

Materiality 8

Diversity and Inclusion



Reason for Priority

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

Commitment

To realize the Vision 2030 as laid out in the Medium-Term Management Plan, and to sustainably increase corporate value, it is important that the Nikon Group permeate and entrench a corporate culture of respect for diversity, including of value systems, where each and every employee deepens their understanding and raises their awareness of diversity and inclusion.

Specifically, we will build an environment in which employees, regardless of age, gender, nationality, or other qualities, can elevate each other and fully demonstrate their capabilities. Here, we will also provide fair and impartial evaluation and treatment with emphasis on job performance, as well as support for career development toward self-fulfillment for our employees, among other things.

We will also adapt to changes in society and living situations, providing an environment enabling employees facing a variety of circumstances, such as disabilities or the need to provide childcare or long-term care, to fulfill their potential and play important roles.

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

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
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)	5.1 5.5 8.5 10.2	Increase the ratio of females recruited through the regular annual recruitment process to at least 25% Increase the ratio of all managers who are female to at least 7.2%	Nikon	The percentage of women in regular employment for the fiscal year ended March 2022 was 31.2% The ratio of female managers as of March 31, 2022 was 7.2%
	Promote the Group-wide implementation of operational and personnel processes that do not discriminate on the basis of gender, nationality, ethnicity, etc.				
	Continue to implement measures to raise awareness of diversity and inclusion among all employees				

Promoting the Success of Diverse Employees

Basic Approach

Approach and Policy

System and Framework

At the Nikon Group, one of our core tenets is to warmly embrace diverse ideas and to delight in differences among people and cultures, in line with our Corporate Philosophy and vision. As part of this tenet, we work to encourage diversity and inclusion. In concrete terms, we respect employees' diversity of personalities and fundamental human rights, and provide a working environment that helps to maximize employee motivation and capabilities, regardless of ethnicity, beliefs, gender, sexual orientation, level of education, nationality, religion, age, etc.

In addition, we harness e-learning and other means to encourage understanding and foster awareness in this area among each and every employee on a global basis.

Building Blocks Necessary for Diversity and Inclusion

- Ensuring fair systems for and treatment of employees that respect their diversity and human rights
- Mutual employee respect and inclusivity regardless of differences in qualities or value systems
- Fostering a corporate culture where each and every employee can make the most of their individuality and capabilities to generate results as a team

Promotion System

Each fiscal year, we set targets to be addressed for important issues in the area of diversity and inclusion. These targets, and progress toward their achievement, are reported at the Sustainability Committee.

In creating an employee-friendly working environment, we are implementing initiatives tailored to the qualities of each Group company's business, with consideration to the laws and labor practices of their respective countries and regions. For Group companies in Japan, Nikon's Human Resources Department leads the development and advancement of these initiatives and measures.

Respect for Diversity

Target

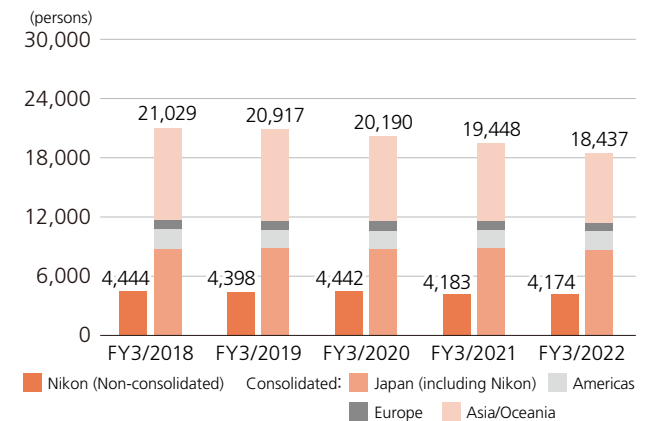
Activities and Results

Utilization of Global Human Resources

The Nikon Group appoints outstanding human resources to management and executive positions, regardless of age or gender. 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.

● Number of Employees by Region Over Time



* Consolidated figures include permanent employees and nonregular staff 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. Employees of Nikon Metrology NV and its subsidiary Group companies are included in the European figures.

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 regular annual recruitment process to at least 25%, and of increasing the ratio of female managers to at least 7.5% by March 31, 2023, and we have been taking systematic and sustained action to achieve these.

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 the fiscal year ended March 2022, the ratio of female employees recruited through the regular annual recruitment process was 31.2%, and as of March 31, 2022, the ratio of women in management positions was 7.2%. Nikon will continue to focus on building an environment conducive to the advancement of women and on providing career development support.

● Ratio of Female Employees

(%)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Nikon	11.5	13.2	13.5	14.8	15.2
Group companies in Japan	15.5	13.5	13.3	13.2	12.9
Group companies in Europe	24.2	24.7	27.5	26.5	26.1
Group companies in the Americas	29.2	25.5	24.1	22.4	22.6
Group companies in Asia/Oceania	72.5	71.7	70.3	69.5	67.7
Nikon Group (total)	40.5	41.0	39.2	38.0	36.2

* Percentages are of permanent employees and non-regular staff of the Nikon Group (consolidated). For years prior to and including the fiscal year ended March 2018, employees seconded to affiliates were counted as employees of their original companies. Starting from the fiscal year ended March 2019, employees seconded to affiliates have been counted as employees of the affiliates.

● Ratio of Women in Management Positions

(%)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Nikon	5.8	5.1	6.6	6.4	7.2
Group companies in Japan	2.5	3.3	2.2	3.1	3.7
Group companies in Europe	21.6	20.1	23.9	22.9	24.4
Group companies in the Americas	31.4	21.9	29.7	28.7	28.4
Group companies in Asia/Oceania	29.8	21.4	22.0	23.6	23.7
Nikon Group (total)	13.1	12.1	14.8	15.0	15.6

* Percentages are of permanent employees and non-regular staff of the Nikon Group (consolidated). For years prior to and including the fiscal year ended March 2018, employees seconded to affiliates were counted as employees of their original companies. Starting from the fiscal year ended March 2019, employees seconded to affiliates have been counted as employees of the affiliates.

Supporting Senior Employees in the Workplace


In the present age called "the 100-Year Life," the needs and values of each individual in the areas of life planning and working styles are also 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.

Nikon has introduced a reemployment system 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 worker dispatch business, rehires 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 the age group-specific Career Design Training program and the Life Plan Seminar, which is held for employees who will reach mandatory retirement age in the following year (a total of 221 employees attended this seminar in the fiscal year ended March 2022). Career Design Training is a new program offered for 58-year-olds created in the fiscal year ended March 2022. It launched in earnest the following fiscal year, providing participants with an advance opportunity to explore their career potential after reaching the mandatory retirement age, and enhancing opportunities to foster mindsets needed for them to sustain their working careers over time. In the fiscal year ended March

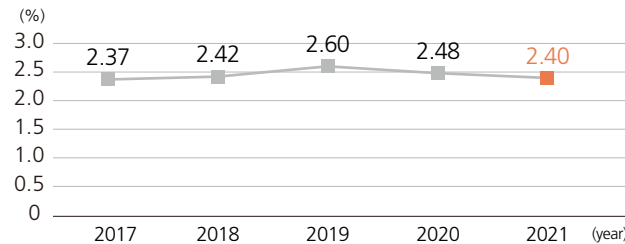
2022, 192 participants joined the Career Design Training program.

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 2021, persons with disabilities exceeded the statutory minimum percentage, accounting for 2.4% 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.

Creating an Employee-friendly Working Environment

Activities and Results

The Nikon Group is working to build employee-friendly workplaces, 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.

Striving to Reduce 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 Long Working Hours

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 excessive overtime work exceed statutory requirements. 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. In the fiscal year ended March 2022, we improved the visibility and usability of our working hour management system so that managers can promptly and appropriately monitor the status of their subordinates' overtime work.

● **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%. In the fiscal year ended March 2022, the percentage of Nikon employees taking their annual paid leave stood at 68 %. Although this figure is lower than in previous years due to the impact of the COVID-19 pandemic and other factors, it continues to compare favorably to the national average of 56.6% in 2020 as reported in the 2021 General Survey on Working Conditions compiled by Japan's Ministry of Health, Labour and Welfare. 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 rigorously ensured screening for excessive overtime work
- Held interviews with workplaces that have long working hours and provided instructions for remediation

Encouraging Employees to Take Annual Paid Leave

- Established company-wide annual paid leave
- Established days encouraged for taking annual paid leave
- Established a system for systematically taking five days of annual paid leave
- Encouraged supervisors and employees with low leave rates 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's 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, we provide a mechanism allowing employees to flexibly choose their working times through the establishment of the Super Flex Time Working system, which has no core time period (in which employees are required to work). This system has gained greater understanding and permeation at our workplaces, and as of March 2022 it applies to 93.9% of all employees.

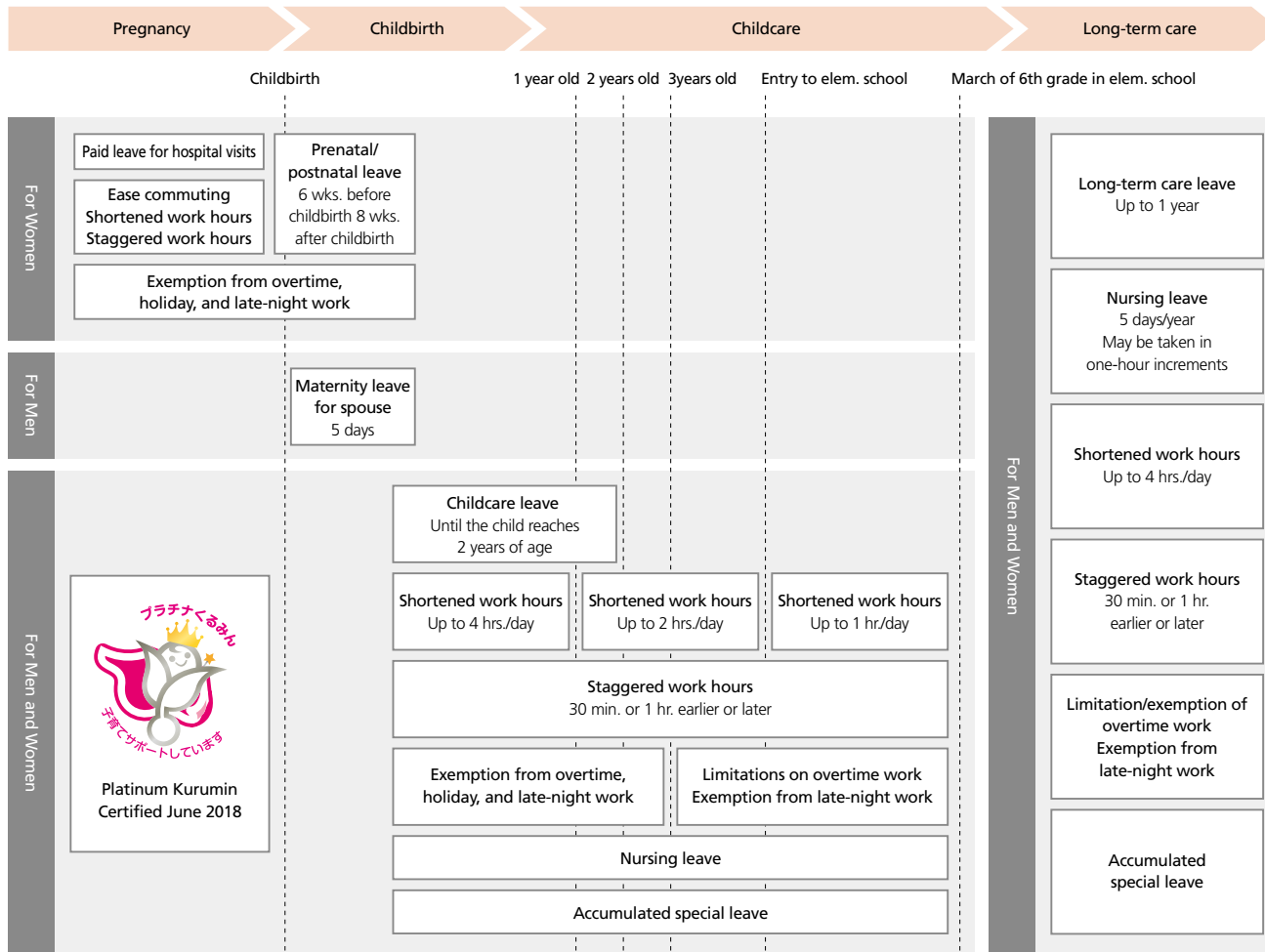
● **Telecommuting system**

We have introduced a telecommuting system, improving our employees' work-life balance by reducing commuting time and increasing productivity by allowing employees to concentrate on their work at home. Since its introduction in the fiscal year ended March 2017, we have been gradually expanding the system to be more flexible, including easing requirements for its use, while taking into account the degree understanding has permeated among workplaces and employees, as well as the challenges faced.

Childcare and Long-Term Care Support

At Nikon, we have established a system that allows employees to choose a flexible work style according to their life stage, in order to help them balance work with pregnancy, childbirth, childcare, and long-term care. In concrete terms, Nikon goes beyond the statutory requirements, allowing employees to take childcare leave for any reason up until their child's second birthday. Programs like shortened working hours for childcare and childcare nursing leave can be used up until employees' children graduate from elementary school. We have also put in place a number of other systems to support employees as they provide care for children and other family members, including staggered working hours, shortened working hours, and our flexible Super Flex Time Working system. 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 long-term 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's Support Systems for Balancing Work and Family



* Super Flex Time Working can also be applied to shortened or staggered working hours
 * Up to 40 days of accumulated special leave (paid leave) can be taken

Addressing COVID-19 and New Work Styles

Amid the global outbreak of COVID-19, the Nikon Group has implemented a range of measures to prevent the spread of the virus based on its basic policy of sustaining business activities while working to prevent the spread of the virus (see page 42, 117).

In its telecommuting system, Nikon has implemented special facilitative measures, including raising the maximum number of days that employees can work at home in accordance with the state of the virus's spread, and allowing employees to pause and resume work due to childcare or other circumstances. Group companies are also working to balance infection control measures with business operations by introducing and expanding telecommuting systems on an emergency basis, and taking other actions in accordance with the actual conditions in their respective countries and regions.

As a result of these efforts, telecommuting has rapidly permeated throughout the Nikon Group, and the experience of working in a combination of work at home and in-office work has confirmed that there are advantages and disadvantages to each of these work styles. With a view to the post-COVID world, we at Nikon have started to discuss with the Nikon Labor Union on best practices in work styles and systems, leveraging the benefits of a dual in-office and telecommuting work system so as to maximize individual employee results.

Fair Treatment and Evaluation

Basic Approach on HR Management System

Approach and Policy

The Nikon Group has adopted a basic policy that values dialog 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.

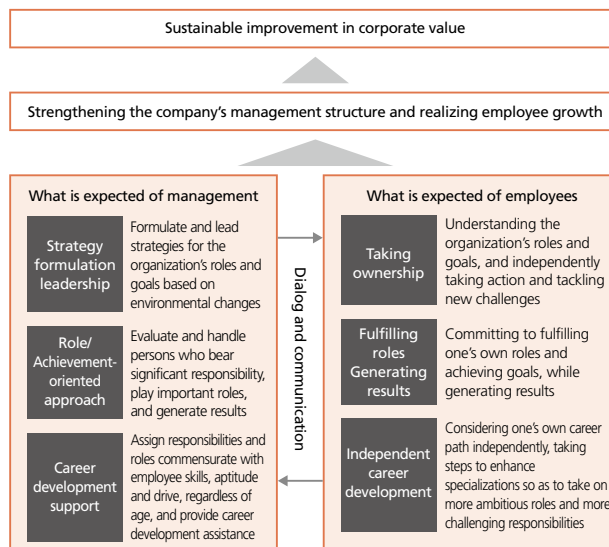
Nikon's HR Management System

System and Framework

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 its 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.

● Purpose of Nikon's HR Management System



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.

● Career Matching Support System (FA System)

The career matching support 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

Initiatives for Human Resource Development

Activities and Results

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 its employee education and training programs in the fiscal year ended March 2022, Nikon held a total of 397 training courses (including the training noted on the right) organized by departments specializing in employee education and attended by a total of 8,218 employees. On average, Nikon employees spent 2.5 days per year in training courses, and Nikon's expenditure on training per employee was 50,779 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 four points or higher out of five, and the average in the fiscal year ended March 2022 was 4.25 points. Nikon's training courses are also available to employees of Group companies in Japan.

Each of Group companies also provides employees with education and training opportunities. At the Nikon Group as a whole, education and training time per employee was 1,574 minutes, and the per person training expenditure was 24,736 yen in the fiscal year ended March 2022.

● Annual Number of Training Days Per Employee (Fiscal Year Ended March 2022) (days)

	Number of training days on average
Managers	1.6
Non-managers	2.6
Men	2.5
Women	2.7
Total	2.5

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 employees wanting to improve their English proficiency

Strengthening Management

At Nikon, we aim to strengthen management by implementing 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.

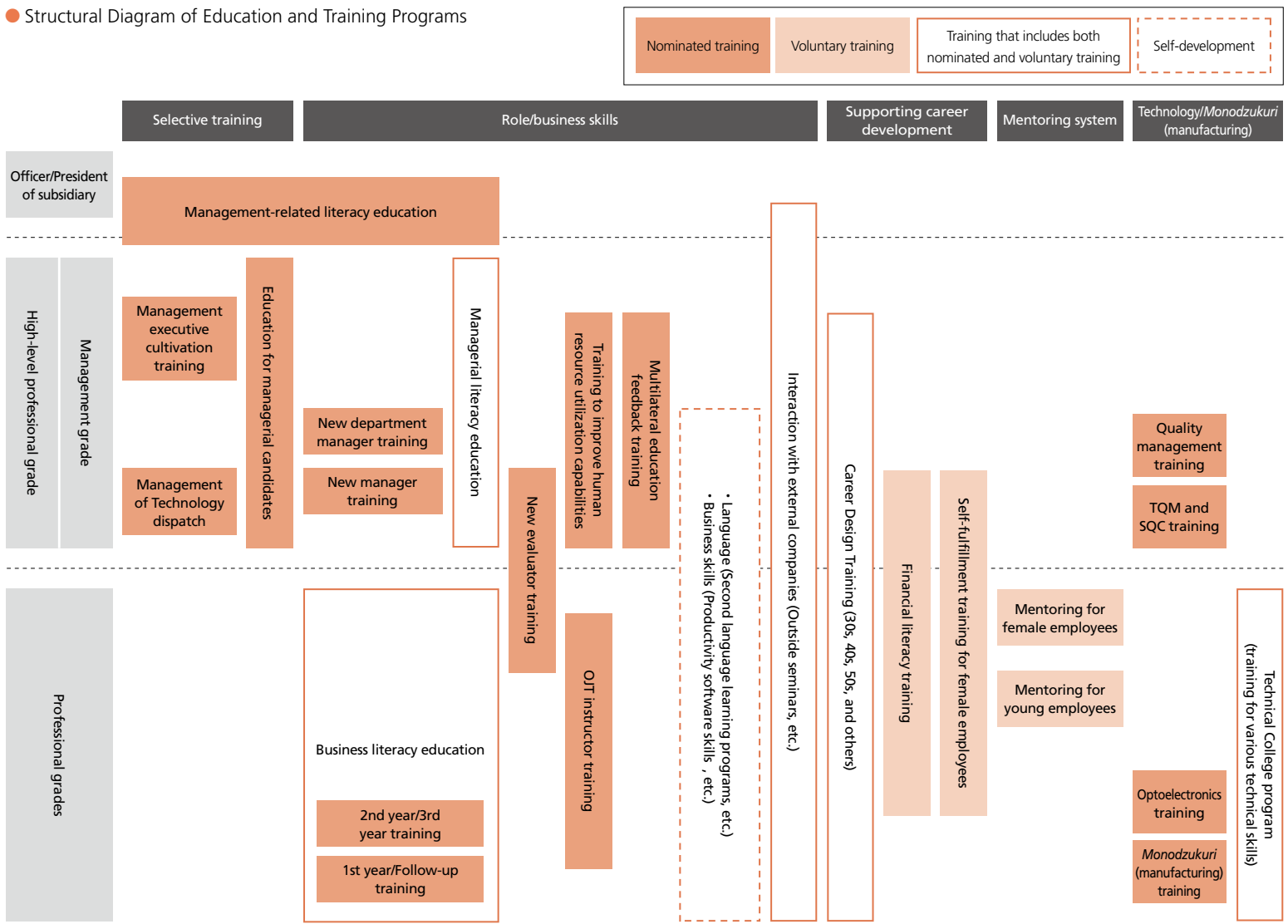
Our multilateral evaluation was introduced in stages starting in December 2018 at Nikon and some Group companies in Japan as part of our efforts to strengthen management. As part of this system, we hold multilateral evaluation feedback and training every year for newly-appointed managers and

department managers, who are being evaluated for the first time, to help them to analyze their own strengths and weaknesses and prepare an action plan for the coming year. Beginning in July 2020, we provided training content focused on human resource utilization capabilities, a category in the multilateral evaluation. In the fiscal year ended March 2022, 96 managers took part in this training, working hard for five months on improving organizational rejuvenation, training of subordinates, and leadership. In addition, we provided new literacy training for managers on topics such as corporate governance and accounting, with a total of 230 participants, including executive officers, managers, and department managers from subsidiaries. In the fiscal year ending March 2023, we will also be implementing even more effective human resource cultivation, 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. In the fiscal year ended March 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. In the fiscal year ending March 2023, we will continue to offer these Career Design Training programs, increasing on-demand training to support employee independence and autonomy.

● Structural Diagram of Education and Training Programs



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