

# Nikon's Sustainability

## Our Approach to Sustainability

The Nikon Group stands committed to realizing a sustainable society under its corporate philosophy of "Trustworthiness and Creativity."

### Nikon's Sustainability

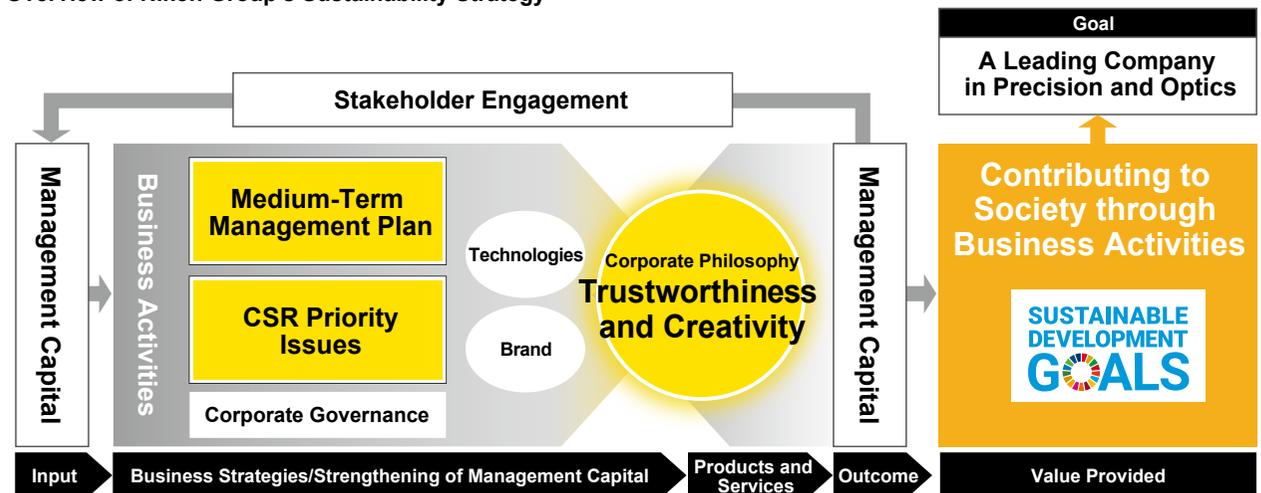
Approach and Policy

The Nikon Group's corporate social responsibility (CSR) is making Nikon's corporate philosophy of "Trustworthiness and Creativity" a reality through its business activities and contributing to the sustainable development of society. In order to practice this approach in management, we create unique products and services with our proven technologies and brand, taking the Medium-Term Management Plan and CSR priority issues as the foundation. Our aim is to contribute to the sustainability of society, including the resolution of social issues and the achievement of the SDGs, through the social value provided by these products and services. Moreover, dialog with stakeholders is essential now that diverse issues such as climate change and forced labor are coming to the fore. The Nikon Group aims to be a company that continues to create value and develop by accurately identifying social changes through dialog and incorporating these changes into the cycle of our value creation process.

[Creating Social Value through Core Technologies \(→P22\)](#)  
[Nikon's CSR Priority Issues and the SDGs \(→P15\)](#)

[Stakeholder Engagement \(→P11\)](#)

### Overview of Nikon Group's Sustainability Strategy



2021

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## Nikon Code of Conduct

Approach and  
Policy

The Nikon Group has established the Nikon Code of Conduct, which embodies Nikon's basic approach to CSR and lays down standards for employees to follow in their actions based on this approach.

We will strengthen our global governance by requiring all employees to comply with the Nikon Code of Conduct, and continue to implement CSR as a Group.

[Nikon Code of Conduct](#)

<https://www.nikon.com/about/sustainability/nikon-sustainability/codeofconduct/>

[Thorough Compliance \(→P98\)](#)

### Nikon Code of Conduct (Summary)

Introduction

Scope

1. Responsibility
  2. Respect for Human Rights
  3. Sound Working Environment
  4. Protection of the Natural Environment
  5. Operation Practices
    - (1) Anti-bribery and Corruption
    - (2) Relationship with Suppliers and Business Partners
    - (3) Social Responsibility in the Supply Chain
    - (4) Entertainment and Gifts
    - (5) Lobbying and Political Donations
    - (6) Fair Competition and Business Transactions
    - (7) Import and Export Control
    - (8) Taxation
    - (9) Insider Trading Prevention
    - (10) Proper Use and Management of Nikon Property
    - (11) Protection of Intellectual Property Rights
    - (12) Sound Communication
    - (13) Appropriate Information Management
  6. Factual Information and Disclosure
  7. Provision of Valuable Products and Services
  8. Community Relations
- Reporting/Consulting System, Consequences of Violation  
Code of Conduct Administration

\* The Nikon Code of Conduct has been drawn up in English, and published in 16 languages.

# Sustainability Promotion System

Using a system centered on the CSR Committee, the Nikon Group is carrying out initiatives to achieve a sustainable society by striving to foster collaboration throughout the organization as a whole, including committees and subcommittees affiliated with the CSR Committee.

## Nikon Group's Sustainability Promotion System

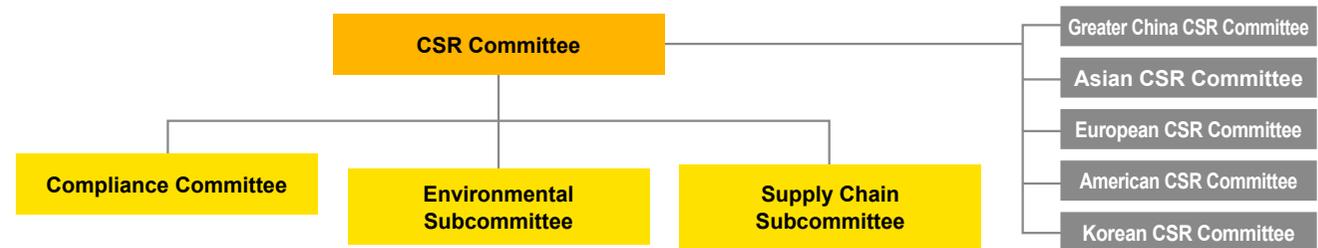
Framework and System
Activities and Results

Besides playing a significant role as a member of society, the Nikon Group has also established the CSR Committee and appointed the Representative Director and President as the chair and the Director and Officer in charge of the Corporate Sustainability Department as the vice-chair, in an effort to pursue management with a high degree of integrity and transparency that is able to earn the trust of stakeholders. In addition, the committee members include heads of various specialized departments including HR, procurement, and environment-related departments, so as to harness collective wisdom in carefully deliberating on and promptly addressing multifaceted CSR issues.

In principle, the CSR Committee convenes twice a year to set goals relating to CSR priority issues, receive progress reports on various types of measures, issue directions for improvement as required, and implement overall management of sustainability activities, as well as undertaking review of and performing decision-making in relation to sustainability activities. Lectures by experts and discussion sessions are held on the same dates as meetings of the CSR Committee, with the aim of enhancing the expertise of Committee members in relation to sustainability.

The Compliance Committee, the Environmental Subcommittee, and the Supply Chain Subcommittee have also been established as subcommittees under the CSR Committee. The CSR Committee reports to the Board of Directors, and the Board of Directors manages and monitors the effectiveness and risks of sustainability related measures from a managerial standpoint.

Sustainability Promotion System (As of April 1, 2021)



### Sustainability Promotion System at Group Companies outside Japan

The Nikon Group has assigned responsibility for the supervision and promotion of CSR to each regional holding company outside of Japan, so as to advance uniform and consistent sustainability initiatives across the Group companies while taking into account the characteristics of each region where they are located, including culture, customs, language, etc.

We divide the geographic areas where we operate into five regions (excluding Japan), and the CSR department of Nikon Corporation and of each regional holding company puts in place systems for the promotion of sustainability within their jurisdiction. Furthermore, CSR Committees are established in each region with members that include the CEOs of Group companies, and we strive for effective coordination by appointing a CSR coordinator at each company.

In addition, a CSR Global Communication Meeting is held once a year, with participants representing the CSR department of each regional holding company. This Meeting brings together representatives of the CSR departments in each regional

holding company to share information about and discuss social trends in each region, the progress made in CSR activities, issues that need to be addressed, etc.

### Activities Aimed at Raising Employees' CSR Awareness

The Nikon Group publishes a quarterly newsletter to raise the level of employees' sustainability awareness. The newsletter is published in 15 languages. Each issue features information about activities relating to the SDGs, and CSR-related news from both within and outside the Nikon Group. In the fiscal year ended March 31, 2021, the newsletter introduced the corporate citizenship activities, etc. that we have continued to implement while also taking steps to respond to the COVID-19 pandemic. In addition, a sustainability page has been established in our Japanese-language portal site, with new content posted every two weeks regarding CSR awareness-raising and the current status of related Group activities. In the fiscal year ended March 31, 2021, a particular effort was made to provide explanations about the SDGs, biodiversity, the problem of plastic waste in

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the oceans, climate change and human rights, and to provide information about our activities and important social trends, etc.



The sustainability page on the Nikon Group's portal site (in Japanese), and our sustainability newsletter

## Participation in International Initiatives

Activities and Results

The Nikon Group aims to enhance and maximize the efficiency and efficacy of its activities by working together with various groups through involvement in international initiatives.

[Participation in Environmental Initiatives \(→P42\)](#)

### ● Joining the UN Global Compact

Nikon became a signatory to the UN Global Compact (UNGC) in 2007. We respect the ten principles covering the four areas of human rights, labor, environment and anti-corruption. Through UNGC, the Nikon Group acquires a global perspective on social challenges as well as gaining opportunities to share information with other companies and build a network with experts.

WE SUPPORT



## Main Achievements for the Fiscal Year Ended March 31, 2021 in Relation to the Ten Principles of the UN Global Compact

	Principle	Policy	Jurisdiction	Achievements
Human rights/ Labor	1 and 2 / 3, 4, 5 and 6	Nikon Human Rights Policy	CSR Committee	Implemented human rights education e-learning throughout the Nikon Group within Japan. In addition, analyzed the results of RBA self-assessment conducted at the Group manufacturing companies outside Japan, and examined necessary measures based on identification of the risk level.
		Nikon CSR Procurement Standards	Supply Chain Subcommittee	Conducted a CSR survey of 211 procurement partners, and asked 13 companies with a particularly high risk level that did not meet the required management standards to take corrective action. Also conducted a CSR survey of 60 contract manufacturers associated with trading companies that are classed as important tier 1 suppliers.
		Responsible Minerals Sourcing Policy		Conducted surveys on conflict minerals covering procurement partners, and disclosed our Responsible Minerals Sourcing Report along with the List of RMAP Conformant Smelters.
Environment	7, 8 and 9	Nikon Long-Term Environmental Vision	Environmental Committee*	Revised the Medium-Term Environmental Goals. Joined the RE100 initiative, with the aim of contributing towards decarbonization by having 100% of electricity used by the company generated using renewable energy. Based on the environmental management system, the entire Nikon Group implemented activities in accordance with the Environmental Action Plan.
		Nikon Green Procurement Standards	Supply Chain Subcommittee	Conducted audits of procurement partners to evaluate their environmental management system and designated environmental partners based on the results.
Anticorruption	10	Nikon Anti-Bribery Policy	Business Conduct Committee*	Confirmed implementation of the Nikon Anti-Bribery Policy established in each region using self-inspection check sheets. Revised the Korean version of this policy. Conducted related education and training in Europe, the Americas, and the Greater China region.

\* These names were correct as of the fiscal year ended March 31, 2021. On April 1, 2021, the Business Conduct Committee was renamed the Compliance Committee, and the Environmental Committee was renamed the Environmental Subcommittee.

### ● Initiatives as an RBA Member

With the aim of enhancing the overall level of CSR both within the Nikon Group and in the supply chain, Nikon joined the Responsible Business Alliance (RBA)\* in May 2018. The RBA has established a code of conduct that states a firm commitment toward improving the working environment and supporting the rights and wellbeing of employees, while also formulating codes of conduct to serve as standards for fulfilling environmental and ethical responsibilities within the supply chains of all member companies.

In the fiscal year ended March 31, 2021, we shared the issues identified in RBA self-assessment in the previous year at eight Group manufacturing companies outside Japan with Group manufacturing companies outside Japan and with CSR departments, and we evaluated and implemented improvement

strategies. In the future, we intend to implement measures in collaboration with the relevant departments and with the Group manufacturing companies outside Japan, so as to be able to strive for a self-directed, ongoing process of issue identification, improvement and resolution.

In addition, Nikon is implementing measures to foster compliance with the RBA Code of Conduct throughout the supply chain, for example by asking procurement partners to implement RBA self-assessment and make effective use of relevant educational materials.

\* The Responsible Business Alliance (RBA) is an international industry coalition dedicated to corporate social responsibility (labor, health and safety, environment and ethics). Initially, the RBA was founded primarily by three leading U.S. electronics companies; its membership has since expanded to include firms in the automotive, retail and toy manufacturing sectors, among others.

[Promoting CSR Procurement \(→P77\)](#)

# Stakeholder Engagement

The Nikon Group is endeavoring to foster reciprocal communication with its stakeholders through various methods and opportunities.

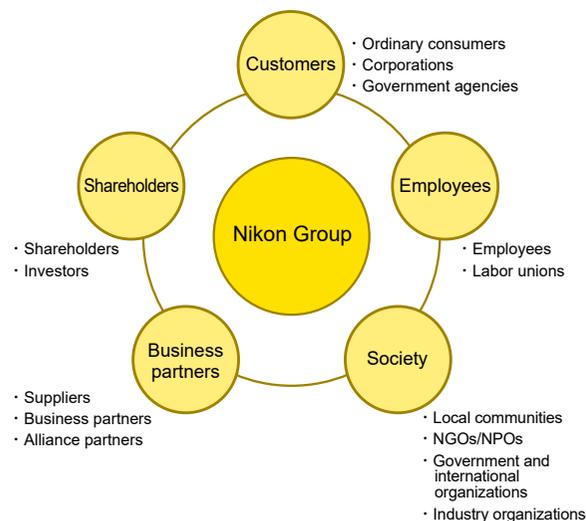
## Approach to Communication

Approach and Policy

For a company to fulfill its social responsibility, it must disclose its own policies and performance to stakeholders in addition to taking feedback and expectations seriously and constantly improving its own activities. Stakeholder engagement is essential for achieving this.

The Nikon Group strives to realize reciprocal communication with stakeholders including customers, shareholders, employees, business partners, and society as a whole, and we work to maintain and develop healthy relationships with them, through a variety of opportunities and methods.

### Nikon Group's Main Stakeholders



### Main Forms of Engagement with Stakeholders

Main Stakeholder	Methods of Engagement	Objectives
Customers	<ul style="list-style-type: none"> <li>Call centers and service counters (as required)</li> <li>Responses to customers by departments in charge of sales/services (as required)</li> <li>Sharing of information via the website and other methods (as required)</li> <li>Exhibitions / events (several times a year)</li> <li>News releases via the mass media and other methods (as required) , etc.</li> </ul>	Provision of high quality, high value-added products and services, responding to feedback and requests, providing appropriate information on products and services
Shareholders	<ul style="list-style-type: none"> <li>General meetings of shareholders (once a year)</li> <li>Announcements (as required)</li> <li>Publishing of various types of printed materials including NIKON REPORT and interim reports (once a year), etc.</li> <li>Sharing of information via the website and other methods (as required)</li> <li>Financial Results Conference (four times a year)</li> <li>Responding to ESG investment (as required) , etc.</li> </ul>	Timely disclosure of information, gaining appropriate evaluation and support from capital markets, fair and highly transparent corporate management, appropriate return of profits
Employees	<ul style="list-style-type: none"> <li>Sharing of information via company newsletters, the intranet, and other methods (as required)</li> <li>Labor and management conferences, and conferences with employee-elected representatives (as required)</li> <li>Reporting and Consulting System (as required)</li> <li>Conducting human rights and labor standards surveys at the Group companies (once a year)</li> <li>Conducting employee awareness surveys and questionnaires (once every one to two years)</li> <li>President's Town-hall Meetings (as required) , etc.</li> </ul>	Active utilization of diverse human resources, provision of a positive work and workplace environment, proper treatment of workers, enhancement of occupational safety and mental health, positive labor-management relationships
Business partners	<ul style="list-style-type: none"> <li>Dialog through everyday business activities (as required)</li> <li>Meetings with procurement partners (once a year)</li> <li>Briefing sessions for, and surveys and audits of, procurement partners in relation to CSR procurement (once a year)</li> <li>Confirming the establishment of environmental management systems (surveys/audits) (once every three years) , etc.</li> </ul>	Mutual development through provision of products and services that are useful to society, fair business transactions, smooth sharing of information, joint research and development, CSR procurement
Society	<ul style="list-style-type: none"> <li>Participation in local events (as required)</li> <li>Collaboration with NGOs / NPOs in corporate citizenship (as required)</li> <li>Participation in economic and industry organizations (as required)</li> <li>Consultations with governmental agencies, academic societies/research organizations (as required)</li> <li>Issuing of the Nikon Sustainability Report (once a year) , etc.</li> </ul>	Compliance with laws, regulations and rules, participation in industry-government-academia collaboration projects, participation in the community as a corporate citizen, contribution to technology development through support for academic societies/research organizations, and strengthening our activities through partnerships

\* In principle, the communication methods used and the frequency of use are as given above. However, in the fiscal year ended March 31, 2021, due to the need to combat the spread of the COVID-19 pandemic, Nikon switched over to holding some exhibitions, events, meetings etc. online, and also temporarily cancelled the holding of and participation in certain activities.

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>Sustainability Promotion System

>Stakeholder Engagement

>Sustainability Priority Issues

**List of Main Affiliated Organizations Related to CSR (As of March 31, 2021)**

Organization Name
Business Ethics Research Center (BERC)
Council for Better Corporate Citizenship (CBCCC)
Global Compact Network Japan (GCNJ)
Japan Business Council in Europe (JBCE) CSR Committee
Japan Electronics and Information Technology Industries Association (JEITA) CSR Committee, Environment Committee, and Responsible Minerals Trade Working Group
Japan Machinery Center for Trade and Investment (JMC)
The four Japanese electric and electronic (E&E) industrial associations, JEITA, CIAJ, JBMIA and JEMA The Expert Committee on Chemical Substances in Products, Expert Committee on Waste and Recycling Measures Relating to Business Facilities, Expert Committee on Chemical Substance Measures Relating to Business Facilities, and Biodiversity Working Group
Joint Article Management Promotion-consortium (JAMP)
Keidanren (Japan Business Federation) Committee on Responsible Business Conduct and SDGs Promotion
Responsible Business Alliance (RBA)
Responsible Minerals Initiative (RMI)
SEMI Japan SDGs/Sustainability Committee

**Engagement with Employees**

Activities and Results

The Nikon Group believes that it is very important for every employee to share the company's vision, to be committed to the company's policies and plans, and to work proactively to put them into effect.

To this end, in recent years we have held President's Town-hall Meetings, the aim of which is to facilitate dialog with as many employees as possible, and President's Lunch Meetings, where the goal is to engage in intensive communication with a smaller group of employees. However, due to the impact of the COVID-19 pandemic, these activities were temporarily put on

hold in the fiscal year ended March 31, 2021.

As a substitute measure, the Nikon Group has worked actively to disseminate messages from the President and provide information using the Group portal site, internal newsletters, e-mail, etc. In addition, in regard to the results obtained in employee awareness surveys, the President has demonstrated a commitment to responding individually to employees regarding his response to these results and what action will be taken on the basis of the results, and feedback has also been provided via e-mail. By having unit-specific issue improvement strategies that are based on the survey results incorporated into each unit's annual plan, we have striven to enhance employee motivation. Furthermore, in July 2020 we established a Brand Strategy Team with the aim of enhancing brand value and strengthening employee engagement. The Team members engage in frank exchanges of views with the President and other company officers regarding the current state of the Group and the issues facing it, our strengths and areas where we need to make improvements, and our vision for the future and expectations of employees, etc. The content of these discussions is shared with employees via e-mail, and is also posted on the Group portal site. Nikon has also conducted questionnaire surveys etc. regarding workstyles during the COVID-19 pandemic, and is making effective use of the views expressed by employees in discussions aimed at realizing more efficient, more employee-friendly workplaces.

**Engagement with Shareholders and Investors**

Activities and Results

Nikon set a goal of "capital market-oriented management" and has been focusing on investor relations activities that emphasize dialog with shareholders and investors. We firmly believe that for Nikon, which aims to achieve sustainable growth in its enterprise value, engagement (i.e., objective-focused dialog) with shareholders and investors is a valuable opportunity to hear views from diverse perspectives.

We hold interviews with a total of approximately 500

shareholders, institutional investors and analysts both within and outside Japan in a year.

Due to the impact of the COVID-19 pandemic, in the fiscal year ended March 31, 2021, Nikon's quarterly financial results announcements were made online. In addition, the interviews, which provide a great opportunity for the President and CFO to listen directly to the views of shareholders, investors and analysts, were conducted by telephone conference or online. In this way, despite the impact of COVID-19, we have redoubled our efforts to disseminate information regarding the current state of the company's operations in a timely, appropriate manner, through constructive dialog with large numbers of institutional investors and analysts.

The feedback and advice that we have received from shareholders and investors has provided us with many useful suggestions that we can utilize when implementing our growth strategy, business management and structural reform, etc. In particular, we have engaged in frank, wide-ranging exchanges of opinion with investors who focus on a long-term viewpoint, covering matters such as contributions towards addressing social issues through business activities, financial strategies regarding allocation of capital, and ESG-related issues (particularly governance). Some of the opinions expressed can be quite harsh, but we can make effective use of these opinions when reflecting on our business management and considering our strategies, by sharing them with the Board of Directors and the Executive Committee on a regular basis.

Also, we have been working to enhance the diversity of our directors, so as to strengthen the objectivity and transparency of management. At the company's 156th Annual General Shareholders' Meeting, held in June 2020, several new directors were appointed, including a female director, increasing the share of directors who are external directors to almost half. Going forward, Nikon aims to enhance engagement with shareholders and investors in terms of both quality and quantity. In addition, we will listen carefully to stakeholders' hopes and expectations, and will make effective use of what we have learned to improve our business management.

## External Evaluation

Activities and  
Results

As a business enterprise that adopts a proactive stance towards sustainability activities, the Nikon Group has received positive evaluations from a variety of external organizations.

### Inclusion in ESG Investment Indexes (As of June 30, 2021)

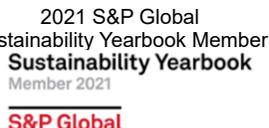
ESG Investment Index	Selected/Overview
 FTSE4 Good Index Series FTSE4Good	Selected: Since 2004 The FTSE4 Good Index Series is designed by FTSE Russell, wholly owned by London Stock Exchange Group, to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
 ECPI Indices ECPI Sense in sustainability	Selected: Since 2011 ECPI is a company based in Italy and Luxembourg, and produces research, ratings and indices on companies' ESG performance.
 SOMPO Sustainability Index Sompo Sustainability Index	Selected: Since 2013 The SOMPO Sustainability Index is a socially responsible investment product that enables pension funds and other institutional investors to invest broadly in companies with high evaluations for ESG.
 FTSE Blossom Japan Index*1 FTSE Blossom Japan	Selected: Since 2017 FTSE Blossom Japan Index is designed to reflect the performance of Japanese companies with excellent track records in terms of ESG.
 MSCI Japan ESG Select Leaders Index*1*2 2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX	Selected: Since 2017 MSCI Japan ESG Select Leaders Index selects companies from various sectors with excellent ESG practices from among the top 500 Japanese stocks in terms of market capitalization.
 Dow Jones Sustainability Indices "DJSI World" and "DJSI Asia Pacific" Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&P Global CSA	Selected: Since 2018 The Dow Jones Sustainability Indices are indices developed in collaboration between S&P Dow Jones Indices LLC of the U.S. and Swiss firm Robeco SAM AG. Every year, the sustainability of around 2,500 major global companies is quantified from the three angles of "economy," "environment," and "society" and based on the results of evaluation by industry, around the top 10% are selected for "DJSI World" and around the top 20% in the Asia-Pacific region are selected for "DJSI Asia Pacific."

ESG Investment Index	Selected/Overview
 S&P/JPX Carbon Efficient Index*1	Selected: Since 2018 The S&P/JPX Carbon Efficient Index is an index that uses TOPIX, the representative stock index for the Japanese market, as the universe and determines the composite stocks with a focus on disclosure of environmental information and level of carbon efficiency.
S&P Japan 500 ESG index	Selected: Since 2019 The S&P Japan 500 ESG Index is one of the S&P 500 ESG Index series, which was newly announced by S&P Dow Jones Indices LLC, with the main indices in Japan as its universe.
 MSCI Japan Empowering Women Index*1*2 2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	Selected: Since 2019 The MSCI Japan Empowering Women Index selects companies in various industries that have demonstrated superior gender diversity performance, from among the 500 listed Japanese companies with the highest market capitalization.

\*1 Selected as an ESG index by the Government Pension Investment Fund, or GPIF.

\*2 The inclusion of Nikon Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Nikon Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

### ESG Rating (As of February 10, 2021)

Rating	Evaluation/Overview
 CDP Climate Change A List and CDP Supplier Engagement Leader	CDP is an NPO whose main activities include requesting that business enterprises and local government authorities disclose information relating to the measures they have taken to address environmental issues, including climate change strategies, waste resource conservation, forest conservation, etc., in line with requests from global institutional investors etc. who are concerned about the environment, and also promoting increased adoption of measures of this type. Organizations that secure an A rating (the highest possible rank) in relation to climate change are included in the CDP Climate Change A List. The CDP awards the title of Supplier Engagement Leader to global leaders that collaborate effectively with suppliers in relation to climate change.
 2021 S&P Global Sustainability Yearbook Member Sustainability Yearbook Member 2021 S&P Global	The S&P Global Sustainability Yearbook identifies 631 companies as sustainability leaders based on ESG scores calculated by S&P Global in relation to more than 7,000 companies evaluated in the 2020 Corporate Sustainability Assessment (CSA).

## Sustainability Priority Issues

In January 2021, the Nikon Group revised its CSR priority issues, identifying 12 priority issues.

We have established targets for each priority issue, and we are promoting and managing sustainability activities throughout the entire Group.

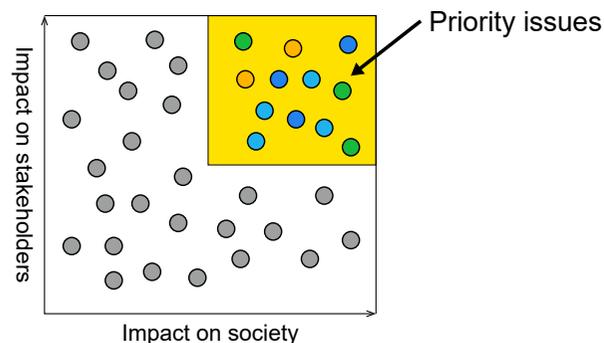
### Selection of CSR Priority Issues

Approach and Policy

The Nikon Group identifies CSR priority issues to focus on, in order to ensure the efficient, steady implementation of sustainability measures. We set targets for each priority issue, and individual departments and employees work to achieve the targets.

In the fiscal year ended March 31, 2021, we revised our CSR priority issues, based on changes in the approaches to and initiatives for realizing sustainability for our stakeholders and for society as a whole, and based on changes in the business environment.

#### Schematic Diagram Showing the Approach Used in the Selection of CSR Priority Issues



### Process for Identifying CSR Priority Issues

#### Step 1: Identification of social issues

Significant social issues were identified from the GRI Standards, ISO 26000, the United Nations Global Compact, the Sustainable Development Goals (SDGs), and other standards. A total of 34 issues of particular relevance to the Nikon Group were then extracted, on the basis of analyses of the Group's value chain and management vision.

#### Step 2: Assessment of importance

To identify priority issue candidates, the Nikon Group assessed the relative importance of the identified social issues based on the degree of impact on society (economic, social, and environmental impact) and the degree of impact on stakeholders (impact on stakeholder evaluations and decision-making). These assessments were performed through examinations of the issues that ESG ratings institutions prioritize, through communication with NGOs and other internal and external stakeholders, and through benchmarking with respect to other enterprises that have already brought CSR to a particularly high level.

#### Step 3: Identification and determination of priority issues

Through a process of discussion among management, 12 priority issue candidates were identified and goals for the fiscal year ending March 31, 2031 (What Nikon Intends to Achieve) were determined in relation to these issues, which were finalized by decision of the Executive Committee.

#### Step 4: Setting of targets for each priority issue

The new priority issues were explained to each department head. They were notified to incorporate the priority issues relevant to their department into the setting of department targets for the fiscal year ending March 31, 2022, and each department then set and are now working toward those targets.

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## Nikon's CSR Priority Issues and the SDGs

Approach and Policy

In January 2021, the Nikon Group established 12 new CSR priority issues in four areas. For each of these priority issues, we have announced what Nikon needs to do and goals for the fiscal year ending March 31, 2031. In line with these, we will be promoting sustainability activities that will contribute toward the realization of the SDGs by 2030.

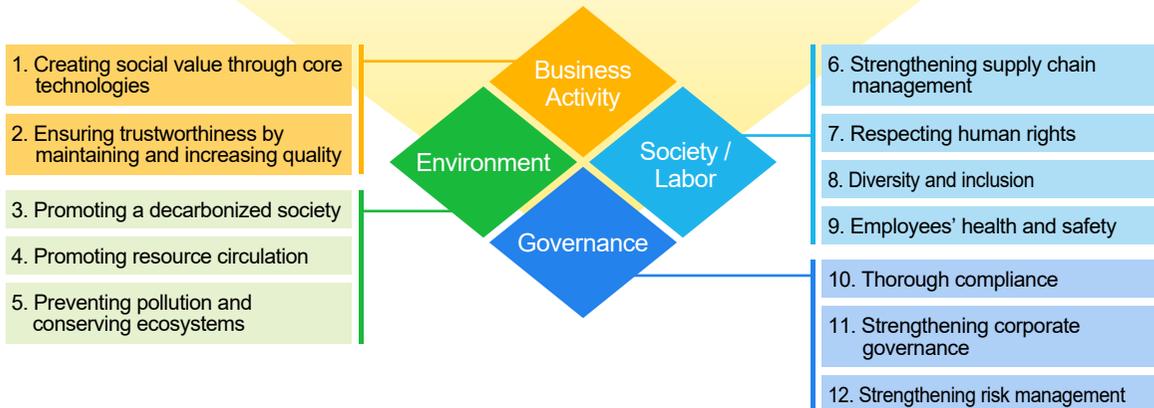
## PDCA Cycle Implementation Framework

Framework and System

Nikon's target management system for the CSR priority issue targets has these targets reflected in relevant units' departmental targets and evaluation. In the fiscal year ending March 31, 2022, we have expanded the scope of target setting, in line with the SDGs that these targets will contribute towards achievement of, to include units that were not previously required to set targets in relation to the CSR priority issues. By incorporating the CSR priority issues into the target

management system in this way, we aim to ensure effective implementation, and also to further enhance CSR awareness at the level of individual departments and individual employees. Moreover, progress in initiatives for addressing CSR priority issues will be confirmed once every six months by the CSR Committee, which is chaired by Nikon's Representative Director and President, as part of a PDCA (plan-do-check-act) cycle for ensuring the accomplishment of targets. Performance with regard to these targets will be reflected in certain elements of the compensation of officers in charge of sustainability and relevant divisions.

### CSR Priority Issues and Related SDGs



## CSR Priority Issues - Targets and Results

Targets
Activities and Results

The Nikon Group has set concrete targets in relation to the CSR priority issues, and manages the implementation of the measures adopted to realize these targets.

### Results for the Fiscal Year Ended March 31, 2021 [Summary]

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

Priority Issue	What We Intend to Achieve	Targets for the Fiscal Year Ended March 31, 2021		Annual Results	Self-evaluation	Corresponding Page	
		Achievement Indicator	Scope				
Contributing to society through business activities	Issue 1 Solving social issues by using opto-electronics technologies	Contribution to realizing the SDGs	Contribute to the promotion of digital manufacturing by expanding the launching of optical processing machines in the market, and help customers to realize cleaner, more efficient production in their factories	Nikon Group	While sales of optical processing machines are not yet in full swing, Nikon continued to steadily introduce new products into the market.	○	<a href="#">→ P23</a>
	Issue 2 Taking up the challenge of innovation	Effective R&D	Complete development of optimization functionality system infrastructure for lens adjustment processes that are applicable to multiple different products, with the aim of realizing autonomous process establishment	Nikon Group	In regard to lens adjustment processes, built models for cyber-systems that are applicable to multiple different products, identified issues through testing, and completed the compilation of specifications for common system infrastructure.	○	<a href="#">→ P24</a>
		Creation of new businesses with faster launch speed through open innovation	<ul style="list-style-type: none"> <li>Implement a framework to create new value by effectively integrating company-wide development technologies</li> <li>Conduct technological surveys on leading start-up businesses, identify ones that have a high compatibility with Nikon, and promote collaboration</li> </ul>	Nikon Group	<ul style="list-style-type: none"> <li>Established a system for discussion of corporate venture capital investment projects by the Technology Strategy Committee, and built a framework for consideration of investment that follows Nikon's development roadmap.</li> <li>Continued to promote consideration of collaboration with, and investment in, leading start-up businesses.</li> </ul>	○	<a href="#">→ P24</a>
		Creating new businesses	<ul style="list-style-type: none"> <li>Work together as a company to develop customers for new businesses and narrow down the scope of business domains to focus on</li> <li>Expand the scope of the optical processing machine field, and accelerate business development to make this field an important new growth driver</li> </ul>	Nikon Group	<ul style="list-style-type: none"> <li>Made progress with customer development in relation to Riblet Processing, a cross-organizational Materials Processing Business, and Vision Systems/Robotics, an area with long-term growth potential, with the Next Generation Project Division and Digital Solutions Business Unit, etc., playing a central role.</li> <li>Acquired a majority stake in Morf3D Inc., a U.S.-based specialist additive manufacturing firm. In making this company, which has many European and American aerospace manufacturers among its customers, a subsidiary, Nikon has secured the business foundations needed to expand its Material Processing Business.</li> </ul>	○	<a href="#">→ P24</a>
	Issue 3 Improving product and service quality	Ensuring product and service quality for customers through effective utilization of IoT/AI technology	Formulate standards that conform to the latest wireless communications regulations and technologies	Nikon Group in Japan	Compiled and issued the Wireless Communications Standards, based on the latest regulations and technologies.	○	<a href="#">→ P30</a>
Realization of high-level quality optimization determination		Identify information that can effectively facilitate advance prevention of quality issues that could damage corporate value	Nikon Group	Based on analysis of the key factors relating to quality loss costs, we implemented a trial on utilization that matches customer information and market data systematically after collecting information on effective prevention of quality issues.	○	<a href="#">→ P29</a>	

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## Results for the Fiscal Year Ended March 31, 2021 [Summary]

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

Priority Issue	What We Intend to Achieve	Targets for the Fiscal Year Ended March 31, 2021		Annual Results	Self-evaluation	Corresponding Page	
		Achievement Indicator	Scope				
Responding to environmental issues (Issues 4-6)	See Environmental Action Plan					<a href="#">→ P40</a>	
Strengthening CSR foundations	Issue 7 Strengthening supply chain management	Integrated management of the supply chain	<ul style="list-style-type: none"> <li>Realize stable database operation and begin rollout in Europe</li> <li>Begin supply chain information management which utilizes database BCP functionality, both under ordinary circumstances and in emergencies</li> </ul>	Nikon Group / Procurement partners	<ul style="list-style-type: none"> <li>Began stable database operation with the aim of enhancing data quality in the integrated procurement data management system.</li> <li>Began registration of European procurement partners in the integrated procurement data management system.</li> <li>Registered the data of tier 1 suppliers for which the BCP emergency survey function applies in the integrated procurement data management system, and began operation.</li> </ul>	○	<a href="#">→ P74</a>
		Responding to important issues affecting the supply chain	Make CSR assessments more efficient using RBA data, and increase the number of assessments implemented from the current figure of 200 to at least 230 companies	Nikon Group / Procurement partners	Performed CSR assessments of 271 companies (including 211 procurement partners and 60 tier 2 suppliers), of which RBA data was used for 15 companies.	○	<a href="#">→ P77</a>
			Identify high-priority tier 2 suppliers, establish the survey framework and begin implementing CSR assessments		Implemented CSR assessments at 60 outsourced manufacturing companies which have contracted with trading companies that are important tier 1 suppliers.	○	<a href="#">→ P78</a>
		Implementation of surveys and due diligence in relation to conflict minerals	Implement surveys of conformity with EU regulations by using the new Conflict Minerals Reporting Template that was distributed by RMI in May 2020	Nikon Group / Procurement partners	Implemented surveys of conformity with EU regulations by using the new Conflict Minerals Reporting Template that was distributed by RMI in May 2020.	○	<a href="#">→ P80</a>
			Ensure that procurement partners are familiar with how to use the system, and improve operational efficiency by 20% compared to the previous year		Revised the system manual and spread awareness of its availability, thereby reducing the number of queries received from procurement partners, and improved operational efficiency by 20% compared to the previous year.	○	<a href="#">→ P80</a>
		Maintaining and managing the Environmental Management System in the supply chain	Increase the environmental partner certification rate for all procurement partners that are subject to auditing to at least 97%	Nikon Group / Procurement partners	Increased the environmental partner certification rate for all procurement partners that are subject to auditing to 97%.	○	<a href="#">→ P81</a>
	Issue 8 Respecting human rights	Minimization of human rights risk through steady implementation of human rights policy	Nikon Group	Checked employees' level of understanding of human rights by using an employee awareness survey. Implemented human rights e-learning in Japan based on the results obtained in the surveys. Analyzed the results of the RBA Self-Assessment Questionnaire, confirmed that there were no issues with a high level of risk, and requested corrective action on the identified risks.	○	<a href="#">→ P85</a>	

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Results for the Fiscal Year Ended March 31, 2021 [Summary]

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

Priority Issue	What We Intend to Achieve	Targets for the Fiscal Year Ended March 31, 2021		Annual Results	Self-evaluation	Corresponding Page	
		Achievement Indicator	Scope				
Strengthening CSR foundations	Issue 9 Promoting the success of diverse employees	Cultivation of engineers with a broad outlook	Begin training using the new engineer basic training system (with the implementation of at least 110 courses)	Nikon	Began providing instruction through this new initiative under the name Technical College program. Implemented 122 courses, while also implementing measures in response to the COVID-19 pandemic.	○	<a href="#">P27</a>
		Promotion of female empowerment on an ongoing basis, with the setting of minimum quotas for recruitment of female employees and an increase in the number of female managers	Increase the ratio of all managers who are female to at least 6.9%	Nikon	Continued implementing measures to increase the ratio of managers who are female. As of March 31, 2021, the ratio was 6.4%, which was below the target of 6.9%. However, as of April 1, 2021, the ratio was 7.0%.	△	<a href="#">P88</a>
			Increase the ratio of females recruited through the regular annual recruitment process to at least 25%		The ratio of females recruited through the regular annual recruitment process was 22.6%; failure to raise the ratio beyond this level was mainly due to an increase in recruitment for job types that generally receive few female applicants. Going forward, Nikon will be working actively to recruit more female employees through the regular annual recruitment process, for example by holding seminars for job-seekers at which female engineers will give talks.	△	<a href="#">P88</a>
		Promotion of the employment of people with disabilities, and provision of support to help employees with disabilities maximize their potential	Ensure that all Nikon Group companies in Japan that do not currently employ any people with disabilities employ at least one person with disabilities	Nikon Group in Japan	Proceeded with the recruitment of people with disabilities despite the impact of the COVID-19 pandemic, and reduced the number of Nikon Group companies in Japan that do not currently employ any people with disabilities from three to two.	△	<a href="#">P89</a>
		Realization of a working environment in which employees can work safely and healthily	Reduce the annual incidence of occupational accidents that are attributable to work or related to the performance of work to 40 or less	Nikon Group in Japan	Achieved the target, with the annual total of such occupational accidents being 19.	○	<a href="#">P95</a>
	Share information about accidents at the Nikon Group in Japan and about the measures taken in response, so as to prevent the occurrence of similar accidents in the future		Group manufacturing companies outside Japan	Shared information about accidents and about the results achieved in measures taken in response on the Nikon portal site, and strove to prevent the occurrence of similar accidents in the future.	○	<a href="#">P96</a>	
	Issue 10 Strengthening compliance	Sustained compliance with the Nikon Code of Conduct	Ensure that dissemination of the Nikon Code of Conduct, as reflected in the employee awareness survey, improves relative to the previous year's survey	Nikon Group	Dissemination of the Nikon Code of Conduct, as reflected in the employee awareness survey, rose from 84.4% in the global survey implemented in the fiscal year ended March 31, 2019 to 90.6% in the global survey implemented in the fiscal year ended March 31, 2021.	○	<a href="#">P100</a>
	Issue 11 Ensuring effective governance	Strengthening of the effectiveness of the Board of Directors	<ul style="list-style-type: none"> <li>Address the issues identified in the evaluation of the effectiveness of the Board of Directors</li> <li>Implement review and monitoring of the assignment of directors and officers by the Nominating Committee</li> </ul>	Nikon	<ul style="list-style-type: none"> <li>Evaluated the effectiveness of the Board of Directors using third-party evaluation, and implemented various measures including strengthening training for directors and strengthening coordination between the Board of Directors and its affiliate committees, as well as making improvements to the Board's secretariat.</li> <li>Initiated succession planning, and the Nominating Committee implemented related discussion that took into account personnel matters relating to the company's executive officers dated April 1.</li> </ul>	○	<a href="#">P102</a>
		Reduction of the incidence and impact of risk	Prevent the occurrence of serious incidents through the visualization of major risk incidents and through the establishment and strengthening of a PDCA system with respect to the most serious risks	Nikon Group	Strove to prevent the occurrence of serious incidents by establishing relevant subcommittees under the Risk Management Committee, identifying serious risks and priority order in each risk category, and examining response strategies.	○	<a href="#">P106</a>
		Realization of the appropriate management of personal data through an advanced information security management system	Maintain compliance with China's Cyber Security Law and with Singapore's Personal Data Protection Act (PDPA), putting in place a system for preventing, in advance, regulatory violations that are accompanied by fines. Continue to review the system relating to the GDPR.	Nikon Group	Had no regulatory violations that were accompanied by fines. As planned, put in place a system for ensuring compliance with China's Cyber Security Law and with Singapore's Personal Data Protection Act (PDPA). Continued to review the system relating to the GDPR.	○	<a href="#">P109</a>

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## Targets for the Fiscal Year Ending March 31, 2022

Priority Issue		Goals for the Fiscal Year Ending March 31, 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Targets for the Fiscal Year Ending March 31, 2022	Scope	
Business Activity	Issue 1	Creating social value through core technologies	Creation of social value through core technologies and contribution to the sustainable development of society, as a leading company in precision and optics	9.4 9.5	Begin research that integrates Nikon's microscope solutions with Oxford Nanopore Technologies Limited's DNA and RNA decoding technology	Nikon	
			Contribute towards the resolving of social issues (including seven of the SDGs) through Nikon's products and services		Use the riblet processing technology of Nikon's Material Processing Business to enhance the generating efficiency of electricity generating equipment (including both wind power and thermal power generation), and complete initial trial calculations regarding the anticipated CO <sub>2</sub> reduction impact	Nikon	
	Issue 2	Ensuring trustworthiness by maintaining and increasing quality	Provision of high-quality products and services that are trusted by the customer through creative monozukuri manufacturing that emphasizes customer safety and the environment	Continue to provide high-quality products and services that win customers' trust and meet their needs	12.4 12.5 12.6	Implement intensive training (a total of 19 sessions) for the design and development and quality assurance departments in each business unit, to ensure familiarity with and thorough implementation of the completed revised Safety Design Principles	Nikon Group in Japan
						Aim to strengthen management and enhance efficiency through company-wide management and listing of conforming products (including coatings, oils, adhesives, resins, etc.) in relation to regulatory requirements in key countries and regions, so as to strengthen the management of chemical substances contained in products	Nikon Group in Japan
				Reduce the incidence of quality incidents to zero	Complete re-inspection of the quality management system based on Nikon's comprehensively revised Quality Management Directive (QMD)	Nikon	
					Establish unified company-wide standards for quality audits (QA) of business partners, and implement QA for at least 30 companies	Business partners	
Environment	Issue 3	Promoting a decarbonized society	See Environmental Action Plan <a href="#">→P41</a>		Undertake revision of the Nikon website to guide website visitors smoothly towards the production information pages, so as to promote digital marketing with the aim of strengthening customer engagement	Nikon Group	
	Issue 4	Promoting resource circulation					
	Issue 5	Preventing pollution and conserving ecosystems					

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**Targets for the Fiscal Year Ending March 31, 2022**

Priority Issue		Goals for the Fiscal Year Ending March 31, 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Targets for the Fiscal Year Ending March 31, 2022	Scope	
Society / Labor	Issue 6	Strengthening supply chain management	Realization of effective procurement in which the supply chain as a whole contributes towards the resolution of societal issue and which safeguards quality, cost, and prompt delivery (QCD), by sharing Nikon's approach to procurement policy with suppliers and by implementing rigorous risk management	Further strengthen suppliers' CSR management systems	· Promote visualization of tier 2 suppliers in CSR-aware procurement	Procurement partners / tier 2 suppliers	
					Provide support to realize improvements at those suppliers that failed to achieve a conformity score of at least 65% in the previous fiscal year's CSR survey (totaling 28 companies)		
					In the area of minerals procurement, build a system capable of dealing with the increase in the number of types of minerals that are subject to surveys, and the expansion in the conflict-affected and high-risk areas	Procurement partners	
	Issue 7	Respecting human rights	Ensuring that the principles embodied by the Nikon Human Rights Policy are instilled throughout the value chain, and that the measures outlined by the Policy are properly implemented  Ensuring that the RBA Code of Conduct is instilled in every company in the Nikon Group, and is faithfully followed	Spread awareness of human rights and of the Nikon Human Rights Policy  Implement PR and marketing activities that take human rights into account  Enhance conformity with the RBA Code of Conduct	8.7 8.8 10.2 16.2	Revise the policy for dealing with procurement partners that fail to comply with the Nikon Green Procurement Standards	Nikon Group
						Implement auditing of procurement partners that are deemed to be subject to audits based on the adjustment of environmental management system surveys and auditing (audit at least 40 companies)	Procurement partners
						Aim to enhance the quality of information used for procurement partner assessment	Nikon Group
	Issue 8	Diversity and inclusion	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	Promote the Group-wide implementation of operational and personnel processes that do not discriminate on the basis of gender, nationality, ethnicity, etc.  Raise the percentage of employees who are female (for both ordinary employees and managers)  Continue to implement measures to raise awareness of diversity and inclusion among all employees	5.1 5.5 8.5 10.2	Increase the amount of data collected in relation to tier 2 and below suppliers for BCP-related supply chain management purposes	Nikon Group / Procurement partners
						· Increase the ratio of tier 2 suppliers in CSR-aware procurement	Nikon
						· 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%	

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## Targets for the Fiscal Year Ending March 31, 2022

Priority Issue		Goals for the Fiscal Year Ending March 31, 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Targets for the Fiscal Year Ending March 31, 2022	Scope	
Society / Labor	Issue 9 Employees' health and safety	Ensuring widespread familiarity with relevant policies and targets, and using these as the basis for global operation of the PDCA cycle  Having both the company and employees aiming to enhance health and safety, and striving to eliminate occupational accidents and illnesses	Build a system for the global management of occupational health and safety, and use this as the basis for implementing the PDCA cycle	3.1 3.9 8.8	Reduce the annual incidence of occupational accidents that are attributable to work or related to the performance of work to 40 or less	Nikon Group in Japan	
			Review the measures adopted during the COVID-19 pandemic and in the post-COVID era, and ensure compliance		Strengthen the sharing of information relating to occupational accidents and related measures, etc. within the Group, so as to rebuild the health and safety management system	Nikon Group	
					Aim to reduce the incidence of departmental work stoppages resulting from COVID-19 infection to zero	Nikon Group in Japan	
Governance	Issue 10 Thorough compliance	Becoming a company that is trusted by society, by ensuring conformity with the Nikon Code of Conduct and by acting with integrity, including compliance with laws and regulations	Implement awareness-raising and education in regard to laws, regulations and ethics	16.5	Revise the content of the documents used to disseminate the Nikon Code of Conduct, and implement related education	Nikon Group	
			Aim to achieve effective implementation of the Code of Conduct Hotline (Reporting and Consulting System)		Collect information on the revision, etc. of laws and guidelines relating to bribery prevention in major countries, and implement review of the Anti-Bribery Guidelines for Nikon Group Companies	Nikon Group	
					Effectively implement a cycle that involves implementing third-party evaluation of the effectiveness of the Board of Directors, identifying issues, and formulating and implementing response strategies	Nikon	
	Issue 11 Strengthening corporate governance	Building a governance system that promotes the sustainable creation of value for the company and for society	Enhance the effectiveness of the Board of Directors	—	Aim to further strengthen the supervisory function by reviewing the composition of the Board of Directors from the next term onwards	Nikon	
			Review the effectiveness of the separation between the management function and the supervisory function				
			Enhance the flexibility of the management function				
Issue 12 Strengthening risk management	Identification of current and future risks and impacts, and utilization of the PDCA cycle to enhance and improve systems  Avoidance of financial loss or damage to the company's reputation through the sound operation and management of IT infrastructure and the implementation of cyber-security and data protection measures	Perform risk assessment and give instructions to implement improvement in relation to high-risk items	—	Implement risk improvement through strengthening of coordination between the major related departments and through a new, company-wide risk management system	Nikon Group		
		Strengthen the information security system (including cyber-security and personal data protection)				Review the framework for monitoring emerging risks	Nikon Group
						Put in place a system for preventing violations that are accompanied by fines, by responding to the 2020 amendments to Japan's Personal Information Protection Act Continue to implement adjustments in relation to the GDPR	Nikon Group