

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.

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