

Environmental Management Promotion System

The Nikon Group has developed an environmental management promotion system that contributes to the realization of a sustainable society. We clarify the relationship between our businesses and the environment, as well as the effects on biodiversity, and carry out business activities that are environmentally friendly.

Environmental Governance

Management Role

The Nikon Group has established a policy on CSR promotion with the goal of earning stakeholders' trust through highly honest and transparent management practices from the standpoint of socially responsible management. Based on this policy, the CSR Committee is put in place to ensure appropriate actions are taken, including fostering CSR awareness, conducting education and training, and monitoring CSR promotional activities. The committee is chaired by the Representative Director and President and has members drawn from the Executive Committee. The CSR Committee convenes twice a year to make overarching decisions about activities relevant to sustainability including the environment such as setting goals relating to CSR priority issues, including climate change issues, receiving progress reports on activities, issuing directions for improvement as required. Established under the CSR Committee, the Environmental Committee and the Supply Chain Subcommittee each convene twice a year. Chaired by a Senior Vice President, the Environmental Committee reports, deliberates and decides on detailed matters including environmental issues the Nikon Group faces and the policies, targets and results of environmental activities. The Supply Chain Subcommittee, on the other hand, promotes sustainable procurement, including addressing environmental issues, together with procurement partners. Details from the Environmental Committee and the Supply Chain Subcommittee are reported to the CSR Committee twice a year.

[▶Nikon's Supply Chain Management System \(P67\)](#)

[▶CSR Promotion System \(P8\)](#)

Supervision System of the Board of Directors

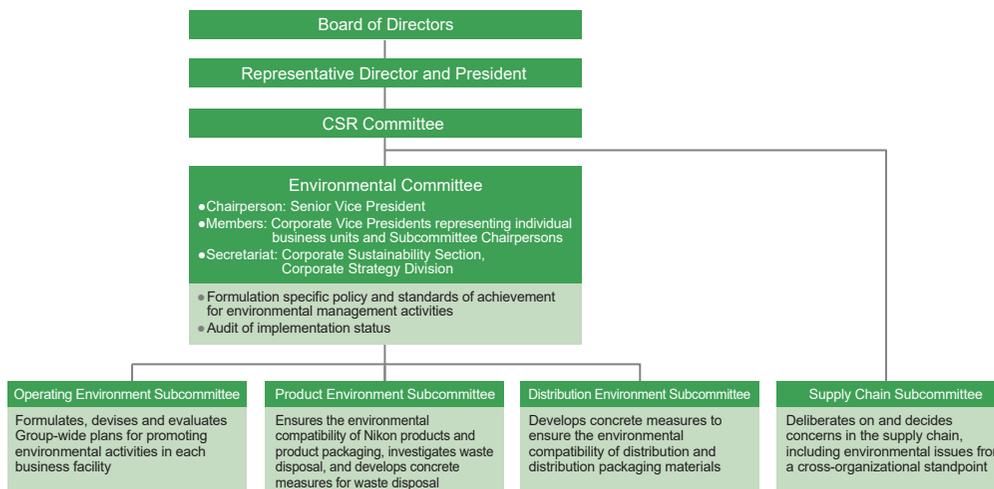
Details from the CSR Committee are reported to the Board of Directors once a year. The Board oversees and manages the effectiveness of ESG-related initiatives from a management perspective and incorporates these initiatives into the Group's overall strategy. Moreover, the Audit and Supervisory Committee, which comprise of five directors, including three external directors, conducts operational audits on sustainability-related operations, including the

environment, in an effort to verify sustainability is taken into consideration in management.

Legal Violations

In the fiscal year ended March 31, 2020, there were no fines or sanctions for violation of environmental laws and regulations, imposed on Nikon or any of its Group companies in and outside Japan. In addition, there were no complaints made in terms of Nikon's environmental impacts.

Environmental Management Organization Chart (As of June 26, 2020)



Environmental Management System

The Nikon Group has rolled out its environmental management system across every one of its companies.

Utilization of ISO 14001 Certification

The Nikon Group conducts environmental management in accordance with ISO 14001, aiming to have all manufacturing business sites certified. In the fiscal year ended March 31, 2020, Nikon Metrology UK Ltd. (UK) became a non-manufacturing business site as a result of reorganization within the Group, and has been removed from certification. Manufacturing operations of the company have been relocated to Nikon X-Tek Systems Ltd. (UK), which has carried over ISO 14001 certification. The Nikon Group will continue to use the ISO 14001 system and promote environmental management by introducing mechanisms for mitigating environmental impacts while clarifying both the internal and external circumstances. (See next page on status of ISO 14001 certification)

Performing Internal Audits

The Nikon Group conducts internal audits, at least once a year, to verify conformity with ISO 14001, and improvements in performance, etc., for each subcommittee and department, while organizations receiving recommendations are to implement improvement measures.

The Nikon Group conducts a training program four times per year with the purpose of cultivating internal auditors to maintain and improve the quality of internal audits. In the fiscal year ended March 31, 2020, a total of 78 employees took part in this training program. Internal audits of the company are carried out by employees who have completed the training program.

We also conduct training twice a year on laws and regulations related to the environment. In the fiscal year ended March 31, 2020, 51 employees participated. These courses are given by qualified in-house lecturers with EMS auditor certifications from IRCA*1 and JRCA*2.

*1 International Register of Certificated Auditors, an international certification organization for management system auditors.

*2 Certification and registration body for management auditors created within the Japanese Registration of Certificated Auditors and experts. The body registers certification of ISO management system auditors and internal auditors.

Nikon Eco Program

The Nikon Group has introduced the Nikon Eco Program, which is a simplified environmental management system for our non-manufacturing facilities in and outside Japan that have low environmental impacts. There are two levels (standard and basic) in the Nikon Eco Program, which makes it possible for the facilities to easily implement environmental activities.

The Nikon Eco Program Standard (NEPS) is designed for relatively large non-manufacturing facilities. The standard level requires goals to be set for the reduction

of environmental impacts, efforts to achieve those goals, and improvement and enhancement of activities while repeating the PDCA cycle. The Nikon Eco Program Basic (NEPB), which is designed for relatively small non-manufacturing facilities, involves visualization of environmental impacts and conducting activities related to the environment.

NEPS has already been adopted at all 5 applicable business facilities. At all other business facilities, the basic level has been introduced to steadily visualize environmental performance data.

Nikon Environmental Management Tools

Environmental Management Tools		ISO 14001	Nikon Eco Program Standard (NEPS)	Nikon Eco Program Basic (NEPB)
Business facilities where in use		Mainly manufacturing facilities and certain non-manufacturing facilities, etc. determined to require obtaining ISO 14001 certification	Relatively large non-manufacturing facilities, etc.	Small non-manufacturing facilities, etc.
Details of activities	<ul style="list-style-type: none"> • Environmental impact assessment • Compliance assessment • Internal audits • Corrective actions • Preventive actions • Management review , etc. 	✓	—	—
	<ul style="list-style-type: none"> • Setting of environmental targets • PDCA 	✓	✓	—
	<ul style="list-style-type: none"> • Environmental education activities • Collection of environmental impact data 	✓	✓	✓



>Environmental Goals >[Environmental Management Promotion System](#) >Promoting a Decarbonized Society >Promoting Resource Circulation >Contributing to a Healthy and Environmentally Safe Society

Data Categories and ISO 14001 Acquisition Status (Fiscal year ended March 31, 2020)

✓ : Acquired

Data category	Company	ISO 14001 Acquisition Status
Nikon	Nikon Corporation	✓
Group manufacturing companies in Japan	Tochigi Nikon Corporation	✓
	Tochigi Nikon Precision Co., Ltd.	✓
	Jigtech Corporation	✓
	Sendai Nikon Corporation	✓
	Miyagi Nikon Precision Co., Ltd.	✓
	Hikari Glass Co., Ltd.	✓
	TNI Industry Corporation	✓
	Nikon Engineering Co., Ltd.	✓
	Nikon CeLL innovation Co., Ltd.	*1
Group non-manufacturing companies in Japan*3	Nikon Tec Corporation	✓
	Nikon Instech Co., Ltd.	✓
	Nikon Systems Inc.	✓
	Nikon Business Service Co., Ltd.	✓
	Nikon Staff Service Corporation*2	✓
	Nikon Vision Co., Ltd.	✓
	Nikon Imaging Japan Inc.	✓
Group manufacturing companies outside Japan	Hikari Glass (Changzhou) Optics Co., Ltd.	✓
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.	✓
	Nikon (Thailand) Co., Ltd.	✓
	Nikon Lao Co., Ltd.	✓
	Nikon X-Tek Systems Ltd.	✓
	Optos Plc	✓
	Optos, Inc.	✓
Group non-manufacturing companies outside Japan*3	58 companies	*1

* The ISO 14001 certification rate for the Nikon Group as a percentage of the number of employees at manufacturing sites is roughly 100%.
 * Nikon Imaging (China) Co., Ltd. ended operations in October 2017; thus, it is now excluded from the scope, but data prior to this date is still included.
 * Since the manufacturing function of Nikon Metrology UK Ltd. has been relocated, the company now conducts non-manufacturing operations only. It is counted as a Group non-manufacturing company outside Japan as of April 2019.
 * Partial changes have been made to past environmental performance data due to the expansion of the boundary.
 * The data figures are rounded off, which may result in a discrepancy between the breakdown and total.
 *1 Introduced the Nikon Eco Program
 *2 In January 2020, the worker dispatch business of Nikon Staff Service Corporation was succeeded by the joint venture company, Nikon Nisso Prime Corporation, while the contract manufacturing business was succeeded by the newly established company, Nikon Product Support Corporation.
 *3 Four Group non-manufacturing companies in Japan that have very minimal environmental impact and have not obtained ISO 14001 are included.

Environment-related Risk Management System

The Nikon Group works to identify and assess environment-related risks and opportunities from a product and service lifecycle perspective using both top-down and bottom-up approaches.

Top-down risk assessment involves the Executive Committee identifying risks and opportunities related to the environment from the standpoint of management strategy. Bottom-up risk assessment involves assessments using ISO 14001 that cover manufacturing sites with a major environmental impact. Environment-related risks and opportunities are identified by each business site and the ISO 14001 Secretariat. In addition, the Risk Management Committee, which handles all forms of risks facing the Nikon Group, conducts the risk identification surveys on Nikon's departments and the Group companies both in and outside of Japan. In turn, a risk map is compiled based on the results of this survey.

The Environmental Committee determines how to address the identified risks and opportunities within the structure of the environmental management system, which are then addressed with concrete measures. Measures with high priority are reflected in the Group's environmental goals. Nikon also regularly verifies and follows up on the progress.

From the standpoint of management strategy, we identify the two main environmental risks of risk deriving from climate change and risk deriving from environmental regulation and address these risks.

Risk Deriving from Climate Change and Nikon's Response

When environmental disasters such as floods and droughts that are caused by climate change bring serious damage to the R&D and manufacturing facilities of the Nikon Group and of our suppliers, this can lead to production stoppages and cause delays in production and shipment. Where this results in a fall in sales or necessitates the spending of

large amounts of money to get facilities operating normally again, this may have a negative impact on the Group's profits and its financial position.

To reduce the level of risk associated with climate change, the Nikon Group is taking steps to achieve greater dispersion in terms of the locations of its manufacturing facilities and suppliers, etc.

Risk Deriving from Environmental Regulation and Nikon's Response

There is a risk that violations of laws and regulations relating to energy, greenhouse gases, the atmosphere, water quality, soil, chemical substances and waste may result in business suspension orders or the need to spend large sums of money on remediation work, which in turn could have a negative impact on company valuation and affect the operations of the Nikon Group as a whole. There is a possibility that regulation may become even more restrictive in the future; if ensuring compliance results in a high level of expenditure, this could negatively impact the Nikon Group's financial health.

In order to be prepared for these risks, the Nikon Group establishes and revises relevant internal rules, works to strengthen the Group's management systems, and implements education and training for relevant employees, etc. In addition, we are working to prevent environmental pollution by establishing voluntary, self-directed standards that are more rigorous than each region's statutory requirements.

Business Activities and the Environment

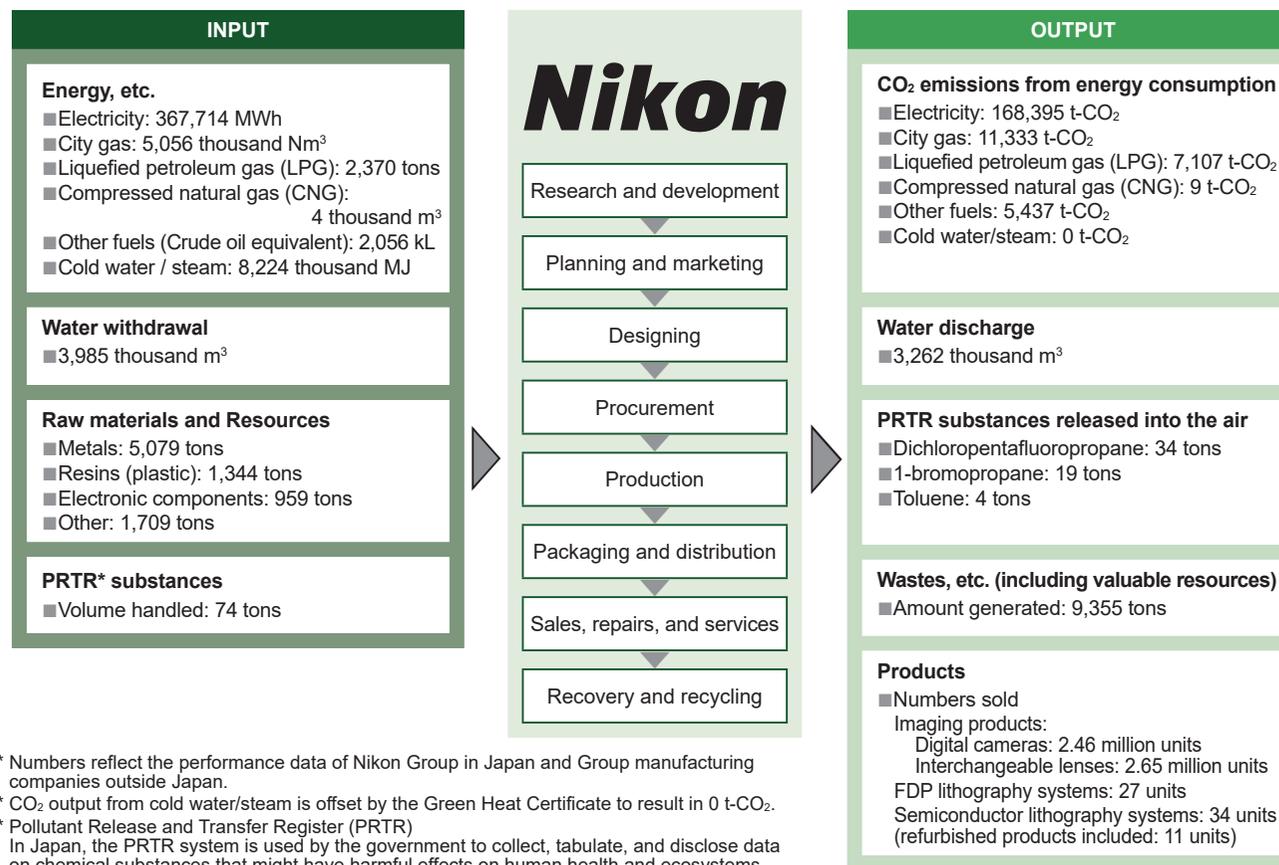
The Nikon Group aspires to be a company that contributes to the sustainable development of society. We clarify the relationship between the environment and our business activities in order to make an accurate assessment of the impacts and risks posed to the environment. We attach great importance to the development of environmental activities based on goals set in accordance with the priority determined through this assessment of impacts and risks.

Therefore, the Nikon Group is actively advancing the collection of environmental data covering electricity and other forms of energy, waste, and water, etc., both inside and outside of Japan.

Eco-friendly Products Development

The Nikon Group works to develop Eco-friendly Products by taking into account environmental impacts starting from the planning and designing phase of products following the Eco-friendly Product Development Flow noted on the next page.

Relationship between Nikon Group Businesses and the Environment



* Numbers reflect the performance data of Nikon Group in Japan and Group manufacturing companies outside Japan.

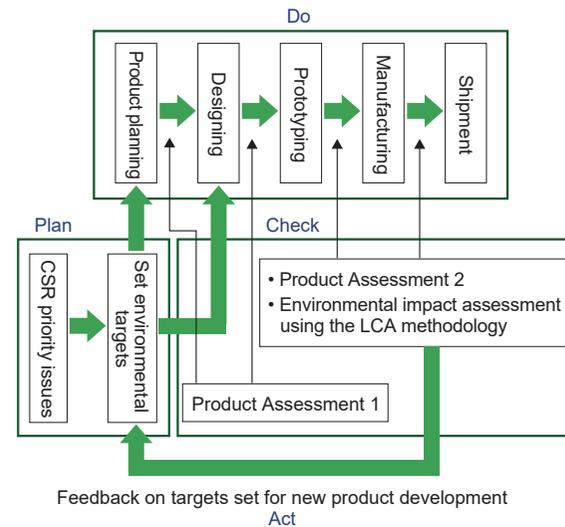
* CO₂ output from cold water/steam is offset by the Green Heat Certificate to result in 0 t-CO₂.

* Pollutant Release and Transfer Register (PRTR)
In Japan, the PRTR system is used by the government to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. Companies identify and report emissions of these substances into the environment to the government on an annual basis.

Nikon Product/Packaging Assessment

The Nikon Group formulated Nikon Product Assessment and Nikon Packaging Assessment for carrying out product development that thoroughly consider the characteristics of Nikon products and their environmental impact, which is applied to all newly-developed products and packaging materials. As illustrated below, these assessments evaluate the degree of reduction in weight and volume for products and packaging, reduction in hazardous materials, and material commonality and recyclability. According to circumstances, we are revising the assessment items and criteria. "Assessment 1" is carried out in the planning and designing phase of products/package, followed by "Assessment 2" in the prototype or manufacturing phase. In this way, we strive to reduce the environmental impacts of our products through the entire lifecycle.

Eco-friendly Product Development Flow

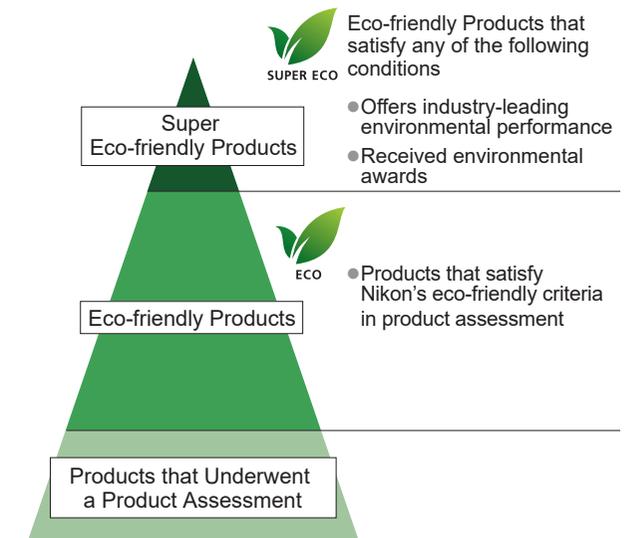
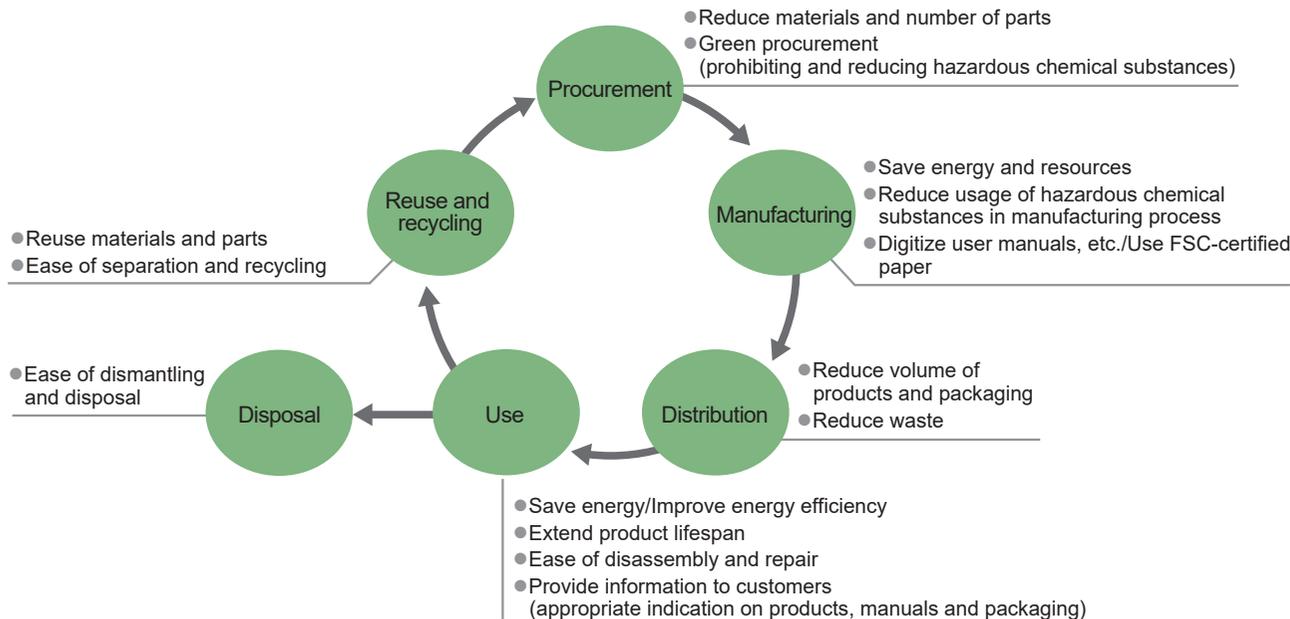


Eco-friendly Products System Diagram

In the past, all products that had been developed by implementing product assessment were classed as Eco-friendly Products. However, we reviewed these definition and systems, and starting from the fiscal year ended March 31, 2018, we established a new system whereby those products that conform to more rigorous standards in product assessment are classed as either Eco-friendly Products or Super Eco-friendly Products. Along with this, Nikon has created its own unique symbol marks (Eco-friendly Products and Super Eco-friendly Products). In the fiscal year ended March 31, 2020, approximately 79% of new products were classed as Eco-friendly Products.

[Eco-friendly Products classed as of the end of March 2020](https://www.nikon.com/about/sustainability/environment/eco_product_en2020.pdf)
https://www.nikon.com/about/sustainability/environment/eco_product_en2020.pdf

Assessment Items of Nikon Product/Packaging Assessment



*1 The above environmental marks are used only for Nikon products recognized as Eco-friendly Products based on our own standards of environmental consideration.

*2 The above environmental marks are not affiliated with any other environmental organizations.

Environmental Education and Awareness Raising Activities for Employees

The Nikon Group believes that the awareness and understanding of employees who are the foundation of its activities are vital to furthering its environmental activities and increasing its standards.

Therefore, we have introduced various environmental education and awareness raising activities for our employees, to promote understanding and awareness of our environmental activities.

Environmental Training

The Nikon Group provides employees with training matched to their duties and position assigned, based on the training plan of the environmental management system.

Environmental Training (Fiscal year ended March 31, 2020)

(persons)

Details	Participants	
	Nikon Corporation	Group companies in and outside Japan
Training on environmental objectives and environmental laws	206	1,314
Training on internal environmental audits	193	201
Other environmental training	20	899

Environmental Awareness

The Nikon Group conducts various environmental awareness raising activities among employees mostly in the month of June, which is designated as Nikon Environment Month.



Environmental Commendation ceremony

Environmental Awareness Activities Result (Fiscal year ended March 31, 2020)

Main environmental awareness raising activities		Targets	Results
Nikon Environment Month (June)	Environmental photo contest	Nikon Group	Contest entries: 151
	Environmental Commendation Program	Nikon Group	Contest entries: 19
	Nikon Environment Month Seminar	Nikon Group in Japan	Participants: 80
Environmental e-Learning (Hosted by CSR-related section at Nikon Corporation in November)		Nikon Group in Japan	Attendance rate: 88%
Earth Hour* (March)	Lights off for billboards and in offices, photo entries on SNS, etc.	Nikon Group	Companies participated: 57

* Earth Hour

A worldwide environmental campaign organized by the World Wildlife Fund (WWF). People around the world show their desire to stop global warming and protect the global environment by switching off the lights at the same time on the same day.

Column

Participating in Earth Hour

The Nikon Group has participated in Earth Hour every year since 2010. This event provides an opportunity to raise environmental awareness by actively encouraging employees in each region around the world to participate. In the fiscal year ended March 31, 2020, 324 employees at Nikon (Thailand) Co., Ltd. signed up to participate in Earth Hour, during which time they turned off lights and electronics for an hour from 8:30 p.m. on March 28. Participants shared their photos taken during this hour on the company website. This event prompted us to consider what are some of the things we can do to address climate change that is showing increasing impact on our daily lives.



Participants in Earth Hour