

Environment

The Nikon Long-Term Environmental Vision, which looks ahead to the fiscal year ending March 2051 was formulated to proactively address environmental risks and regulations. It 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. To reflect societal trends and changes in the business environment, in the fiscal year ended March 2021 the Nikon Group revised our Materiality. The Group also updated the Nikon Medium-Term Environmental Goals in line with this revision and is advancing a range of initiatives in these areas.

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Renewable energy adoption rate

7.8%



Water recycling rate (year-on-year change)

Up 0.6%



Total waste generated (year-on-year change)

Reduced 2.2%



Reason for Priority

As the impact of climate change becomes more pronounced and the associated social and economic losses and damages become more severe, the 1.5°C target for limiting the global average temperature rise was effectively and formally agreed upon as a new global goal at the 26th Conference of the Parties (COP26) of the United Nations Framework Convention on Climate Change. To achieve this goal, greenhouse gas emissions must be reduced to virtually zero by 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.

Commitment

In the Nikon Long-Term Environmental Vision, Nikon strives toward “Realizing a Decarbonized Society,” “Realizing a Resource Circulating Society,” and “Realizing a Healthy and Environmentally Safe Society.” With this, we have established the Nikon Medium-Term Environmental Goals as specific goals to be achieved by the fiscal year ending March 2031.

As an example, in our efforts to realize a decarbonized society, we aim to reduce greenhouse gas emissions from business facilities by 71.4% compared to the fiscal year ended March 2014 by the fiscal year ending March 2031. This is in order to achieve carbon neutrality by the fiscal year ending March 2051. This target was certified by the Science Based Targets (SBT) initiative. We are also a member of RE100 and are working to introduce renewable energy.

With regard to climate change, Nikon recognizes the risk of extreme weather events, which are becoming increasingly serious every year, as well as the business opportunity to contribute to decarbonization and resource circulation by leveraging its core technologies. The Medium-Term Management Plan, which was launched in April 2022, also 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

[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

Environmental Strategy

Long-Term Environmental Vision and Medium-Term Environmental Goals

Approach and Policy

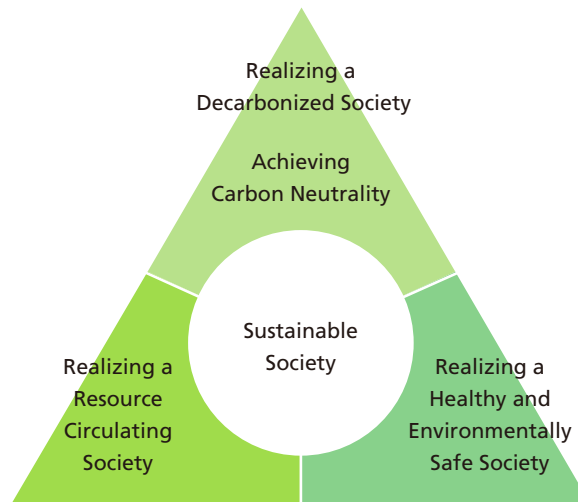
Targets

To proactively address environmental risks and regulations, we formulated the Nikon Long-Term Environmental Vision, which looks ahead to the fiscal year ending March 2051. 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 achievement of

carbon neutrality throughout the supply chain by fiscal 2050 with respect to Realizing a Decarbonized Society. These three pillars are linked with our Materiality and with the Nikon Medium-Term Environmental Goals, for which the fiscal year ending March 2031 is the target year. In the fiscal year ended March 2022, we formulated a roadmap for achieving the Nikon Medium-Term Environmental Goals. This roadmap clarifies the work we need to do and how far we need to go by the fiscal year ending March 2026, making the path to achieving our goals more concrete.

● Nikon Long-Term Environmental Vision (Target period: the fiscal year ending March 2051)

The Nikon Group contributes to building a sustainable society through its 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.



Environmental Action Plan

Targets

Activities and Results

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 performance self-evaluations, and we review our action plans for the next year and thereafter based on the issues that are identified by the Subcommittee.



Nikon Environmental Activity Policy
https://www.nikon.com/about/sustainability/environment/environment_policy.pdf

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

Nikon Long-Term Environmental Vision Target period: the fiscal year ending March 2051	Materiality	Nikon Medium-Term Environmental Goals Target year: the fiscal year ending March 2031	What Nikon Needs to Do	Social Background
Realizing a Decarbonized Society	Materiality 3 Promoting a Decarbonized Society	<ul style="list-style-type: none"> Reduce greenhouse gas emissions (Scope 1*¹ and Scope 2*²) by 71.4% compared to the fiscal year ended March 2014 Achieve a renewable energy adoption rate of 30% by the fiscal year ending March 2031 Reduce greenhouse gas emissions (in three of 15 Scope 3*³ categories—purchased goods and services, upstream transportation & distribution, and use of sold products) by 31% compared to the fiscal year ended March 2014 	<p>By the fiscal year ending March 2031, formulate and seek achievement of internal targets in line with the 1.5°C target</p> <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 work style 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 establish and achieve CO₂ reduction targets Adopt renewable energy with the aim of achieving carbon neutrality by fiscal 2050 	The increasingly obvious impact of climate change, and the trend towards decarbonization in society
Realizing a Resource Circulating Society	Materiality 4 Promoting Resource Circulation	<ul style="list-style-type: none"> Achieve zero emissions level 1 or better*⁴ at all manufacturing companies Reduce total amount of waste generated by 10% or more compared to the fiscal year ended March 2019 Reduce freshwater consumption*⁵ by 5% compared to the fiscal year ended March 2019 70% or above reuse rate for abrasive agents Expand 3R products 	<p>By the fiscal year ending March 2031, formulate company targets in response to the issue of resource depletion and aim to realize these targets</p> <ul style="list-style-type: none"> Reduce waste through streamlining processes from development to manufacturing 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*⁶ throughout the product lifecycle 	The increasingly serious impact on the environment caused by mass production, consumption, and waste generation, and society's shift towards a circular economy
Realizing a Healthy and Environmentally Safe Society	Materiality 5 Preventing Pollution and Conserving Ecosystems	<ul style="list-style-type: none"> Zero usage of hazardous chemical substances*⁷ in manufacturing processes Zero hazardous chemical substances contained in products*⁸ Continue to preserve the environment in the vicinity of company facilities through local community contribution activities that take marine plastic pollution issues into account Use FSC-certified paper for all paper items bearing Nikon logo 	<p>By the fiscal year ending March 2031, strengthen the system for appropriate management and reduction of hazardous chemical substances used in production processes or contained in products</p> <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 Aim to maintain the natural environment of communities and provide a comfortable living environment 	The increasingly serious issue of environmental pollution caused by hazardous chemical substances and by marine plastic waste, and the tightening of regulations in individual countries and regions

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

*4 Achieving zero emissions level 1 or better: 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%.

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

*6 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.

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

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

● Roadmap for Achievement of the Nikon Medium-Term Environmental Goals

Realizing a Decarbonized Society	(Results in the fiscal year ended March 2022)	(Goals for the fiscal year ending March 2026)	Nikon Medium-Term Environmental Goals (Goals for the fiscal year ending March 2031)
Reduction in greenhouse gas emissions in Scope 1 and Scope 2 (compared to the fiscal year ended March 2014)	26.9% reduction	46.5% reduction	71.4% reduction
Renewable energy adoption rate	7.8% adoption rate	18% adoption rate	30% adoption rate
Greenhouse gas emissions in three Scope 3 categories (compared to the fiscal year ended March 2014)	36.7% reduction	28% reduction	31% reduction
Realizing a Resource Circulating Society			
Zero emissions level 1 or better	Achieved at Nikon and Nikon Group manufacturing companies in Japan	Achieve target at two companies in China additionally	Achieve at all manufacturing companies
Total waste generated (compared to the fiscal year ended March 2019)	24.6% reduction	5% reduction	10% or more reduction
Freshwater consumption (compared to the fiscal year ended March 2019)	11.6% reduction	3% reduction	5% reduction
3R products	Promoted reuse measures, explored measures	Formulate and disseminate policies	Expanded
Realizing a Healthy and Environmentally Safe Society			
Usage of hazardous chemical substances in manufacturing processes	Determined the deadline for the transition of alternative substances for 1-bromopropane	Creation of a roadmap for total discontinuation	Zero use
Hazardous chemical substances contained in products	Zero contained in products	Zero contained in products	Zero contained in products
Environmental preservation in the vicinity company facilities through local community contribution activities	Continued preservation activities	Continued preservation activities	Continued preservation activities

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

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

Materiality	Priority Activity Themes	Targets for the Fiscal Year Ended March 2022	Annual Result	Self-evaluation	Corresponding Page	
Decarbonized society	Materiality 3 Promoting a Decarbonized Society	Greenhouse gas reduction	• Reduce CO ₂ emissions from business activities for the entire Nikon Group by at least 4.5% year-on-year	• CO ₂ emissions from business activities: 1.3% reduction for the entire Nikon Group year-on-year	△	P61
			• Achieve a 7% renewable energy share of electricity used for business activities	• Renewable energy share of electricity used for business activities: 7.8%	○	P65
		Reduction of the 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 • Approximately 78% of new products certified as eco-friendly products	○	P58
		Reduction of the environmental impact of transportation	• Reduce greenhouse gas emissions in distribution by at least 2.7% year-on-year	• Reduced greenhouse gas emissions in distribution by 5.1% year-on-year	○	P68
		Engagement with procurement partners	• Continue to require that main procurement partners (accounting for 80% of procurement costs) establish CO ₂ emissions reduction targets and track performance (complete the requesting process for at least 60% of partners)	• Issued requests that main procurement partners (accounting for 80% of procurement costs) establish CO ₂ emissions reduction targets and track performance (completed the requesting process for 60.1% of partners)	○	P63
Resource circulating society	Materiality 4 Promoting Resource Circulation	Zero emissions	• Nikon and Group manufacturing companies in Japan: Maintain level S • Group manufacturing companies in China: Maintain level 1 • Group manufacturing companies outside Japan: Implement initiatives in line with conditions in each country	• Nikon and Group manufacturing companies in Japan: Achieved level S (final landfill disposal rate of 0.09%) • Group manufacturing companies in China: Achieved level 1 (final landfill disposal rate of 0.52%) • Group manufacturing companies outside Japan: Conducted disposal in accordance with respective national laws and regulations	○	P76
		Waste reduction	• Reduce the total amount of waste generated from operations by at least 1% year-on-year	• Total amount of waste generated from operations: Reduced by 2.2% year-on-year	○	P76
		Promotion of the appropriate use and effective utilization of water	• Determine water risk measures based on survey result • Reduce water withdrawal year-on-year (compared to 3,640,000 m ³ in the previous fiscal year) • Improve the water reuse rate year-on-year (compared to 6.6% in the previous fiscal year)	• Confirmed measures at some facilities and completed incorporation into medium- to long-term plans • Water withdrawal: Reduced levels year-on-year (by 2.6%) • Water reuse rate: Improved year-on-year (by 0.6%)	○	P78
		Promotion of reducing, reusing and recycling	• Complete deliberation on measures for reducing the airborne emission volume of solvent-type detergents • Reduce abrasive usage volume year-on-year	• Shared Group internal survey results and extracted reduction measures in related industries with each facility • Though reduction in the number of types of abrasives used led to lower costs, increased usage counteracted this effect and left targets unachieved due to higher production	△	P76
			• Promote the reuse and recycling of products, parts and materials	• Continued sales of used semiconductor lithography systems • Used recycled materials for new product materials and packaging materials	○	P74 P75
Healthy and environmentally safe society	Materiality 5 Preventing Pollution and Conserving Ecosystems	Reduction of hazardous chemical substances, etc.	• Promote substitution for restricted halogenated substances and HFCs based on the Hazardous Chemical Substances Guideline	• Confirmed usage termination deadlines Methylene chloride (Halogen-based): March 31, 2024 HFCs and other prohibited substances: March 31, 2025	○	P83
			• Comply with the laws and regulations of each country governing hazardous chemical substances • Strengthen the management system for the chemical substances contained in products	• Straps provided with some binoculars (e.g., the MONARCH 5) contains substances restricted under the REACH Regulation • Revised the management system for hazardous chemical substances contained in products	△	P81
	Implementation of activities aimed at biodiversity conservation	• Perform local community contribution activities that take marine plastic pollution issues into account at least once a year at every facility	• Local community contribution activities that take marine plastic pollution issues into account: 29 activities with a cumulative total of 1,057 participants (at 21 facilities)	○	P87	
		• Promote changing Nikon logo-bearing documents to be printed on FSC-certified paper	• Newly ordered product catalogs: Around 95% for use in Japan, North America and Europe are printed on FSC-certified paper, excluding special paper types	○	P86	

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

Materiality		Priority Activity Themes	Targets for the Fiscal Year Ending March 2023
Decarbonized society	Materiality 3 Promoting a Decarbonized Society	Greenhouse gas reduction	• Reduce greenhouse gas emissions in Scope 1 and Scope 2 by 31.6% compared to the fiscal year ended March 2014
			• Achieve a renewable energy adoption rate of 9% or higher in electricity used for business activities
		Reduction of the environmental impact from products	• Reduce environmental impact by making effective use of the LCA methodology • Create eco-friendly products
		Reduction of the environmental impact of transportation	• Reduce greenhouse gas emissions in distribution by 10% compared to the fiscal year ended March 2020
		Engagement with procurement partners	• Complete understanding of CO ₂ emissions for main procurement partners who account for 80% of procurement costs
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 the actual conditions and circumstances of the country
		Waste reduction	• Reduce total waste emissions from business activities by 2% or more compared to the fiscal year ended March 2019 (Total waste emissions: 7,616 tons or less)
		Promotion of the appropriate use and effective utilization of water	• Reduce freshwater consumption* by at least 2% compared to the fiscal year ended March 2019 (Freshwater consumption in fiscal 2018: 1,948,000 m ³) * Of wastewater discharged as groundwater, the amount of water at the same water quality level as the original water and the amount of tertiary treatment water are subtracted from the consumption • Improve the water reuse rate from the previous fiscal year (compared to 7.2% in the previous fiscal year)
		Promotion of reduce, reuse and recycling	• Undertake the development of technologies to achieve a 70% or higher abrasive recycling rate • Reduce environmental impact from products • Promote the reuse of products, parts and materials • Examine the use of recycled materials for products
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 the fiscal year ending March 2025
			• Comply with the hazardous chemical substances laws and regulations of each country • Strengthen the management framework of hazardous chemical substances contained in products
	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 • Promote the use of FSC-certified paper for paper items bearing Nikon logo	


Participation in Environmental Initiatives

Activities and Results

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.

Setting Science-Based Targets and Signing Up to the Business Ambition for 1.5°C Initiative (→ P61)
 Joining RE100 (→ P65)
 Disclosures in Accord with the TCFD Recommendations (→ P69)

● Major Environmental Initiatives and Organizations with Nikon's Participation

Initiatives/Organizations	Activity Details
Science Based Targets (SBT) 	In February 2021, Nikon revised its Scope 1 and Scope 2 greenhouse gas emissions reduction target from 26% to 71.4% (compared to the fiscal year ended March 2014), acquiring 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)*	Founding member as of 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
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 	Founding member as of May 2019

*The Japan Climate Initiative (JCI) is network committed to strengthening communication and exchange of strategies and solutions among all actors that are implementing climate actions in Japan.

Influencing Society

To solve environmental issues that are facing society on a global scale, collaboration with others is vital. In March 2021, Nikon joined with other RE100 member companies to lobby the Japanese government to raise its renewable energy targets. In April 2021, the JCI, of which Nikon is a founding member, issued a message calling on the Japanese government to set ambitious targets for 2030 to help realize the goals of the Paris Agreement on Climate Change. Nikon supports this stance.

Nikon has expressed its support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB). These recommendations were presented in the TCFD's final report to contribute to a smooth transition to a low-carbon economy. Besides implementing appropriate disclosure in regard to climate change, Nikon is also participating in the TCFD Consortium, which was established with the goal of getting companies, financial institutions, and other organizations that support the TCFD's Recommendations to work together to implement effective disclosure and utilize the information disclosed.