Management Resources That Support Nikon’s Growth

Only companies capable of optimally allocating management resources and strengthening those resources achieve rapid growth. Recognizing this fact, the Nikon Group is continuously strengthening its management resources.

Nikon’s CSR Priority Issues

Based on its belief that fulfilling its corporate social responsibility will in turn strengthen its management resources and increase its sustainability, the Nikon Group has selected CSR Priority Issues in line with its management vision. Specifically, the Nikon Group identified 11 CSR Priority Issues falling within the three areas of “Contributing to society through business activities,” “Responding to environmental issues,” and “Strengthening CSR foundation.” Each of these issues will be addressed as we pursue targets that have been set in conjunction with our business strategies. The acceleration of initiatives for addressing those issues that pertain to our human resources (issue 9), our technological prowess (issues 2 and 3), and environmental actions (issues 4, 5, and 6) will be vital to driving restructuring efforts.

The Nikon Group’s CSR Priority Issues

- (1) Solving social issues by using opto-electronics technology
- (2) Challenging toward innovation
- (3) Improving products/service quality
- (4) Promoting low carbon society
- (5) Promoting resource circulation
- (6) Contributing to a healthy and environmentally-safe society
- (7) Strengthening supply chain management
- (8) Respecting human rights
- (9) Promoting the success of diverse employees and work efficiency
- (10) Strengthening compliance
- (11) Effective governance

Development of Human Resources

The cultivation of human resources capable of bringing about innovation and the fostering of an empowering corporate culture will be essential to ensuring that Nikon can continue growing over the next century. We recognize the necessity of accepting diversity and cultivating workplaces in which employees can fully exercise their skills in accomplishing those objectives. In fact, we view these tasks as important social responsibilities for the Nikon Group.

Introduction of New Human Resource Management Systems

Nikon drastically reformed its human resource systems to transition systems focused on enhancing performance in April 2018. Specifically, we abolished the ability-based grade system to introduce a job grade system in which evaluations and treatment are based on roles and responsibilities.

This system is designed to evaluate and reward individuals who take on difficult roles and produce results in these roles. Moreover, the system is not dependent on age and therefore allows for the possibility of employees in their 20s or 30s being promoted to important positions.

By expanding the range of opportunities for talented and ambitious employees to excel, we aim to strengthen the Company overall. We will examine the possibility of introducing this job grade system at Group companies based on the circumstances at said companies.
Contributions from Diverse Human Resources
As the values of society grow more diverse, continuing to provide value will require a workplace environment in which diverse human resources can exercise their talents to the fullest. The Nikon Group promotes diversity and seeks to develop a workplace environment in which employees of all ethnicities, beliefs, genders, educational backgrounds, nationalities, religions, and ages are respectful of each other’s individuality and human rights and are able to feel motivated in their work. We are also proactive in recruiting diverse human resources, and the Nikon Group of today is home to diverse employees of various nationalities as a result.

Empowerment of Female Employees
The Nikon Group is actively empowering its female employees. We are aware that the ratio of female employees to total employees is relatively low at the Nikon Group in Japan when compared with global averages, and we recognize that this situation represents a serious issue. Accordingly, Nikon has set a target to reach a ratio of 25% or more female employees hired during regular hiring between the fiscal year ended March 31, 2017, and the fiscal year ending March 31, 2023. In addition, it participates in several joint job fairs for women and also holds events such as informal gatherings with its female engineers aimed at increasing female hires.

Moreover, the Company established the target of having 5% of all its management positions occupied by women by March 31, 2023. Efforts to accomplish this goal are focused on career development support and the cultivation of comfortable workplace environments.

Childcare and Long-Term Care Support
The Nikon Group has implemented various systems to support employees raising young children or providing long-term care to family members in balancing these responsibilities with their work.

For example, overseas Group companies Nikon (Thailand) Co., Ltd., and Nikon Lao Co., Ltd., have implemented measures that allow female employees to continue working with peace of mind even when pregnant.

At Nikon (Thailand), where 80% of employees are female, pregnant employees are assigned to component sorting and other duties that can be performed while sitting, are allowed to change their workplace to a location closer to their home, and are prohibited from working night shifts or overtime. The insight gained through these measures has been applied to Nikon Lao, where 90% of employees are female, to reassign pregnant employees to tasks that are not directly related to production and otherwise create a workplace environment that does not place undue burden on such employees.

Occupational Health and Safety
The Nikon Group Health and Safety Activity Policies have been established to protect employee health and safety, which form the very foundation for our business activities, and to improve employee productivity while also promoting work-life balance.

As part of our efforts to manage safety, we provide health and safety training during orientations for new hires and management training, dispatch employees to perform training at domestic Group companies, and carry out other activities. In the fiscal year ended March 31, 2018, the frequency of occupational accidents increased due to a higher number of lost time accidents, but we were able to limit the overall number of accidents. Through these efforts, we are working toward our goal for the year ending March 31, 2019, of reducing occupational accidents at the Nikon Group in Japan that are attributed to or related to work to less than 40.

As for occupational accidents at Group companies outside Japan, we monitor the situation at each company by conducting a survey at the end of every fiscal year. We also strive to share information with and raise awareness at Group companies.
Enhancement of Technological Prowess

The technological prowess of the Nikon Group is the driving force behind its growth, and the enhancement of this prowess will therefore have a direct effect on the growth of the Group. Recognizing this fact, we have consolidated optical-related design functions and optical component production functions in order to generate synergies in each of these areas. In addition, we are creating frameworks that will enable us to respond swiftly and accurately should new needs arise, while developing other systems and frameworks to enable us to continuously enhance our technological prowess.

Research and Development

At Nikon, research and development is carried out within relevant divisions (such as the Research and Development Division) and business units (such as the Imaging Business Unit). In the relevant divisions, research and development is carried out on technologies common to multiple business units and future technologies. On the other hand, the business units are engaged in specialized types of research and development on projects to achieve specific product specifications. At the same time, Nikon is promoting its Technology Hub. This is an effort to bridge the organizational structures of the R&D-related divisions and business units, and to share technologies across the whole company.

In November 2017, the Nikon established the Technology Strategy Committee. After exploring and confirming Nikon’s core competence and taking into account the future trends of society and markets, Nikon is aiming to build a medium- to long-term technology strategy for developing new target areas and improving the competitiveness of existing businesses.

Intellectual Property Management

The Nikon Group protects its advanced technologies, designs, and trademarks by engaging in various efforts related to intellectual property in order to support the brand value of Nikon products in the marketplace.

Intellectual property is recognized as an extremely valuable asset to the Nikon Group because it is a driving force behind the long-term and stable continuation of business activities and contributes to shaping Nikon’s brand value. In the event that a third party infringes on the intellectual property rights of the Nikon Group, we will take strict action. In this manner, we strive to prevent any harm to customers, other stakeholders, or the Group itself.

Quality Management

The Nikon Group’s mission is to contribute to the healthy development of society through creative and efficient manufacturing. To support us in accomplishing this mission, we established the Production Technology Division in June 2017 and began implementing Companywide manufacturing reforms. In these reforms, ensuring quality, which includes guaranteeing safety and friendliness toward the environment, is a theme of utmost importance.

In September 2017, we established the Quality Committee, which is chaired by a director who is also a senior vice president and membered by the general managers of business units, along with two subcommittees positioned under this committee: the Business Subcommittee and the Standardization Subcommittee. Through these subcommittees, we are enhancing functions related to the prevention of quality-related incidents, legal compliance, and safety. Other efforts to strengthen our quality assurance frameworks include human resource development programs for means such as heightening the specialized skills of individuals involved with these organizations.
**Acceleration of Measures to Address Environmental Issues**

The Nikon Group has formulated the Nikon Long-Term Environmental Vision, which aims to achieve three goals: a low-carbon society, a resource-circulating society, and a healthy and environmentally-safe society. Various activities are being advanced to achieve these goals.

**Realization of a Low-Carbon Society**

The Nikon Group recognizes that, in order to realize the goal of building a low-carbon society, it is important to implement measures not just within the Group, but along the supply chain as well.

Based on this recognition, we are pursuing CO₂ reductions through initiatives at each stage of the product life cycle.

As a concrete target, we are working to reduce CO₂ emissions throughout the entire supply chain by 26% compared with the level from the fiscal year ended March 31, 2014, by 2030.

**Creation of a Resource-Circulating Society**

The Nikon Group is striving to conserve resources through efforts such as reducing the size and weight of products and the volume and weight of packaging.

We are also focusing on initiatives implemented through business activities, such as waste reduction and the effective use of water resources. Moreover, the Nikon Group is working tirelessly to reduce the total environmental impact of its products and services by reusing and recycling used products.

**Development of a Healthy and Environmentally-Safe Society**

The Nikon Group aspires to contribute to the development of a healthy and environmentally safe society by managing chemical substances and helping preserve the natural environment in local communities. We have also set environmental targets for initiatives pertaining to products and business facilities. The Group recognizes that accomplishing these targets will require management across the entire supply chain and is therefore working together with its stakeholders to achieve these targets.

**Strengthening Relationship with Stakeholders**

In the strengthening of management resources, it is important to receive input from outside experts and engage in ongoing communication with stakeholders and then reflect the insight gained through these efforts in activities.