

Aiming for Sustainable Value Creation and Contribution to Society as One Nikon Group

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Thank you for your ongoing support for and cooperation with the activities of the Nikon Group. My name is Toshikazu Umatate, and I was appointed Representative Director, President and CEO of Nikon in June 2019. While taking a leading place, I am determined to do my very best for further corporate development.

Medium-Term Management Plan and Medium-Term CSR Plan

Based on opto-electronics and precision technologies of our core technologies, the Nikon Group provides cameras that capture the feelings of people all around the world, and lithography systems for semiconductors and flat panel displays (FPDs) as the foundation of industry, as well as microscopes. We have grown by meeting the expectations of customers and the needs of society.

In November 2016, we announced that we would work on restructuring with the goals of improving our profitability and corporate structure until March 31, 2019. We have promoted various measures as a group and succeeded in achieving our intended goals.

Going forward, in accordance with the Medium-Term Management Plan we announced in May 2019, we will work to boost profitability in existing businesses. While utilizing the technology we have cultivated so far and leveraging internal and external partnerships more deeply

and widely, we will also promote the establishment of new businesses that will form new core pillars of profit, such as the material processing business.

In addition to our Medium-Term Management Plan, which is focused on the expansion of our business, we formulated the Medium-Term CSR Plan in May 2019 in order to integrate business and CSR as a management issue and to clarify our policies and targets and achieve steady progress on it.

In the future, through these two medium-term plans, we will effectively utilize the diverse capital and related resources of the Nikon Group. We will strive to formulate a sustainability strategy that constantly creates social value and enterprise value while solving social issues focused on the SDGs.

Sustainability and Companies

It is clear that without social sustainability and development companies do not grow or survive, and addressing sustainability, including climate changes, human rights matters, and the SDGs, is a pressing issue. Accordingly, I will work on management with a conviction that companies take these issues seriously, formulate and implement effective plans, and grow while contributing to society.

Nikon established our corporate philosophy of “Trustworthiness and Creativity” in 2000, and it has been

[>Message from the President](#)

passed down until the present day. Our pursuit of this corporate philosophy is the same as my own convictions about sustainability that I stated above and forms the basis of consistent management for the Nikon Group.

For those sustainability issues that require efforts over a long-term period of several decades into the future, such as climate change policy in particular, it is the responsibility of management to accurately identify social trends and consider our response to changes to plan and prepare the required action for each issue at an early stage. This is our approach in addressing the FSB Task Force on Climate-related Financial Disclosure (TCFD), which we endorsed in November 2018, and the setting of Science Based Targets (SBT), which we committed to in March 2019, based on sound processes and consideration.

Nikon Group's Initiatives

We formulated our new Medium-Term CSR Plan in line with our CSR priority issues [▶ CSR Priority Issues (P13)]. The Nikon Group has divided our CSR priority issues into three key areas: "Contributing to Society through Business Activities," "Responding to Environmental Issues," and "Strengthening CSR Foundation," and we have established 11 issues within these areas. Each department develops its own targets for each issue based on company-wide targets as the entire Nikon Group strives to achieve our targets.

In the area of "Contributing to Society through Business Activities," our main aim is to utilize the technology that Nikon has cultivated widely beyond our existing businesses in the advancement of people's health, and industry and science. As an example, the Lasermeister 100A, the optical processing machine for which we started taking orders in April 2019, is Nikon's proprietary metal processing machine and can easily process a variety

of metals with high precision using laser. It is a product that dispels the conventional images of metal processing machines as space-consuming, expensive, and complex to operate, which, combined with its compact size and simple operation that does not require setup, will create new markets. We will expand our active external partnerships from the initial stages of development for other products as well to promote initiatives and innovations in new fields.

In the area of "Responding to Environmental Issues," we will promote a low-carbon society and resource circulation based on the Nikon Long-Term Environmental Vision formulated in 2016. In relation to this, we are working on the TCFD and SBT, which I mentioned earlier, as key issues.

In the area of "Strengthening CSR Foundation," we are repeatedly engaging in internal and external dialogue on issues that form the basis of sustainability such as governance, compliance, the supply chain, promoting the success of diverse employees, and respecting human rights, while aiming for steady improvement in each issue. In the establishment of a sustainable supply chain, we have worked to assess the status of our procurement partners and provide support for the improvement of issues based on the Nikon CSR Procurement Standards. We will continue to actively identify human rights risks in the supply chain based on the Nikon Human Rights Policy, launched in April 2019.

We will also implement human resource-related measures starting with the working system, to ensure that our diverse employees can work with ease, produce results efficiently, and obtain job satisfaction.

Moreover, in order to promote our initiatives to address environmental issues and strengthen the CSR foundation, Nikon joined the Responsible Business Alliance (RBA) in May 2018. Since joining, we have been taking advantage of the tools that the RBA possesses and partnerships with

member companies as well as working to ensure that our business sites and our procurement partners are able to comply more fully with the RBA Code of Conduct.

In Order to Work as One Group

Our Sustainability Strategy will return significant results when each and every employee working in diverse workplaces feels familiar with sustainability, identifies issues in their own work, and solves and improves these issues in line with group policy.

In the past, the Nikon Group has promoted a variety of CSR activities based on the CSR Committee. As a result, I really feel that awareness about the importance of sustainability and the policies decided by the Committee have gradually spread through our organization. Going forward, in order to further consolidate this, we will concentrate on reforming the organizational culture and recreating the appropriate framework so that the Nikon Group addresses the Sustainability Strategy as one. I will also take a variety of opportunities to communicate and exchange opinions with employees about sustainability. Furthermore, we will establish positive and quality communication that cuts across the hierarchy in each workplace to share awareness of issues and promote the integration of business and CSR, implementing strategies so that each and every one of us at the Nikon Group can be keenly aware of contributing to society through business activities.

We hope that you are looking forward to the future of the Nikon Group, and we ask for your continued support.