Materiality 3

Promoting a Decarbonized Society

Goals for the Fiscal Year Ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Targets for the Fiscal Year Ended March 2022	Scope	Results
• Reduce greenhouse gas emissions in Scope 1 and Scope 2 by 71.4% compared to the fiscal year ended March 2014 • Achieve a renewable energy adoption rate of 30% by the fiscal year ending March 2031 • Reduce greenhouse gas emissions (in three of 15 Scope 3 categories—purchased goods and services, upstream transportation & distribution, and use of sold products) by 31% compared to the fiscal year ended March 2014	**By the fiscal year ending March 2031, formulate and seek achievement of internal targets in line with the 1.5°C targets** • Improve manufacturing facilities and production processes and promote decarbonization • Promote eco-office and diverse work styles to achieve a decarbonized workstyle • Visualize the environmental impact in each process within products' lifecycles and implement new environmental initiatives harnessing expertise • Downsize cargo, promote modal shift and establish a transportation system requiring minimal energy • Require procurement partners to establish and achieve CO_2 reduction targets • Adopt renewable energy with the aim of achieving carbon neutrality by fiscal 2050	7,13	• Reduce CO_2 emissions from business activities for the entire Nikon Group by at least 4.5% year-on-year	Nikon Group	• CO_2 emissions from business activities: 1.3% reduction for the entire Nikon Group year-on-year
			• Achieve a 7% renewable energy share of electricity used for business activities	Nikon Group	• Renewable energy share of electricity used for business activities: 7.8 %
			• Reduce environmental impact by making effective use of the LCA methodology • Create eco-friendly products	Nikon Group	• Continued to expand the range of product models subject to LCA calculation • Approximately 78% of new products certified as eco-friendly products
			• Reduce greenhouse gas emissions in distribution by at least 2.7% year-on-year	Nikon Group	• Reduced greenhouse gas emissions in distribution by 5.1% year-on-year
			• Continue to require that main procurement partners (accounting for 80% of procurement costs) establish CO_2 emissions reduction targets and track performance (complete the requesting process for at least 60% of partners)	Nikon Group	• Issued requests that main procurement partners (accounting for 80% of procurement costs) establish CO_2 emissions reduction targets and track performance (completed the requesting process for 60.1% of partners)

Reduction of Greenhouse Gases in the Supply Chain

Setting Science-Based Targets, and Signing Up to the Business Ambition for 1.5°C Initiative

Activities and Results

The Nikon Group has established greenhouse gas emission reduction targets as part of its Medium-Term Environmental Goals concerning Realizing a Decarbonized Society, which is a part of the Nikon Long-Term Environmental Vision.
In recent years, the impact of climate change has become more apparent, and the trend towards decarbonization in society has picked up speed. With this in mind, in February 2021 Nikon revised its Scope 1 and Scope 2 greenhouse gas emissions reduction target from 26% to 71.4% (compared to the fiscal year ended March 2014). This new target was certified in April 2021 by the Science Based Targets (SBT) initiative*1 as conforming to the criteria for helping to keep the average global rise in temperature within 1.5°C.
In March 2021, we also expressed our support for the Business Ambition for 1.5°C initiative launched by the UN Global Compact, the SBT Initiative, and We Mean Business*2. This initiative encourages companies to set scientifically based greenhouse gas reduction targets for reducing greenhouse gas emissions to net zero by 2050 so as to keep the average global temperature rise within 1.5°C compared to pre -industrial levels. Going forward, Nikon will further accelerate its initiatives to support decarbonization.

*1 Science Based Targets (SBT) initiative
The SBT initiative is a collaboration between CDP, an international NGO working on environmental issues such as climate change, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. The initiative targets achieving the Paris Agreement mandated objective of holding the increase in the global average temperature to below 2°C above pre-industrial levels. It certifies the CO_2 emission reduction targets of companies that are in line with emissions reduction scenarios based on scientific facts.

*2 We Mean Business
A platform run by international organizations, think-tanks, NGOs, and other organizations that are engaged in encouraging companies and investors to adopt measures to combat global warming.

The Nikon Group's Science Based Targets (SBT)

Target year: Fiscal year ending March 2031

- Reduce greenhouse gas emissions in Scope 1 and Scope 2 by 71.4% compared to the fiscal year ended March 2014
- Reduce greenhouse gas emissions (in three of 15 Scope 3 categories—purchased goods and services, upstream transportation & distribution, and use of sold products) by 31% compared to the fiscal year ended March 2014

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

Greenhouse Gas Emissions in the Entire Supply Chain

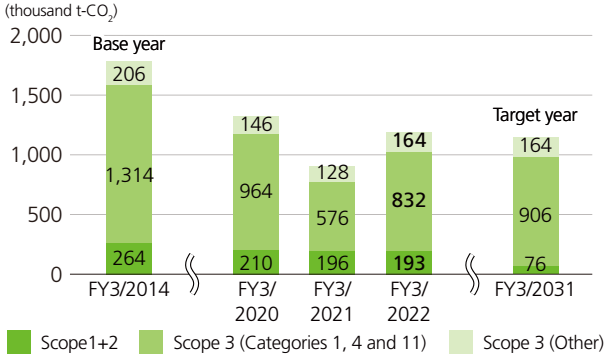
Activities and Results

The Nikon Group calculates greenhouse gas emissions in the entire supply chain in accordance with the Greenhouse Gas Protocol (GHGP). Emissions for the fiscal year ended March 2022 were 34,736 t-CO_2e for Scope 1 and 158,350 t-CO_2e for Scope 2. We achieved a 1.3% year-on-year reduction of greenhouse gas emissions from business activities for the entire Nikon Group, against our target of at least 4.5%. Despite efforts to reduce emissions through energy-saving measures and increased use of renewable energy, we fell short of this target. This was significantly impacted by production levels recovering from a drop in the fiscal year ended March 2021 caused by the spread of COVID-19. Furthermore, Scope 3 emissions totaled 995,814 t-CO_2e, a significant year-on-year increase. There was a particularly dramatic increase in Category 1 (purchased goods and services), Category 4 (upstream transportation and distribution) and Category 11 (use of sold products) emissions, which our analysis indicates was due to recovery in production volumes that had been greatly reduced due to the spread of COVID-19.
As we continue our measures to reduce emissions going forward, we will work to achieve rigorous energy savings and expand application of renewable energies to achieve Nikon's Medium-Term Environmental Goals. In the long term, we will work to further minimize emissions and neutralize remaining emissions in order to achieve carbon neutrality by the fiscal year ending March 2051.
With particular regard to Scope 1 and 2 emissions, we established a task force under the Environmental Subcommittee in April 2022 to discuss ways to reduce emissions in order to achieve Nikon's Medium-Term Environmental Goals. Discussions are currently taking place

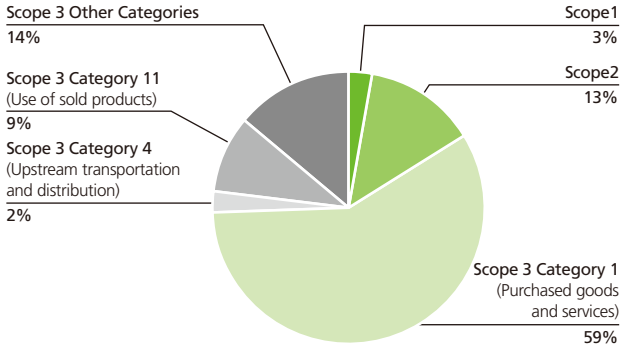
among personnel at Nikon's Head Office, but activities will be expanded to the entire Group over time.

Nikon Long-Term Environmental Vision and Medium-Term Environmental Goals (➡ P49)

● Changes in Greenhouse Gas Emissions Across the Entire Supply Chain



● Percentage of Greenhouse Gas Emissions Across the Entire Supply Chain (Fiscal year ended March 2022)



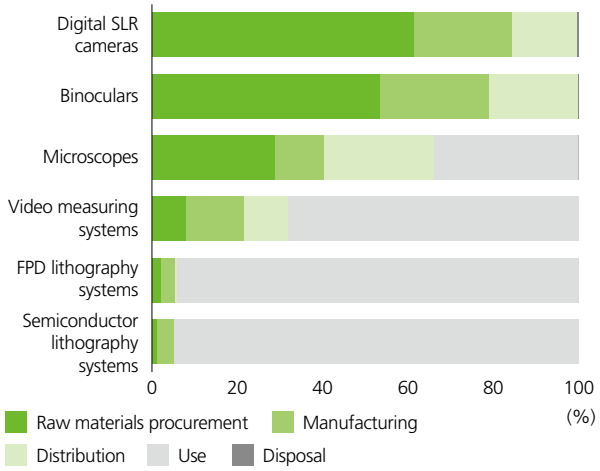
Initiatives to Reduce Greenhouse Gas Emissions in Products

Environmental Impact Assessment Using the LCA Methodology

Activities and Results

Nikon calculates CO_2 emissions in each phase of a product's lifecycle by conducting evaluations of its environmental impact using the Life Cycle Assessment (LCA) methodology. These evaluations are carried out for a range of products, including some of our most popular models. Results show that there are large CO_2 emissions in the raw material procurement phase for imaging products and in the use phase for products in FPD and semiconductor lithography systems, as well as industrial metrology. From this, we understand that it is important for us to make improvements at these product lifecycle stages, and we are therefore incorporating this into new product development.

● Percentage of CO_2 Emissions Throughout the Product Lifecycle for Major Nikon Products



CO_2 Reduction Measures for Products

Activities and Results

For imaging products, Nikon has the highest amount of CO_2 emissions at the raw material procurement phase. We are therefore focusing on making camera bodies smaller and lighter, as well as reducing their number of parts.
For example, when compared to the D6 digital SLR camera, which also features a full-size image sensor, Z 9 mirrorless camera realizes a weight reduction of approximately 8.5% and volume reduction of 20% by making the camera body more compact and reducing its number of parts, and as a result CO_2 emissions at the raw material procurement phase have been reduced by 20%.

The Z 9 mirrorless camera

Promoting CO_2 Reductions with our Procurement Partners

Activities and Results

When conducting assessments of our major procurement partners' environmental management systems, the Nikon Group checks whether or not the partners have set CO_2 reduction targets and whether they monitor performance in relation to these targets. This has had the effect of encouraging procurement partners to reduce their CO_2 emissions. In the fiscal year ended March 2022, the Nikon Group encouraged 151 companies to reduce their CO_2 emissions and checked their results at the time of assessment. For those procurement partners that have no obligation to report emissions to national or local governments, we gave advice on how to calculate CO_2 emissions and followed up with them about their emissions amounts and target settings. In the fiscal year ending March 2023, we will continue to encourage our procurement partners in this direction, and from the fiscal year ending March 2024, we will conduct surveys not only on their Scope 1 and 2 emissions, but also on Scope 3, including tier 2 suppliers and beyond.

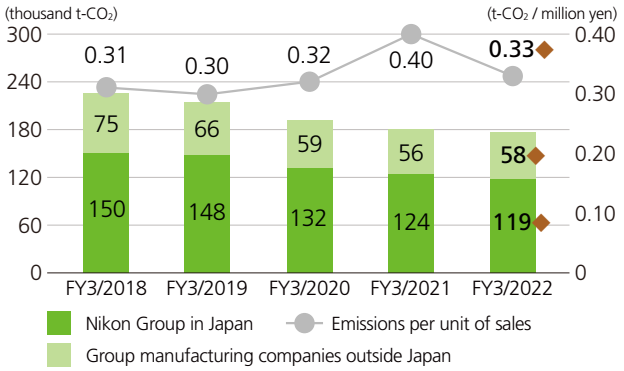
Initiatives to Reduce Greenhouse Gas Emissions at its Business Facilities

Changes in CO_2 Emissions from Energy Consumption and Changes in Energy Consumption

Activities and Results

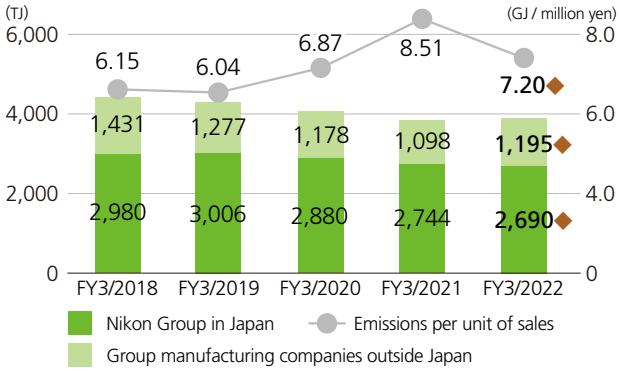
By striving to improve product development and production processes and make production equipment more efficient, the Nikon Group is making a serious effort to reduce CO_2 emissions derived from energy consumption. We are also implementing energy-saving measures and adopting renewable energy. CO_2 emissions from energy consumption of Nikon Group in Japan and Group manufacturing companies outside Japan for the fiscal year ended March 2022 were 176,728 t-CO_2, down 1.7% year on year. Emissions per unit of sales improved significantly due to higher sales resulting from a recovery in business performance. Going forward, we will further take measures to reduce CO_2 and cut our emissions.

● Changes in CO_2 Emissions from Energy Consumption



* The following values were used for CO_2 conversion factors.
[Electricity]
Japan: CO_2 emission factors without adjustment for each electric power utility noted in the "List of Basic Emissions Factors by Electric Power Utility" specified in the Act on Promotion of Global Warming Countermeasures
UK: Residual mix
USA: NERC regional residual mix
Other countries: International Energy Agency (IEA) factors for the respective country
[City gas]
Japan: Gas company-specific factors under the guidance document for Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act), were multiplied by the values given in Appended Table 2 of the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures and 44/12
UK: Factors from the Report on Greenhouse Gases
Other countries: Equivalent values to a typical Japanese gas company
[Heat and other fuels]
Factors noted in the "List of Calculation Methods and Emissions Factors for Calculation, Reporting and Announcement Systems" specified in the Act on Promotion of Global Warming Countermeasures
* The above factors were also used for the calculation of CO_2 emissions according to market-based criteria for Scope 1 and Scope 2.
* Emissions have been calculated using the Basic Emission Factors, subtracting the renewable energy portion from total energy consumption.
◆:Values in Data Index assured by third party

● Changes in Energy Consumption



* The following values were used for calorific-value conversion factors.
[Electric power] Factors given in the guidance document for the Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act)
[City gas]
Japan: Gas company-specific factors under the guidance document for the Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act)
UK: Values calculated from the factors for the Report on Greenhouse Gases
Other countries: Equivalent values to a typical Japanese gas company
[Heat and other fuels] Factors given in the guidance document for the Periodic Report pursuant to the Act on the Rational Use of Energy (Energy Conservation Act)
◆:Values in Data Index assured by third party

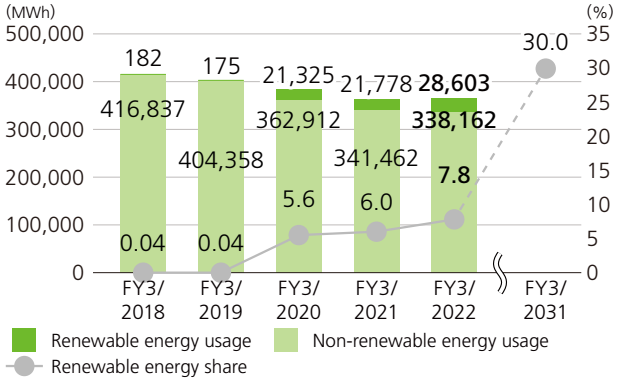
Utilizing Renewable Energy

Activities and Results

The Nikon Group is aiming to increase the renewable energy adoption rate in electric power consumption to at least 30% by the fiscal year ending March 2031, through such means as in-house power generation, power planning, and green energy certificates.
As of the fiscal year ended March 2022, the share of electric power consumption derived from renewable energy was 7.8%, equivalent to a reduction in CO_2 emissions of 12,634 tons.
As of January 2022, Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. has launched operation of a new solar power generation system.

Solar power generation system at Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. Estimated annual power generation over 160 MWh

● Renewable Energy as a Share of Electric Power Consumption



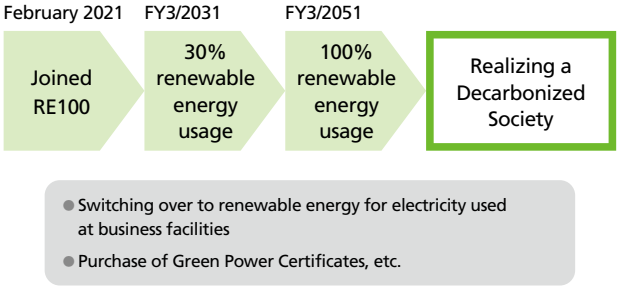
Joining RE100

Activities and Results

In February 2021, Nikon joined RE100*, an international initiative seeking to have companies source 100% renewable energy for electricity used in business activities. Nikon aims to switch to 100% renewable energy-derived electricity used in the Group's business activities by the fiscal year ending March 2051, and will also be working actively, alongside other RE100 member companies, to foster the development of the renewable energy market and to encourage governments in this area.

* RE100
Run as a partnership by the Carbon Disclosure Project (CDP) and The Climate Group (an NPO focused on activities in response to climate change), RE100 is an international initiative with participation from companies all over the world.

● The Nikon Group's Roadmap for Adoption of Renewable Energy



CO_2 Emissions from Non-energy Consumption and Other Greenhouse Gas Emissions

Activities and Results

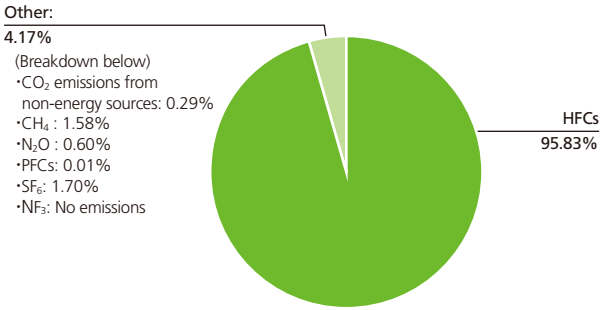
In the fiscal year ended March 2022, CO_2 emissions from non-energy sources*1 and other greenhouse gases*2 totaled 10,484 t-CO_2e, accounting for 5.6% of the greenhouse gases emitted by Nikon and Group manufacturing companies.
Of these gases, HFCs contained in detergents used in the manufacturing process constituted the largest category at 5.4%. Though a minor amount of PFCs was used during the fiscal year ended March 2022, total discontinuation is planned for the fiscal year ending March 2025.
The Nikon Group is working to establish alternative technologies while implementing chemical substance management thoroughly in accordance with the Hazardous Chemical Substance Guideline in order to reduce CO_2 emissions from non-energy sources and other greenhouse gases.

*1 CO_2 generated by fire extinguishers, sprays, waste incineration, etc.
*2 CH_4, N_2O, HFCs, PFCs, SF_6, NF_3

● Breakdown of Greenhouse Gas Emissions from Nikon and Group Manufacturing Companies◆

◆:Values in Data Index assured by third party

● Breakdown of CO_2 Emissions from Non-energy Consumption and Other Greenhouse Gas Emissions ◆



◆:Values in Data Index assured by third party

Greenhouse Gas Reduction Measures at Business Facilities

Activities and Results

Reducing Greenhouse Gas Emissions Through More Efficient Product Development

By continuing to strive for further improvement and evolution in the core technologies that underpin our manufacturing operations, the Nikon Group is able to enhance the efficiency of development and production operations and raise quality standards. In turn, it is also reducing its environmental impact by achieving reductions in energy consumption and the generation of waste.
Optical technologies, one of the core technologies of the Nikon Group, is supported by optical glass with high performance and quality. The development and manufacturing processes for optical glass use high temperatures from melting furnaces and require repeated experiments, which leads to high energy consumption and a large amount of waste. The Nikon Group has therefore focused its attention on how it approaches quality engineering. In order to achieve significant efficiency gains in the development and manufacturing processes for optical glass, Nikon has worked to improve evaluation methods, use simulations to reduce the number of experiments, shorten lead times, and improve the accuracy of its stamping (metalworking).
As a result, the Nikon Group has achieved significant reductions in energy consumption, greenhouse gas emissions, and waste emissions, leading to a greatly reduced impact on the environment. The simulations and technical data established in these measures have been applied and extended to the development and manufacturing processes of other lens materials, thereby helping to further reduce environmental impact.

Conserving Energy at Business Facilities

When planning new equipment installation at all Nikon Group business facilities, one important process is energy saving checks, and determining whether or not to install the equipment based on these checks. After the equipment has been installed, its energy use is monitored, and its performance is managed compared to the forecast. Furthermore, a range of energy saving initiatives are ongoing at each business facility, including switching over to energy saving lights, using motion sensor-equipped lighting, and working to make air conditioning equipment and office machinery more efficient.

Initiatives for Commuting and Company Vehicles

All Nikon Group business facilities are making efforts to adopt fuel-efficient, environmentally-friendly vehicles such as hybrid cars as their company vehicles. Many business facilities are also working to mitigate environmental impact from their employees' commute, through means like encouraging employees to utilize car sharing, cycle to work, and actively use public transport.

Main Energy-saving Initiatives at Business Facilities

Energy-saving initiative	Initiative content
Adjusting design and development	Reducing experiments and prototyping through effective use of AI, CAE, and external technical information
Conserving energy in production equipment	Integrating and replacing production equipment, and making existing equipment more energy-efficient
Enhancing productivity	Improving conformity rates through IE analysis, optimizing work flow lines and production spaces, and automating production
Upgrading transformer equipment	Switching over to highly efficient receiving and transformer equipment
Adjusting utilization of transformer equipment	Integrating transformers, reducing electricity consumption from equipment on standby, and switching equipment off when not in use
Upgrading air conditioning equipment	Improving cooling efficiency and streamlining equipment footprint through replacement of cooling and refrigeration equipment, reducing power consumption by replacing motors
Adjusting air conditioning usage	Optimizing temperature and humidity settings and scheduling usage periods
Reducing heat dissipation and heat absorption loss	Insulating piping and exterior walls, optimizing heat exchangers, integrating piping and bypasses
Adjusting building facilities	Upgrading to insulating window glass and energy-saving elevators
Conserving energy in lighting	Switching over to LED lights, adjusting the spacing of lights, and adjusting brightness
Conserving energy in vacuums and compressed air equipment	Switching over to highly efficient pumps, adopting bypassing for piping, optimizing pressure, and optimizing pump operation controls
Adjusting water usage	Improving the efficiency of water pumps installed in receiving tanks and optimizing piping
Upgrading company vehicles	Promoting adoption of hybrid vehicles
Improving driving practices for company vehicles	Achieving energy-efficient driving through training to optimize driving styles and making use of driving recorder analysis

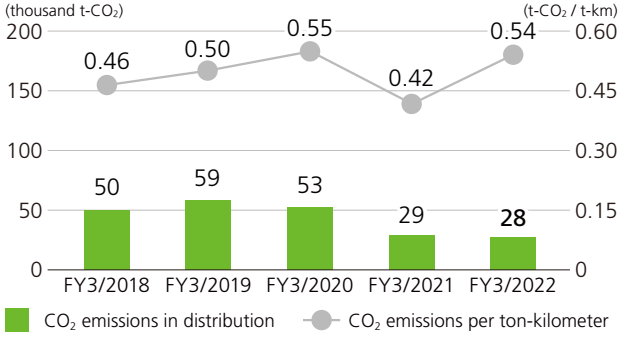
Initiatives to Reduce Greenhouse Gas Emissions in Distribution

Understanding Greenhouse Gas Emissions in Distribution

Activities and Results

Nikon Group products are manufactured in facilities located mainly in Asia and sold worldwide. We use this information to understand the distribution routes, transportation volumes, and greenhouse gas emissions involved, working to reduce emissions during distribution.
In the fiscal year ended March 2022 CO_2 emissions amounted to 620 t-CO_2 for distribution in Japan and 26,900 t-CO_2 for international shipments and distribution outside Japan. The Nikon Group thus beat its target of reducing emissions by 2.7% compared to the fiscal year ended March 2021 ultimately reducing CO_2 emissions by 5.1%.

● CO_2 Emissions from Distribution in Japan, International Shipment and Distribution Outside Japan



Initiatives to Reduce Greenhouse Gas Emissions in Distribution

Activities and Results

Promotion of Modal Shifts

The Nikon Group promotes modal shifts* in order to reduce environmental impact, shifting the main mode of delivery from air to marine transport.
One achievement in the fiscal year ended March 2022 was the Healthcare Business Unit continuing implementation of modal shifts for imported cargo originating from Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.
Another new initiative was the Imaging Business Unit launching an internal project to implement a modal shift in the transportation of some imaging product models to be manufactured in Thailand during fiscal 2021. We are also implementing a partial modal shift of accessories and lenses for Europe and Asia.

* Modal shift
This term is normally used to refer to a shift to a different method of transport in order to reduce the impact on the environment.

Environmentally-friendly Transportation

As well as gradually shifting over to the use of environmentally-friendly vehicles with low fuel consumption for delivery trucks, etc., the Nikon Group is also working to promote eco-driving (fuel-efficient driving) by holding regular seminars for drivers.
We also recognize the importance in taking measures in the upstream stages of the product lifecycle in order to achieve more efficient transportation.
Planning departments in each business unit have lent their expertise to help incorporate considerations from product design stages to transport loading. At the Imaging Business Unit, cushioning materials were modified and packaging boxes were made more compact. At Nikon Vision, operation manuals were provided online. At the Industrial Metrology Business Unit, packaging functionality was improved while limiting package sizes.
In truck transport within Japan, we implement appropriate load size management to reduce wasted space in trucks.

Disclosures in Accord with the TCFD Recommendations

Climate Change-related Disclosures in Accord with the TCFD Recommendations

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), released a final report titled Recommendations of the Task Force on Climate-related Financial Disclosures. Nikon announced its support for the TCFD Recommendations in November 2018 and is promoting information disclosure based on these.

The Nikon Group's Environmental Goals for Promoting a Decarbonized Society

Environmental goal	**Nikon Long-Term Environmental Vision (Target year: Fiscal year ending March 2051)** ● Realizing a Decarbonized Society **Nikon Medium-Term Environmental Goals (Target year: Fiscal year ending March 2031)** ● Reduce greenhouse gas emissions in Scope 1 and Scope 2 by 71.4% compared to the fiscal year ended March 2014 ● Reduce greenhouse gas emissions (in three of 15 Scope 3 categories: purchased goods and services, upstream transportation & distribution, and use of sold products) by 31% compared to fiscal 2013
Approach	The issue of climate change has been created by greenhouse gas emissions resulting from human activity. The Nikon Group takes the risks posed by climate change seriously and will continue its efforts to limit the average global temperature increase to less than 1.5°C. Alongside that, it is inevitable that we pursue a more convenient and comfortable lifestyle for our customers. Demand will be created for products that can combine the benefits of an enriched lifestyle with measures to reduce environmental impact. Capturing this opportunity, we will harness innovation transcending conventional wisdom to roll out products worldwide that contribute to reducing the absolute amount of greenhouse gas emitted. To achieve carbon neutrality in the fiscal year ending March 2051, we will promote activities based on monitoring indicators.

Governance —Organizational governance of climate-related risks and opportunities—

Initiatives	● The risks and Opportunities are managed at the upper management level by the Sustainability Committee, chaired by Nikon's Representative Director and President. ● Management of progress against environmental goals and deliberation of investment decisions related to decarbonization ● Group-wide climate change response is promoted the sustainability related departments, based on decisions made by the Sustainability Committee ● Reports are made on the Sustainability Committee's activities to the Board of Directors at least once a year. The status of environmental initiatives, including with regard to climate change, is monitored by the Board of Directors
Progress in the Fiscal Year Ended March 2022	● The Sustainability Committee deliberated and decided on matters related to climate change response: • Roadmap for achievement of the Nikon Medium-Term Environmental Goals • Direction of Scope 1 and 2 emission reduction measures to achieve the Nikon Medium-Term Environmental Goals • Progress of the Environmental Action Plan (single-year targets)

Environmental Governance (➡ P54)

Strategy — Actual potential impact of climate-related risks and opportunities on business, strategy, and financial planning—

Initiatives	● Set Promoting a Decarbonized Society as a materiality ● The Environmental Subcommittee, chaired by the Director and Executive Vice President (who is also the Corporate Environmental Officer), examines risks and opportunities. The Sustainability Committee, chaired by the Representative Director and President, deliberates and issues approval on these matters
Progress in the Fiscal Year Ended March 2022	● The Environmental Subcommittee and Sustainability Committee deliberated and decided on matters related to climate change response: • Roadmap for achievement of the Nikon Medium-Term Environmental Goals • Direction of Scope 1 and 2 emission reduction measures to achieve the Nikon Medium-Term Environmental Goals • Results of risk and opportunity analysis ● Reflected sustainability initiatives, including addressing climate change, in the Medium-Term Management Plan

Nikon Long-Term Environmental Vision and Medium-Term Environmental Goals (➡ P49)

Climate Change Scenario Analysis

The Nikon Group conducts analysis of climate-related risks and opportunities by comprehensively considering a number of factors, namely: the characteristics of business, the location conditions of its production sites and business facilities, the recent degree and frequency of natural disasters due to climate change, industry trends, trends in related laws and regulations, and representative concentration pathway (RCP) scenarios used in the IPCC climate change forecasts, as well as survey results and scenarios carried out by external research institutes. As such, we identify and evaluate risks under the 2°C and 4°C scenarios.

The Nikon Group recognizes that under the 2°C scenario there would be a tightening of, for example, greenhouse gas emission regulations and greater market demands accompanying these regulations. Under the 4°C scenario there would be an increase in natural disasters, such as floods, and a rise in temperatures. But under any scenario we recognize that there will be changes in energy technology and costs with a wider transition to renewable energies. The Nikon Group is therefore taking measures to adapt to climate change as a business strategy in consideration of the financial impact these scenarios will have. The Nikon Group will continue to carry out and improve its scenario analysis going forward.

Climate Change Risks Faced by the Nikon Group

[Financial impact] High: 10 billion yen or more, Medium: 1 to 10 billion yen, Low: 1 billion yen or less
[Urgency] High: Within 3 years, Medium: 3 to 10 years, Low: Later than 10 years

Risks Faced by the Nikon Group			Financial impact	Urgency	Response
Physical risks (acute and chronic)	An increase in typhoons, floods, and other weather-related disasters could disrupt supply/operations or reduce asset values due to damage to major production sites (Japan, Thailand, etc.) and supplier sites, disruption of logistics networks, and other factors. In addition, a rise in sea levels may increase the probability of these risks.		High	Medium	• Promoting Total Supply Chain Management activities • Promoting Business Continuity Management (BCM)
	A rise in average temperatures could lead to increased electricity costs due to increased load on cooling and other air conditioning equipment. In particular, strict temperature controls required in manufacturing and transporting precision equipment may become unreasonably difficult, or management costs may increase.		Small	Low	• Promoting aggressive energy-saving activities
	Long-term changes in precipitation patterns, as well as droughts, could constrain the use of water resources and adversely affect operations.		Medium	Low	• Reducing water withdrawal • Promoting water resource recycling
Transition risks	Policies and regulations	• Introduction or expansion of carbon pricing policies, such as carbon taxes, could increase Nikon's operating costs if applied to us. In addition, purchase prices may increase if these are applied to suppliers. • Changes in national energy policies where we have business sites could lead to higher electricity prices, which would increase operating costs and purchasing costs.	High*	Medium	• Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy • Reducing greenhouse gas emissions through modal shifts and improved distribution routes • Requiring suppliers to reduce greenhouse gas emissions
	Technologies	• Failure to reduce emissions during product use and shift to low-carbon manufacturing methods and materials could result in reduced sales opportunities.	High	Low	• Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy • Improving energy-saving performance for products • Creating new materials and manufacturing methods
	Markets/ Reputation	• Failure to adequately meet customers' decarbonization requirements could result in reduced sales opportunities. • Inadequate response to decarbonization could damage our evaluations/reputation and affect stock price and sales.	Medium	Low	• Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy • Promoting proactive information disclosure

* Specific example: Carbon tax system in the Netherlands
In 2021, the Netherlands began levying a carbon tax equivalent to 30 Euros per ton of greenhouse gas emissions, targeting manufacturing firms and other firms in the industrial sector. This carbon tax is set to increase by 10 Euros every year, and by 2030 it is expected to have risen to 125 Euros per ton of emissions. A similar trend towards the introduction of carbon taxes can be seen in other countries in Europe. While the Nikon Group's business areas do not currently fall within the scope of such carbon taxes, there is a possibility that the scope of applicability may be extended in the future. For instance, the Nikon Group's manufacturing companies in Europe had total annual greenhouse gas emissions of around 1,300 tons in the fiscal year ended March 2021. If these companies were to become subject to carbon tax, then if no measures were taken to reduce emissions, the Group could be facing an annual carbon tax bill of around 162,500 Euros.

Climate Change Opportunities for the Nikon Group

[Applicable period] Short-term: Within 3 years, Medium-term: 3-10 years, Long-term: Later than 10 years

Opportunities for the Nikon Group	Applicable Period
• Rising evaluation of Nikon by consumers, institutional investors, and others for our technologies and business activities (as follows) contributing to a decarbonized society could lead to increased sales and higher stock prices. - Increase energy efficiency in society with additive manufacturing and fine processing using optics - Additive processing contributing to longer product lifespans through repair of existing parts, etc. - Robots with sophisticated hands and eyes and device manufacturing processes, that enhance manufacturing efficiency - Longer lasting light sources and more durability in our products, that contribute to a healthy global environment - Image production technologies, that contribute to a society where people connect transcending time and space and real and virtual.	Short- to long-term
Achieving efficiency in production processes and distribution, as well as carrying out energy-saving activities, could reduce future carbon taxes and energy costs.	Short- to long-term
Total Supply Chain Management, a practice designed to prepare for physical risks, and improvements in our BCM could make our business structure more robust.	Short-term

Risk management

— Integrated risk management of the processes used to identify, assess, and manage climate-related risks -

Initiatives	● The Risk Management Committee manages our risks on a Group-wide basis, while the Sustainability Committee uses its expertise to identify and assess environmental risks, including those from climate change, discussing how to respond ● Matters discussed and approved by each committee are reported to the Board of Directors
Progress in the Fiscal Year Ended March 2022	● Conducted a risk identification survey and compiled a risk map presenting results by scale of impact and probability of occurrence. These were provided as feedback to relevant departments in order to share recognition of risks facing the entire company ● Reflected identified risks in the Environmental Action Plan, etc., rolling these out throughout the Group ● Identified and established awareness of potential financial impact value for identified risks, alongside other potential factors, in a financial simulation of the Medium-Term Management Plan

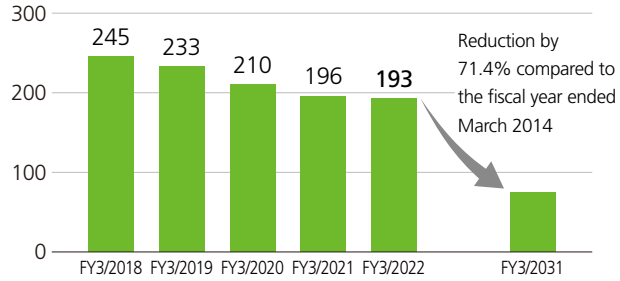
Environment-related Risk Management System (➡ P56)

Metrics and Targets

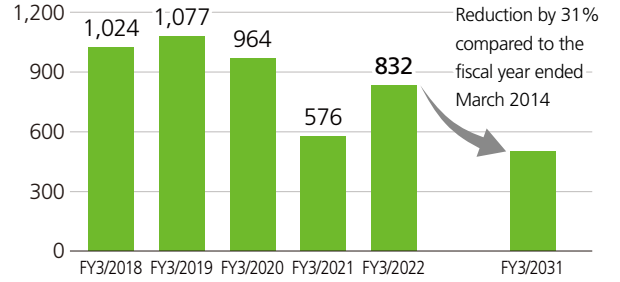
— Metrics and targets used to assess and manage climate-related risks and opportunities —

Greenhouse gas emissions (Scopes 1, 2, and 3) and renewable energy usage for electricity for the fiscal year ended March 2022 were as follows. We will continue to strive for achievement of carbon neutrality by the fiscal year ending March 2051, in line with the Nikon Medium-Term Environmental Goals.

● Scope 1 and 2 emissions
(thousand t-CO_2)



● Scope 3 emissions (Three categories: "Purchased goods and services," "Upstream transportation and distribution," and "Use of sold products,")
(thousand t-CO_2)



● Share of electric power consumption deriving from renewable energy
(%)