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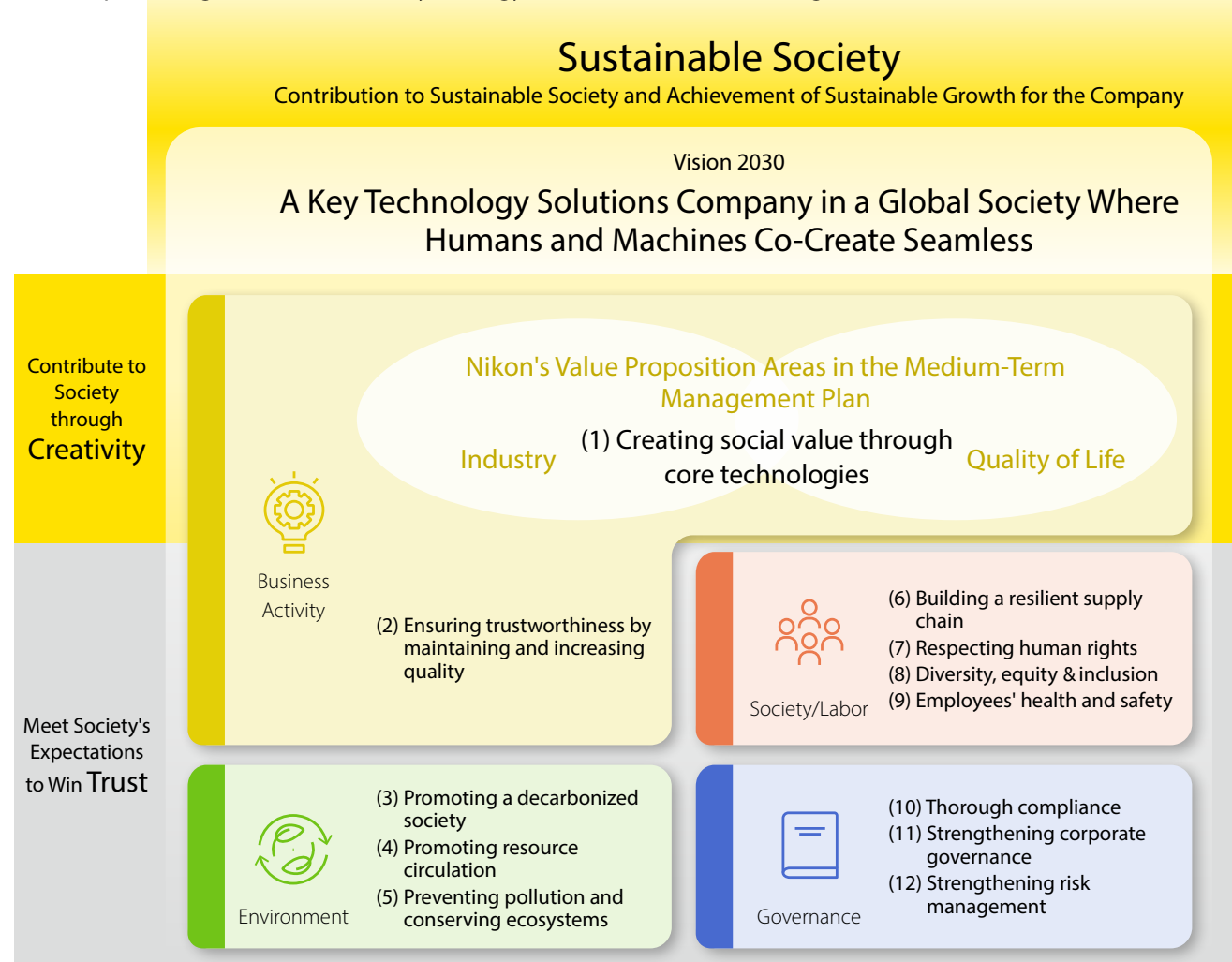
Strategy

Sustainability Strategy

To implement our Sustainability Policy, the Nikon Group formulated a sustainability plan in conjunction with our Medium-Term Management Plan and yearly management plan. Our Medium-Term Management Plan (FY2022-FY2025) places sustainability strategy as a foundation of our business and provides a basic policy defining sustainability strategy as an integral part of our business strategy.

Based on our philosophy of *Trustworthiness and Creativity*, our sustainability strategy identifies Nikon Group materiality from the perspectives of what we must do to earn the trust of our stakeholders and society and what we must do to create social value through our businesses. In addition, we defined strategies, indicators, and targets for each materiality to accomplish in order to achieve Vision 2030 as presented in the Medium-Term Management Plan.

The Nikon Group manages the progress of these initiatives through the Sustainability Committee, chaired by the president. We pursue these initiatives through a cycle of assessments and improvements to contribute to a sustainable society and achieve sustainable growth, as stated in our Sustainability Policy.

● Conceptual Diagram of Sustainability Strategy in the Medium-Term Management Plan

Sustainable Society
Contribution to Sustainable Society and Achievement of Sustainable Growth for the Company

Vision 2030
A Key Technology Solutions Company in a Global Society Where Humans and Machines Co-Create Seamless

Contribute to Society through **Creativity**

Meet Society's Expectations to Win **Trust**

Nikon's Value Proposition Areas in the Medium-Term Management Plan

Industry — (1) Creating social value through core technologies — Quality of Life

Business Activity
(2) Ensuring trustworthiness by maintaining and increasing quality

Society/Labor
(6) Building a resilient supply chain
(7) Respecting human rights
(8) Diversity, equity & inclusion
(9) Employees' health and safety

Environment
(3) Promoting a decarbonized society
(4) Promoting resource circulation
(5) Preventing pollution and conserving ecosystems

Governance
(10) Thorough compliance
(11) Strengthening corporate governance
(12) Strengthening risk management

Note: (1) through (12) are sustainability materialities.

Identification of Materiality   ➡ p.011

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Identification of Materiality

The Nikon Group identifies materiality in order to ensure the efficient and steady implementation of sustainability measures.

Specifically, we begin by identifying social issues from the GRI Standards, ISO 26000, the UN Global Compact, the Sustainable Development Goals (SDGs), and other standards. Issues of particular relevance to the Nikon Group are then extracted on the basis of analyses of the Group's value chain and our corporate vision. Next, we assess the impact of each issue identified based on the priorities of ESG evaluation

organizations, internal and external communications with NGOs and other organizations, benchmarks from leading sustainability companies, and other factors. At the final stage of identifying potential materialities, we conduct assessments of validity, conduct numerous management level discussions, and select materialities. We then set a Nikon Group vision and targets for each issue.

The Nikon Group reviews these materialities every one to three years in response to changes in society and the business environment. When we formulated the current Medium-Term Management Plan, we conducted investigations

from the stakeholder perspective to ensure our materiality efforts would lead to achieving Vision 2030, as described in our Medium-Term Management Plan. We investigated and modified certain materialities after collecting a cross-section of employee opinions through interviews and workshops across all business units, as well as in response to discussions with outside experts and members of management. In addition, we defined a vision in terms of each materiality toward achieving Vision 2030, defining strategies to respond properly to these risks and opportunities. We then established new indicators and targets for each strategy.

● Materiality Extraction Concept

Impact on Stakeholders / Impact on Society / Materiality
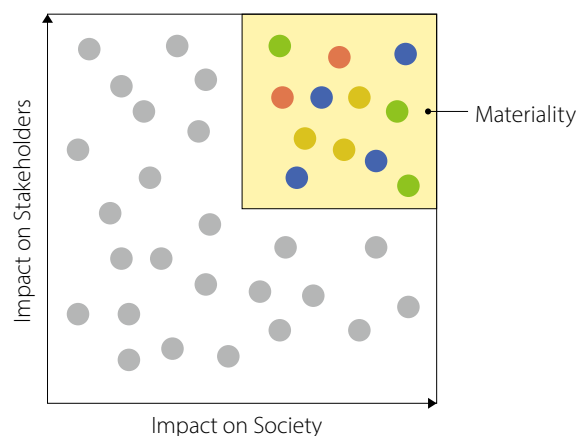
● Materiality Identification Process

Step 1   Identify social issues

We identified social issues based on GRI Standards, ISO 26000, the UN Global Compact, the Sustainable Development Goals (SDGs), and other standards. We then selected 34 issues of particular relevance to the Nikon Group based on analyses of the Group's value chain and our corporate vision.

Step 2   Assess importance

Based on priority issues from ESG evaluation organizations, internal and external communications with NGOs and other organizations, and benchmarking from leading sustainability companies, we evaluated the social impact (impact on the economy, society, and environment) and stakeholder impact (impact on stakeholder assessment and decision-making) of each issue identified to determine potential materialities.

Step 3   Identify and determine materiality

After management-level discussions in Sustainability Committee meetings, we selected 12 materialities. The Executive Committee determined Nikon Group medium- and long-term targets for each issue.

Step 4   Set targets for each materiality

We included the creation of social value through our businesses in our Medium-Term Management Plan, and established annual targets for each materiality.

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● Risks and Opportunities, Vision, and Strategies for Each Materiality

	Materiality	Risk	Opportunity	SDGs Contributed To	Vision	Strategy
Business Activity	Materiality 1 Creating Social Value through Core Technologies	• Loss of customer trust and declining performance due to the inability to deliver solutions that contribute to customer experience value and innovation creation in an increasingly diverse society	• Sustainable growth by contributing answers to social issues by delivering solutions that transform social systems and lifestyles	9	A Key Technology Solutions Company in a Global Society where Humans and Machines Co-Create Seamlessly	Expansion of growth drivers, services and components
	Materiality 2 Ensuring Trustworthiness by Maintaining and Increasing Quality	• Loss of trust and decline in business performance due to a failure to respond to increasingly diverse and sophisticated customer needs • Loss of market share and public trust due to a failure to ensure quality in response to stricter safety and environmental laws and regulations	• Improving relationships of trust with customers and society by ensuring and improving quality in response to changing customer needs and legal statutes • Enhancing brand value and fostering business growth through creative, efficient *Monodzukuri* (manufacturing) and high quality standards	12	Providing competitive products and services with safe, environmentally friendly and information security	Advancement and establishment of quality management
Environment	Materiality 3 Promoting a Decarbonized Society	• Decrease in asset values and operational shutdowns due to weather-related disasters increasing in frequency due to climate change • Financial impact due to carbon pricing programs, etc. • Loss of market share and public trust due to a failure to take adequate climate change action	• Growth in businesses that contribute to climate change mitigation • Improved value chain resilience through climate change solutions	7,13	Achieving net zero throughout the value chain by fiscal year 2050	GHG emission reduction in Scope 1, 2, and 3 and accelerate introduction introduction of renewable energy
	Materiality 4 Promoting Resource Circulation	• Increased costs due to stricter regulations related to resource use and recycling, waste disposal, and information disclosure • Impact of water risk (including climate change) on Nikon and value chain operations • Loss of market share and public trust due to a failure to conduct resource recycling efforts and address water risks adequately	• Growth in businesses that contribute to the circular economy • Lower business costs through reduced resource use and waste disposal	6,11,12	Minimizing resource consumption and maximizing resource circulation throughout the value chain	• Reducing resource consumption and waste, etc. • Effective use of water leading to reduced water withdrawal
	Materiality 5 Preventing Pollution and Conserving Ecosystems	• Increased operating costs due to stricter regulations regarding hazardous chemical substances in products and the prevention of air, wastewater, and soil pollution in operations • Procurement risks associated with the transition away from hazardous substances • Loss of market share and public trust due to a failure to respond to increasing stakeholder demands	• Growth in businesses that contribute to biodiversity conservation • Earning stakeholder trust by ensuring compliance with regulations and other requirements	6,11, 12,14,15	Zero negative impacts on human health or ecosystems in the value chain	Appropriate use of chemical substances and reduction of ecological impact and dependence

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	Materiality	Risk	Opportunity	SDGs Contributed To	Vision	Strategy
Society/Labor	Materiality 6 Building a Resilient Supply Chain	• Loss of business opportunities and a decline in business performance due to difficulties in procuring raw materials and components due to natural disasters, infectious diseases, conflicts, etc. • Damage to brand image and loss of trust from stakeholders due to issues in the supply chain related to human rights, the labor environment, health and safety, the environment, etc.	• Improved supply chain stability and business growth due to ESG-oriented procurement and cooperation with procurement partners • Earning customer trust and increasing brand and corporate value based on the preceding	8、12	A sustainable supply chain that remains sound at all times in the face of business risks and social issues	Building a mechanism for supply chain risk assessments and immediate emergency response
	Materiality 7 Respecting Human Rights	• Negative impact of human rights violations on rights holders due to failure to protect and extend human rights across the value chain • Such situations could damage brand value, cause a loss of trust from customers and society, or result in a decline in business performance	• Improved social trust and brand value through efforts to protect and extend human rights • Increased employee job satisfaction and productivity through decent work; improved recruitment and retention of outstanding human resources	8、10、16	Establish initiatives to respect the human rights of rights holders* in business activities	Spreading awareness of human rights via the Nikon Human Rights Policy and conducting human rights due diligence
	Materiality 8 Diversity, Equity & Inclusion	• Decline in employee motivation, exodus of talent, or decline in talent acquisition stemming from workplaces that do not allow the expression of diverse values, talents, experiences, skills, expertise, etc. • Risk of homogeneity in decision-making and organizational operations stemming from organizations not receptive to diversity • Reduced corporate value due to product development, services, advertising, etc., that fail to account for minorities or user diversity	• The acceptance of DEI leading to the attraction and retention of outstanding talent, improved productivity and innovation, and resulting sustainable corporate growth • Business expansion and growth due to products, services, and solutions that meet the needs of customers and society	5、8、10	Realizing a corporate culture that welcomes diversity and harnesses it in business activities	Spreading awareness of the Nikon Global Diversity, Equity & Inclusion Policy, creating an environment in which diverse human resources can participate fully, and applying DEI to business activities
	Materiality 9 Employees' Health and Safety	• Loss of labor force due to a failure to ensure employee health and safety • Occupational accidents or the emergence of mental stress due to unbalanced workloads in the workplace • Further loss of productivity and social credibility	• Improved business plan execution due to healthy, safe, and fulfilling work environments	3、8	Allowing each individual to fulfill their potential with a sense of physical and mental health in a safe and comfortable working environment	Raising awareness of the Nikon Group Health and Safety Policy and implementing health and safety activities

＊ A person who has human rights, referring to people whose human rights are being or may be violated.

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	Materiality	Risk	Opportunity	SDGs Contributed To	Vision	Strategy
Governance	Materiality 10 Thorough Compliance	• Loss of stakeholder trust, brand damage, penalties, lost business opportunities, and other losses due to serious compliance violations	• Maintaining stakeholder trust and achievement of sustainable growth through ethical and good-faith behavior in accordance with international guidelines	16	Zero compliance violations	Spreading awareness of the Nikon Code of Conduct
	Materiality 11 Strengthening Corporate Governance	• Decreased stakeholder confidence and reduced board effectiveness due to governance systems that fail to ensure fair and transparent management • Loss of business opportunities and impediments to sustainable growth due to an insufficient foundation for supporting appropriate risk-taking decisions	• Stronger corporate resilience and improved stakeholder trust through effective, fair, and transparent governance • More business opportunities, stable management, and sustainable growth through environments that support appropriate risk-taking	—	Governance that is transparent, efficient, and trusted by stakeholders	Continuously conducting effectiveness evaluations of the Board of Directors and improving its diversity
	Materiality 12 Strengthening Risk Management	• Material business damage due to a failure to respond appropriately and systematically to changes in the business environment or potential risks	• Foster sound relationships with stakeholders, by accurately identifying and prioritizing critical management risks in response to changes in social conditions and the environment	—	Appropriate measures in place to address key risks	Establishing a company-wide risk management system in line with environmental changes and management strategies