

Priority Issue 9

Promoting the Success of Diverse Employees



Reason for Priority

As we develop our business globally, we have employees with a variety of social backgrounds and values. In order to secure, attract, and retain outstanding human resources and generate innovation, we need to provide an attractive workplace where employees respect one another's diversity (diversity & inclusion), and where all employees can thrive professionally.

Commitment

Creating a corporate culture that can continue to drive the creation of new value is necessary for Nikon to achieve our Medium-Term Management Plan and make it into the foundation for sustainable growth. To this end, it is important to create an attractive environment that respects human rights and embraces diversity while enabling employees to reach their full potential. We believe that this represents one of Nikon Group's most important social responsibilities.

Specifically, Nikon engages in fair evaluations and treatment that emphasize performance regardless of age, gender, etc., and we provide support to help every individual employee consider their career independently and develop their skills. We are also responding to social and environmental change by creating a flexible, employee-friendly environment and building a workplace environment that safeguards employees' health and peace of mind. Moreover, we believe that promoting the advancement of women in the workplace in Japan is an important issue to address. We will continue to establish a workplace environment where women working at the Nikon Group can play an active role.

Takumi Odajima
Representative Director and Executive Vice President
General Manager of Human Resources & Administration Division



Fair Treatment

The Nikon Group conducts fair evaluations that emphasize performance, and treats employees fairly, regardless of age or gender.

Basic Philosophy on HR Management System

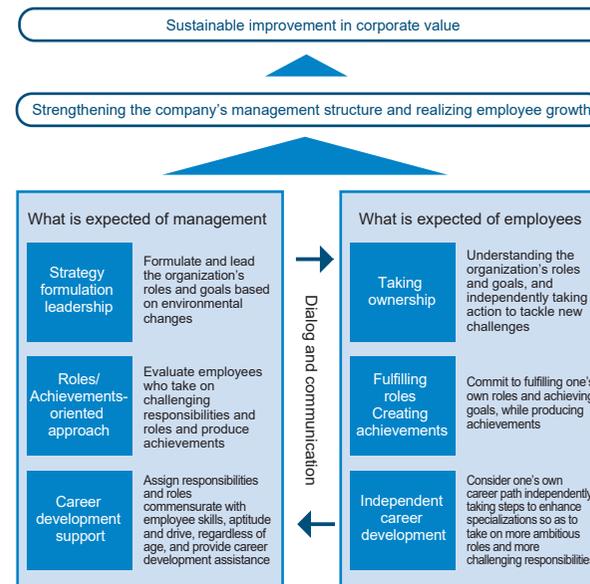
The Nikon Group has adopted a basic policy that values dialog and communication, and uses this to develop a working environment that stimulates employees' motivation and where they can contribute their skills to the fullest. Based on this policy, HR management systems are in place at each individual Nikon Group company. 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 achievements. Employees are placed in jobs and roles based on their aptitude, skills and drive, and we support them to develop their own careers and work on skills development.

Nikon's HR Management System

Nikon has adopted a human resources management system that emphasizes accountability and achievements. Under this new system, we ensure that managers are able to properly evaluate the responsibilities and roles of the employees that they supervise, and able to fully explain the results of these evaluations. Performance evaluations are based mainly on the results achieved (i.e. target achievement) in relation to the position held and the role played in the organization, regardless of age or gender. Nikon has also introduced multifaceted evaluations in which managers receive feedback from those around them regarding their management actions and skills. In the fiscal year ended March 31, 2020, we expanded the scope

of application of this system to also include managers in some Group companies in Japan, with the aim of enhancing management capabilities.

Purpose of Nikon's HR Management System



Nikon's Main Systems for Career Development Profile System

The profile system provides 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 seeking to develop their career 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 and second career support leave, etc.

Human Resource Development

The Nikon Group provides support for employees' own self-directed career development and capability development efforts, and implements human resources cultivation activities.

Nikon's Human Resource Development

The Nikon Group offers training and educational programs linked with the HR systems of the individual Group companies.

Nikon provides training and educational programs to support employees looking to enhance their own employability. In the fiscal year ended March 31, 2020, in terms of employee education and training, Nikon held a total of 306 training courses (including the training noted on the right) organized by departments specializing in employee education, which were attended by a total of 5,777 employees. On average, Nikon employees spent 2.6 days per year undergoing training.

Training participants are given a questionnaire (report) on their training course to complete, which is then used to assess the training curriculum and make continual improvements. Employees of Group companies in Japan can also take a part in training courses offered by Nikon.

Annual Number of Training Days Per Employee (Fiscal year ended March 31, 2020) (days)

	Number of training days on average
Managers	1.3
Non-managers	2.8
Men	2.5
Women	3.3

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 development 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

Nikon aims 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. In the fiscal year ended March 31, 2020, as a form of support implemented based on the results of the multifaceted evaluation that was adopted as part of our efforts to strengthen management, we implemented training aimed at enhancing working capabilities and collaborative capabilities, with a total of 64 employees participating. In the fiscal year ending March 31, 2021, we will be implementing even more effective cultivation, with adjusted training content and the setting of improvement targets.

Support for Employee Independence and Autonomy

As part of our support for employees' independence and autonomy, Nikon helps employees to take inventory of their skills and career achievements, and provides career development training to get employees thinking about how their careers could develop in the future.

In the fiscal year ended March 31, 2020, Nikon implemented career development training for employees who had reached the milestone ages of 35, 45 and 50. Career development training focused on encouraging employees to think about "what kind of career suits me" was also provided for other interested employees across a wide age range.

In the fiscal year ending March 31, 2021, we will be expanding our support for employee career development by providing training for employees in their late 50s to think about how their career can develop in their 60s and after.

Development of High Level Monodzukuri Capabilities

The Nikon Group provides various types of training for promoting high-level *monodzukuri* (manufacturing) capabilities, including specialized technical training by field for new hires, as well as employee training based on job duties and experience.

Nikon has been providing training on a long-term basis, including technical training for new hires to acquire basic *monodzukuri* (manufacturing) skills as well as basic training to cultivate design developers who will acquire knowhow encompassing all *monodzukuri* processes, from upstream processes to downstream processes. Moreover,

mid-level designers receive practical training on processing to acquire general manufacturing knowledge, with the aim of promoting advancement in skills. Furthermore, Nikon has also been offering optical designer cultivation training in relation to maintaining and advancing opto-electronics technologies, one of Nikon's core technologies. The training entails both fundamental theoretical knowledge of theories and sharing of the company's specific technology and skills. In the fiscal year ended March 31, 2020, we adjusted the content of the training program provided for technicians, and established a new training system – the Technical College

program – with the aim of strengthening the technological foundations that are so essential for Nikon's *monodzukuri*. Starting from the fiscal year ending March 31, 2021, Nikon's Technical College program will be providing opportunities for young technicians to learn systematically not only about their own technological specialties, but also about a wide range of other aspects of technology, as we endeavor to cultivate technicians who possess the capacity to innovate across a broad range of fields.

- ▶ [Monodzukuri Reform \(P25\)](#)
- ▶ [Quality Training and Raising Awareness \(P27\)](#)

Education and Training Structure Diagram



* Education and training structure implemented by the Nikon's Human Resources Development Department, which excludes education and training provided independently by individual business departments and administrative departments.

Diversity & Inclusion

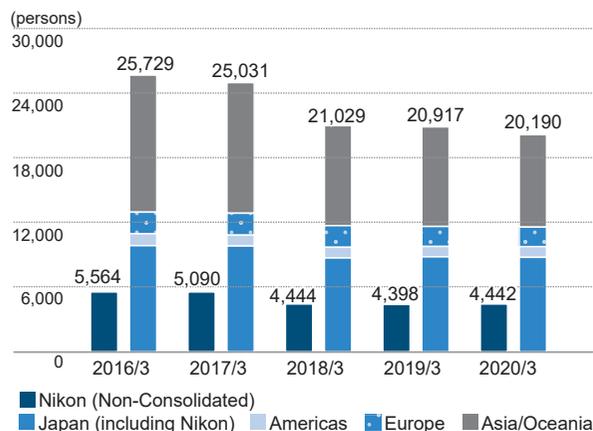
The Nikon Group respects the diversity and human rights of employees that come from various backgrounds.

We actively strive to build an environment that accepts diversity and facilitates success by maximizing the skills of each and every employee.

Respect for Diversity

At the Nikon Group, warmly embracing diverse ideas and delighting in differences among people and cultures, in line with our corporate philosophy and vision, is one of our core tenets. In accordance with this approach, we respect the diversity and human rights of our employees, and strive to ensure fair treatment. In order to build an environment in which employees accept one another's diversity and are able to develop their individual capabilities and achieve superior results through teamwork, we aim to promote

Changes in the Number of Employees by Region



* Consolidated figures include permanent employees and non-regular staff of the Nikon Group and executive officers of the Group companies. Regarding regional figures, employees who are seconded to affiliates are counted as employees of the affiliates. Employees of Nikon Metrology NV and its subsidiary group companies are included in the European figures.

Diversity & Inclusion. In concrete terms, we respect employees' diverse personalities and human rights, and provide a working environment that helps to maximize employee motivation and capabilities, regardless of ethnicity, beliefs, gender, level of education, nationality, religion, age, etc.

Women in the Workplace

In order to address the issue of the relatively small number of female employees and female managers at Nikon, we have set ourselves the goals of increasing the number of female employees recruited through the regular annual recruitment process to at least 25% of the annual total, and of increasing the number of female managers by 6%, in line with the goal of increasing the number of female managers by at least 20% by March 31, 2022, compared to the situation on March 31, 2019.

In order to realize these goals, we are proactively implementing recruitment activities, and we have striven to support women's career development through the use of a mentoring system. As a result of these efforts, in the fiscal year ended March 31, 2020 the female ratio of all new employees recruited through regular annual recruitment process rose to 28%, and as of March 31, 2020, the number of female managers had risen by 27% to 38 (including 4 managers at department head level or higher and 34 managers at section head level), representing the achievement of the target.

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

	2016/3	2017/3	2018/3	2019/3	2020/3
Nikon	10.6	11.0	11.5	13.2	13.5
Group companies in Japan	15.9	16.8	15.5	13.5	13.3
Group companies in Europe			24.2	24.7	27.5
Group companies in the Americas	66.6	65.5	29.2	25.5	24.1
Group companies in Asia/Oceania			72.5	71.7	70.3
Nikon Group (Total)	—	—	40.5	41.0	39.2

* Permanent employees and non-regular staff of the Nikon Group (consolidated). For years prior to and including the fiscal year ended March 31, 2018 those employees who were seconded to affiliates were counted as employees of their original companies. Starting from the fiscal year ended March 31, 2019, employees seconded to affiliates have been counted as employees of the affiliates.

Ratio of Females in Management Positions

(%)

	2016/3	2017/3	2018/3	2019/3	2020/3
Nikon	4.7	5.7	5.8	5.1	6.6
Group companies in Japan	2.4	3.7	2.5	3.3	2.2
Group companies in Europe			21.6	20.1	23.9
Group companies in the Americas	28.0	26.5	31.4	21.9	29.7
Group companies in Asia/Oceania			29.8	21.4	22.0
Nikon Group (Total)	—	—	13.1	12.1	14.8

* Permanent employees and non-regular staff of the Nikon Group (consolidated). For years prior to and including the fiscal year ended March 31, 2018 those employees who were seconded to affiliates were counted as employees of their original companies. Starting from the fiscal year ended March 31, 2019, employees seconded to affiliates have been counted as employees of the affiliates.

* Starting from the fiscal year ended March 31, 2018, the Group companies in Asia/Oceania exclude Nikon Imaging (China) Co., Ltd.

Nikon’s Reemployment System for Retirees

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. In April 2020, the system was revised so employees can be reemployed at Nikon Nisso Prime Corporation, a joint venture company engaged in providing employment services. In this way, options for reemployment outside the company are expanded, and opportunities are created for older employees who wish to continue working over the long term.

Nikon is also implementing various measures aimed at helping employees to undertake career planning from a long-term perspective, such as the Life Plan Seminar for post-retirement living, which is held for employees who will reach mandatory retirement age in the following year (a total of 133 employees attended this seminar in the fiscal year ended March 31, 2020).

Supporting People with Disabilities

The Nikon Group is working to establish an environment that enables each and every employee to make the most of his or her 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 2019, persons with disabilities accounted for 2.6% 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 on the Promotion of the Employment of Disabled Persons, exceeding the statutory minimum percentage.

The Nikon Group in Japan has set itself the target of having every Group company in Japan meet the statutory minimum disabled persons employment rate. To accomplish this goal, we have sought to promote greater understanding of persons with disabilities by implementing e-learning for all Nikon Group employees in Japan, arranging for the sale of products produced by disability

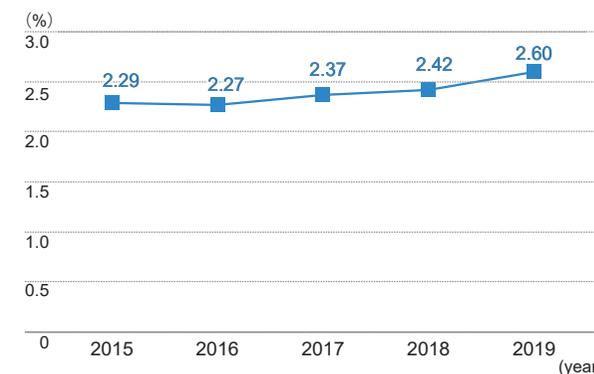
support groups within individual Nikon Group workplaces, etc. In the fiscal year ended March 31, 2020, 14 out of 18 Nikon Group companies in Japan (including Nikon Tsubasa Inc., a special subsidiary of Nikon) had achieved the statutorily required number of employees with disabilities. Starting from the fiscal year ended March 31, 2020, Nikon has been registered with Tokyo Metropolitan Government as a Heart Barrier Free supporting company.

[Nikon Tsubasa Inc. \[In Japanese\]](http://www.nikon-tsubasa.co.jp/)
<http://www.nikon-tsubasa.co.jp/>



Heart Barrier Free registration certificate

Changes in Employment of People with Disabilities under Group Certification



* The rates are as of June 1 of each year.

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Creating an Employee-friendly Working Environment

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.

Working on Reducing Working Hours

With the aim of reducing employee working hours, the Nikon Group is implementing a number of initiatives to reduce the number of employees who work excessive overtime and ensure that annual paid leave days are taken by employees. In the fiscal year ended March 31, 2020, the percentage of Nikon employees taking their annual paid leave stood at 81.5%; this figure has remained relatively high compared to the national average of 52.4% in 2018 as reported in the 2019 General Survey on Working Conditions compiled by Japan's Ministry of Health, Labor and Welfare. The main measures implemented by Nikon in this regard are outlined below. From April 2020 onwards, Nikon aims to continue to maintain the percentage of employees taking annual paid leave at least 70%.

Countermeasures against Long-working Hours

- Implemented the Cooling System, which is intended to prevent certain individuals from taking on excessive overtime work, and thoroughly implemented health exams covering excessive overtime work
- Held interviews with workplaces that have long working hours and provided instructions for improvement

Encouragement to Take Annual Paid Leave

- Established the company-wide annual paid leave
- Established days encouraged for taking annual paid leave (days in between holidays)
- Established system for systematically taking five days of annual paid leave
- Pushed supervisors and employees who take few days of annual paid leave to take annual paid leave

Measures Related to Diversified Working Styles

In January 2020, Nikon adopted Super Flex Time Working. Unlike the previous Flex Time Working system, there is no core time period (in which employees are required to work), so this will help to create an environment in which employees can work more flexibly.

Nikon has established a telecommuting system. To encourage employees to make use of the system, September and October 2019 were designated as "Nikon Telework Days," with all employees being encouraged to work from home on at least one day during this period. In response to the spread of the COVID-19 epidemic, the restrictions governing the telecommuting system have been relaxed, and Nikon has actively promoted the system's use as an infection prevention measure. As a result, in the fiscal year ended March 31, 2020, a total of 3,524 employees from 470 units (section-level units) made use of the system, giving a usage rate of 79.3% of all Nikon employees.

Childcare and Long-Term Care Support

Nikon helps employees to balance the provision of care for children and other family members with their work responsibilities. In concrete terms, Nikon goes beyond the statutory requirements, allowing employees to take childcare leave for any reason for young children up until the child's second birthday. We have also put in place a number of other systems to support employees' provision of care

for children and other family members, including staggered working hours, shortened working hours, and Super Flex Time Working, a more flexible working system, etc. Starting from May 2019, in relation to childcare leave and reduced working hours systems, etc., Nikon has gone beyond the statutory requirements by extending the provision of these systems to cover children up until graduation from elementary school. Since January 2020, special paid leave to attend children's school events has also been available.

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 child-care or family-care responsibilities, because of a spouse's job transfer, or for other unavoidable reasons.

As a result of the measures that Nikon has implemented to date, in June 2018 we received the Platinum Kurumin mark*.



* Platinum Kurumin
This certification by the Minister of Health, Labour, and Welfare recognizes companies that have introduced a higher level of work-life balance assistance measures, from among those companies that have received the Kurumin mark, after establishing an action plan pursuant to the Act on Advancement of Measures to Support Raising Next-generation Children.



>Strengthening Supply Chain Management >Respecting Human Rights >[Promoting the Success of Diverse Employees](#) >Strengthening Compliance >Ensuring Effective Governance

Employees' Health and Safety

The Nikon Group recognizes a workplace environment that enables employees to work safely and actively, both physically and mentally, leads to the improvement of workplace vitality and productivity as well as personal life. Based on this idea, we are working on strict safety management and health maintenance and improvement activities.

Health and Safety Activity Policies

The Nikon Group has established the Nikon Group Health and Safety Activity Policies, which are updated annually. These policies are used to ensure the health and safety of employees - who are the foundation of corporate activities - and to promote improved productivity and work-life balance.

Nikon Group Health and Safety Activity Policies for the Fiscal Year Ended March 31, 2020

Policies: The following policies have been formulated, in accordance with the Industrial Safety and Health Act in Japan:

- Prevention of occupational accidents
- Safeguarding employees' health and safety
- Creating an employee-friendly workplace environment

Targets: Properly implement health and safety risk analysis and related measures, and strive to build an employee-friendly workplace environment

- (1) Maintain and improve employee health
 - Hold health seminars relating to lifestyle habit improvements
 - Implement campaigns to encourage employees to stop smoking
- (2) Prevent occupational accidents
 - Implement chemical substance auditing
 - Share reports on occupational accident case studies and measures (including sharing with the Group companies outside Japan)
 - Strengthen measures to prevent the reoccurrence of accidents attributable/related to work

Health and Safety Management System

The Nikon Group Health and Safety Activity Policies are established by the Central Health and Safety Committee. This committee is different from the mandatory Health and Safety Committee. It is made up of representatives from both labor and management and chaired by the Representative Director and Executive Vice President. The presidents of major Group companies in Japan also participate as observers.

The Central Health and Safety Committee assesses and monitors regular health exams, stress checks, and occupational accidents at the Nikon Group in Japan. Based on this, it also incorporates measures to be implemented in the future into the Nikon Group Health and Safety Activity Policies for the subsequent fiscal year. Regarding the securing of certification in relation to international occupational health and safety management system standards, Sendai Nikon Corporation and Nikon (Thailand) Co., Ltd. have both received ISO 45001 certification, and Nikon Lao Co., Ltd. (in Laos) has received OHSAS 18001 certification.

Raising Health and Safety Management Standards

Nikon provides initial health and safety training and statutory training for new hires and foremen. Also, we provide health and safety training at those Group companies in Japan that had significant occupational accidents in the previous fiscal year. In the fiscal year

ended March 31, 2020, Nikon implemented initial training, including safety-related training, for approximately 150 new employees and new temporary employees. Training for foremen, focused on specialist matters, was implemented for 103 foremen. In addition, visiting training sessions were implemented at four Group companies in Japan, with a total of 594 employees participating.

Starting in the fiscal year ended March 31, 2019, we have been carrying out activities with the target of reducing occupational accidents at the Nikon Group in Japan attributed/related to work* to less than 40 per year. In the fiscal year ended March 31, 2020, there were 29 occupational accidents of the type referred to above, even lower than in the previous year. The most common types of accident were collisions and coming into contact with harmful substances, etc. In the future, we will be focusing even more on identifying accident risks.

As regards occupational accidents at the 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, the Group companies.

* Excluding traffic accidents while traveling on business, and excluding accidents involving falls, etc. where the accident was mainly due to individual carelessness.

Occupational Accidents Attributed/Related to Work

(cases)

	2017/3	2018/3	2019/3	2020/3
Nikon Group in Japan	39	33	38	29

* Target for the fiscal year ended March 31, 2020: less than 40.

* There were 26 Group companies in Japan, including non-consolidated Group companies, in the fiscal year ended March 31, 2020.

Severity Rate of Lost Time Accidents (1 or More Days)*1

	2016/3	2017/3	2018/3	2019/3	2020/3
All industries in Japan	0.07	0.10	0.09	0.09	0.09
Manufacturing industry in Japan	0.06	0.07	0.08	0.10	0.10
Nikon Group	-	-	-	-	0.01
Nikon	0.00	0.00	0.01	0.02	0.00
Group companies in Japan	0.01	0.01	0.01	0.02	0.01
Group companies in Europe	-	-	0.06	0.03	0.06
Group companies in the Americas	-	-	0.00	0.00	0.01
Group companies in Asia/Oceania	-	-	0.01	0.00	0.00

*1 Severity rate

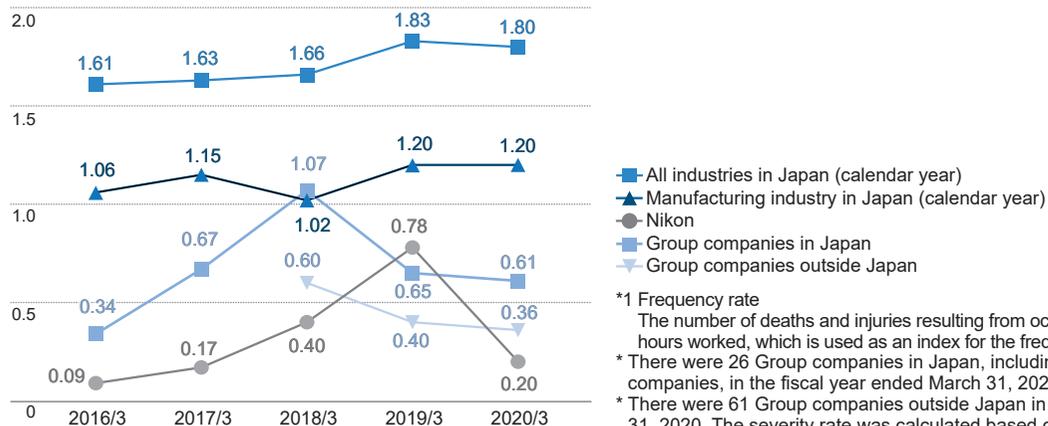
The number of work days lost per 1,000 hours worked, which is used as an index for the severity of occupational accidents.

* 0.00 indicates a rate of less than 0.005.

* There were 26 Group companies in Japan, including non-consolidated Group companies, in the fiscal year ended March 31, 2020.

* There were 61 Group companies outside Japan in the fiscal year ended March 31, 2020. The severity rate was calculated based on total imputed working hours.

Frequency Rates of Lost Time Accidents (1 or More Days)*1



*1 Frequency rate

The number of deaths and injuries resulting from occupational accidents per million hours worked, which is used as an index for the frequency of occupational accidents.

* There were 26 Group companies in Japan, including non-consolidated Group companies, in the fiscal year ended March 31, 2020.

* There were 61 Group companies outside Japan in the fiscal year ended March 31, 2020. The severity rate was calculated based on total imputed working hours.

Supporting the Health of Employees Assigned to Group Companies outside Japan

Nikon is working to enhance health support for employees who are assigned from Japan to work at the Group companies outside Japan. Specifically, we are expanding pre-departure training and conducting health checkups during assignments. Also, we provide support to these employees in response to local medical risks through coordination with international medical assistance services and other measures.

Mental Health Care

As part of its response to the introduction of the legally mandated employee stress check system, Nikon emphasizes questions pertaining not only to employee comfort, but also to motivation. We compile and analyze findings for each workplace, and use these as a basis for making improvements in the working environment. We also conduct health promotion events with the aim of helping employees to maintain and improve their physical and mental health. In recognition of these initiatives, Nikon received certification as a Health and Productivity Management Organization 2020 in February 2020.



* Health and Productivity Management Organization 2020
The Certified Health and Productivity Management Organization Recognition Program, which is jointly run by the Nippon Kenko Kaigi (Japan Health Association) and the Ministry of Economy, Trade and Industry, promotes "Health and Productivity Management." This system endeavors to highlight outstanding enterprises that are engaged strategically in efforts to advance health management from a productivity management perspective.