

## Materiality 11

# Strengthening Corporate Governance

Strengthening governance is one of the principal challenges for a company, and it is necessary to build a corporate governance structure that ensures we become a company that is trusted not only by investors but also by a diverse group of stakeholders. The Nikon Group continues to improve governance mechanisms for fair and transparent management. At the same time, we forecast and respond to various and ever-changing global risks and opportunities from a medium- to long-term perspective, implementing counter-measures accordingly.

## Activity Policies

- Corporate Governance Guideline
- Basic Policy on Internal Control System
- Global Tax Policy

## Organizations

- General Shareholders' Meeting
- Board of Directors
- Audit and Supervisory Committee
- Nominating Committee
- Compensation Committee
- Executive Committee
- Independent External Directors' Meeting

## ● Indicators and Targets

Self-Evaluation ○ : Achieved △ : Measures partially achieved or revised

Indicators	Targets (Year of Achievement)	Fiscal Year 2024 Plan (Action Plan)	Fiscal Year 2024 Results	Self-Evaluation	Fiscal Year 2025 Plan (Action Plan)
Assessing Board effectiveness and addressing key issues	100% (every fiscal year)	<ul style="list-style-type: none"> <li>Discuss and take action to address issues identified by the Board of Directors in the fiscal year 2023 effectiveness evaluation. Conduct evaluation based on preliminary questionnaire and individual interview evaluations, prepare evaluation reports</li> </ul>	<ul style="list-style-type: none"> <li>Addressed issues (system improvement, etc.) identified in the fiscal year 2023 effectiveness assessment</li> <li>Conducted effectiveness assessment in fiscal year 2024, reported the results to the Board of Directors in April 2025, and discussed measures to be taken</li> </ul>	○	<ul style="list-style-type: none"> <li>Discuss and take action to address issues identified by the Board of Directors in the fiscal year 2024 effectiveness evaluation. Conduct evaluations based on preliminary questionnaire and individual interview evaluations, prepare evaluation reports</li> </ul>
Diversity of the Board of Directors	Optimizing the composition of the Board of Directors to meet stakeholder demands (every fiscal year)	<ul style="list-style-type: none"> <li>Consider the optimal composition of the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>The Nominating Committee deliberated and approved matters related to the composition of the Board of Directors for fiscal year 2025</li> <li>Ongoing consideration of structure in the next fiscal year and beyond</li> </ul>	○	<ul style="list-style-type: none"> <li>Consider the optimal composition of the Board of Directors</li> </ul>

# Corporate Governance

## Basic Approach

Based on our Corporate Philosophy, the Nikon Group will conduct operations in a highly transparent manner in order to fulfill its fiduciary responsibilities to shareholders as well as responsibilities to all stakeholders, including customers, employees, business partners, and society, with a sincere and diligent attitude.

The Nikon Group will strive to achieve sustainable growth and enhancement of corporate value over the medium to long-term by improving management efficiency and transparency, and further strengthening the supervisory function over management in light of the

purpose behind Japan's Corporate Governance Code.



Corporate Governance Guidelines

## Strategy

### Risk

A governance system that fails to ensure fair and transparent management will lead to a decline in stakeholder confidence. At the same time, this type of failure reduces the effectiveness of the Board of Directors.

The resulting environment is not conducive to appropriate risk-taking, which may result in lost business opportunities and may impede a company's sustainable growth.

### Opportunities

Effective, fair, and transparent governance strengthens a company's resilience, maintains and enhances stakeholder trust, and creates an environment that supports appropriate risk-taking. Supported in this way, a company captures and expands business opportunities. The resulting environment is stable management and sustainable growth of the company in question.

## History of Enhancing Corporate Governance

		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Increase of Board of Directors' diversity	% of external directors	42% (5 out of 12)	45% (5 out of 11)	45% (5 out of 11)	45% (5 out of 11)	50% (6 out of 12)	55% (6 out of 11)
	o/w % of those from major shareholders, etc.	60% (3 out of 5)	40% (2 out of 5)	40% (2 out of 5)	0%	0%	0%
	% of female directors	0%	9% (1 out of 11)	9% (1 out of 11)	9% (1 out of 11)	17% (2 out of 12)	18% (2 out of 11)
Improvement the effectiveness of the Board of Directors	Chairman of the Board	Separation from the position of officer	Separation from the representative director (strengthening of supervisory function over management)				
	Committees	<ul style="list-style-type: none"> <li>Establishment of Nominating Committee (chaired by external director)</li> <li>Appointment of external director as chairperson of Compensation Committee</li> </ul>					Majority of members of Compensation Committee changed to external directors
	Independent External Directors' Meeting	—	—	—	Establishment		
	Effectiveness evaluation	Continuation of consideration and implementation cycles for improvement measure based on the results of the evaluation of Board of Directors' effectiveness conducted in the previous year					
Nominating	Succession Planning for President	Formulation of the plan	Commencement of implementation	Full-scale implementation		President was selected for the first time since the establishment of Nominating Committee *	
Compensation	Performance-based stock remuneration	Resumption of officer compensation system linked to the Medium-Term Management Plan			Decision of KPI based on the new Medium-Term Management Plan		

\* The change of president was in April 2024

## Strategy

Nikon fulfills our responsibilities to stakeholders and implements highly transparent management, while improving management efficiency and transparency, and further strengthening the supervisory function over management for sustainable growth and enhanced corporate value over the medium to long term. To reach higher levels of supervisory functions, the Company continues to evaluate the effectiveness of the Board of Directors, resolving issues raised in said evaluations.

We also enhance the effectiveness of the Board of Directors by increasing diversity and improving the executive compensation system. Through these efforts, we achieve the goal of strengthening our management base as described in our Medium-Term Management Plan.

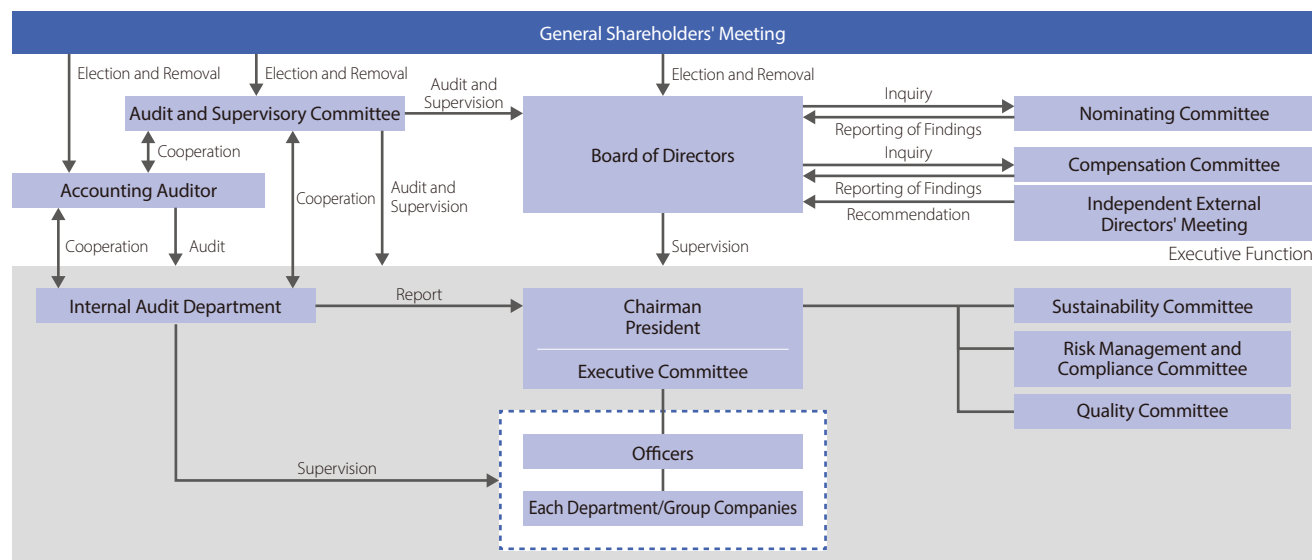


Initiatives to Enhance Corporate Governance

## Organizations

Aiming to further enhance corporate governance, Nikon adopted a company with an Audit and Supervisory Committee. This position further strengthens the supervisory function of the Board of Directors as it strives to streamline decision-making and clarify management responsibility arising through delegation of authority. In addition, we recognize the importance of identifying, evaluating, and managing risks that may have a significant impact on

### ● Nikon's Corporate Governance Organization (As of June 27, 2025)



corporate management and business continuity. Based in this recognition, the Risk Management and Compliance Committee strives to develop systems to manage risks appropriately, including identifying risks affecting the Nikon Group and determining appropriate policies in response.

Sustainability Promotion System → p.015

Compliance Committee → p.130



Corporate Governance Organization  
Internal Control System  
Basic Policy on Internal Control System  
Shareholders' Meeting

## Risk Management

The Board of Directors consists of a majority of Independent External Directors. The Company identifies governance issues by striving to increase diversity and transparency in this way. At the same time, committees and the Board of Directors examine issues, strengthening management over governance-related risks.



Corporate Governance Organization

## Main Initiatives

### Effectiveness of the Board of Directors

Nikon asks a third-party organization to analyze and evaluate the effectiveness of its Board of Directors in order to further improve its functions. See the Nikon corporate website for more on issues raised during the fiscal year 2023 evaluation and future responses.



Evaluation of the Board of Directors' Effectiveness

### Independent External Directors' Meeting

The Company established the Independent External Directors' Meeting in October 2022. The meeting membership consists of all of the Company's external directors, and serves as an opportunity for the members to freely exchange opinions and have discussions from an independent and objective standpoint about issues and matters to be deliberated by the Board of Directors. Based on the results of this meeting, the Independent External Directors' Meeting makes proposals to the Board of Directors and helps stimulate discussions at Board meetings.



Initiatives to Enhance Corporate Governance

### Taxation

Taxes have a significant impact on the development of local communities, and proper payment of taxes is an

important corporate social obligation. In its Nikon Code of Conduct, the Nikon Group stipulates conduct that is in compliance with applicable tax laws and regulations as well as open and honest dialog with tax authorities. We have also established the Global Tax Policy, which has been approved by the Board of Directors, in order to improve tax compliance and strengthen governance.

Based on this policy, the Nikon Group will implement tax compliance measures that are aligned with management policy and management of taxation that is consistent across the Group. The Nikon Group CFO\* is responsible for tax governance. Tax compliance is delegated to the tax department within each Group company, and each regional headquarters is responsible for managing their respective region. Tax management and compliance for the entire Nikon Group is the responsibility of the tax department within Nikon's Finance & Accounting Division.

Each regional headquarters conducts quarterly monitoring of Group companies in its region and implements appropriate countermeasures in response to regional tax risks and in order to effect awareness of and compliance with this policy. Furthermore, the tax team at Nikon's Finance & Accounting Division receives reports from each regional headquarters, based on which it provides supervision and support and addresses issues that cross regional lines.

The tax team at Nikon's Finance & Accounting Division also regularly reports to the CFO on the status of tax governance. In addition, the CFO submits these reports to the Board of Directors as appropriate.

Looking ahead, the Nikon Group endeavors to respond appropriately to changes in conditions and tax risks pertaining to tax governance in and outside Japan.

\* CFO: Chief Financial Officer

### ● Fiscal Year 2023 Tax Payments by Region (million yen)

Region	Tax payment
Japan	10,626
USA	951
Europe	1,997
China	1,142
Other Areas	2,562
Total	17,278

Note: Results for the fiscal year ended March 2024



Global Tax Policy

### Details on Corporate Governance

Refer to our website for more information on corporate governance.



Corporate Governance