 2022, we conducted CSR questionnaire diagnostics for 10 key partners (7 in Japan and 3 overseas) and confirmed that they reached the 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	Improvement requested

● Assessing the suitability of applicants during the hiring process

Issue	Unnecessary pre-employment examination requests
Assistance for improvement	Improvement requested

● Policies and procedures for eliminating discrimination

Issue	Failure to formulate policies and procedures
Assistance for improvement	Improvement requested

● Assessment results

	FY2018	FY2019	FY2020	FY2021	FY2022	Notes
CSR questionnaire diagnosis	208	—	211	—	—	Critical procurement partners (tier 1 suppliers)
	—	8	—	15	7	New procurement partners (tier 1 suppliers)
	—	—	60	43	10	Suppliers other than tier 1 suppliers (tier 2 and beyond, including key partners)
Improvement requests based on CSR assessment results	10	10	10	13	—	
Improvement requests based on CSR audits	4	3	3	—	2	Critical procurement partners (tier 1 suppliers)
Improvements completed	13	14	13	26	—	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	Improvement requested

● 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	Improvement requested

● Working hours

Issue	Long working hours
Assistance for improvement	Improvement requested

Support for Responsible Minerals Sourcing

Besides establishing its Responsible Minerals Sourcing Policy, the Nikon Group is collaborating with its procurement partners on surveys on responsible minerals sourcing and on due diligence.

In the fiscal year 2022, as in previous years, we conducted surveys for 3TG for all of our business units' products. In addition, the scope of cobalt surveys was expanded to include a cumulative total of four business units. More detailed information about these measures is published in our Responsible Minerals Sourcing Report 2023 (Results of the 2022 Survey) on the Nikon website.

* 3TG refers to tin, tantalum, tungsten, and gold, which are designated as conflict minerals.



Responsible Minerals Sourcing Report 2023 (Results of the 2022 Survey)

https://www.nikon.com/company/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Report_2022_Survey.pdf

List of 3TG Smelters and Cobalt Refiners (Conformant and Active as of February 28, 2023) Identified by the 2022 Survey

https://www.nikon.com/company/sustainability/society-labor/supply-chain/rmap_list.pdf

Promoting Green Procurement

Basic Approach

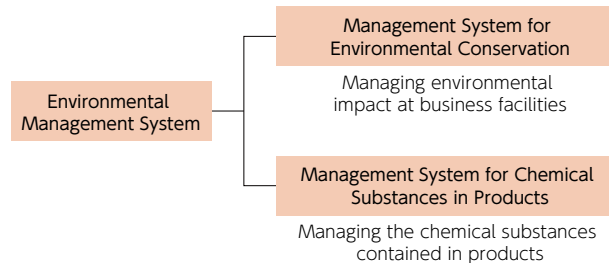
Environmental regulations like the EU RoHS^{*1} Directive and REACH^{*2} Regulations have even become more widespread in countries outside the EU, and Japan has also established similar laws and regulations. Moreover, efforts aimed at reducing CO₂ are rapidly growing around the world. The Nikon Group has been aware of the social issues behind these social trends for some time. Based on the Nikon Basic Green Procurement Policy, we prioritize 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 chemical substances 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.084
 * 2 REACH Regulations → p.084
 * 3 chemSHERPA → p.084



Nikon Basic Green Procurement Policy/Nikon Green Procurement Standards
<https://www.nikon.com/company/corporate/procurement/green/>

● 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 non-compliance 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 scope of this simple assessment has been expanded to include trading companies. Please note that the simple assessment confirms that there are no problems in the management of chemical substances contained in products 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

Cultivation of Environmental Management System Assessors

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 2022, 18 new assessors were certified, bringing the total number of assessors within the Nikon Group to 202*. That same year, we also provided education and practical training on management of chemical substances contained in products for assessors, guided by external instructors.

* As of February 27, 2023

Results of Fiscal Year 2022 Assessment

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

Procurement Partners (Tier 1 Suppliers)

In the fiscal year 2022, we conducted assessments for 59 procurement partners. As a result, 31 companies* were newly certified as Environmental Partners. In addition, renewal assessments were conducted for 153 procurement partners, bringing the total number of certified companies to 456*, including newly-certified companies. For the two companies* that were not certified, we requested improvements.

* As of April 11, 2023

Action and Improvement Assistance Case for Findings from External Organizations

In the fiscal year 2021, a German consumer agency indicated that the straps attached to some Nikon binoculars exceeded the standard values for PAHs*, a substance banned under REACH. Nikon suspended shipments of the products in question and, after determining that the straps had no impact on the human body, replaced products for customers who made replacement requests. We have revoked the Nikon Environmental Partner certification for the strap manufacturer and have made requests for improvements.

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

● Environmental Partner Certification Results

	FY2019	FY2020	FY2021	FY2022
Assessments	126	139	149	180
Newly-certified Environmental Partners	21	18	36	31
Total certified Environmental Partners	—	420	453	456

* Figures reflect decrease due to termination of business, business closures, etc. Figures reflecting this decrease began in the fiscal year 2020.

Materiality 7

Respecting Human Rights



Reason for Prioritization

As companies do business in a more globalized way, the potential that they infringe on human rights increases day by day, and companies are now required to take action to minimize and prevent these infringements. Companies must also work to ensure that human rights are respected for all stakeholders, including those in the supply chain and their employees, in their business activities.

Commitment

As an organization doing business on a global scale, the Nikon Group is profoundly aware of the importance of respecting human rights in its business activities. We recognize that one of our significant responsibilities to society is addressing human rights issues with sincerity. In accordance with the Nikon Human Rights Policy and with respect to the seven human rights issues specified in this policy, we will implement human rights due diligence steadily based on the UN Guiding Principles on Business and Human Rights and advance initiatives to respect the human rights of all people involved in our business activities, including those in the supply chain, as well as constantly inspect for new risks. We will also foster a corporate culture that respects human rights so that all employees of the Nikon Group will conduct their business activities with integrity and respect human rights in accordance with this policy and relevant laws and regulations.

Toshikazu Umatate
Representative Director and President

【Activity Policies】

- Nikon Human Rights Policy

【Organizations】

- Sustainability Committee

● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
Ensuring that the principles embodied by the Nikon Human Rights Policy are instilled throughout the value chain, and that the measures outlined by the policy are properly implemented Ensuring that the RBA Code of Conduct is instilled in every company in the Nikon Group, and is strictly observed	Spread awareness of human rights and of the Nikon Human Rights Policy	8,10,16	Nikon Group	Conduct risk assessments from both business and corporate perspectives as part of human rights due diligence	New business areas: Conducted interviews and feedback on business activities and their risks Corporate divisions: Developed an improvement plan to address the findings of the RBA VAP audit	○
				Continue to educate all employees on human rights	Implemented human rights education for employees as planned Offered human rights e-learning to all employees in Japan, with a 92% participation rate	○
	Implement public relations and marketing activities that take human rights into consideration		Nikon Group	Education on respect for human rights related to communication	Implemented an educational event on the theme of Communications with an Inclusive Perspective of Human Rights Handbook Implemented education on the handbook through human rights e-learning	○
	Enhance conformity with the RBA Code of Conduct		Nikon Group	Educate related department employees on the RBA Code of Conduct	All eligible employees received training on the RBA Code of Conduct	○
			Nikon Group	Conduct self-checks at each Nikon plant and Group manufacturing companies in Japan and outside Japan	Conducted self-checks and analyzed results for target plants and Group manufacturing companies in Japan and outside Japan	○

Human Rights Initiatives

Basic Approach

In our business activities, the Nikon Group is directly and indirectly involved in the human rights of a variety of stakeholders. It is for this reason that our stance, which emphasizes respect for the human rights of all these people, is clearly enunciated in "2. Respect for Human Rights" of the Nikon Code of Conduct. Furthermore, we have established our Nikon Human Rights Policy in order to clearly show how we address human rights issues related to our business activities under our Code of Conduct. The Nikon Human Rights Policy sets forth fundamental principles for us to practice in line with the UN Guiding Principles on Business and Human Rights, which were adopted by the United Nations in 2011. The policy was created through internal discussions with major relevant departments and incorporating advice from external experts, and was established after approval by the Board of Directors.

The Nikon Group has other policies and standards in place specific to individual human rights issues, including the Nikon Group Privacy Protection Statement, the Nikon CSR Procurement Standards, and the Responsible Minerals Sourcing Policy. Nikon also supports the 10 Principles of the UN Global Compact, and we continue to implement measures aimed at realizing Principles 1 and 2 (Human Rights) and Principles 3 through 6 (Labour).



Nikon Code of Conduct (nikon.com)
https://www.nikon.com/company/sustainability/management/codeofconduct/code_of_conduct_EN.pdf

Nikon Human Rights Policy
https://www.nikon.com/company/sustainability/society-labor/human-rights/human_rights_policy.pdf

*Nikon Human Rights Policy (Japanese) is a provisional translation of the Nikon Human Rights Policy (English).

Nikon Group Privacy Protection Statement
https://www.nikon.com/privacy/privacy_policy.htm

Nikon CSR Procurement Standards
<https://www.nikon.com/company/corporate/procurement/csr/>

Responsible Minerals Sourcing Policy
https://www.nikon.com/company/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Policy.pdf

Joining the UN Global Compact (→ p.014)

System

In the Nikon Group, the Nikon Human Rights Policy is implemented under the supervision of Nikon's Sustainability Committee, which includes several members of the Nikon Board of Directors. Instructions from the Sustainability Committee are handled by the Corporate Sustainability Department, which functions as the secretariat for the Corporate Sustainability Department, together with related departments and committees. In the case that an emerging issue is identified, we will enhance our organizational framework and systems as necessary by consulting these departments and other appropriate departments as necessary.

With the Nikon Group, we have reporting and consulting systems in place by company or by region. Any Group employee can use these systems to report violations of the Nikon Code of Conduct (including issues related to human rights). For external stakeholders, we have several channels of inquiry, including contact points for suppliers and customer support, a hotline dedicated to conflict minerals issues, etc.

Main Committees and Departments in Charge of Human Rights Issues (→ p.110)

Code of Conduct Hotline (Reporting and Consulting System) (→ p.133)



Inquiries (Procurement, CSR Procurement, Green Procurement)

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

Responsible Minerals Sourcing Hotline

<https://www.nikon.com/company/sustainability/society-labor/supply-chain/form/>

● Main Committees and Departments in Charge of Human Rights Issues

Committees And Departments In Charge	Main Issues Handled
Sustainability Committee	General human rights issues (supervising implementation of the Nikon Human Rights Policy)
Human Resources Department	Prohibition of forced labor and child labor, elimination of discrimination and harassment, occupational health and safety, wages, working hours, freedom of association and collective bargaining rights, etc., with respect to Nikon employees
Administration Department	Contact points for employee reporting and consulting system
Information Security Department	Privacy (including protection of personal information)
Bioethics Review Committee	Bioethics
Supply Chain Subcommittee	Human rights issues in the supply chain (labor, conflict minerals, etc.)

● Major Human Rights Initiatives by the Nikon Group

FY1997	Established the Business Conduct Committee (currently the Compliance Committee)
FY2001	Established the Nikon Code of Conduct, which touches on respect for human rights Established the Code of Conduct Hotline
FY2004	Established the Nikon Charter of Corporate Behavior, clearly stating respect for human rights as the basic approach of the Nikon Group
FY2006	Established the CSR Committee (currently the Sustainability Committee) to integrate CSR-related activities, including respect for human rights, and create a company-wide promotion system
FY2007	Revised the Nikon Charter of Corporate Behavior and newly established the Nikon CSR Charter (revised content regarding respect for human rights) Established the Nikon Procurement Partner's CSR Guidelines, clearly stating our approach to CSR in procurement, including respect for human rights, and what we expect of our procurement partners Joined the United Nations Global Compact (UN Global Compact)
FY2010	Launched monitoring surveys to manage human rights and labor standards globally for Group companies
FY2011	Established the Policy on Conflict Minerals and established a hotline for conflict minerals
FY2012	Launched conflict minerals survey and disclosure of survey results
FY2014	Joined the Responsible Minerals Initiative (RMI)*
FY2015	Abolished the Nikon Procurement Partner's CSR Guidelines and established the Nikon CSR Procurement Standards, and launched CSR assessments and CSR audits
FY2016	Launched disclosure of compliance statement with the UK Modern Slavery Act
FY2018	Integrated the Nikon CSR Charter and Nikon Code of Conduct into a new Nikon Code of Conduct to serve as the Group's unified standard Joined the Responsible Business Alliance (RBA)
FY2019	Established the Nikon Human Rights Policy
FY2020	Launched streaming of the message from the president for Human Rights Day in the internal newsletter
FY2021	Created the Communications with an Inclusive Perspective of Human Rights handbook
FY2023	Established the Nikon Global Diversity, Equity & Inclusion Policy

*The name of the organization on joining was the Conflict-Free Sourcing Initiative (CFSI). Its name was changed in 2018.

Initiatives for Preventing Human Rights Violations

Human Rights Risk Assessment

In the process of developing the Nikon Human Rights Policy in fiscal year 2019, the Nikon Group implemented a risk assessment to identify significant human rights issues for the Group. This assessment used international human rights standards as a reference, benchmarking Nikon's situation against industry peers and reviewing past human rights violations reported in business domains where Nikon is active.

As a result of this assessment, we identified the following seven human rights issues as particularly important to our business, specifying them as such in the Nikon Human Rights Policy: Prohibition of Forced Labor and Child Labor, Elimination of Discrimination and Harassment, Occupational Health and Safety, Freedom of Association and the Right to Collective Bargaining, Working Hours and Wages, Right to Privacy, and Human Rights Issues in the Supply Chain. Since establishment of this policy, we have been working to enhance our efforts to address these issues and, if necessary, review our efforts.

In the event of any major changes in management, including in the scope of our business, or if it is deemed otherwise necessary to review these important issues, we take steps needed for review, including deliberation by the Sustainability Committee.

In fiscal year 2022, we interviewed the persons responsible for the new Contract Cell Manufacturing business and Imaging Solutions business to capture human rights risks of stakeholder in each activity of the value chain and examine risk severity and frequency. This assessment

revealed no serious human rights risks in these new businesses. We will continue to conduct regular interviews, not only for new businesses.

Monitoring

In the Nikon Group, we conduct human rights and labor monitoring surveys for Group companies each year in order to continuously improve how we address human rights. The results of these surveys are reported to the Sustainability Committee, which provides instructions for further confirmation or corrective actions to prevent the occurrence or recurrence of human rights violations. No major problems were identified in the surveys for fiscal year 2022.

In addition, Nikon has joined the Responsible Business Alliance (RBA) and uses the self-assessment tool for RBA Code of Conduct compliance to monitor human rights risk. In fiscal year 2022, our Group manufacturing companies in and outside Japan, as well as Nikon plants, conducted education on the RBA Code of Conduct and self-assessments, analyzed results, and repeated their self-assessments. These assessments revealed no major problems. In fiscal year 2023, based on the results of these self-assessments, we plan to develop initiatives to ensure more appropriate compliance with the Code of Conduct.

In addition, given the current tendency toward more restrictive laws and regulations related to personal information protection in various countries and regions, we are enhancing our measures for appropriate handling of personal information to ensure that it is securely managed.

Initiatives for RBA (➔ p.015)

Risk Management for Information Assets and Cybersecurity (➔ p.145)

Other related measures

Promoting CSR Procurement (➔ p.101)



Responsible Minerals Sourcing Report 2022 (Results of the 2021 Survey)

https://www.nikon.com/company/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Report_2022_Survey.pdf

Details of the Human Rights and Labor Survey

Date: End of each fiscal year

Target: Group companies (including non-consolidated companies)

Content:

- Presence of child labor (prohibition of forced labor), working environment for young workers and trainees (state of acceptance, type of employment/acceptance, work tasks, methods of age verification at the time of hiring/acceptance, state of compliance with respective local laws)
- State of employment of migrant workers and foreign technical trainees/specified skilled foreign workers, presence of explanation of employment work conditions before hiring, state of company burden for hiring expenses
- State of compliance with laws and regulations relating to minimum wages and working hours
- State of occupational accidents (outside Japan)

Human Rights Training

The Nikon Group works to disseminate information and raise awareness about human rights among our executives and employees.

Every December, for Human Rights Day, a message from the president is distributed to all employees through the internal newsletter and other means. In fiscal year 2022, this message was themed on diversity, equity and inclusion (DEI), as well as unconscious bias, with the intent of creating attractive workplaces. We also occasionally include human rights topics in our quarterly sustainability newsletter to raise employee awareness.

Furthermore, the Nikon Group in Japan conducts an annual e-learning course on human rights. In fiscal year 2022, course materials covered the history of human rights, the relationship between business and human rights, DEI, unconscious bias, and inclusive language, with a 92% attendance rate. Each year, sustainability divisions at our regional headquarters also lead e-learning courses on human rights at Group companies outside Japan.

In addition to this, we produced and disseminated the Communications with an Inclusive Perspective of Human Rights Handbook with the aim of improving the level of human rights-conscious marketing communication throughout the Group. The handbook helps to improve the quality of a range of operations thanks to content useful not only in marcom (marketing communications), but in other areas as well. In addition, we held the Events for World Human Rights Day 2022 in December 2022, mainly for employees in Japan. These events lasted about a month, and many employees participated in various programs, including a quiz on DEI, lectures by outside experts, and a talk event on the theme of Communications with an Inclusive Perspective of

Human Rights Handbook.

We also provide presentations about the importance of human rights issues to our procurement partners as well as persons in charge of procurement within the Nikon Group.

Promoting CSR Procurement(➡p.101)

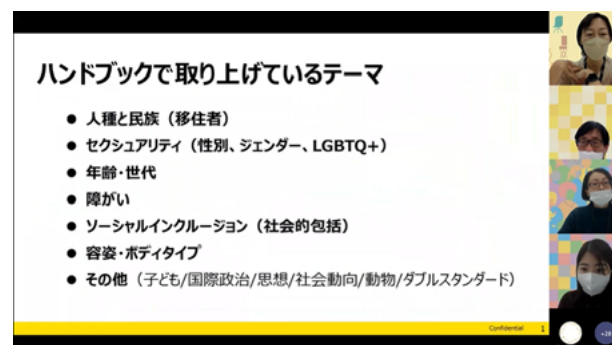


Image from Events for World Human Rights Day 2022

Compliance with the UK Modern Slavery Act

The Nikon Group has released a statement on its website in accordance with UK Modern Slavery Act (enacted in 2015).



Nikon Group Slavery and Human Trafficking Statement for Fiscal Year 2021 (Tentative Translation)

<https://www.nikon.com/company/sustainability/society-labor/human-rights/uk-modern-slavery2022.pdf>

Labor Relations

The Nikon Group respects basic labor rights and is committed to human rights as described in the Nikon Human Rights Policy following the International Labor Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work.

At Nikon, the Nikon Labor Union has been organized, which is a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM), itself mostly made up of employees of SMEs in the metal and machine industries. As of March 31, 2023, the Nikon Labor Union had 4,067 members, and 78.8% of Nikon employees were members of the union. When implementing measures related to the personnel system or work styles, we strive for full consultation with the Nikon Labor Union. Nikon also holds joint study meetings with the Nikon Labor Union, and exchanges opinions as necessary.

At Group companies in Japan, Nikon Labor Union branch or employee-elected representatives are responsible for discussing with their company. At Group companies outside Japan, issues are discussed either by the company's in-house union or through consultations with an outside labor union to which employees belong. At companies where there is no labor union, we hold briefings for all employees, dialogue with employee groups, and face-to-face meetings with individual employees.

When ordering an employee to change the job description and/or work location, the Nikon Group will discuss with their union or employee representative and informs the employee within a sufficient period of time.

Materiality 8

Diversity, Equity & Inclusion



Reasons for Priority

Companies like Nikon that do business on a global scale work with employees who have a variety of social backgrounds and values. To make the most of employee individuality and to generate new innovation, we need to provide attractive workplaces of mutual respect for diversity where all employees can thrive professionally (diversity, equity and inclusion).

Commitment

The Nikon Group formulated the Nikon Global Diversity, Equity & Inclusion Policy, which describes Group-wide diversity, equity and inclusion concepts and policies. Under this policy, we strive to foster a corporate culture where the characteristics and abilities of all team members are accepted and valued. We also strive to create work environments where employees can make the most of their unique talents and strengths.

Further, the Nikon Group is committed to creating sustainable societies by responding to customer needs through corporate activities that respect all aspects of social diversity at large as equally valuable and important.

Takumi Odajima
Representative Director and Executive Vice President
General Manager of Group Governance & Administration Division

[Activity Policies]

■ Nikon Global Diversity, Equity & Inclusion Policy



● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
Putting in place the systems and environments that will enable diverse employees to fulfill their potential and participate fully Ensuring that all employees understand the need for diversity and inclusion, and realizing an organizational framework for effective collaboration	Raise the percentage of employees who are female (for both ordinary employees and managers)	5,8,10	Nikon	Increase the ratio of all managers who are female to at least 7.5%	Ratio of female managers 6.9% (Systematic training and promotion of management candidates to achieve the target of 8.0% or more by the end of March 2026)	△
				Increase the ratio of female new hires to at least 25%	Ratio of female new hires 32.3%	○
	Promote the Group-wide implementation of operational and personnel processes that do not discriminate on the basis of gender, nationality, ethnicity, etc.	5,8,10	Nikon	Implement support measures for employees taking childcare or nursing care leave as part of the development and expansion of an environment in which personnel from diverse backgrounds can demonstrate their abilities	Introduced a childcare leave system that exceeds legal requirements, in addition to responding to revised laws, as part of our efforts to create comfortable working environments	○
	Continue to implement measures to raise awareness of diversity and inclusion among all employees			Nikon	Provide management education on diversity and inclusion	Established the Nikon Global Diversity, Equity & Inclusion Policy and distributed the policy to management-level employees

Diversity, Equity & Inclusion

Basic Approach

Diversity, Equity and Inclusion (DEI) is essential to the Nikon Group, and forms the foundation upon which we strive to fulfill our social responsibility of respecting human rights, to embody our corporate philosophy of *Trustworthiness and Creativity*, and to continue being a company that contributes to a more prosperous and sustainable society. We believe that engaging diverse values, talent, knowledge, experiences, skills and expertise is vital in adapting to a rapidly changing world to meet the needs of our customers and the communities we serve. Such diversity exists within each one of us, shaped by our characteristics and differences, such as age, gender, nationality, and background. Everyone working in the Nikon Group should feel like part of a team where they can perform at their best and feel comfortable in raising their voice, which will help improve decision making and nurture innovation that drives the growth of the Nikon Group.

The Nikon Group clearly states our commitment to DEI in the Nikon Global Diversity, Equity & Inclusion Policy (Nikon Global DEI Policy). Based on this policy, the Nikon Group as a whole and as individual companies pursue specific initiatives that take into account local laws and regulations, business characteristics, and other factors. Through DEI-conscious business activities, we respond to social issues and customer needs, contributing to sustainable societies in which all strive together.



Nikon Global Diversity, Equity & Inclusion Policy
https://www.nikon.com/company/sustainability/society-labor/dei/dei_policy.pdf

Establishment of the Nikon Global DEI Policy

The Nikon Group has positioned Diversity & Inclusion (D&I) as a materiality under sustainability and has been implementing initiatives to promote D&I based on the idea that it is indispensable to the sustainable growth of the Nikon Group and our contribution to sustainable societies. In April 2023, the Nikon Group established the Nikon Global DEI Policy to clarify this idea as a common value in the Group and to strengthen our efforts in commitment to DEI. In considering this policy, we added equity as another perspective to make diversity & inclusion more essential. We retitled the related materiality to Diversity, Equity & Inclusion. Moving forward, we will ensure that all Nikon Group employees become familiar with this policy and encourage acceptance of DEI throughout the Nikon Group.

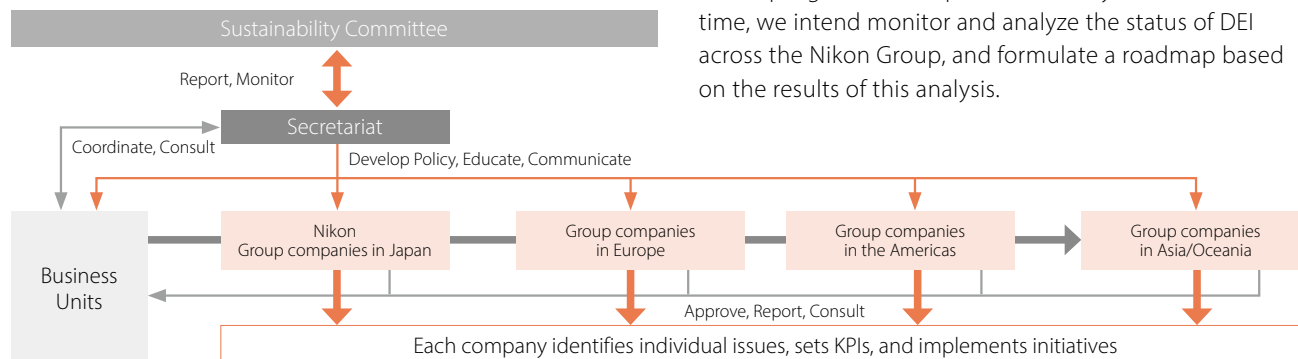
System

To promote DEI throughout the Group, we launched a global implementation system in November 2022. Under this new system, the director in charge of the Nikon Corporate Sustainability Department also serves as the responsible officer in charge of DEI. The secretariat will consist of the Nikon Corporate Sustainability Department and Human Resources Department, as well as the sustainability divisions of each regional headquarters. The secretariat will be responsible for planning and developing Group-wide policies, conducting education, creating communication tools, and supporting the initiatives of each company.

Since priorities related to DEI vary by country, region, and business, specific targets and initiatives will be set for each company and business as a rule, based on local laws and regulations and business characteristics. In addition, the Sustainability Committee will monitor the progress of activities in each region and business, including Group-wide initiatives.

In fiscal year 2023, we plan to take concrete steps to develop a global DEI implementation system. At the same time, we intend monitor and analyze the status of DEI across the Nikon Group, and formulate a roadmap based on the results of this analysis.

DEI Global Promotion Structure



National and Regional Initiatives

Europe

Nikon Europe B.V. publishes a bi-monthly newsletter ("D&I relay") as part of diversity awareness activities. The newsletter features relay-style interviews in which board members and employees speak on a variety of topics, including gender, race, immigration, age, work style, and mental health. After answering a question, the interviewee poses a question to the next person. The company's imaging product business unit also sponsors a project to support female photographers in German-speaking countries.

The Americas

In September 2022, the three Group companies located on the East Coast of the United States (Nikon Americas Inc., Nikon Inc., and Nikon Instruments Inc.) began DEI initiatives by establishing DEI committees under the supervision of the Human Resources Department, and set up an initial committee structure. The DEI Committee worked in unison to create the DEI mission statement and specific activities based on the idea that innovative ideas and persistent growth are driven by a diverse workforce and inclusive workplace.

Promoting the Success of Diverse Employees

Utilization of Global Human Resources

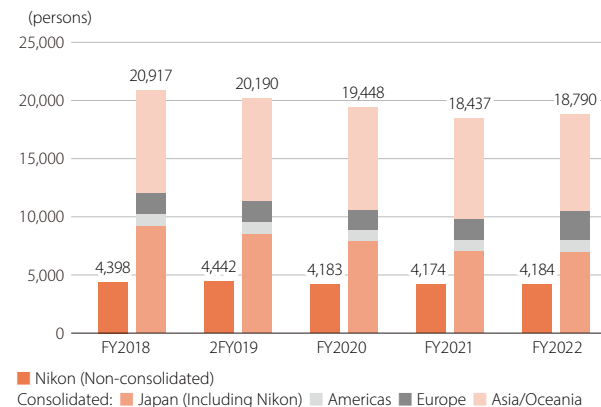
The Nikon Group appoints outstanding human resources to management and executive positions, regardless of age, gender, or nationality. We are committed to utilizing human resources on a global scale, including appointing locally hired personnel from Group companies as Corporate Vice Presidents of Nikon.

As members of their respective local communities, our Group companies hire local employees and appoint them to management positions as appropriate in order to contribute to local job creation and economic revitalization.

Promoting Advancement of Women in the Workplace

At Nikon, we believe that promoting the advancement of women in the workplace is an important issue. Therefore, we have set the goals of increasing the ratio of female employees recruited through the new-hire recruitment process to at least 25%, and of increasing the ratio of female managers to at least 8.0% by March 2026, and we have been taking systematic and sustained action to achieve these goals. More specifically, we provide women employees with support for autonomous career development by introducing role model employees, offering a mentor system, offering self-fulfillment training, and more. We have also made efforts to provide an environment that allows employees to choose flexible working styles in accordance with their life stage. In fiscal year 2022, the ratio of female employees recruited through the annual new-hire recruitment process was 32.3%, and as of March 2023, the ratio of women in management positions was 6.9%. Nikon will continue to focus on building an environment conducive to the advancement of women and on providing career development support.

Number of Employees by Region Over Time



*Consolidated figures include permanent employees of the Nikon Group and executive officers of Group companies. Regarding regional figures, employees seconded to affiliates are counted as employees in the area where they have been seconded.

● Ratio of Female Employees

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022
Nikon	13.2	13.5	14.8	15.2	15.8
Group companies in Japan	13.5	13.3	13.2	12.9	14.4
Group companies in Europe	24.7	27.5	26.5	26.1	27.1
Group companies in the Americas	25.5	24.1	22.4	22.6	21.9
Group companies in Asia/Oceania	71.7	70.3	69.5	67.7	67.4
Nikon Group (total)	41.0	39.2	38.0	36.2	36.8

*Nikon Group (consolidated) permanent employees. Employees seconded to affiliates are included as employees of said affiliates. SLM Solutions Group AG and its subsidiaries are not included in the fiscal year 2022 results; the company became a consolidated Nikon subsidiary in January 2023.

● Ratio of Women in Management Positions

(%)

	FY2018	FY2019	FY2020	FY2021	FY2022
Nikon	5.1	6.6	6.4	7.2	6.9
Group companies in Japan	3.3	2.2	3.1	3.7	3.6
Group companies in Europe	20.1	23.9	22.9	24.4	23.1
Group companies in the Americas	21.9	29.7	28.7	28.4	22.5
Group companies in Asia/Oceania	21.4	22.0	23.6	23.7	22.1
Nikon Group (total)	12.1	14.8	15.0	15.6	13.8

*Nikon Group (consolidated) permanent employees. Employees seconded to affiliates are included as employees of said affiliates. SLM Solutions Group AG and its subsidiaries are not included in the fiscal year 2022 results; the company became a consolidated Nikon subsidiary in January 2023.

Supporting Senior Employees in the Workplace

The needs and values of each individual in the areas of life planning and working styles are diversifying. In order to realize a society in which people can continue to work for as long as they want, it is important to provide opportunities for senior citizen employees to play an active role. It is also important to help employees consider career development and how they want to work after reaching the mandatory retirement age, and to encourage them to take stock of the experience and skills they possess.

The Nikon Group introduced a reemployment system in Japan under which employees who have reached the mandatory retirement age of 60 and wish to continue working can be reemployed up to the age of 65. Nikon Nisso Prime Corporation, a joint venture company engaged in the human resources services business, rehires Nikon employees who have reached the mandatory retirement age. This company is expanding the options it offers to retirees, including to positions outside the Nikon Group, addressing the diversification of work styles and providing senior citizens with the opportunity to continue working as long as they would like.

Furthermore, we provide support for autonomous career development from a long-term perspective by holding age group-specific training.

We held Career Design Training for 58-year-olds (141 participants), which fosters awareness necessary to continue working for a long time. We also offered a Life Plan Seminar (256 participants), which focuses mainly on financial planning skills.

Through these measures, we provide opportunities for employees to consider post-retirement careers earlier in their professional lives, and we strive to support the success of senior employees.

Supporting Persons with Disabilities

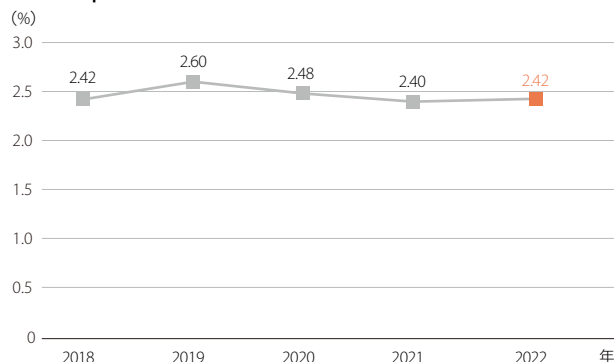
The Nikon Group is working to establish an environment that enables each and every employee to make the most of their individuality and abilities regardless of any disability. With support from experienced staff and instructors, employees with disabilities play an active role at Nikon Tsubasa Inc., a special subsidiary which Nikon established in 2000. As of June 2022, persons with disabilities exceeded the statutory minimum percentage, accounting for 2.42% of the employees of the four Nikon Group companies (Nikon Corporation, Nikon Tsubasa Inc., Nikon Systems Inc. and Nikon Business Service Co., Ltd.) that have been approved for Group treatment (using the Special System for Affiliate Companies) under the Act to Facilitate the Employment of Persons with Disabilities. Going forward, we will continue to promote the employment of persons with disabilities throughout the Nikon Group in Japan.



Nikon Tsubasa Inc. [In Japanese]

<https://www.jp.nikon.com/company/corporate/group/nti/>

● Employment of Persons with Disabilities under Group Certification Over Time



* Percentages are as of June 1 of the respective year.

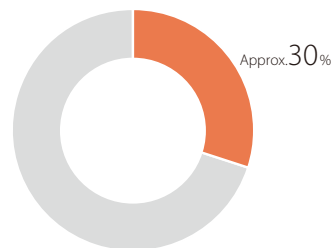
Supporting Mid-Career Hires in the Workplace

In our fiscal year 2022 Medium-Term Management Plan, Nikon laid out a path for stabilizing our mainstay businesses and increasing earnings from strategic businesses. To achieve these goals, we emphasize the recruitment of mid-career hires. For Nikon to leverage the technologies we have cultivated over the years, as well as to move into new fields, we must take advantage of a diverse range of skills, knowledge, and experience. We pursue the following efforts to ensure mid-career hires fully exercise their talents and play active roles in their current positions, helping employees maximize their presence as an individual who makes use of the knowledge they have cultivated across their previous jobs within Nikon.

- Detailed follow-up in the workplace, led by a supervisor
- Training and regular monitoring for accepting workplaces
- Training and social gathering for career hires, etc.

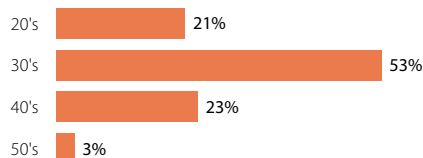
● Ratio of Mid-Career Hires at Nikon

*As of March 2023



● Age at the Time of Joining the Mid-Career Hire at Nikon

*Three-year total for 2020 to 2022



Creating an Comfortable Working Environment

The Nikon Group is working to build comfortable working environment, with the goal of increasing labor productivity and securing a diverse workforce. Our goal is for employees to have a high degree of motivation at work while also enhancing their work-life balance.

Efforts to Curb Long Working Hours

The Nikon Group is taking action to manage working hours appropriately and to curb long working hours in accordance with the respective national and regional laws and regulations where we do business.

Countermeasures Against Overtime Work

In setting limits for maximum overtime work, Nikon and the Nikon Labor Union work together to check actual data and measures to take on a yearly basis. Limits set here are used as guidelines for all Group companies in Japan, and compliance is rigorously ensured. Nikon has introduced a cooling off period for overtime work for employees whose total overtime hours exceed a certain level (including managers and others not subject to working hour management) to curb overwork and distribute burden previously focused on specific individuals. Furthermore, our standards for conducting health checkups for overtime work exceed statutory requirements. In fiscal year 2022, we revised our management system over work hours across the Nikon Group in Japan, improving the visibility and usability of our working hour management to ensure managers promptly and appropriately monitor the status of overtime work performed by subordinates.

Encouraging Employees to Take Annual Paid Leave

At Nikon, our ongoing goal is to have employees take annual paid leave at a rate of at least 70%. To help employees use annual paid leave, we promote company-wide planned leave days and to take planned leave consistently. Further, we encourage employees and managers who have a low paid leave utilization during the fiscal year to take paid leave. In fiscal year 2022, the percentage of Nikon employees taking annual paid leave stood at 74.5%.

Going forward, we will continue our efforts to encourage employees to take paid leave, aiming toward consistent achievement of the goal of at least 70%.

Main Measures at Nikon

Countermeasures Against Overtime Work

- Ensured prior application and approval for overtime and holiday work
- Implemented a cooling off system and thoroughness health checkups for employees working overtime
- Held interviews with workplaces that have long working hours and provided instructions for remediation

Encouraging Employees to Take Annual Paid Leave

- Established a specific day for all employees to take annual paid leave
- Established days encouraged for taking annual paid leave
- Established a system for systematically taking five days of annual paid leave
- Encouraged employees with low leave rates and its supervisors to take annual paid leave

Offering Diverse Work Styles

The Nikon Group strives to offer its employees with flexible working styles in accordance with the qualities of each Group company business and the laws and labor practices of their respective countries and regions. At Nikon, we have introduced the following systems offering employees more autonomy and flexibility in choosing their working hours and locations.

Super Flex Time Working system

With the aim of encouraging employees to efficiently and autonomously carry out their duties, Nikon provides a mechanism allowing employees to choose work times flexibly through our Super Flex Time Working system, which has no core time period (no specific time frame in which employees are required to work).

Telecommuting System

Nikon offers a telecommuting system to improve work-life balance, reducing the burden of daily commutes and helping employees make effective use of time. By utilizing this system, employees are expected to improve productivity by working efficiently. In fiscal year 2022, we expanded the system to be even more flexible. Changes included raising the maximum number of applicable telecommuting days and expanding places where telecommuting can be implemented.

Supporting Balanced Care for Children and Other Family Members

At Nikon, we established a system that allows employees to choose a flexible work style according to their life stage to balance work with infertility treatments, pregnancy, childbirth, childcare, and nursing care.

In concrete terms, Nikon goes beyond the statutory requirements, allowing employees to take childcare leave up to two times on consecutive or non-consecutive days for any reason up until their child's second birthday. We also put in place systems such as nursing leave for childcare and nursing care, staggered work hours for childcare and nursing care, shortened work hours, and short-time Super Flex Time Work. Nursing care leave and staggered work hours for childcare are available until the employee's child graduates from elementary school.

Besides these systems, we have established an accumulated special leave system that allows up to 40 days of expired annual leave to be accumulated and used. This system can be used not only for childcare and nursing care, but also for situations like infertility treatment and participating in their children's school events, an enhancement to our systems helping employees establish a balance between work and family.

Nikon has also introduced a "re-entry" system. This system provides opportunities to rejoin the company for former employees who left the company because of childcare or other family care responsibilities, because of a spouse's job transfer, or for other unavoidable reasons.

- Nikon Childcare Leave Utilization Rate (Fiscal Year 2022)

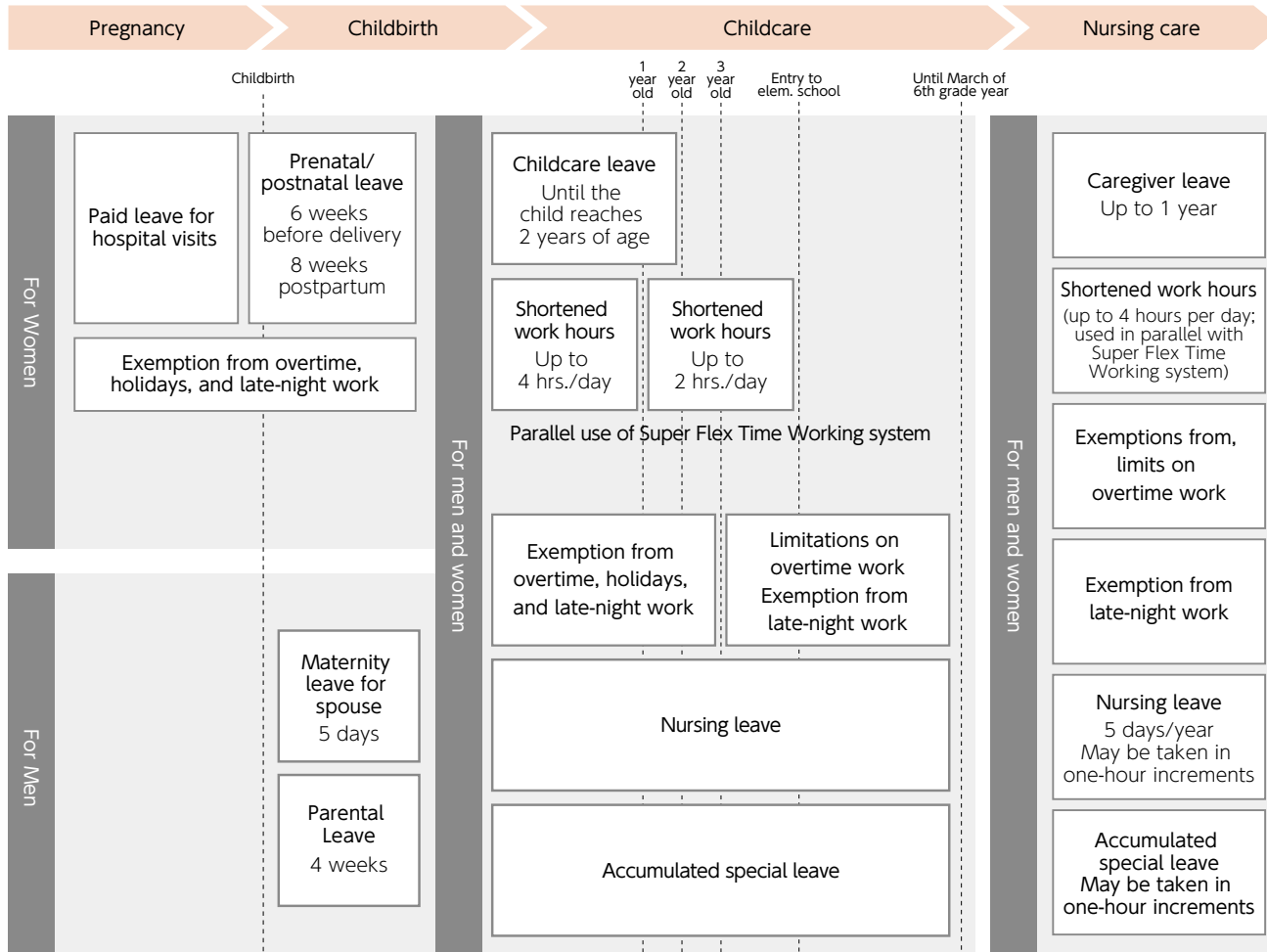
Men: **85.4%** Women: **100%**

* Includes leave for unique Nikon childcare leave programs

- Nikon Return Rate from Childcare Leave (Fiscal Year 2022)

Men: **100%** Women: **100%**

● Nikon's Support Systems for Balancing Work and Family



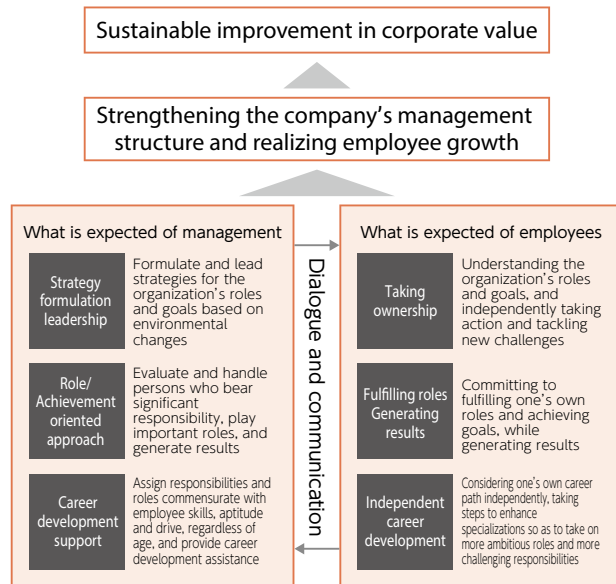
Fair Treatment and Evaluation

Basic Approach

The Nikon Group has adopted a basic policy that values dialogue and communication, and uses this to develop a working environment that stimulates employees' motivation and helps them make the most of their capabilities. Each individual Nikon Group company has established its own HR management system based on this policy.

The Nikon Group conducts fair evaluations with emphasis on performance, irrespective of age, gender, etc., and encourages employees to fulfill their responsibilities and roles and produce results. Employees are placed in jobs and roles based on their aptitude, skills and drive, and we support them as they work to explore their career and develop their capabilities.

● Purpose of Nikon's HR Management System



Nikon's HR Management System

Nikon has adopted a human resources management system that emphasizes accountability and achievements, evaluating and treating employees with a focus on their responsibilities, role, and results, irrespective of age, gender, etc. Under this system, we ensure that managers are able to properly evaluate the responsibilities and roles of the employees that they supervise, and that they can fully explain the results of these evaluations. Performance evaluations are based on the results achieved (i.e. target achievement) in relation to the position held and the role played in the organization. Nikon and certain Group companies in Japan have also introduced multilateral evaluations in which managers receive feedback from those around them regarding their management actions and skills, enhancing management capability throughout the Group.

Nikon's Systems for Career Development

Profile System

The profile system provides all employees with the chance to look back every year on their duties and personal growth and think about their future career vision, taking into account the company's expectations. Employees are interviewed by their supervisor to help brainstorm ways to develop their individual career.

Career Counseling

Nikon has established offices where employees can consult about improving their skills and advancing their careers if they so desire.

Open Recruitment System

The open recruitment system enables employees to apply for open recruitment when a new employee is required by a department, such as when launching new projects or expanding businesses.

In-House Free-Agent System (FA System)

The FA system allows employees actively working on their career development to request a transfer once a year to seek out new challenging opportunities inside the company.

Second Career Support System

The second career support system has been established with the aim of providing support for employees who are interested in taking early retirement from Nikon and developing a new career outside the company. Employees who meet the specified criteria can benefit from job-hunting support services, second career support leave, etc.

Human Resource Development

Major Initiatives

The Nikon Group offers training and educational programs linked to the roles and the HR systems of the individual Group companies. Nikon provides training and educational programs to support employees looking to enhance their own employability.

For fiscal year 2022 employee education and training programs, Nikon held 379 training courses (including the training noted on the right) organized by departments specialized for employee education and attended by a total of 8,460 employees. On average, Nikon employees spent 2.72 days per year in training courses, and expenditure on training per employee was 46,863 yen. Training participants are tasked with completing a questionnaire (report) on their training course, which is then used to assess the training curriculum and make continual improvements. Our target score for the overall evaluation in these questionnaires is 4.0 points or higher out of 5.0, and the average for fiscal year 2022 was 4.31 points. Nikon's training courses are also available to employees of Group companies in Japan.

In addition, each Nikon Group company provides education and training. In fiscal year 2022, the average annual training per Nikon Group employee was 627 minutes and the training expenditure per employee was 24,239 yen.

● Annual Number of Training Days per Employee (Fiscal Year 2022)

(days)

	Number of training days on average
Managers	1.1
Non-managers	3.0
Men	2.5
Women	3.8
Total	2.7

Examples of Training Offered by Nikon

- Selective training aimed at cultivating the next generation of leaders and management personnel
- Training to foster understanding about new roles, such as when employees are newly promoted to management positions, including division head or section head
- HR training and education carried out systematically for several years from the first year of joining the company
- Career Design Training at certain milestones
- Targeted training for women and managerial candidates
- Application-based training for improving skills and knowledge through independent initiative
- Support for self-development through on-demand learning tools for autonomous growth

Strengthening Management Skills

At Nikon, we aim to strengthen management skills through training that helps newly-appointed managers to understand their roles. In addition, we implement selective training programs with the aim of systematically cultivating management staff and quickly developing the next generation of leaders who can guide the company going forward.

As part of efforts to strengthen management skills, Nikon and certain Japanese Group companies have introduced a multilateral evaluation system. In past years, the company conducted multilateral education feedback training for department and section managers who are being evaluated for the first time. We assist participants in analyzing their own strengths and weaknesses and in creating an action plan for

the coming year. In July 2020, we began offering training content focused on human resource utilization capabilities, a category within multilateral evaluation. During fiscal year 2022, 74 managers took part in this training, working hard for six months to improve organizational rejuvenation, train subordinates, and strengthen leadership.

In addition, we provided new literacy training for managers on topics such as corporate governance and accounting, with a total of 294 participants, including executive officers, managers, and department managers from subsidiaries. During fiscal year 2023, we will implement even more effective human resources cultivation measures, adjusting training content and establishing targets for improvement.

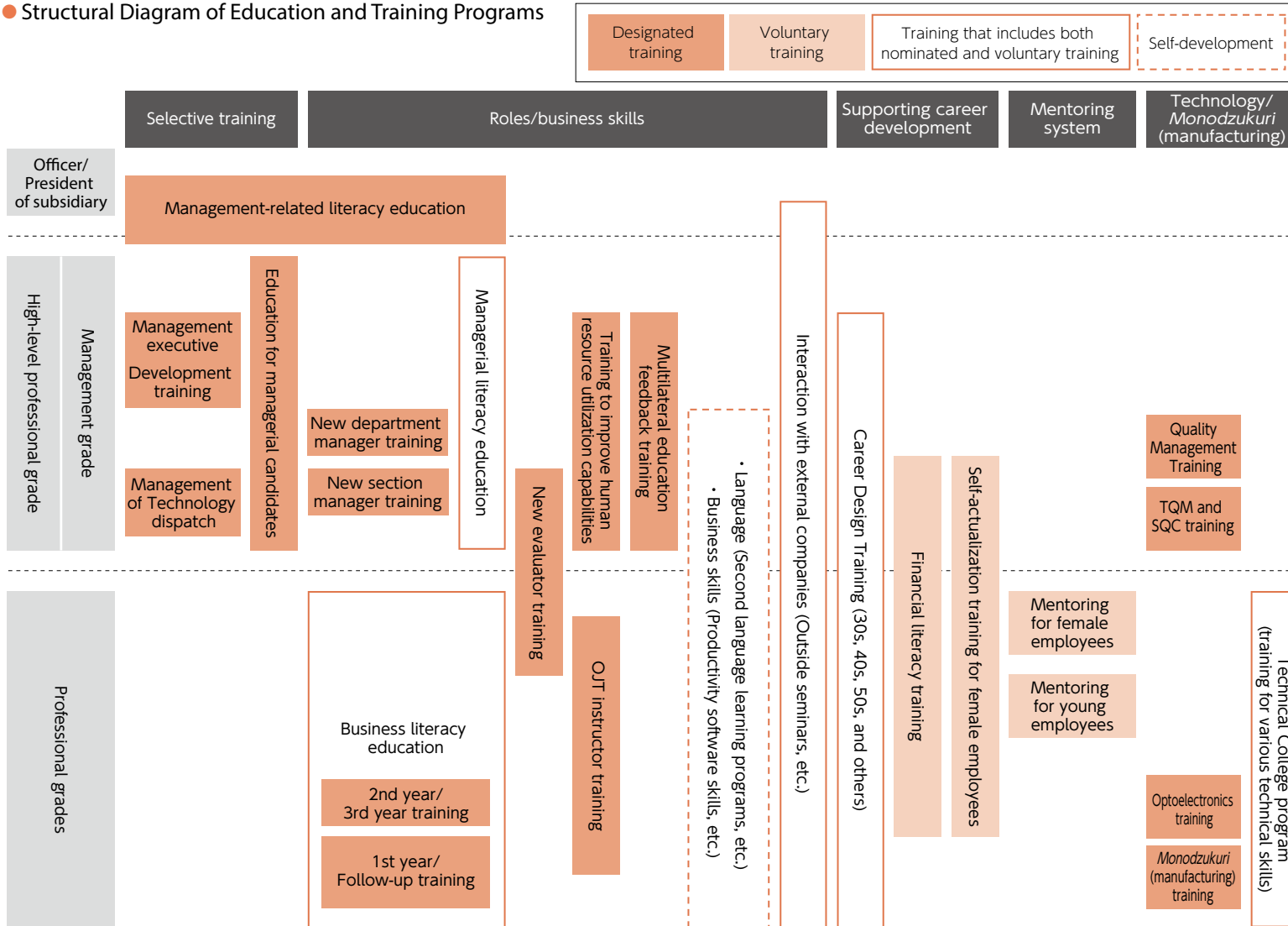
Support for Employee Independence and Autonomy

As part of our support for employee independence and autonomy, Nikon helps employees to take inventory of their skills and career achievements, and provides Career Design Training to get employees thinking about how their careers could develop in the future.

During fiscal year 2022, Nikon provided Career Design Training for employees who had reached the milestone ages of 35, 45, 50, and 58. We also provided Career Design Training for other interested employees across a wide age range, focused on encouraging them to think about the sort of career that might suit them.

We will continue these career design training programs in fiscal year 2023. At the same time, we will strive to support for career autonomy and independence of employees by expanding the number of eligible employees for our on-demand training, which allows employees to choose their own topics and learn at their own pace, supporting employee self-development.

● Structural Diagram of Education and Training Programs



* Education and training programs unique to individual business units are not included.

Materiality 9

Employees' Health and Safety



Reasons for Priority

Employees' health and safety are the foundations of the company's activities. Ensuring health and safety requires systems and work environments in which employees understand the importance of their own health and safety and participate voluntarily in health and safety activities. Such activities include medical checkups, health and safety training, and safety-related risk assessments.

Commitment

To achieve Vision 2030 as defined in our Medium-Term Management Plan, the Nikon Group is committed to creating workplace environments in which all Group employees can work with a sense of health, safety, and well-being. Specifically, the Company and employees work together to implement the following priority issues as outlined in the Nikon Group Health and Safety Declaration of March 2023.

1. Maintaining and promoting good health of the employees (increasing health literacy)
2. Preventing occupational accidents through thorough legal compliance and safety management
3. Creating a vibrant work environment through dialogue (making two-way communication easier and more comfortable for both parties)

Takumi Odajima
Representative Director and Executive Vice President
General Manager of Group Governance & Administration Division

【Activity Policies】

- Nikon Group Health and Safety Activity Policy

【Organizations】

- Central Health and Safety Committee Meeting
- Safty and Health Committee

● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
The Company and employees aim to improve health and safety and to eliminate occupational accidents and illnesses, engaging in a PDCA cycle globally based on policy and targets.	Build a system for the global management of occupational health and safety, and use this as the basis for promoting the PDCA cycle	3,8	Nikon Group in Japan	Reduce the annual incidence of occupational accidents attributable to work or related to the performance of work to 40 cases or less	We conducted accident risk confirmations and safety education as planned; we noted 27 cases of applicable occupational accidents for the full year.	○
			Group companies outside Japan	Re-establish a global health and safety management system to reduce work-related and work performance-related accidents.	Confirmed measures taken at two Group companies in Europe and two Group companies in Asia where applicable occupational accidents occurred.	○

Employees' Health and Safety

Basic Approach

Every year, the Nikon Group defines priority issues and achievement standards within the Nikon Group Health and Safety Activity Policy. By conducting health and safety activities based on this policy, we aim to ensure the health and safety of our employees, who are the foundation of our corporate activities, as well as to improve employee productivity.

At the Central Health and Safety Committee Meeting held March 2023, the committee made the decision to advocate for a new Health and Safety Declaration. The committee also identified three priority issues to achieve this declaration, stated in the Nikon Group Health and Safety Policy. We began operating under this new policy in fiscal year 2023, defining the standards of achievement for each fiscal year under Health and Safety Activities.

Health and Safety Activities in Fiscal Year 2023 (→ p.129)

Nikon Group Health and Safety Activity Policy in Fiscal Year 2022

■ Priority Issue 1: Preventing the Spread of COVID-19*

Standard for achievement: Zero suspensions of departmental operations due to the spread of infectious diseases

Example of measures undertaken

- Formulated and raised awareness of the COVID-19 Response Guidelines
- Had industrial physicians confirm and perform health checkups for employees traveling overseas, etc.
- Conducted workplace vaccinations

■ Priority Issue 2: Preventing Occupational Accidents*

Standard for Achievement: the Nikon Group in Japan most likely arising out of, or in the course of, the performance of duties at or below 40 for the fiscal year.

Example of measures undertaken

- Workplace inspections led by the general health and safety manager
- On-site verification of work risks and risk assessments
- Safety training and seminars for senior employees, etc., to raise awareness of fall accidents

■ Priority Issue 3: Rebuilding the Nikon Group Health and Safety Management System

Standard for achievement: Strengthen collaboration among Nikon Group health and safety staff

Example of measures undertaken

- Held liaison conferences with Group companies in Japan
- Built a health and safety management system for small-scale business locations
- Re-established our global health and safety management system

* For Japan

Health and Safety Declaration, Priority Issues Under the Nikon Group Health and Safety Policy

■ Health and Safety Declaration

We will create workplaces where all those who work in Nikon Group can feel safe in the knowledge that their health, safety, and general well-being are a priority for the respective companies. With that knowledge, each and every employee will perform their duties willingly and enthusiastically to help the Nikon Group achieve its goal of becoming *a key technology solutions company in a global society where humans and machines co-create seamlessly.*

■ Major Issues

1. Maintaining and promotion good health of the employees (increasing health literacy)

Employees will be aware of the importance of good physical and mental health, and will take an active role in checking, maintaining, and improving their health.

2. Preventing occupational accidents through thorough legal compliance and safety management

Under the respective health and safety management systems, we will carry out preventative measures, such as safety patrols, work risk assessments, safety education, and activities that develop employees' ability to sense and identify danger in the workplace. Accident case studies from, and safety activities implemented by, Nikon Group around the world will be shared and used to develop measures that prevent recurrence at any Group company.

3. Creating a vibrant work environment through dialogue (making two-way communication easier and more comfortable for both parties)

We will create a pleasant and rewarding work environment through promoting mutual understanding, trust, and a sense of solidarity.

System

We established the Central Health and Safety Committee Meeting, which consists of representatives from both labor and management and chaired by the general manager of the Group Governance & Administration Division, who is also a representative director.

This Central Health and Safety Committee Meeting conducts assessments and verifies the status of regular health checkups, health checkups for employees working excessive overtime, stress checks, etc. The committee also assesses and verifies occupational accidents (analyzed by business site, accident type, and attribute) occurring in the Nikon Group in Japan. After work is completed in the committee, we deliberate and approve Health and Safety Activities for the upcoming fiscal year based on the Nikon Group Health and Safety Policy. These Health and Safety Activities define standards of achievement for each priority issue and provides examples of effective measures, which we communicate throughout the Nikon Group in and outside Japan. Each of the Nikon Group business locations in Japan conducts health and safety activities in accordance with occupational health and safety laws, regulations, and the Nikon Health and Safety Regulations. As one example of activities conducted to deter occupational accidents, the general health and safety manager of each business location takes the lead in performing regular on-site inspections.

Group companies outside Japan follow the laws of their respective countries to establish health and safety management systems. Every year, Nikon conducts a survey of Group companies outside Japan regarding occupational accidents. We also share information on accidents that have occurred in the Nikon Group in Japan with our Group companies outside Japan.

Regarding certification in relation to international occupational health and safety management system standards, Sendai Nikon Corporation and Nikon (Thailand) Co., Ltd. have both received ISO 45001 certification.

Raising Health and Safety Management Standards

The Nikon Group has established specific measures and schedules for activities to fulfill the standards of achievement for each priority issue identified in accordance with the Nikon Group Health and Safety Activity Policy. In fiscal year 2022, we cleared all achievement standards for each priority issue.

Initiatives in Japan

In fiscal year 2022, we conducted the following activities for the Nikon Group in Japan.

Safety and Health Education

As in previous years, we conducted special education programs that include training at the time of hiring in accordance with the Industrial Safety and Health Act, training for forepersons, training for workers involved in organic solvent operations, etc. In fiscal year 2022, we placed particular emphasis on safety awareness seminars for senior employees with reference to the Ministry of Health, Labor and Welfare's Guidelines for Ensuring the Safety and Health of Older Workers (Age-Friendly Guidelines) and physical fitness measurement events to prevent accidents involving falls. Each business location conducts evacuation drills based on the business continuity management (BCM) implementation guidelines. These locations also conduct lifesaving training and traffic safety education under the guidance of local police departments. We include on-site contractors in these activities, routinely sharing information on risks related to COVID-19, occupational accidents, safety education.

● Number of Participants in Major Education and Seminars at Nikon Group in Japan

Education/Seminars	Number of Participants (): On-site contractors
New hires	615
Basic safety training	1,001 (27)
Foreperson training	127
Training for workers involved with organic solvents, etc.	96
Competency improvement training for organic solvent supervisors	14
Forklift safety, high pressure gas safety training, etc.	324 (25)
Health promotion events	894 (6)
Traffic safety training, etc.	3,668 (24)

Assessments

We conducted occupation risk assessments in fiscal year 2022 with an emphasis on entanglement and entrapment accidents and cuts and scrape accidents related to the use and maintenance of machinery and equipment. In addition, the general health and safety manager over each business location conducted regular inspections and various in collaboration with engineering management and environmental management divisions.

The Nikon Group in Japan strives to improve safety management standards through these types of education and assessments. In addition, we established an award system for individuals and departments that excel in health and safety activities to raise employee awareness and engage the workplace.

As a result of these activities, we noted 27 occupational accidents* attributed or related to work in fiscal year 2022. We cleared standards for achievement (less than 40). Among these accidents, only one involved contact with hazardous substances. We owe this favorable result to the contribution of safety education for organic solvent workers and chemical substance assessments. At the same time, we noted a high number of accidents involving entanglement, entrapment, cuts, or scrapes (14 incidents). We will continue to conduct work risk assessments focusing on these types of accidents and take measures in fiscal year 2023.

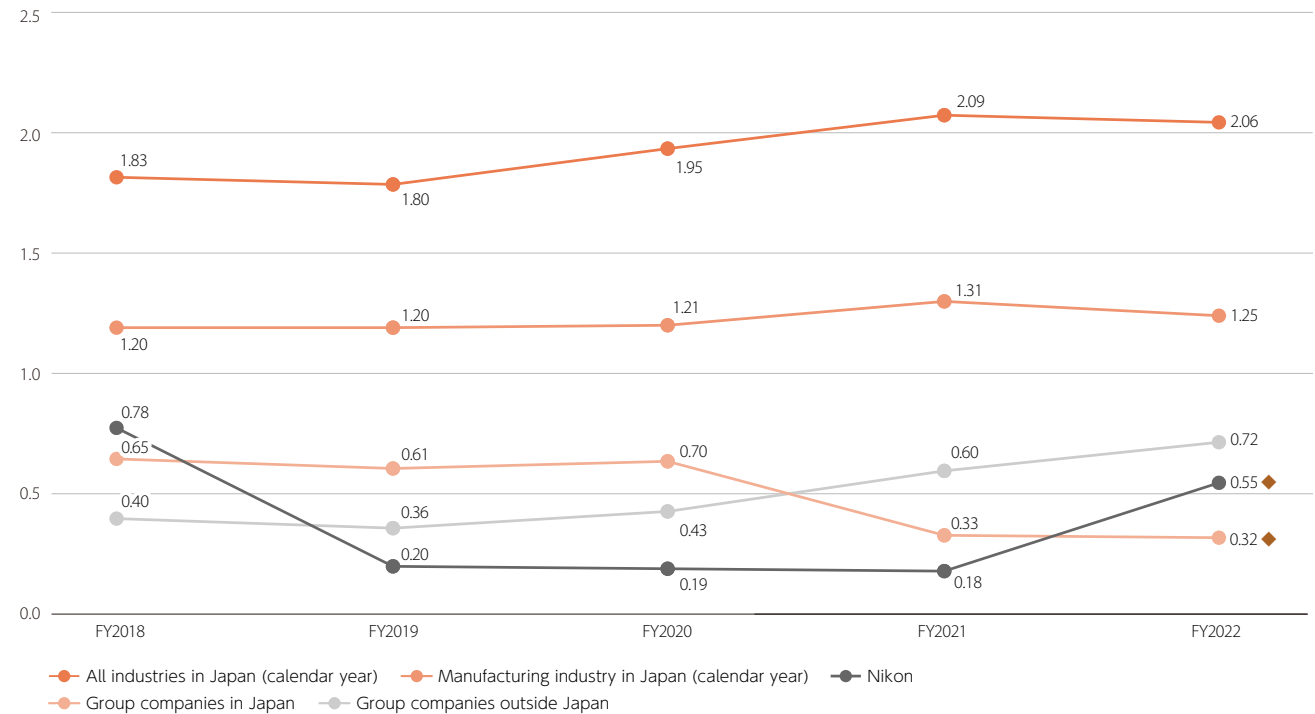
* Excluding traffic accidents while traveling on business, and excluding accidents involving falls, etc., where the accident was mainly due to individual carelessness.

Initiatives Outside Japan

At Group companies outside Japan, we are working to prevent occupational accidents under the respective health and safety management systems. Nikon conducts an annual survey of occupational accidents at Group companies outside Japan at the end of each fiscal year to confirm the situation at each company. We seek to prevent recurrence by requesting response measures and providing support by through shared examples of accidents and response measures taken by the Nikon Group in Japan.

Our fiscal year 2021 survey indicated numerous back pain accidents at certain Group companies in Europe due to imprudent movements. We asked these companies to conduct educational activities for their employees, including lifestyle reviews. In addition, for Group companies where occupational accidents of a work-related or work-performance nature occurred, we confirmed how they communicated the occurrence of occupational accidents and how they implemented measures to prevent recurrence. In particular, many accidents involving contact with hazardous substances and entanglement or entrapment occurred at Group companies in Asia. Therefore, we shared with these companies examples of the same type of accidents and preventive measures within the Nikon Group in Japan. We will continue to share information on safety training and conduct work risk assessments to deter occupational accidents.

● Frequency Rate of Lost Time Accidents (1 or More Days)*1



*1 Frequency rate: The number of deaths and injuries resulting from occupational accidents per million hours worked, which is used as an index for the frequency of occupational accidents.
 *There were 22 Group companies in Japan, including non-consolidated Group companies, in fiscal year 2022. For fiscal year 2022, we calculated frequency rates based on the total number of deemed working hours at 45 Group companies outside Japan (excluding 16 entities of the SLM Group, etc.)
 ◆: Values in Data Index assured by third party

● Occupational Accidents Attributed/Related to Work

	FY2018	FY2019	FY2020	FY2021	FY2022
Nikon Group in Japan	38	29	19	21	27

*Fiscal year 2022 target: 40 cases or less

*Targeting 22 Group companies in Japan, including non-consolidated Group companies.

● Severity Rate of Lost Time Accidents (1 or More Days)^{*1}

	FY2018	FY2019	FY2020	FY2021	FY2022
All industries in Japan (calendar year)	0.09	0.09	0.09	0.09	0.09
Manufacturing industry in Japan (calendar year)	0.10	0.10	0.07	0.06	0.08
Nikon	0.02	0.00	0.00	0.00	0.01◆
Group companies in Japan	0.02	0.01	0.01	0.00	0.00◆
Group companies in Europe	0.03	0.06	0.04	0.08	0.03
Group companies in the Americas	0.00	0.01	0.00	0.00	0.00
Group companies in Asia/Oceania	0.00	0.00	0.00	0.00	0.00
Nikon Group (total)	0.01	0.01	0.01	0.01	0.01

*1 Severity rate: The number of work days lost per 1,000 hours worked, which is used as an index for the severity of occupational accidents.

*There were 22 Group companies in Japan, including non-consolidated Group companies, in fiscal year 2022. For fiscal year 2022, we calculated severity rates based on the total number of deemed working hours at 45 Group companies outside Japan (excluding 16 entities of the SLM Group, etc.) A rate of 0.00 indicates a rate of less than 0.005.

◆: Values in Data Index assured by third party.

Maintaining and Improving Employee Health

In addition to careful health guidance by occupational health staff after periodic health checkups, Nikon also sponsors smoking cessation programs.

We also conduct the *Health Up at 35* health seminar, which combines mental health care awareness in one, walking competitions that provide an opportunity for employees to improve health, and health promotion events that take advantage of the special characteristics of each business location. In these ways and more, we strive to increase the number of employees who maintain healthy exercise habits.

	FY2020	FY2021	FY2022
Percentage of findings in regular health checkups*	50.0%	47.9%	48.4%
Smoking rates	16.4%	15.8%	15.6%
Exercise habit rates	20.8%	23.5%	22.4%

*Percentage of findings: Ratio of findings to the number of persons receiving company-sponsored medical checkups. A "finding" is defined as a person whose medical checkups results are other than normal.

In addition, Nikon formulated the Mental Health Promotion Plan, which not only supports employees with mental health concerns, but also encourages communications in the workplace. In fiscal year 2022, we once again conducted activities for stress self-care and to improve stress tolerance for young employees. In connection with health checkups for employees working excessive overtime and return-to-work support, we improved line care for managers and supervisors through individual consultations with and guidance from occupational health staff.

In recognition of our initiatives, including health guidance by occupational health staff after regular health checkups, smoking cessation programs, and education and execution of infection control measures against COVID-19, Nikon received certification as a Health and Productivity Management Organization 2023 in March 2023.



Health and Safety Activities in Fiscal Year 2023

At the Central Health and Safety Committee Meeting held in March 2023, we established standards of achievement for three priority issues related to the Health and Safety Activities in Fiscal Year 2023 under the Nikon Group Health and Safety Policy. In line with the details of these standards, we intend to develop initiatives for fiscal year 2023 to create workplaces with a sense of health, safety, and well-being.

Fiscal Year 2023 Health and Safety Activities —Achievement Standards for Each Major Issue

■ Major Issue 1 Maintaining and promoting good health of the employees (increasing health literacy)

Success criteria: Reduce the average rate of health issues discovered with regular checkups for employees of Nikon and Group companies in Japan to less than the national average

Example of measures undertaken

- Have occupational health staff review the results of checkups with employees, offer health guidance, and encourage employees to see a doctor when necessary.
- Health literacy education for all employees, including new hires (conducted when they are hired).
- Activities that increase awareness of the need to maintain and improve health.
- Employees aged 35 at Group companies in Japan will be asked to participate in a seminar for improving their health.

*The results of regular physicals conducted in 2023 will be compared with the 2022 national average announced by the Ministry of Health, Labor and Welfare.

■ Major issue 2 Preventing occupational accidents through thorough legal compliance safety management

Success criteria: Keep the number of occupational accidents at Nikon Group in and outside Japan most likely arising out of, or in the course of, the performance of duties at or below 60 for the fiscal year.

Examples of measures undertaken

- Safety patrols conducted under the respective health and safety management systems (at least once a month).
- Assess risks (whenever new equipment or tasks are introduced, and after an accident occurs).
- Safety education and activities that develop employees' ability to sense and identify danger in the workplace (throughout the year).
- Sharing information on health, safety, and accident risks with on-site contractors (at least once a month).
- Sharing and use of accident case studies and safety activities implemented to prevent the recurrence of accidents at any Group company (quarterly).
- Compliance with new regulations designed to prevent occupational accidents caused by chemical substances (throughout the year).

■ Major issues 3 Creating a vibrant work environment through dialogue (making two-way communication easier and more comfortable for both parties)

Success criteria: Improve the work environment through line care education (manager education on how to provide support to employees with health risks) based on group analysis of stress checks.

Examples of measures undertaken

- Recommend those experiencing high stress levels consult with occupational physicians; conduct group analysis of stress checks (second half of the year).
- Implement line care education.
- Provide individual counseling, including that based on requests from superiors (throughout the year).
- Encourage dialogue and communication (throughout the year).

Governance

Code of Conduct training participation rate in the domestic group



95%

Tax risk assessment



Conducted quarterly on a global basis

Significant information security incidents in the past 3 years



0

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Thorough Compliance



Reason for Prioritization

The global social situation facing companies continues to change rapidly. No matter how the times may change, we will continue to fulfill our social responsibilities by thoroughly complying with corporate ethics as well as laws and regulations.

Cases where even one misconduct has caused a loss of credibility that has endangered a company's existence are too numerous to mention. Therefore, in addition to preventing misconduct before they occur, it is important to strengthen compliance systems in a broad sense in accordance with international guidelines and directives, while simultaneously carrying out appropriate risk evaluation and training.

Commitment

The Nikon Code of Conduct constitutes the fundamental rules of the Group based on its Corporate Philosophy of Trustworthiness and Creativity. All employees working for the Nikon Group must be firmly aware of the importance of compliance based on the Nikon Code of Conduct in their daily business activities. Furthermore they must always maintain a high ethical standard and act sincerely and appropriately when making judgments and taking action. The Nikon Code of Conduct also represents the foundation on which we will strengthen global governance and respond to the expectations of the international community. We aim to become a company that meets the expectations of society by consistently educating and establishing our Code of Conduct, and by fostering a culture of sincere behavior, including compliance with laws and regulations, to prevent compliance violations and maintain the trust of the community.

In order to realize our Corporate Philosophy of Trustworthiness and Creativity and contribute to the sustainable development of society, I will continue to pursue thorough compliance through the practice of the Nikon Code of Conduct.

Takumi Odajima

Representative Director and Executive Vice President
General Manager of Group Governance & Administration Division

【Activity Policies】

- Nikon Code of Conduct
- Nikon Anti-Bribery Policy

【Organizations】

- Compliance Committee

● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
Becoming a company that is trusted by society, by ensuring conformity with the Nikon Code of Conduct and by acting with integrity, including compliance with laws and regulations	Implement awareness-raising initiatives and education regarding to laws, regulations and ethics	16	Nikon Group in Japan	Achieve a read rate of at least 90% for the Code of Conduct	Conducted training on the Code of Conduct at Nikon Group companies in Japan, achieving a 95% participation rate	○
			Nikon Group	Provide education to Nikon divisions and Group companies related to competition law	Provided competition law training at Nikon and Group sales companies	○
			Nikon Group in Japan	Respond to the revision of laws and regulations related to the whistleblower system in Japan	In response to the revised Whistleblower Protection Act of June 2022, the company added an external contact point specifically for cases related to heads of organizations and other executives and revised the Code of Conduct Hotline Operating Regulations. Conducted training on the revised Whistleblower Protection Act and ensured that all employees were aware of and familiarized with the law	○

Compliance

Nikon Code of Conduct

The Nikon Code of Conduct is a specific set of standards that each and every employee should understand in depth and utilize to implement the concept of compliance. In the Code of Conduct booklet, we include messages from the president, company principles, explanations of terms, and Q&As to promote understanding of the Nikon Code of Conduct among all employees, both domestically and internationally. The Code of Conduct and explanatory materials have been translated into 16 languages and posted on the portal site so that all employees can refer to it whenever necessary. Furthermore, the content of the Code of Conduct and explanatory materials is reviewed regularly. Additionally, to ensure thorough compliance with the Code of Conduct across the Nikon Group, the head of each department at Nikon and above, and the president of each Group company make a pledge each year to take responsibility for compliance with the code of conduct in the organizations of which they are in charge.

 Nikon Code of Conduct
<https://www.jp.nikon.com/company/sustainability/management/codeofconduct/>

System

The Nikon Group has established a Compliance Committee under the Risk Management Committee to strengthen governance and risk management. The committee is chaired by the General Manager of the Group Governance and Administration Division, who is also a Representative Director of Nikon. It deliberates and decides on measures related to priority compliance promotion issues, such as anti-bribery. The Compliance Section of the Legal and Intellectual Property Division, which spearheads compliance promotion activities, and the Internal Control Promotion Section of the Group Governance & Administration Division, both serve as secretariats of the committee.

The Nikon Group promotes compliance according to the system outlined in the diagram. In Japan, the Compliance Section undertakes compliance promotion activities in each of Nikon's departments and at Group companies, by holding liaison meetings of compliance coordinators, etc. Outside

Japan, we cooperate with each group company, led by the regional headquarters, to address the risk of violations of local laws and regulations. Furthermore, we are promoting initiatives in line with the culture, customs, as well as the local laws and regulations of each country and region.

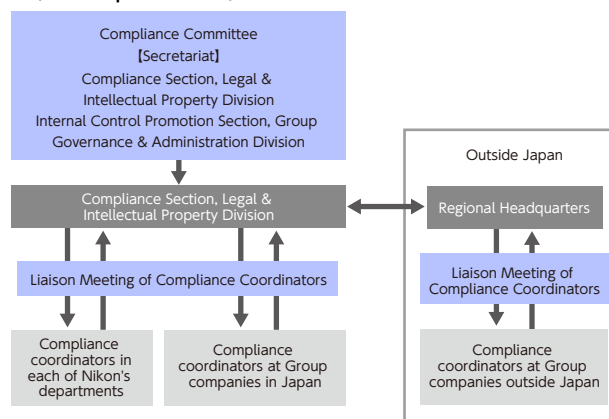
Code of Conduct Hotline (Reporting and Consulting System)

The Nikon Group has included provisions regarding a reporting and consulting system in the Nikon Code of Conduct and has established such systems at all Group companies in and outside Japan in order to respond to reports of violations or potential violations of the Nikon Code of Conduct.

In Japan, the Code of Conduct Hotline has been established as a unified Reporting and Consultation System for the Nikon Group in Japan (including non-consolidated Group companies). The Code of Conducts Hotline has both an internal contact point and an external contact point set up with a specialized vendor. The external contact point is available every day of the year except during the year-end and New Year holidays. In Japan, in accordance with the enforcement of the revised Whistleblower Protection Act on June 1, 2022, an external contact point for cases related to heads of organizations and other executives has been established at a law firm handling whistleblower cases in FY2022, and a full-time member of the Audit & Supervisory Board Committee is handling these cases.

Outside Japan, as a general rule, each Group company has established its own internal contact point. In addition, contact points handled by external specialist firms have been set up and are being operated in Europe, the Americas and Asia (excluding Republic of Korea). The external contact point

● Compliance Promotion Structure Diagram (As of April 1, 2023)



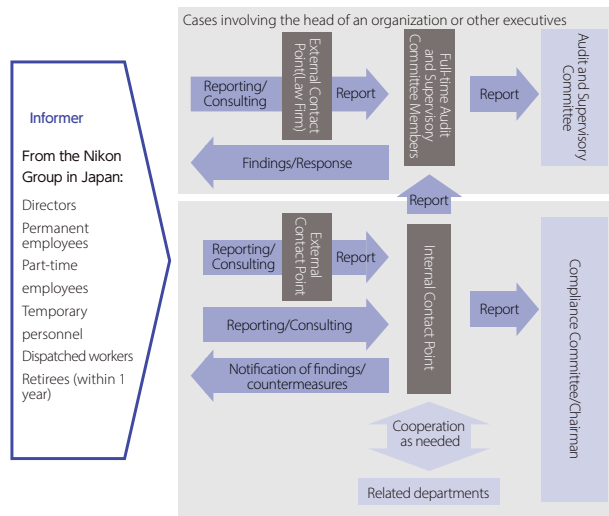
is available 24 hours a day, 7 days a week, 365 days a year, in local languages.

Reporting can be done anonymously. When violations or potential violations of the Code of Conduct are reported, we promptly investigate the facts and take steps to resolve the matter and prevent recurrence. For each case received through the system, information is gathered from the reporter and persons relevant to the matter in order to understand the issue objectively. We then work together with relevant departments to resolve the case and follow up as necessary. We treat each case with the utmost care by respecting human rights, which includes keeping the matter in strict confidence, protecting privacy, ensuring anonymity, and preventing any negative treatment as a result of using the system.

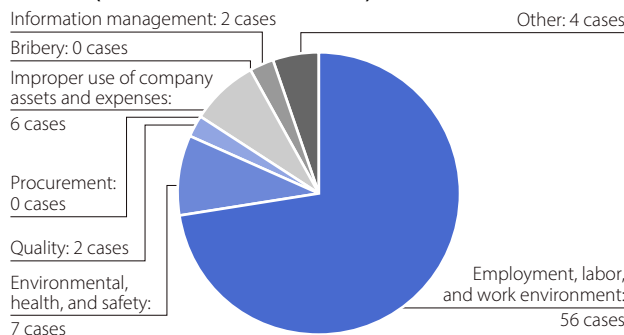
In fiscal year 2022, the Nikon Group as a whole received 77 reports. The pie chart in the Reporting and Consultation System Utilization Results section shows the number of reports and consultations in fiscal year 2022 by category. In addition, to ensure that this reporting and consultation system is functioning properly, the secretariat operating the Code of Conduct Hotline reports regularly to the Members Compliance Committee on the development and operational status of the system, which is based on the regulations. The Committee is also informed of the status of overseas operations.

The Nikon Group makes employees aware of this system through a booklet on the Nikon Code of Conduct, which is accessible to all employees, and relevant training programs.

● Diagram of the Reporting and Consulting System in Japan



● Use of Reporting and Consulting System in Fiscal Year 2022 (Number of Consultations)



Total number of consultations in Japan and overseas. In reports received up until last year, the number of consultations in Japan was reported as the number of cases investigated and addressed after the consultation service was utilized. However, in our latest report, we have standardized definitions with our overseas locations, and are reporting the number of times the consultation service was utilized.

Major Initiatives

Compliance Training for Directors and Employees of the Nikon Group

The Nikon Group aims to instill an awareness of the concept of compliance in every person at the Nikon Group, from our top management to each and every employee. At the December 2022 meeting of the Compliance Committee, a compliance seminar was conducted by a specialist lawyer for 23 committee members, including Nikon's full-time directors. Seminar topics included compliance issues and information management specific to the COVID-19 pandemic.

For employees, we provide classroom training and e-learning. In fiscal year 2022, the Nikon Group in Japan, after noticing a decline in the level of dissemination of the Code in the previous year's awareness survey, prepared Code of Conduct training materials and implemented an e-learning program in March 2023. In addition, compliance coordinator from each Nikon department and domestic Group company regularly provided employees of each division and company with training on such topics as unconscious bias, anti-bribery, and the Reporting and Consulting system.

At Group companies outside Japan, the Regional Headquarters take the lead in continuously implementing activities to train and raise awareness of the Code of Conduct. In fiscal year 2022, the Regional Headquarters provided training on the prevention of harassment and discrimination, anti-bribery, and prevention of competition law violations as part of the activities.

In addition to this, in our quarterly sustainability newsletter to all Nikon Group employees, we explain the Nikon Group's approach to compliance by featuring compliance-related news that is attracting attention around the world.

Global Awareness Survey (Monitoring)

The Nikon Group conducts monitoring through an awareness survey given to its employees at Group companies in and outside Japan every one or two years. The survey enables the Nikon Group to assess the degree of compliance awareness, level of employees' confidence in the reporting and consulting system, and the current status of Code of Conduct training, and reflect the results in improvements made to the Nikon Group's promotional activities.

In fiscal year 2022, we conducted an awareness survey for the Nikon Group in and outside Japan with 17,704 employees responding (response rate of 91.5%). The response rate increased slightly from the previous 2020 Global Awareness Survey (90.2%). This year, we have also made new efforts to understand the reality of employees by creating new questions that allow for global comparisons of work enthusiasm and engagement.

The results of the survey and requests for improvement were relayed back to each Nikon department and Nikon Group company, and they are working to make improvements based on these results.

Through such efforts, the Nikon Group has established a PDCA cycle for promoting compliance in all regions where we conduct business activities.

Prevention of Bribery

The Nikon Group has established the Nikon Anti-Bribery Policy with the approval of the Executive Committee to reconfirm our commitment to the prevention of bribery both internally and externally. To ensure compliance with the Nikon Anti-Bribery Policy, led by the Compliance Section, regional headquarters outside Japan have each formulated Anti-Bribery Guidelines. These guidelines reflect regional characteristics and summarize business approaches, precautions and operational procedures, etc., for entertainment, gifts and donations that are necessary to comply with the policy.

Specifically, we are taking steps to ensure full compliance with written application and approval procedures for expenditures related to public officials, etc. As a general rule, we have banned facilitation payments.

In addition, at the start of transactions with third parties, such as intermediaries, Nikon makes the Nikon Anti-Bribery Policy known to all parties, and in principle, the contract must include a clause regarding the prohibition of bribery. We have a system in place to confirm matters using a prescribed checklist in situations deemed to be high risk. In fiscal year 2022, we began working on the revision of the Anti-Bribery Guidelines to reflect the latest social trends.

The Compliance Section and regional headquarters outside Japan are working continuously to provide training and make procedures regarding anti-bribery known to all. Each Group company also checks the operation of the Anti-Bribery Guidelines using a self-assessment checklist at the end of every fiscal year, and the results are used to improve practices in the subsequent fiscal year.

In fiscal year 2022, compliance coordinator from each Nikon department and domestic Group company

provided training on anti-bribery with employees in each department and company.

We also conducted anti-bribery training at overseas Group companies in the Americas, Europe, South Korea, and Hong Kong. The Nikon Group has not experienced any violations of anti-bribery laws and regulations in the current fiscal year.



Nikon Anti-Bribery Policy

https://www.nikon.com/company/sustainability/governance/compliance/anti-bribery_policy.pdf

Prevention of Competition Law Violations

As set out in the Free Competition and Fair Business Dealings section of the Nikon Code of Conduct, the Nikon Group's fundamental position is to carry out fair competition and engage in business deals that comply with the competition laws of each country.

In recent years, the international community has increased its focus on compliance with competition laws, requiring more stringent efforts to comply with these laws. Through this training, which the Nikon Group provides on an annual basis, we strive to promote and raise awareness of legal compliance across the entire Nikon Group, as well as prevent competition law violations.

Training on Competition Law

In order to provide competition law training that is in line with the laws and regulations of each country where we operate, the Nikon Group conducts training globally. Specifically, Nikon's Compliance Section takes the lead role in competition law training for the entire group, and the same office is in charge of training for the Nikon Group in Japan. Outside Japan, the legal department of each business operations site and each Group company prepares a curriculum and provides training with the assistance of local law firms as necessary.

In the fiscal year 2022, the Nikon Group in Japan continued to implement e-learning programs, while outside Japan, training was provided based on the risks associated with each company's business activities.

Responding to Misconduct

In the event of violations of employment rules or the Nikon Code of Conduct, the Nikon Group will take strict disciplinary action in accordance with internal regulations after investigating all related matters.

In the fiscal year 2022, there were a total of seven significant disciplinary cases based on misconduct, etc., in the Nikon Group. The parties involved (a total of eight persons), and the management and supervisory personnel (a total of eight persons), were reprimanded. The main reasons for resulting in disciplinary actions above were involved theft, leakage of information, and illegal activities conducted outside of working hours at Group companies outside of Japan. Nikon continually provides education for employees through the newsletter, e-learning and other means in order to prevent the recurrence of misconduct.

Strengthening Corporate Governance

Reason for Prioritization

Corporate governance is the cornerstone of business activities. In order to ensure fair and transparent management, businesses must continue to improve on their systems of governance.

In addition, the governing body should forecast and respond to the various and ever-changing risks and opportunities from a medium- to long-term perspective and implement countermeasures accordingly. As such, it is essential for us to respond to the various requests of stakeholders.

Commitment

Strengthening governance is one of the principal challenges for a company, and it is necessary to build a corporate governance structure that ensures transparency and discipline in order to become a company that is trusted not only by investors but also by a diverse group of stakeholders. Nikon has been implementing initiatives to strengthen governance, such as Enhancement of cooperation between the Nominating Committee and Compensation Committee and the Board of Directors, and further enhancing diversity.

In fiscal year 2023, we will work to strengthen governance by further enhancing the effectiveness of the Board of Directors by addressing issues through evaluations of the Board of Directors' effectiveness.

Kazuo Ushida
Chairman of the Board

【Activity Policies】

- Corporate Governance Guideline
- Basic Policy on Internal Control System
- Global Tax Policy

【Organizations】

- General Shareholders' Meeting
- Board of Directors
- Audit and Supervisory Committee
- Nominating Committee
- Compensation Committee
- Executive Committee

● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
Building a governance system that promotes the sustainable creation of value for the company and for society	Enhance the effectiveness of the Board of Directors	—	Nikon	Consider optimal composition of the Board of Directors using the skills matrix to further enhance its functions	Two new external directors appointed Steady progress in considering candidates for next year and beyond	○
	Review the effectiveness of the separation between business execution functions and supervisory functions		Nikon	General Shareholders' Meeting resolution for new stock compensation to ensure the appropriateness of executive compensation levels, strengthen incentives, and incorporate ESG into the compensation structure	Introduced a new stock compensation system	○
	Enhance the agility of management decision-making and execution functions		Nikon	Select candidates for the next president and management team and conduct systematic training	Full-scale implementation of succession plan	○
	Enhance the effectiveness of internal controls and auditing		Nikon Group	Establish an internal control promotion function to strengthen group governance and risk management	Management standards: A document focusing on 7 priority issues that are frequently identified in audits was issued in December 2022, and a more comprehensive version covering 40 items was completed in March 2023 System establishment: An Internal Control Promotion Section was established in the Group Governance & Administrative Division in April 2023	○

Related Information



Internal Control System

<https://www.nikon.com/company/ir/governance/internal-control/>

Basic Policy on Internal Control System

<https://www.nikon.com/company/ir/governance/internal-control/policy/>

General Shareholders' Meeting

https://www.nikon.com/company/ir/stock_info/meeting/

Taxation

Taxes have a significant impact on the development of local communities, and proper payment of taxes is an important corporate social obligation. In its Nikon Code of Conduct, the Nikon Group stipulates conduct that is in compliance with applicable tax laws and regulations as well as open and honest dialog with tax authorities. We have also established the Global Tax Policy, which has been approved by the Board of Directors, in order to improve tax compliance and strengthen governance.

Based on this policy, the Nikon Group will implement tax compliance measures that are aligned with management policy and management of taxation that is consistent across the Group. At the Nikon Group, the CFO, who also serves as a director, is responsible for tax governance. Tax compliance is delegated to the tax department within each Group company, and each regional headquarters is responsible for managing their respective region. Tax management and compliance for the entire Nikon Group is the responsibility of the tax department within Nikon's Finance & Accounting Division.

Each regional headquarters conducts quarterly monitoring of Group companies in its region and implements appropriate countermeasures in response to regional tax risks and in order to effect awareness of and compliance with this policy. Furthermore, the tax team at Nikon's Finance & Accounting Division receives reports from each regional headquarters, based on which it provides supervision and support and addresses issues that cross regional lines.

The tax team at Nikon's Finance & Accounting Division also regularly reports to the CFO on the status of tax governance. In addition, the CFO these reports to the Board of Directors as appropriate.

Looking ahead, the Nikon Group endeavors to respond appropriately to changes in conditions and tax risks pertaining to tax governance in and outside Japan.

* CFO: Chief Financial Officer

Tax Payments by Region

(million yen)

Region	Tax payment
Japan	629
USA	1,445
Europe	1,091
China	999
Other Areas	1,121
Total	5,285

*Results for fiscal year 2021



Global Tax Policy

https://www.nikon.com/company/sustainability/governance/corporate-governance/tax_policy.pdf

Materiality 12

Strengthening Risk Management

Reason for Prioritization

Risk management, which involves accurately identifying risks and taking proactive measures to minimize their impact, is becoming increasingly important as the risks surrounding companies, including increasing geopolitical risks, digital transformation, and climate change, become more diverse.

In addition, necessary preparations and arrangements for contingencies such as pandemics, large-scale disasters such as an earthquake directly under the Tokyo metropolitan area or a massive Nankai megathrust earthquake, or international conflicts and wars, can help minimize damage and reduce risks.

Identifying various changing risks from a medium- to long-term perspective, and establishing countermeasures based on the resulting impacts to the economy, environment, and society, will lead to sustainable corporate growth.

Commitment

The risks facing companies are growing more diverse and complex due to the rapid evolution of technology and changes in the global socioeconomic situation. Failure to respond to such risks appropriately could result in the loss of trust among stakeholders such as customers and shareholders and may lead to damages that affect the continuity of a company. For this reason, the development of an effective risk management system is becoming increasingly more important.

The Nikon Group conducts risk assessments every year, identifies important company-wide risks, analyzes and evaluates these risks, and regularly monitors its own responses. In addition, to further enhance the effectiveness of risk response as a group, we have strengthened our internal control promotion system and formulated Nikon Global Operating Standard that summarize management directives for day-to-day operations to ensure sound and efficient management of business activities. We will use those Nikon Global Operating Standard to establish an internal control improvement process. Furthermore, we continue to develop a highly efficient and flexible Group governance system in order to improve our ability to respond to global risks, while taking into account changes in management environments and business structures.

Takumi Odajima
Representative Director and Executive Vice President
CRO, General Manager of Group Governance & Administration Division
* CRO: Chief Risk Management Officer

【Activity Policies】

- Nikon Group Information Security Policy
- Nikon Group Personal Information Protection Policy

【Organizations】

- Risk Management Committee
- Quality Committee
- Export Control Committee
- Compliance Committee

● Fiscal Year 2022 Materiality Goals and Results

Self-evaluation ○: Achieved △: Measures started but not yet achieved

Goals for Fiscal Year 2030	What Nikon Needs to Do	Related SDGs	Scope	Goals for Fiscal Year 2022	Results for Fiscal Year 2022	Self-Evaluation
Identification of current and future risks and impacts, and utilization of the PDCA cycle to enhance and improve systems	Perform risk assessment and give instructions to make improvements in relation to highrisk items	—	Nikon Group	Risk identification surveys. Sharing and understanding of risk awareness throughout the company, including the head office management and audit departments	Conducted a risk identification survey, compiled measures to strengthen responses to major risks, and reported to the Risk Management Committee held in March 2023	○
Avoidance of financial loss or damage to the company's reputation through the sound operation and management of IT infrastructure and the implementation of cybersecurity and personal data protection measures	Strengthen the information security system (including cybersecurity and personal data protection)		Nikon Group	Strengthen information security (cybersecurity, personal information protection) systems and continuously comply with applicable laws and regulations in each country.	Progressed as planned with measures to make the Nikon Group global network environment more secure In addition, we took necessary measures to comply with the applicable personal information protection laws and regulations of each country	○

Risk Management

Basic Approach

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.

System

To properly respond to risks that might critically impact corporate management, the Nikon Group has set up the Risk Management Committee. The Committee is chaired by the Representative Director and CRO and made up of Executive Committee members, with the Administration Department and Planning Section of Group Governance & Administration Division serving as Secretariats. For the fiscal year 2022, the committee met twice, once in October 2022, and again in March 2023.

In order to respond more effectively to major risks, we have established a system that enables continuous monitoring and flexible support for priority target risks. In fiscal year 2023, we plan to strengthen risk management by establishing processes to improve internal controls, developing an export control system, and reviewing BCM.

The Risk Management Committee has jurisdiction over all risks, but three committees under the Risk Management Committee; the Quality Committee, the Export Review Committee, and the Compliance Committee, are responsible for handling risks that require specialized measures. From a sustainability perspective, the Sustainability Committee also monitors risks with a focus on materialities and addresses risks related to the environment and social and labor.

Main Activity Themes of the Risk Management Committee in the Fiscal Year 2022

- Progress & challenges for key companies to be monitored
- Internal control-related (establishment of internal control promotion system, formulation of management standards)
- Conduct company-wide risk identification survey for fiscal year 2022
- Report on results of litigation survey
- Information security compliance with personal information protection laws in various countries

Main Specialist Committees Involved in Risk Management

Committees	Principal Risks
Risk Management Committee	Risks
Quality Committee*	Quality
Export Control Committee*	Prevention of the Foreign Exchange Law Violations and Security Risk Management
Compliance Committee*	Compliance
Sustainability Committee	Sustainability in general, especially environmental (climate change, chemical management, water, etc.), social and labor (human rights, etc.)
Bioethics Review Committee	Bioethics

*Committees under the Risk Management Committee

Risk Assessment

The Nikon Group conducts risk identification surveys to gain overall insight into the risks affecting the Group, including risks such as regional conflicts and infectious diseases. The survey results are reported to the Risk Management Committee after being compiled into a risk map presenting the scale of impacts and probability of occurrence. This survey is administered to Nikon's general managers and above, as well as presidents of Group companies in and outside Japan. In fiscal year 2022, the risk classifications used in the Risk Identification Survey Questionnaire were substantially revised in line with the major risks from current economic, social, and environmental perspectives. We will work with related divisions to develop a risk management system to mitigate risks such as logistics disruptions and supply chain disruptions caused by new coronavirus infections and Russia's invasion of Ukraine, as well as geopolitical risks such as the U.S.-China confrontation.

Related Information

Financial statements contain additional information about business activity and other risks within analysis of management performance and financial conditions.



Consolidated Financial Results (for the Year Ended March 31, 2023, P9 to P11)

https://www.nikon.com/company/ir/ir_library/result/pdf/2023/23_4qf_c_e.pdf

Climate Change Risks Faced by the Nikon Group (→ p.073)

BCM*¹ Activities Measures

The Nikon Group has formulated BCPs*² in preparation for large-scale disasters and other emergencies, including pandemics, and reviews them every year. In the aftermath of Russia's invasion of Ukraine in February 2022, we conducted periodic situation checks with relevant departments, particularly the Production Technology Division and business units, to prepare for subsequent contingency measures. In response to the COVID-19 pandemic, the Company made efforts to continue business activities while utilizing telecommuting and remote work and taking company-wide infection prevention measures. The Nikon Group in Japan reviewed its emergency communication tools and conducted various drills, including communication drills that simulate disasters, in preparation for large-scale earthquakes such as one occurring directly under the Tokyo metropolitan area or a Nankai Megathrust Earthquake, both which are assumed to have a high probability of occurrence. We also conducted drills dealing with newly intensified natural disasters such as typhoons and floods.

*¹ Business Continuity Management (BCM)

Management activities carried out in normal times, such as the formulation, updating and maintenance of the BCP, implementation of proactive measures, education and training, checking and continual improvement.

*² Business Continuity Plan (BCP)

A plan describing the policy, systems, and procedures, etc., by which corporations can avoid suspension of critical business activities, or can restore critical business quickly if it is interrupted, even when unforeseen contingencies arise, including natural disasters such as major earthquakes, pandemics, etc.

Risk Management for Information Assets and Cybersecurity

Information Assets Management Policy

At the Nikon Group, the management and security of information assets is conducted in accordance with the Nikon Group Information Security Policy. The Nikon Group Information Management Rules and other internal rules have been established based on the Policy, to ensure optimal and efficient business conduct while properly protecting information assets according to the circumstances in each country and region. These rules are posted on the internal portal site for employees to access anytime.



Nikon Group Information Security Policy

https://www.nikon.com/company/sustainability/governance/risk-management/security_policy.pdf

Information Management System

The Nikon Group has appointed the Representative Director and President as the head of information management, including personal information protection. We have also established operating processes in accordance with Information Security Management Systems (ISMS). In terms of systems operations, under the leadership of the Representative Director and Officer in charge of information security, the Information Security Department carries out management and supervision of activities across the entire Nikon Group. This includes formulating measures regarding information security, including responses to cyberattacks, as well as developing and maintaining systems. In addition, the head of each organization of Nikon's business units, divisions, and the Group companies is designated as information managers. By working with the Information Security Department, these individuals are helping to build an information security management system compatible with the situation in each country and region, while comprehensively managing the entire Nikon Group. Material matters involving information asset risks are reviewed by the Risk Management Committee, which includes members of the Executive Committee and others. Nikon's healthcare business unit has obtained ISO 27001 certification, an internationally recognized standard for ISMS (information security management system), for its research and development of computational pathology and AI assisted medical diagnosis, which requires particularly strict information management.

* ISMS: Information Security Management System

Response to Information Security Incidents

When an information security incident occurs at the Nikon Group, the site where the incident occurred is obligated to report it immediately to the Information Security Department. The Information Security Department works with relevant departments to establish a system and procedures for minimizing damage and impact, and processes for promptly resuming business. Serious cases are promptly reported to the director in charge by the Information Security Department. In addition, members of the Information Security Department participated in a training course on incident response conducted by outside experts. There have been no major information security incidents involving the payment of fines or compensation in the past three years.

Information Security Education

The Nikon Group conducts information security e-learning education programs as part of new employee training, etc., in order to raise employee awareness and improve the effectiveness of information security. Within this education program, we include not only information about the policies and rules related to information management, but also provide specific examples as well.

In addition, the Nikon Group Information Security Handbook, an educational document that provides easy-to-understand explanations of the information security measures that are disseminated through internal regulations and bulletins, is posted on the portal site for all employees to refer to at any time. This handbook is used in regular training to make sure that every one of the employees understands the importance of information asset management and complies with the rules with strong awareness.

In the fiscal year 2022, as in previous years, we designated February as Information Security Awareness Month, raising awareness through in-house newsletters and conducting an e-learning program for domestic Group companies. Furthermore, we conducted orientation training for employees hired regularly, which involved lectures and sessions facilitated by instructors. Group companies outside Japan also conducted information security education through e-learning or other methods as appropriate. Through these training programs, we ensure that our employees are thoroughly familiar with information security. In the unlikely event that an employee violates the relevant rules and causes an incident such as information leakage, the employee may be subject to disciplinary action in accordance with the employment rules of the company to which the employee belongs.

Information Security Audit

The Nikon Group periodically conducts internal audits pursuant to the Nikon Group Information Management Rules to improve the level of our information security. In the fiscal year 2022, a paper-based audit was conducted on all of the Nikon Group's organizations (Nikon business departments and Group companies) in Japan and onsite audits were carried out on selected organizations based on materiality themes. The results of these audits indicate there were no significant risks. The Nikon Group plans to conduct internal audits focusing on the presence of appropriate information security measures in the fiscal year 2023.

Personal Information Protection

The Nikon Group has established the Nikon Group Privacy Protection Statement based on its respect for privacy and acknowledgment that processing personal data in a lawful and proper manner is an important social responsibility. Additionally, under this Statement, we established the Nikon Group Personal Data Processing Rules as a common set of rules covering the entire Group. We are now working to make these rules known within the Group and ensuring that personal data is handled in accordance with these rules under the information management system.

Furthermore, we established the Personal Data Protection Subcommittee under the Risk Management Committee comprised of members from the Executive Committee and other organizations. The subcommittee carries out risk management concerning privacy and personal information covering the entire Nikon Group.

Our specific initiatives include posting privacy notices on the website of each Nikon Group company in accordance with relevant laws and regulations, and notifying customers of contact information for support regarding privacy and individual rights. This includes the purpose of use of personal information and how to delete their personal information. In addition, we request that procurement partners follow the Nikon CSR Procurement Standards in order to maintain information security, including privacy protection.



Nikon Group Privacy Protection Statement

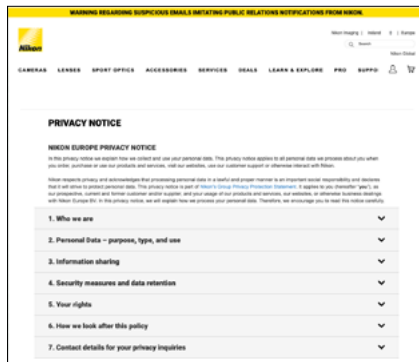
<https://www.nikon.com/privacy/group/>

Privacy Notice of Nikon Europe B.V. in accordance with the EU General Data Protection Regulation (GDPR)

https://www.nikon.ie/en_IE/footer/privacy_policy.page

Nikon CSR Procurement Standards

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



Privacy Notice of Nikon Europe B.V. in accordance with the EU General Data Protection Regulation (GDPR) (excerpt)

In fiscal year 2022, we promoted compliance with Thailand's Personal Data Protection Act, posted privacy notices at group companies in Thailand, and took other necessary actions. With regard to the U.S., we have reviewed our privacy policy in accordance with the California Consumer Privacy Act. We continuously collect information on legislation and revision trends of personal information protection-related laws and regulations in other countries and regions. In addition, seminars on the Act on the Protection of Personal Information were held to promote employee awareness. In fiscal year 2023, we will continue to take necessary actions in line with the enactment or revision of personal information protection-related laws and regulations in each country and region.

Cybersecurity Infrastructure Development and Process Improvement

In order to maintain a high level of defense against increasingly sophisticated and stealthy cyberattacks, the Nikon Group is improving and strengthening its operational system to collectively monitor and respond to cyberattacks on a global basis. This includes enhancing early detection and early response capabilities. We are also in the process of deploying a system to filter out phishing scams and other suspicious e-mails. Furthermore, we continue to regularly improve our existing operating processes. For example, we conduct periodic checks on the vulnerability of our corporate website, which could become an entry point for cyberattacks. We regularly conduct training for designers on information security rules during the product development process.

Response to the Personal Information Protection Laws of Each Country

The Nikon Group complies with the personal information protection laws of each country where it operates, including the General Data Protection Regulation (GDPR) in the EU. We are also working to develop a system to prevent violations in order to achieve appropriate management of personal information under an information security management system.

Corporate Citizenship Activities

Nikon Corporate Citizenship Activities	149
Major Initiatives	150

Nikon Corporate Citizenship Activities

Basic Approach

The Nikon Group strives to be a good corporate citizen, developing in partnership with our communities through corporate citizenship activities for future generations based on the Nikon Corporate Citizenship Policy.

Nikon Corporate Citizenship Policy

Nikon has stated in the Nikon Code of Conduct, which sets out the standards for behavior that embodies its corporate philosophy of "Trustworthiness and Creativity", that it will actively promote participation in activities that contribute to communities and serve public interests.

With the strong desire to be a good corporate citizen, Nikon will carry out corporate citizenship activities based on the following policy in order to build good relationships as a member of the community, and to work with the community to achieve sustainable development collectively.

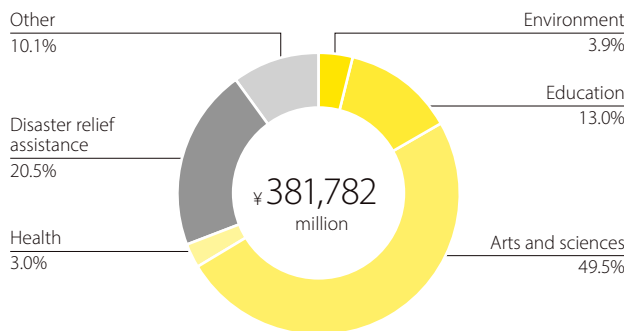
1. We will engage primarily in activities that target the next generation with a focus on the areas of the environment, education, arts and sciences, and health.
2. We will effectively utilize resources such as the technologies and know-how that Nikon possesses.
3. We will build cooperative relationships with organizations (governments, educational institutions, NGOs, NPOs, etc.) that work to promote public interests, resolve social issues, and contribute to technology development through academic research.
4. We value the participation of employees in corporate citizenship activities and will strive to create opportunities for employees' participation in these activities.

System

Nikon engages in corporate citizenship activities, pursuing sustainability through all Group companies. The Sustainability Committee is the entity that drives our sustainability promotion structure. We implement an annual survey on the Nikon Group Corporate Citizenship Activities to monitor whether initiatives adopted by individual Group companies conform with the Corporate Citizenship Policy. Survey results are reported to the Sustainability Committee. Furthermore, with regard to donations, we closely monitor the Nikon Group's current situation in accordance with internal regulations and report it to the Board of Directors.

Sustainability Promotion System (→ p.013)

Expenditures on Corporate Citizenship Activities by Area (Fiscal Year 2022)



Employee Participation

The Nikon Group strives to create a culture in which employees participate in corporate citizenship activities. In addition to support through the Nikon volunteer leave and other programs, we plan easy-to-join activities and encourage employees to participate.

Participation in Nikon Group Corporate Citizenship Activities

Total participants (fiscal year 2022)	3,974 employees
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Major Initiatives

Encouraging Future Generations to Appreciate Global Environmental Issues

The Nikon Group aims to pass on a healthy global environment to future generations. To this end, we conduct environmental awareness activities for children. We support the Akaya Project, which aims to restore biodiversity in Japan. As part of our efforts here, Nikon created a study booklet named the AKAYA NOTE for children, and we have distributed this booklet to schools free of charge. We distributed 100 booklets to schools during the fiscal year 2022. In the Netherlands, Nikon Europe B.V. offers an environmental education program called Light on Small, conducted in collaboration with the local branch of the Foundation for Environmental Education (FEE), an international education NGO. The program produces educational materials using the EZ-Micro stereoscope manufactured by Nikon. A total of 1,000 school children used these teaching materials during fiscal year 2022.

Support for Biodiversity Conservation and Restoration (→ p.093)

● Participation in Nikon Group Environmental Awareness Raising Activities

Participants (fiscal year 2022)

1,175



Nikon stereo microscope used in the Light on Small environmental education program

Column

Providing Children with the Experience of Observing Creatures in Forests and Near Waterways

Nikon Vision launched an activity titled Ikimono Observation Day in fiscal year 2022. This activity was conducted in cooperation with the Wild Bird Society of Japan, a nature conservation organization, with the aim of conveying to children the joy of science learning and the importance of environmental conservation through hands-on observation of living creatures. A total of 153 parents and children participated in the biannual activities held in a green conservation area and a seaside park close to the city and focused on the theme of observing nature in forests and near waterways.

During the activities, children were able to observe wild birds and insects using binoculars and stereo microscopes under the guidance of the Wild Bird Society of Japan. Activities at Kaihin Park also included a workshop on the ocean plastic problem and a beach cleanup. Nikon Vision supports observation experiences for children by lending out its own binoculars and stereo microscopes, and employee volunteers give lectures on how to use the binoculars.

Nikon Vision will continue to hold Ikimono Observation Day twice a year. We hope that coming into contact with living creatures in their local environment will prompt children to think about the importance of environmental conservation and biodiversity.



Nikon Vision's waterfront activities took place in March 2023. Along with bird watching on the mudflats, we also cleaned up the beach.

Helping Children Envision the Future

The Nikon Group assists school enrollment and attendance for children who struggle to go to school due to economic reasons. We support children who live primarily in areas involved in Nikon and Nikon products.

Nikon, Nikon (Thailand) Co., Ltd. and Nikon Lao Co., Ltd. provide scholarships in Thailand and Laos through an international NGO. In Thailand, we provided scholarships to 170 junior and senior high school students and university students during the fiscal year 2022. Our efforts have brought scholarships to a total of 2,747 recipients over the past 16 years. In Laos, we provide scholarships to 100 junior high school students every year, and 900 students have received scholarships over the past nine years. In addition, the Nikon Group in Japan cooperates with the United Nations World Food Programme (WFP) in supporting school feeding to improve the health of children in developing countries and encourage school attendance. In fiscal year 2022, we donated ¥1,298,186 to pay for 43,273 school meals. These meals supported 173 students for one year.

● Children Receiving Financial Assistance from Nikon Group

Participants (fiscal year 2022)	443 students
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Scholarships in Thailand are provided through Shanti Volunteer Association in Japan and Sikkha Asia Foundation in Thailand. The photo above was taken at an awards ceremony in November, 2022.

Column

Delivering Picture Books from Japan: Picture Books in the Lao Language

The Nikon Group in Japan participate in the Lao Language Picture Book Project of the specified nonprofit corporation Action with Lao Children (ALC) and conducts volunteer activities with employees. In this project, employee volunteers create Lao language picture books by sticking Lao texts on Japanese picture books and delivering them to school libraries in Laos through ALC.

In Laos, children have limited access to books, and the country generally lacks the number and diversity of books and bookstores found in Japan. Understanding the situation, we launched this activity in the fiscal year 2017 as an educational support program from Japan to Laos, and we have continued these efforts for the past five years. During the fiscal year 2022, a total of 108 employees participated, delivering 272 picture books to Laos.



Picture book created by employee volunteers cutting and pasting Lao translations.

Encouraging Younger Generations to Build the Future

Nikon has sponsored the Nikon Photo Contest, an international photography contest, since 1969 to contribute to the development of photographic culture. Through a divisional structure that aligns with the trends of the times, the contest continues to provide opportunities for creators to share the message they wish to convey, regardless of age, nationality, experience, or manufacturer of photographic equipment. Furthermore, Nikon Imaging Japan continues to manage the Nikon Salon, a photography exhibition space we established in 1968 to popularize and strengthen photographic culture. The Nikon Salon is a venue for the exhibition of outstanding images in all categories, breaking down barriers between professional and amateur photographers and unaffected by corporate strategies, in pursuit of the true nature of photography exhibitions. Nikon Salon is committed to supporting young photographers. Since 1999, the Salon has presented the Miki Jun Award for the most outstanding exhibition of work by an emerging photographer. Since 2008, Nikon Imaging Korea Co., Ltd. has been actively supporting programs to develop the talents of young people interested in photography, including sponsorship of the Daum Junior Photo Festival organized by the Parkgeonhi Foundation each year. Group companies overseas are also making various efforts to support the next generation in the realm of visual culture. In terms of fostering the next generation of industrial experts, Nikon has been contributing to the development of future optical industry leaders through its cooperation with the Nikon Imaging Science Endowed Research Division, established the University of Tokyo's Institute of Industrial Science. Starting from the fiscal year 2023, Nikon will establish

the Nikon Optics & Precision Frontiers Research Program as an expansion of the current endowed research department. Through this new program, Nikon aims to contribute to the cultivation of the next generation of talent while striving to generate research themes that can lead to social implementation and create value that society will demand by society in the future. In addition, the Nikon-JICA scholarship at Savannakhet University in Laos supports the development of talented individual who will support Laos in the future, and improves the educational environment in the Japanese language department to foster industry personnel who understand Japanese.

Within our overseas Group companies, Morf3D Inc., a U.S.-based company specializing in additive manufacturing design and production, is involved in various initiatives. These include conducting lectures on additive manufacturing for university students and organizing events for high school students to learn about career paths for becoming technicians.

● **People Participating in Nikon Group Initiatives for Identifying and Cultivating Human Talent**

Participants (fiscal year 2022)	10,239 people
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Nikon Salon, a photo exhibition space operated by Nikon Imaging Japan Inc.



Young people participating in a photography workshop at the Daum Junior Photo Festival in Korea.



College students who attended the lecture presented by Morf3D Inc. employees in the U.S.

Column

Established Scholarships for Students of National Colleges of Technology

In fiscal year 2022, Nikon established a scholarship for students of national colleges of technology in cooperation with the National Institute of Technology, and began accepting applications for the first phase of scholarships in FY2023.

With the hope of nurturing a growing number of next-generation individuals who will contribute to building our Vision 2030, a society where humans and machines co-create. Nikon will continue to support the development of science and engineering talent who will form the foundation of Japan's future industries.

Sustainable Community Well-Being

The Nikon Group aspires to create better communities for the future, and we are committed to activities that contribute to community happiness and health.

Nikon India Private Limited

Nikon India Private Limited has been helping to provide home-based fostering for 100 children in need of social care through SOS Children's Villages of India. In addition, through Magic Bus India Foundation's Youth Skilling Program, the company contributes to the creation of employment opportunities and skills development support for approximately 150 NEET (Not in Education, Employment, or Training) youth.



Young people attending a livelihood center where the Magic Bus India Foundation provides vocational training and other services, and employees of Nikon India Private Limited.

Nikon Precision Taiwan Ltd.

Every year, we support welfare organizations and children's homes through donations, and we also encourage employees to donate to these organizations and homes through matching gifts.



Nikon Precision Taiwan Ltd. employees delivering donations to welfare organizations

Nikon Canada Inc.

Each year during the holiday season, we hold a toy drive for underprivileged children. This charity event has grown in scale each year thanks to the dedication of our employees.



Gifts brought to the toy drive by employees

Nikon (Thailand) Co., Ltd.

Nikon collected used beverage paper packs from its employees and donated them to an activity to provide recycled roofs to people suffering from housing problems caused by natural disasters.



Paper cartons equivalent to two recycled roofs were collected and donated to organizations engaged in relief activities

Nikon Singapore Pte. Ltd.

Held an in-house food drive. Unused and unused food items were brought together and donated to a non-profit organization that provides food assistance to people in financial need.



Food collected with employees participating in an in-house food drive

Nikon Europe B.V.

Since 2017, Nikon Europe B.V., France Branch has been a sponsor of Tous HanScène, a student video contest that conveys the reality of living with handicaps and students with disabilities.



Contest is designed to expand learning opportunities for young people with disabilities

Optos Plc

Participated in Wear A Hat Day, a charity event for a brain tumor treatment support group.



Photos of employees wearing various hats



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