



NIKON SUSTAINABILITY REPORT 2022



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About Sustainability Report 2022

Editorial Policy

The Nikon Group aspires to be a company that can grow our business while contributing to the sustainable development of society. We hope to build strong relationships with stakeholders by sharing information proactively about our basic approaches and initiatives. The PDF version of Sustainability Report 2022 references the GRI Standards and other international standards and recommendations, to ensure that information is as comprehensive as possible. The report is organized according to Nikon Materiality which we revised in January 2021, making Nikon Group sustainability activities and progress clearer to readers.

Detailed data and GRI content indexes are available as a separate file (PDF). Some of the data presented in the Sustainability Report 2022 Data Index (PDF) has also received third-party assurance in order to enhance credibility (relevant data is marked with a ★ symbol in the Data Index).

Reporting Period and Scope

Reporting Period

April 1, 2021 to March 31, 2022 (Information includes some activities in April 2022 and afterwards)

Publication Dates (issued once a year)

Previous report: July 2021

Current report: July 2022

Scope

Nikon: Refers to Nikon brand or Nikon Corporation

Group Companies: Nikon consolidated subsidiaries (71 entities)

Nikon Group: Nikon Corporation and consolidated subsidiaries

* The scope for environmental data is defined on P56 in *Data Categories and Acquisition of ISO 14001 in this report*. In other cases where a specific scope is defined, details are clearly specified in each respective section.

* Unless otherwise stated, the term "employees" includes Nikon Group executive officers, permanent and non-regular staff, contract workers, contract workers from staffing agencies, part-time employees, and temporary personnel.

* The figures related to the financial content of this report are truncated to the nearest 100 million yen when stated in hundred millions of yen and rounded to the nearest 1 million yen when stated in millions of yen. Other figures are also rounded after presentation. Therefore, sums of detailed figures may not match total amounts.

● Role of the Sustainability Report

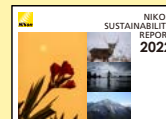
Non-financial

Sustainability Report and Data Index

Presents detailed information on Nikon social and environmental activities

Sustainability

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



Financial

Detailed IR-related information, including financial results presentation materials, annual securities report, etc.

Investor Relations

<https://www.jp.nikon.com/company/ir/>

Reference Materials

GRI Standards (Global Reporting Initiative)

Final Report Recommendations of the Task Force on Climate-related Financial Disclosures

Department Responsible for the Report and Contact Information

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Message from the President



Toshikazu Umatate
Toshikazu Umatate
 Representative Director President

Aspiring Toward a Sustainable Future

Nikon's Sustainability

In December 2021, the Nikon Board of Directors adopted a new Sustainability Policy. We recognize that addressing social issues, including the environment and human rights, will reduce business risks and lead to profit opportunities. Pursuing sustainability in an appropriate manner also means improving our corporate value over the medium to long term, not to mention meeting the expectations of our stakeholders. Based on this belief, this policy is a clear statement of our thoughts on further strengthening initiatives toward sustainability at Nikon. Based on Our Corporate Philosophy, *Trustworthiness and Creativity*, we respond to the expectations of society through trust, constantly evaluating and improving the impact of our business on the environment and society. And we will be even more proactive in the creativity needed to deliver value that contributes solutions to environmental and social issues, while also achieving the SDGs.

In line with this policy, the Nikon Group announced our Medium-Term Management Plan in April 2022, describing our aspirational Vision 2030. This Vision states that we will become a key technology solutions company in a global society where humans and machines co-create seamlessly.

Vision 2030

Since assuming office as president, I ask myself one question continually: "What is the Nikon role in society?" In more than 100 years of history, Nikon has been committed to improving opto-electronics technologies and precision technologies, manufacturing microscopes and cameras, conducting research across numerous fields, and encouraging photographic culture. In this way, we

have pioneered a society where humans and machines co-create. We have also provided exposure systems essential for the manufacture of semiconductors and FPDs, advancing the progress of digital society by delivering new human experiences and an ever-widening potential.

Our history has been about enriching lives and creating happiness by bringing people and machines closer together. And we believe this is a role that we must continue to play. Society is now entering a new stage called Industry 5.0. This will truly be a society where humans and machines co-create. By utilizing the technologies and knowledge we have cultivated over time, we will expand the possibilities to enrich people and society even further.

We aspire to play an important role in this turning point by providing advanced automated machines, components, and services. We will do so through any number of means, including combining precision control and sensing technologies, AI, and big data, as well as through M&A and collaboration with other companies. Our Vision 2030 reflects these aspirations and our determination to make this vision come true.

Creating Value That Makes a Positive Impact on Society

To be prosperous and happy requires a healthy mind and body. It also requires healthy societies and a sound environment. A sustainable environment, in other words. In a society where humans and machines co-create, the Nikon Group is active in developing businesses in the two value-providing domains of *industry* and *quality of life*. In this way, we contribute to the creation of sustainable societies, particularly in the areas of decarbonization, circular systems for resources, safety and work environment, health, and enriched spirit.

In terms of decarbonization, the Nikon Group aims to achieve carbon neutrality by the fiscal year ending March 2051. We also aim to play our role in reducing greenhouse gases in society through our businesses. Specifically, we will pursue businesses that contribute to energy efficiency, fuel efficiency, and CO₂ emissions reductions through riblet processing. This is a microscopic process resembling sharkskin that we apply to blades for turbines, airplanes, and wind turbines. In our existing businesses, we will endeavor to create energy-saving products and expand manufacturing of robots and devices that make *Monodzukuri* (manufacturing) more efficient.

In terms of circular systems for resources, we are working on digitizing photomasks for lithography systems, which will contribute to resource conservation and waste reduction in the manufacturing process. We are also growing our business to recycle and sell used products.

Nikon endeavors to create products and technologies for safety and work environment. These include sensing, imaging, and display technologies that offer automation and labor savings. With respect to health, we boast products and technologies that support drug discovery and regenerative medicines that reduce the burden on both patients and medical professionals. And our imaging technologies contribute to creative visual expression and human relationships for enriched spirit.

The Nikon Group will continue to create and nurture businesses that contribute to sustainable societies.

Becoming a Company That Encourages Employees to Take on New Challenges

The business strategies that we are executing include many new challenges. To achieve these outcomes, our employees

must be proactive and take on even more leading roles. For this reason, we will focus on employee training.

We also pursue digital transformation (DX), actively incorporating co-creation between people and machines within the company. At the same time, we strive to provide environments in which employees feel confident in taking on sophisticated and creative challenges.

Diversity and inclusion represents another initiative on which we focus. We believe that a company is a place for value creation where not only employees but also various other people, including collaborative partners, gather together to create synergies. Our new head office, for which we announced plans in November 2021 will be one such place. We intend to embrace the opinions of our employees to create a space in which a diverse range of people can gather and work flexibly. New and enhanced systems and programs will be adopted to motivate a diverse workforce. In this way, we will encourage employees to take on new challenges, energizing our organization, providing higher value to customers and society, and leveraging our achievements as a springboard for even greater challenges. This is the type of virtuous cycle we aspire to create.

Toward a Sustainable Future

Looking back over the past year, the situation in Ukraine has shaken the foundations of peace, justice, and strong institutions, one of the SDGs agreed to by the greater world. This incident shocked us all and made us keenly aware of the importance of peace as a foundation for people and society to enjoy richer lives. We hope the situation will be resolved as soon as possible and that peace will be restored. At the same time, I am strongly reminded of the need for all actors to work together to resolve the entire range of social issues.

The COVID-19 pandemic has yet to subside, and many other difficult social issues continue unabated. Despite the challenging circumstances, we continue to work to resolve and improve our Materiality, while valuing partnerships to more broadly utilize our strengths and contribute to a sustainable future.

I ask all stakeholders for your continued support and high expectations of the Nikon Group in the future.



Sustainability Strategy as the Core of Our Medium-Term Management Plan



Muneaki Tokunari

Director, Executive Vice President
Officer in charge of the Corporate Sustainability Department

Advanced Sustainability Initiatives

In the little more than a year since I took on the dual role of Officer in Charge of Sustainability and Chief Financial Officer, Nikon sustainability efforts have evolved significantly.

The Board of Directors has adopted a Sustainability Policy and Global Tax Policy, and our Annual Securities Report includes disclosures in line with the Task Force on Climate-related Financial Disclosures for climate-related risks and opportunities.

Furthermore, in the formulation of Medium-Term Management Plan, the business strategy and sustainability strategy of each business unit were discussed simultaneously as an integrated whole and incorporated into a concrete plan.

Meet Society's Expectations to win Trust

We divide the 12 materialities related to sustainability into two categories based on the Nikon Corporate Philosophy of *Trustworthiness and Creativity*: (1) Meet society's expectations to win trust and (2) Contribute to society through creativity.

In terms of the first category, to win trust, we intend to strengthen our Materiality initiatives in the areas of the Environment, Society/Labor, and Governance.

With respect to the Environment in particular, we set a lofty goal of reducing greenhouse gas emissions from our business sites by 46.5% by the fiscal year ending March 2026 compared with the fiscal year ended March 2014. Our aim is to become carbon neutral by the fiscal year ending March

2051.

In terms of Diversity & Inclusion with respect to Society/Labor, we aim to achieve numerical targets of increasing the representation of women in management positions to 8% or more, while hiring women as at least 25% of newly hired graduates.

Contribute to Society Through Creativity

In terms of the second category, we will leverage creativity to contribute to a society through various initiatives; providing 3D/4D image production technology for people to connect each other beyond time and space, and even beyond reality and virtuality (metaverse), support for drug discovery through high-precision cell quality evaluation via microscopes that reduce the burden on doctors and patients, and contributions to the development of the space industry and technology through satellite modules, etc.

In this way, Nikon will contribute to the creation of sustainable societies, leveraging our core competencies in opto-electronics and precision technologies.

The Link Between Non-Financial and Financial Value

We expect our sustainability initiatives to increase social and non-financial value, which, over a certain time frame, will lead to an increase in financial value, including ROE, stock price, and market capitalization. With this in mind, and as the Nikon chief financial officer, I intend to encourage and support sustainability activities in the Nikon Group.

Nikon Group Profile

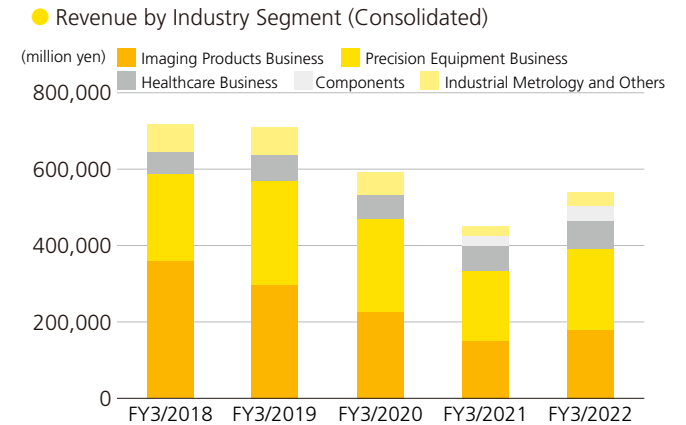
Corporate Information

Company name	Nikon Corporation
Head Office	Shinagawa Intercity Tower C, 2-15-3, Konan, Minato-ku, Tokyo 108-6290, Japan Tel.: +81-3-6433-3600
Representative	Toshikazu Umatate Representative Director and President
Established	July 25, 1917
Capital	¥65,476 million (as of March 31, 2022)
Revenue	Consolidated 539,612 million yen (as of March 31, 2022, presented under International Financial Reporting Standards (IFRS))
Number of employees	Consolidated 18,437 (as of March 31, 2022) Non-consolidated 4,174 (as of March 31, 2022)
Group companies by region (consolidated; as of March 31, 2022)	Japan [excluding Nikon] 20 companies / Europe 15 companies Asia / Oceania 22 companies / Americas 14 companies
Business Domains	The Nikon Group provides a wide range of technologies, products and services globally by harnessing our advanced technologies, the core of which encompasses optoelectronics and precision technologies.

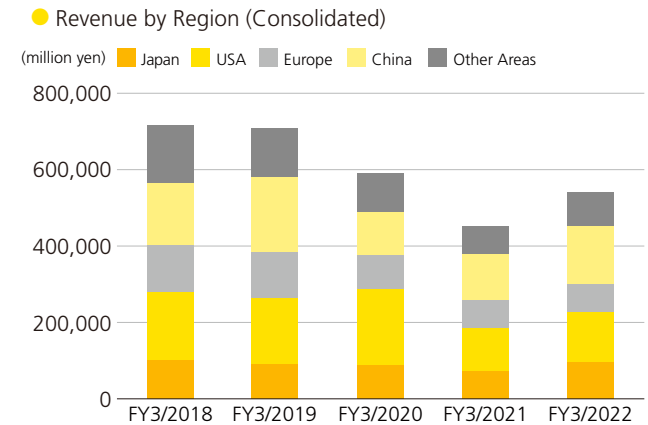
[Main Business, Products by Segment]

- **Imaging Products**
Interchangeable lens cameras, interchangeable lenses, fixed lens cameras
- **Precision Equipment**
FPD lithography systems, semiconductor lithography systems, alignment stations, measurement and inspection systems
- **Healthcare**
Biological microscopes, retinal diagnostic imaging systems, cell manufacturing
- **Components**
EUV-related components, optical parts, optical components, encoders and actuators, photomask substrates for FPD, optical processing machines, and material processing
- **Industrial Metrology and Others**
Measuring instruments, X-ray inspection systems, industrial microscopes

Main Financial Data



* Composition of revenue by segment
* Figures are presented in accordance with IFRS.
* Components business is presented as a reportable segment beginning the fiscal year ended March 2022.



* Figures are prepared in accordance with IFRS.

Corporate Philosophy

Trustworthiness and Creativity

Corporate Vision

Unlock the future with the power of light

Nikon's Sustainability

In line with its Corporate Philosophy of *Trustworthiness and Creativity*, the Nikon Group stands committed to helping create a sustainable society. Using a system centered on the Sustainability 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 subcommittees affiliated with the Sustainability Committee. The Nikon Group is endeavoring to foster communication with its stakeholders through various methods and opportunities.



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- Sustainability Materiality.....016



Our Approach to Sustainability

Nikon's Sustainability

Approach and Policy

The Nikon Group defines sustainability as contribution to a sustainable society and achievement of sustainable growth for the company through the realization of its Corporate Philosophy of *Trustworthiness and Creativity* in its business activities. With this idea as the main statement, the Board of Directors has decided on four intentions that support this idea as the Sustainability Policy. Under this 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 when taking actions based on this approach.

In order effectively implement the Sustainability Policy, the Nikon Group identifies materialities, sets targets, manages progress, evaluates, and makes improvements regarding sustainability issues through the Sustainability Committee*, which is chaired by the president.

Sustainability goals are defined from the perspective of both creation of social value through business and what is necessary to gain the trust of stakeholders and society, centering on issues defined as materialities. Because it is important that these goals be addressed as an integral part of the business, Nikon formulates them in conjunction with the formulation of its Medium-Term Management Plan and Annual Plan.

In addition, we believe that dialogue with stakeholders is essential to our various sustainability initiatives, including environmental, human rights, and ethical initiatives. We also focus on appropriate information disclosure and communication based on that disclosure.

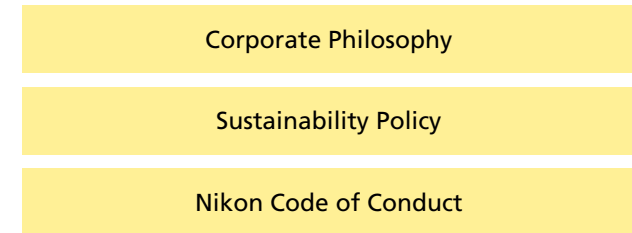
*Changed its name from CSR Committee in April 2022.



Nikon Code of Conduct
<https://www.nikon.com/about/sustainability/policy/codeofconduct/>

Creating Social Value through Core Technologies (➔ P26)
 Thorough Compliance (➔ P121)

● Sustainability Policy Positioning



Sustainability Policy

The Nikon Group aims to both contribute to a sustainable society and achieve sustainable growth for itself by putting into practice the Nikon philosophy of *Trustworthiness and Creativity* through our business activities.

- We are committed to helping solve environmental and social challenges and achieve Sustainable Development Goals (SDGs) through our business activities by delivering uniquely Nikon products and services.
- We aim to do better for the environment and for society by objectively assessing the impact our business has on the environment and society and continually striving to make improvements.
- Through active dialog with our stakeholders, we stay abreast of changes in society. We also constantly reflect on our own activities to meet stakeholder expectations.
- We do more than what is required to comply with laws and regulations. We act with integrity and fairness and disclose information appropriately.

Sustainability Promotion System

Implementation Framework

System and Framework

The Nikon Group had previously established a CSR Committee, but in April 2022, this committee was renamed the Sustainability Committee.

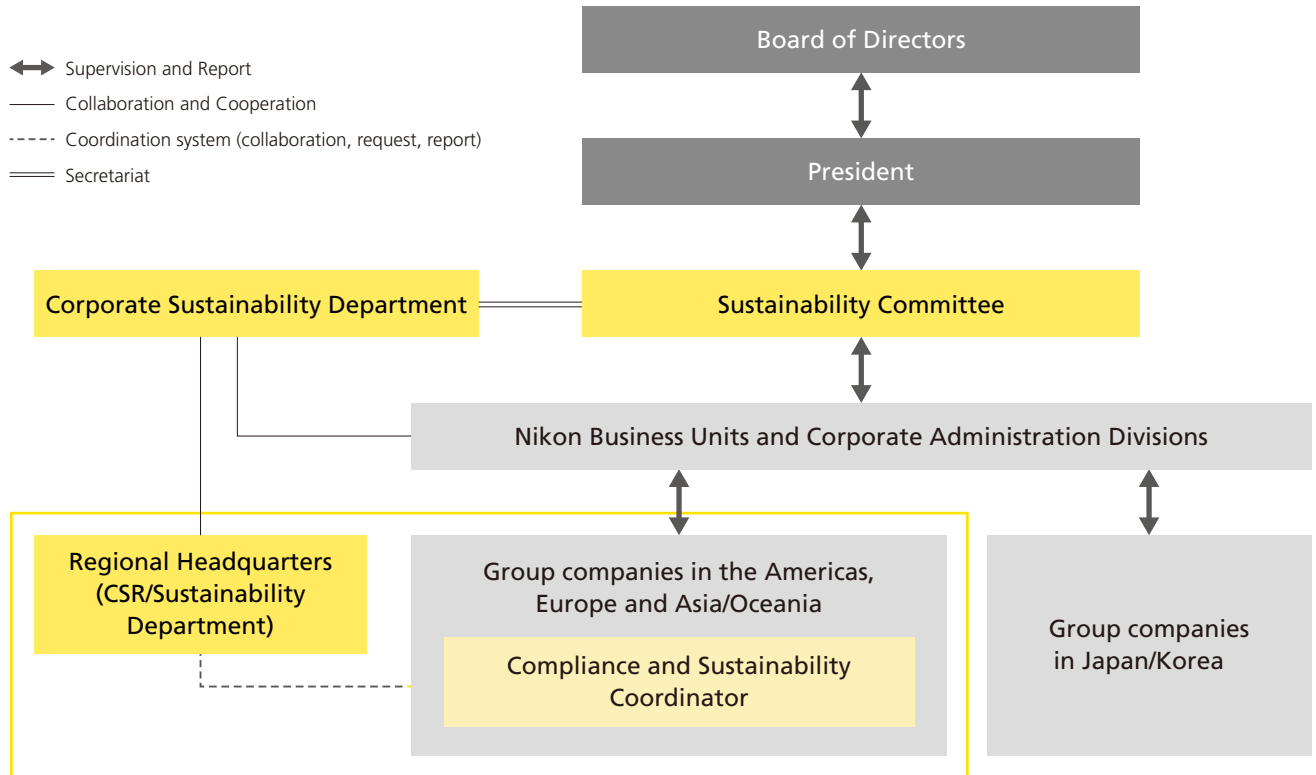
The Sustainability Committee deliberates on overall management and decision-making related to sustainability activities, including identifying materialities, setting targets for materiality issues, checking the progress of each measure, evaluating performance, and directing improvements. In principle, committee meetings are held twice a year. At the same time, lectures by experts and discussions are held to enhance each committee member's knowledge of global social issues and trends.

In the fiscal year ended March 2022, in addition to regular committee meetings, an extraordinary committee meeting was held to clarify that the committee will work in accordance with the Sustainability Policy decided by the Board of Directors, and to review the composition and roles of committee members to ensure that decisions are known and thoroughly communicated throughout the Group. The committee also discussed the appropriateness of each organization's sustainability goals for the fiscal year ending March 2023.

The Sustainability Committee is chaired by the president, vice-chaired by the responsible officer of the Corporate Sustainability Department, and the members are comprised of members of the Executive Committee and all general managers responsible as heads of the business units and divisions, with related department managers participating as observers. The deliberations are reported to the Board of Directors, which manages and supervises the appropriateness and effectiveness of activities as well as associated risks.

The Environmental Subcommittee and the Supply Chain Subcommittee have been established under the Sustainability Committee.

● Sustainability Promotion System (As of April 1, 2022)



Promotion System at Group Companies Outside Japan

The Nikon Group has established a sustainability department at each regional headquarters, in order 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 four regions (excluding Japan), and the sustainability departments of Nikon and of each regional headquarters puts in place systems for the promotion of sustainability within their jurisdiction. In the fiscal year ended March 2022, as part of the review of our global governance structure, we abolished the CSR Committees that had been established in each region and decided that each company will promote sustainability in tandem with its business, with the CSR/sustainability departments at each regional headquarters supporting those activities. Furthermore, a Compliance and Sustainability Coordinator is appointed at each company to ensure collaboration.

In addition, a Sustainability Global Communication Meeting is held once a year, with participants representing the CSR/sustainability department at each regional headquarters. At this meeting, information regarding social trends in each region, progress made in sustainability activities, and issues that need to be addressed, is shared and discussed.

Activities Aimed at Raising Employees' Sustainability Awareness

Activities and Results

The Nikon Group publishes a quarterly newsletter in 14 languages covering activities related to the SDGs and sustainability-related news within and outside the Group, with the aim of raising sustainability awareness among employees. In addition, a sustainability page has been established on our Group portal site (Japanese), with new content posted every two weeks regarding sustainability awareness-raising and the current status of related Group activities. In the fiscal year ended March 2022, we disseminated information on various themes, including the environment, human rights, diversity and inclusion, compliance, and corporate citizenship activities, to raise awareness and encourage employee participation in activities.

In addition, Nikon held a talk event for employees in Japan using a web conferencing system. To create an opportunity for people to casually talk and think about sustainability, the event was held during lunch time and covered topics such as food loss and SDGs in the workplace. We also created sugoroku so that employees could have fun while learning about Nikon's SDGs, and used them in training for new hires.



Nikon's SDG sugoroku

Participation in International Initiatives

Activities and Results

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

Participation in Environmental Initiatives (→ P53)

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 the 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.



● Main Achievements for the Fiscal Year Ended March 2022 in Relation to the Ten Principles of the UN Global Compact

	Principle	Policy	Jurisdiction	Achievements
Human rights/ Labor	1·2/3·4·5·6	Nikon Human Rights Policy	CSR Committee*	We provided e-learning on human rights for all Nikon Group employees in Japan. In addition, a handbook for inclusive communication was created to deepen consideration of human rights in advertising and promotions.
		Nikon CSR Procurement Standards	Supply Chain Subcommittee	Conduct CSR assessment, audits, and corrective actions once every three years for procurement partners that are selected based on risk assessment from various perspectives. In the current fiscal year, of the total 211 companies that were subject to the CSR assessment in the fiscal year ended March 2021, we implemented corrective actions for 13 procurement partners that did not meet the management standards but had not yet implemented corrective actions.
		Responsible Minerals Sourcing Policy		In addition to conducting a 3TG survey of all business unit products, we also conducted a cobalt survey of some products using the extended mineral reporting template EMRT, newly issued by RMI in the fall of 2021. Responsible Mineral Sourcing Report and RMAP conformant smelter list.
Environment	7·8·9	Nikon Long-Term Environmental Vision	Environmental Subcommittee	Environmental Action Plan, an annual target, was established to achieve Nikon Medium-Term Environmental Goals. Deployment throughout the Group of Environmental management systems and implementation of initiatives.
		Nikon Green Procurement Standards	Supply Chain Subcommittee	From the fiscal year ended March 2021, we have conducted simultaneous environmental management system surveys of 799 procurement partners determined to be handling goods with a risk of containing prohibited chemical substances. The 65 procurement partners that the survey identified as having issues were asked to correct them, and all corrective actions were completed. In addition to this, assessments for environmental management systems evaluations and environmental partner certifications were conducted.
Anticorruption	10	Nikon Anti-Bribery Policy	Compliance Committee	Confirmation of the operation of anti-bribery guidelines using a self-inspection sheet. We conducted anti-bribery training in the Americas and Republic of Korea.

* This name was correct as of the fiscal year ended March 2022. Effective April 2022, the CSR Committee was renamed the Sustainability Committee.

Initiatives for RBA

With the aim of enhancing sustainability both within the Nikon Group and in the supply chain, Nikon joined the Responsible Business Alliance (RBA)* in May 2018. The RBA has established the RBA Code of Conduct to ensure that working environments remain safe and workers are treated with respect and dignity, while also setting standards for the fulfillment of environmental and ethical responsibilities within the supply chains of all member companies. In the fiscal year ended March 2022, in order to further disseminate the RBA Code of Conduct throughout the Group, we appointed RBA Promotion Leaders from the head office divisions to be in charge of group-wide promotion in the four categories of labor, occupational health and safety, environment, and ethics, and established a system for working with the Corporate Sustainability Department. 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 the 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 in global supply chains (labor, occupational 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 (➔ P95)

Stakeholder Engagement

Approach to Communication

Approach and Policy

For a company to fulfill its social responsibility, it must disclose its own policies and results 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 achieve reciprocal communication with stakeholders including customers, shareholders, employees, business partners, and society as a whole. We also 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 Stakeholders	Methods of Engagement	Objectives
Customers	<ul style="list-style-type: none"> • Call centers and service counters (as required) • Responses to customers by departments in charge of sales/services (as required) • Sharing of information via the website and other methods (as required) • Exhibitions/events (several times a year) • News releases via mass media and other methods (as required), etc. 	Provision of high quality, high value-added products and services, response to feedback and requests, and provision of appropriate information on products and services
Shareholders	<ul style="list-style-type: none"> • General Shareholders' Meeting (once a year) • Announcements (as required) • Publishing of various types of printed materials including the NIKON REPORT and interim reports (once a year), etc. • Sharing of information via the website and other methods (as required) • Financial Results Conference (four times a year) • Responding to ESG investment (as required), etc. 	Timely and appropriate disclosure of information, acquisition of appropriate evaluation and support from capital markets, fair and highly transparent corporate management, appropriate return of profits
Employees	<ul style="list-style-type: none"> • Sharing of information via company newsletters, the Group portal site and other methods (as required) • Labor and management conferences, and conferences with employee-elected representatives (as required) • Reporting and Consulting System (as required) • Conducting human rights and labor standards surveys at the Group companies (once a year) • Conducting employee awareness surveys and questionnaires (once every one to two years) • President's Town-hall Meetings, etc. (as required) 	Active utilization of diverse human resources, provision rewarding 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"> • Dialog through everyday business activities (as required) • Meetings with procurement partners (once a year) • Briefings/surveys/audits/correctional support for procurement partners on CSR procurement (as required) • Confirming the establishment of environmental management systems (surveys/assessments), etc. (as required) 	Mutual development through provision of products and services that are useful to society, fair business relationships, smooth sharing of information, joint research and development, and CSR procurement
Society	<ul style="list-style-type: none"> • Participation in local events (as required) • Collaboration with NGOs/NPOs in Corporate Citizenship Activities (as required) • Participation in economic and industry organizations (as required) • Consultations with governmental agencies, academic societies/research organizations (as required) • Issuing of the Nikon Sustainability Report (once a year), etc. 	Compliance with laws and regulations, participation in industry-government-academia collaboration projects, participation in the community as a corporate citizen, contribution to technology development through support for research organizations, and enhancement of 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 2022, 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.

● List of Main Affiliated Organizations Related to Sustainability (as of March 31, 2022)

Organization Name
Joint Article Management Promotion-consortium (JAMP)
Global Compact Network Japan (GCNJ)
Business Ethics Research Center (BERC)
Japan Electronics and Information Technology Industries Association (JEITA) (CSR Committee, Environment Committee, and Responsible Minerals Trade Working Group) Keidanren (Japan Business Federation) (Committee on Responsible Business Conduct and SDGs Promotion)
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)
Japan Machinery Center for Trade and Investment (JMC)
Institute of Business Ethics (IBE)
Japan Business Council in Europe (JBCE) (CSR Committee)
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. For this reason, in recent years we have held President's Town Hall Meetings and President's Lunch Meetings to facilitate dialogue with employees. These had to be suspended in the fiscal year ended March 2021 in light of the spread of the COVID-19 pandemic.

Although the COVID-19 pandemic continued in the fiscal year ended March 2022, we held seven President's Town Hall Meetings 2021, an online meeting between the president and employees, based on the importance of dialogue with employees.

In addition to the live broadcast on the day of the event, a recording was made available for viewing at a later date in order to inform all employees of the president's thoughts and future plans for each division and department.

We also continue to actively disseminate information through the Group portal site, internal newsletters, and e-mails. At the same time, the Brand Strategy Team, established in July 2020 to enhance brand value and employee engagement, interviewed executives and communicated the current status and policies of each business and division to employees in a frank and easy-to-understand manner via email and the Group portal site. Those interviews include an explanation by the responsible officer at Nikon regarding the content of the Materiality Nikon is reviewing in 2021, the relationship between sustainability and brands, and the Nikon Group's efforts to address climate change issues.

In addition, a survey of employees in relevant divisions was conducted regarding the construction of the new head

office building scheduled for completion in 2024 in order to formulate a detailed plan in line with the policy of promoting flexible work styles.

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 corporate 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 throughout the year. In the fiscal year ended March 2022, as in the previous fiscal year, in light of the spread of the COVID-19 pandemic, the company announced its quarterly financial results via a webcast. In addition, the interviews, which provide great opportunities for the President and CFO to listen directly to the views of shareholders, investors and analysts, were conducted by telephone conference or online. 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 the Nikon Group has received from shareholders and investors has provided the Group with many useful suggestions that the Group can utilize when implementing our growth strategies, business management and restructuring, etc. In particular, we have engaged in frank, wide-ranging exchanges of opinion with investors who are focused on a long-term perspective, covering matters such as contributions towards addressing social issues through business activities, financial strategies regarding capital allocation, 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. 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, 2022)


ESG Investment Index	Selected/Overview
FTSE4Good Index Series  FTSE4Good	Selected: Since 2004 The ESG Investment Indexes is designed by FTSE Russell, wholly owned by the London Stock Exchange.
ECPI Indices  Sense in sustainability	Selected: Since 2011 ECPI is a company based in Milan and Luxembourg that produces research, ratings and indices on companies' ESG performance.
SOMPO Sustainability Index 2022  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 ESG evaluations.
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} 2022 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 Dow Jones Sustainability Indices Powered by the S&P Global CSA	Selected: Since 2018 Every year, the sustainability of major global companies is quantified from three perspectives: economy, environment, and society. Based on the results of evaluation by industry, approximately the top 10% are selected for DJSI World and approximately 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 its securities universe and selects 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} 2022 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.
FTSE Blossom Japan Sector Relative Index^{*1}  FTSE Blossom Japan Sector Relative Index	Selected: 2022 It is designed to measure the performance of Japanese companies that demonstrate relative "environmental," "social," and "governance" excellence in their respective sectors.

*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, does 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 Evaluation (as of February 10, 2022)

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.
S&P Global Sustainability Awards 2022 Bronze Class Sustainability Award Bronze Class 2022 S&P Global	Each year, S&P Global evaluates the sustainability of the world's leading companies from three perspectives: economy, environment, and society. It then selects and honors those companies that receive particularly exceptional scores. For the Bronze Class, companies are selected if their scores are within 5% to 10% of the highest scoring company in each industry category.

Sustainability Materiality

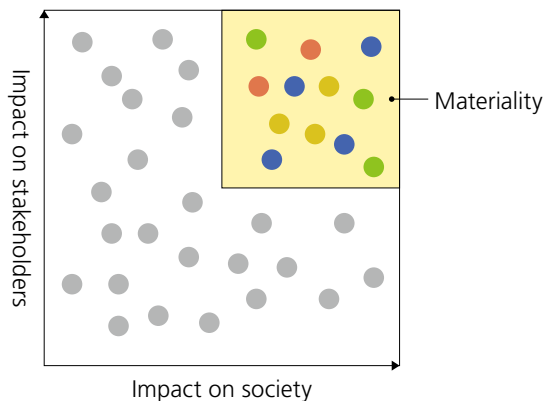
Identification of Materiality

Approach and Policy

The Nikon Group identifies priority issues in order to ensure the efficient, steady implementation of sustainability measures. In addition, we have implemented a process of goal setting, progress management, evaluation, and improvement for each issue, and are developing sustainability activities for our departments and employees. Furthermore, the Nikon Group reviews these issues every one to three years in response to changes in society and the business environment. The current issues were identified in January 2021.

The Nikon Group used to refer to important issues as "CSR Priority Issues," but in April 2022, we changed the name to "Materiality." This change reflects the fact that these issues are not only a corporate social responsibility but also essential for the growth of the company and serves to further integrate them into our business activities in order to promote our initiatives.

● Materiality extraction concept



● Process for Identifying Materiality

Step 1: Identification of social issues

Significant social issues were identified from the GRI Standards, ISO 26000, the UN 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 our 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 by examining the issues that ESG ratings institutions prioritize, communicating with NGOs and other internal and external stakeholders, and benchmarking with respect to other enterprises that have already prioritized CSR.



Step 3: Identification and determination of materialities

After repeated discussions at the management level, 12 new materialities were identified, and the Nikon Group's Goals for the Fiscal Year Ending March 2031 (What Nikon Intends to Achieve) were set for each of these issues and decided by the Executive Committee.



Step 4: Target setting for each materiality

Inclusion of "creation" of social value through business in the Medium-Term Management Plan and establishment of annual targets for each materiality

Materiality and SDGs

Approach and Policy

The Nikon Group has identified 12 materialities in the four areas of Business Activity, Environment, Society/Labor, and Governance. For each of these priority issues, we have announced "What Nikon needs to do" and "goals for the

fiscal year ending March 2031 (What Nikon Intends to Achieve)." In line with these announcements, we will be promoting Group-wide sustainability initiatives that will contribute to the achievement of the SDGs by 2030.

● Materiality and related SDGs



PDCA Cycle Implementation Framework

System and Framework

At Nikon, to ensure that our sustainability initiatives are integrated with our business activities, all business units and corporate administration divisions formulate the Medium-Term Management Plan and Annual Plan, set sustainability goals, and manage their progress in the same cycle. The appropriateness of the content is discussed by the Sustainability Committee. Furthermore, for Materiality, related departments set goals and promote group-wide activities, while the Sustainability Committee manages progress on a semiannual basis.

We are also developing these sustainability and materiality goals by incorporating them into our target management system. Through these efforts, we aim to steadily implement each of our goals and further instill sustainability into the operations of every department and section as well as the work of each employee.

Results related to these goals will be partially reflected in the compensation of the responsible officer in charge of the Corporate Sustainability Department and the directors and officers in charge of related divisions.

Materiality Goals and results

Goals Activities and results

The Nikon Group sets specific goals for Materiality and manages the progress of these initiatives.

● Materiality results for the fiscal year ended March 2022

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

Materiality	Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results	Self-evaluation	Corresponding Page
Materiality 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	Aim to help build a prosperous, safe society by creating social value through the strengthening and effective utilization of optoelectronics technology and precision technology, which are Nikon's core technologies	9.4 9.5	Start research that integrates Nikon's microscope solutions with Oxford Nanopore Technologies Limited's DNA and RNA sequencing technology	Nikon	Launched joint research combining the technologies of Nikon and Oxford Nanopore Technologies Limited	○	P26
		Contribute to the resolution of social issues through Nikon's products and services		Complete initial trial calculations of anticipated power generation equipment efficiency improvements and CO ₂ reduction impact using riblet processing technology from Nikon's Material Processing Business	Nikon	Completed initial trial calculations of power generation efficiency improvements and CO ₂ reduction impact using riblet processing technology. Also, submitted a paper on riblet processing effects to the Gas Turbine Society of Japan and the U.S.-based SciTech Forum	○	P26
Business Activity Materiality 2 Ensuring trustworthiness by maintaining and increasing quality	Provision of high-quality products and services that are trusted by the customer through creative <i>Monozukuri</i> (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 development, design, and quality assurance departments in each business unit in order to ensure familiarity with and thorough implementation of the completely revised Safety Design Principle Sort	Nikon Group in Japan	19 training sessions on the Safety Design Principle Sort were held as planned for the development, design, and quality assurance departments of each business unit to ensure thorough knowledge and understanding.	○	P34
		Reduce quality incidents to zero		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	Created a list of legally compliant products (paints, oils, adhesives, surface treatment agents, etc.) that conform to the laws and regulations of major countries, and began trial operations as planned.	○	P34
			Complete re-inspection of the quality management system based on Nikon's comprehensively revised Quality Management Directive (QMD)	Nikon	Inspection of the quality management system based on QMD was conducted mainly in the business divisions, and issues identified were addressed by formulating improvement plans.	○	P37	
			Establish a company-wide standard for procurement partner quality assurance (QA) assessments and conduct QA assessments for more than 30 companies	Procurement partners	QA assessments based on company-wide unified standards were conducted for 52 companies	○	P39	
Enhance customer engagement, identify customer needs, and generate market-in ideas		Undertake revision of the Nikon website to quickly guide website visitors to the product information pages, so as to promote digital marketing aimed at strengthening customer engagement	Nikon Group	Redesigned the top page of the corporate and global websites. Increased the number of transitions to each marketing site. In parallel, we prepared for the renewal of the corporate and global websites. We expect the new design will make site leads easier to understand.	○	P34		

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

Materiality		Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results	Self-evaluation	Corresponding Page
Environment	Materiality 3 Promoting a decarbonized society	See Environmental Action Plan							P51
	Materiality 4 Promoting resource circulation								
	Materiality 5 Preventing pollution and conserving ecosystems								
Society/Labor	Materiality 6 Strengthening supply chain management	Realization of effective procurement in which the supply chain as a whole contributes to the resolution of societal issues and 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	8.7 8.8 12.4	Promote visualization of tier 2 suppliers in CSR-aware procurement management	Procurement partners/tier 2 suppliers	Completed CSR assessments for 10 suppliers of outsourced finished goods	○	P96
					Provide assistance for making improvements at those suppliers failing to achieve at least 65% compliance in the previous fiscal year's CSR assessment (totaling 28 companies)		Completed provision of assistance for improvements at 26 of 28 companies that failed to achieve 65% compliance in the previous fiscal year's CSR procurement assessment (excluding two companies for which transactions were terminated)	○	P96
					In the area of minerals procurement, build a system capable of handling the growing scope of mineral types subject to assessment and the expansion of conflict-affected and high-risk areas	Procurement partners	Increased efficiency of assessment data management by improving work manuals and processes and shifting to robotic process automation (RPA) in order to cope with the expansion of minerals and countries with mines that require due diligence	○	P98
					Revise the policy for dealing with procurement partners that fail to comply with the Nikon Green Procurement Standards	Nikon Group/procurement partners	Completed corrective actions against 65 procurement partners found to be non-compliant in assessment results; confirmed compliance after actions taken	○	P99
					Implement assessments of procurement partners deemed subject to assessment based on an adjustment of environmental management system surveys and assessments (assess at least 40 companies)	Procurement partners	Completed assessments for 52 procurement partners subject to assessment	○	P99
					Aim to enhance the quality of information used for procurement partner assessment	Nikon Group	Added quality and BCP assessment indicators and registered assessment data in the integrated supply chain management system	○	P93
			Increase the amount of data collected in relation to tier 2 suppliers and beyond suppliers for BCP-related supply chain management purposes	Nikon Group/procurement partners	Tier 1 trading company suppliers increased information provided on their supply chain (tier 2 and beyond)	○	P96		
		Strengthen BCM by thoroughly implementing the collection and management of procurement data							

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

Materiality	Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results	Self-evaluation	Corresponding Page
Materiality 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 strictly observed	Spread awareness of human rights and of the Nikon Human Rights Policy	8.7 8.8 10.2 16.2	Continue to implement human rights awareness-raising activities targeting all employees. In addition, for personnel in the departments related to public relations and marketing, implement training that is more closely linked to their daily work.	Nikon Group	Implemented human rights education for employees in all regions of the world as planned at the beginning of the fiscal year. E-learning is offered to all employees in Japan, with a 93% participation rate.	○	P104
		Implement public relations and marketing activities that take human rights into consideration				Developed and distributed a guidebook on standards for the use of inclusive language for employees in public relations and marketing-related departments		
		Enhance conformity with the RBA Code of Conduct		Put in place a Group-wide management system to foster conformity with the RBA Code of Conduct	Nikon	For the four categories (labor, health and safety, environment, and ethics), leaders were selected from relevant workplaces at the head office, and it was agreed that the Corporate Sustainability Department would work with them to promote the dissemination of the Code of Conduct within the Group as part of future awareness-raising activities. Education for leaders, which was scheduled for the second half of the year, was postponed to the first half of next year due to the updating of the RBA's e-learning system in the second half of the year.	○	P11 P103
Society/Labor Materiality 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	Raise the percentage of employees who are female (for both ordinary employees and managers)	5.1 5.5 8.5 10.2	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%	Nikon	The percentage of women in regular employment for the fiscal year ended March 2022 was 31.2% The ratio of female managers as of March 31, 2022 was 7.2%	○	P108
		Promote the Group-wide implementation of operational and personnel processes that do not discriminate on the basis of gender, nationality, ethnicity, etc.						
Materiality 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 promoting 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	As a result of thorough efforts to prevent recurrence, etc., focusing on occupational accidents with a high risk of recurrence, the number of occupational accidents covered by this report was 21.	○	P117
				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	The Nikon Group in Japan shared information on occupational accidents with the Group companies outside Japan, and received feedback on accident information and measures taken to prevent recurrence from European Group companies that had a high number of occupational accidents in the previous fiscal year.	○	P117
		Review the measures adopted during the COVID-19 pandemic and in the post-COVID era, and ensure compliance		Aim to reduce the incidence of departmental work stoppages resulting from COVID-19 infection to zero	Nikon Group in Japan	As a result of implementing infection control measures tailored to the actual situation by revising the company's infection control policy and guidelines to respond to outbreaks as needed, there were no cases of suspension of departmental operations due to COVID-19 infections.	○	P119

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

Materiality	Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results	Self-evaluation	Corresponding Page	
Governance	Materiality 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 initiatives and education regarding 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	The commentary section was revised, and e-learning on the Code of Conduct in general was conducted in Japan during the fiscal year ended March 2022. Outside Japan, regional headquarters chose a theme for each region and conducted activities to raise awareness of the Code of Conduct.	○	P122
					Collect information on the revision, etc. of laws and guidelines relating to bribery prevention in major countries, and implement a review of the Anti-Bribery Guidelines for Nikon Group Companies	Nikon Group	Reviewed the latest information on key anti-bribery laws and regulations and determined that no revisions are necessary as they are covered by the current anti-bribery guidelines	○	P122
					Aim to achieve effective implementation of the Code of Conduct Hotline (Reporting and Consulting System)	Nikon Group	The reporting and consulting system was reinforced through compliance education throughout the year, and was further entrenched through an employee awareness survey conducted in Japan in October.	○	P122
	Materiality 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	—	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	Planning and execution of various measures to strengthen effectiveness	○	P126
			Review the effectiveness of the separation between the management function and the supervisory function		Aim to further strengthen the supervisory function by reviewing the composition of the Board of Directors from the next term onwards	Nikon	Conducted an assessment of effectiveness for the fiscal year ended March 2022 Skills Matrix developed by the Board of Directors and published	○	P126
			Enhance the flexibility of the management function						
			Enhance the effectiveness of internal controls and auditing						
	Materiality 12 Strengthening risk management	Identifying current and future risks and impacts, and utilizing 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 cybersecurity and data protection measures	Perform risk assessment and give instructions to make improvements in relation to high-risk items	—	Implement risk reduction through strengthening of coordination between the major related departments and through a new, company-wide risk management system	Nikon Group	Group governance initiatives have been initiated, and a certain level of results has been achieved in improving departments and organizations with high internal control risks. Monitoring is scheduled to continue in the next fiscal year to confirm adherence.	○	P131
			Strengthen the information security system (including cybersecurity and personal data protection)		Review the framework for monitoring emerging risks	Nikon Group	Discussions held among risk management-related divisions to develop a system for identifying emerging risks in the future	○	P131
Put in place a system for preventing violations that are accompanied by fines, in response to the 2020 amendments to Japan's Personal Information Protection Act. Continuously review the EU General Data Protection Regulation (GDPR)					Nikon Group	No regulatory violations that were accompanied by fines. The revised Personal Information Protection Law was addressed as planned, with revisions made to the contents of notices regarding personal information protection and related regulations within the Group. We conducted another GDPR checklist for each company and confirmed that they were compliant with the law.	○	P134	

● Materiality targets for the fiscal year ending March 2023 against materiality

Materiality		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 ending March 2023	Scope
Business Activity	Materiality 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	Aim to help build a prosperous, safe society by creating social value through the strengthening and effective utilization of opto-electronics technology and precision technology, which are Nikon's core technologies	9.4 9.5	Target Contribution through Business (p.27) in the Medium-Term Management Plan	Nikon Group
	Contribute to the resolution of social issues through Nikon's products and services					
	Materiality 2 Ensuring trustworthiness by maintaining and increasing quality	Through creative <i>Monodzukuri</i> (manufacturing) that emphasizes customer safety and the environment, providing high-quality products and services that are trusted by customers	Continue to provide high-quality products and services that win customers' trust and meet their needs	12.4 12.5 12.6	To prevent accidents involving safety-related products, establish safety design rules for products in new fields and conduct safety design training in a systematic manner	Nikon Group in Japan
			Reduce quality incidents to zero		Conduct quality system re-inspection based on the comprehensively revised Quality Management Directive (QMD) for major Group companies	Nikon Group in Japan
Enhance customer engagement, identify customer needs, and generate market development ideas			Determine integrated rules for quality assurance (QA) assessments and environmental management system assessments		Nikon	
Environment	Materiality 3 Promoting a decarbonized society	See Environmental Action Plan P.50				
	Materiality 4 Promoting resource circulation					
	Materiality 5 Preventing pollution and conserving ecosystems					

Materiality		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 ending March 2023	Scope
Society/Labor	Materiality 6 Strengthening supply chain management	Realization of effective procurement in which the supply chain as a whole contributes to the resolution of societal issues and 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	8.7 8.8 12.4	CSR assessment of key suppliers (other than tier 1 suppliers) that should be prioritized in CSR procurement risk management	Nikon Group/ Suppliers
					Conduct CSR audits of three procurement partners	
			Strengthen BCM by thoroughly implementing the collection and management of procurement data		Expand the survey on tantalum, tin, tungsten, and cobalt contained in products including batteries and other imaging products in order to procure minerals in compliance with various regulations and laws in each country	Nikon Group/ Suppliers
	Materiality 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 strictly observed	Spread awareness of human rights and of the Nikon Human Rights Policy	8.7 8.8 10.2 16.2	Conduct risk assessments from both business and corporate perspectives as part of human rights due diligence Continue to educate all employees on human rights	Nikon Group
			Implement public relations and marketing activities that take human rights into account		Education on respect for human rights related to communication	
			Enhance conformity with the RBA Code of Conduct		Educate related department employees on the RBA Code of Conduct Conduct self-checks at each Nikon plant and Group manufacturing companies in Japan and outside Japan	
	Materiality 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	Raise the percentage of employees who are female (for both ordinary employees and managers)	5.1 5.5 8.5 10.2	Increase the ratio of all managers who are female to at least 7.5% Increase the ratio of female new hires to at least 25%	Nikon
			Promote the Group-wide implementation of operational and personnel processes that do not discriminate on the basis of gender, nationality, ethnicity, etc.		Implement support measures for employees taking childcare or nursing care leave as part of the development and expansion of an environment in which personnel from diverse backgrounds can demonstrate their abilities	
			Continue to implement measures to raise awareness of diversity and inclusion among all employees		Provide management education on diversity and inclusion	
	Materiality 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 promoting the PDCA cycle	3.1 3.9 8.8	Reduce the annual incidence at Nikon Group in Japan of occupational accidents that are attributable to work or related to the performance of work to 40 or less	Nikon Group in Japan
					Re-establish a global health and safety management system to reduce work-related and work performance-related accidents at Group companies outside Japan.	Group companies outside Japan

Materiality		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 ending March 2023	Scope
Governance	Materiality 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 initiatives and education regarding to laws, regulations and ethics	16.5	Achieve a read rate of at least 90% for the Code of Conduct of Nikon Group in Japan	Nikon Group in Japan
					Provide education to Nikon divisions and Group companies related to competition law	Nikon Group
					Respond to the revision of laws and regulations related to the whistleblower system in Japan	Nikon Group in Japan
	Materiality 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	—	Consider optimal composition of the Board of Directors using the skills matrix to further enhance its functions	Nikon
			Review the effectiveness of the separation between business execution functions and supervisory functions		General Shareholders' Meeting resolution for new stock compensation to ensure the appropriateness of executive compensation levels, strengthen incentives, and incorporate ESG into the compensation structure	
			Enhance the agility of management decision-making and execution functions		Select candidates for the next President and management team and conduct systematic training	
			Enhance the effectiveness of internal controls and auditing		Establish an internal control promotion function to strengthen group governance and risk management	Nikon Group
	Materiality 12 Strengthening risk management	Identifying current and future risks and impacts, and utilizing 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 cybersecurity and data protection measures	Perform risk assessment and give instructions to make improvements in relation to high-risk items	—	Risk identification surveys. Sharing and understanding of risk awareness throughout the company, including the head office management and audit departments	Nikon Group
			Strengthen the information security system (including cybersecurity and personal data protection)		Strengthen information security (cybersecurity, personal information protection) systems and continuously comply with applicable laws and regulations in each country.	

Business Activity

At the Nikon Group, in accordance with our Corporate Philosophy of *Trustworthiness and Creativity*, we create new value that contributes to the sustainable development of society. That new value comes from provided innovative technology solutions that anticipate and meet our global customer needs, and contribute to the achievement of the SDGs and the realization of a sustainable society where humans and machines co-create seamlessly to solve societal challenges. With an attitude of "Customer First" and "Quality First," we will uphold and further improve the high quality that has underpinned the Nikon brand, and seek to expand the value we provide to our customers even more.



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 Customer Satisfaction042



Venture companies with our investment support
15



Customer satisfaction
86.9%



Quality assurance assessments conducted with procurement partners
52



Materiality 1

Creating Social Value Through Core Technologies



Reason for Priority

Companies are considered public institutions and have a responsibility to contribute to the sustainable development of society through transparent and fair business activities.

Moreover, in recent years, amidst the emergence of social issues of global importance, companies are required to innovate in ways that will transform social systems and lifestyles, and to contribute to solving these issues through their businesses.

Nikon's Approach

Imagine society in 2030, it is likely that not only will people's values, lifestyles, and outlooks on life shift, but so too will social frameworks on topics like climate change and resource scarcity shift. Furthermore, there will likely be an accelerated shift in technologies, such as with the advent of Industry 5.0. In the midst of this mega-shift, we believe that people will focus more on creative, self-fulfilling work and value-driven consumption, and that there will be greater co-creation between humans and machines.

In April 2022, Nikon announced a new Medium-Term Management Plan in which its Vision 2030 (for the year 2030) is to become "a key technology solutions company in a global society where humans and machines co-create seamlessly." Over its 105 years of history, Nikon has cultivated ultra-precise *Monodzukuri* (manufacturing) capabilities, eminently present in its lithography systems. It has also cultivated a brand that has popularized digital cameras worldwide and greater trust among its stakeholders. Leveraging these strengths, we will provide solutions closely tied to customer experience value and the generation of innovation, and expand possibilities for people in a world where humans and machines co-create more seamlessly. We will also contribute to the realization of a prosperous and sustainable society by providing innovative value that will help address societal and industrial challenges, including those presented in the SDGs.

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
Creation of social value through core technologies and contribution to the sustainable development of society, as a leading company in precision and optics	Aim to help build a prosperous, safe society by creating social value through the strengthening and effective utilization of opto-electronics technology and precision technology, which are Nikon's core technologies	9.4 9.5	Start research that integrates Nikon's microscope solutions with Oxford Nanopore Technologies Limited's DNA and RNA sequencing technology	Nikon	Launched joint research combining the technologies of Nikon and Oxford Nanopore Technologies Limited
	Contribute to resolving social issues through Nikon's products and services		Complete initial trial calculations of anticipated power generation equipment efficiency improvements and CO ₂ reduction impact using riblet processing technology from Nikon's Material Processing Business	Nikon	Completed initial trial calculations of power generation efficiency improvements and CO ₂ reduction impact using riblet processing technology. Also, submitted a paper on riblet processing effects to the Gas Turbine Society of Japan and the U.S.-based SciTech Forum

Nikon's Social Value Creation

Contributing to Society through Business Activities

Approach and Policy

The Nikon Group aspires to be a company that contributes to the sustainable development of society through the creativity of new value through its businesses, based on its Corporate Philosophy of *Trustworthiness and Creativity*. In its Sustainability Policy, We are committed to helping solve environmental and social challenges and achieve Sustainable Development Goals (SDGs) through our business activities by delivering unique Nikon products and services. In addition, we have selected "Creating Social Value through Core Technologies" as a materiality. To put this into practice, in April 2022, Nikon announced a Medium-Term Management Plan with sustainability strategy as one of its management foundations.

Under this plan, our Vision 2030 is to become "a key technology solutions company in a global society where humans and machines co-create seamlessly." With this, we will focus our efforts on building industries that will expand possibilities for people and quality of life (QOL) that will make lives better in the fields of Factory, Energy, Healthcare, and Life & Entertainment.

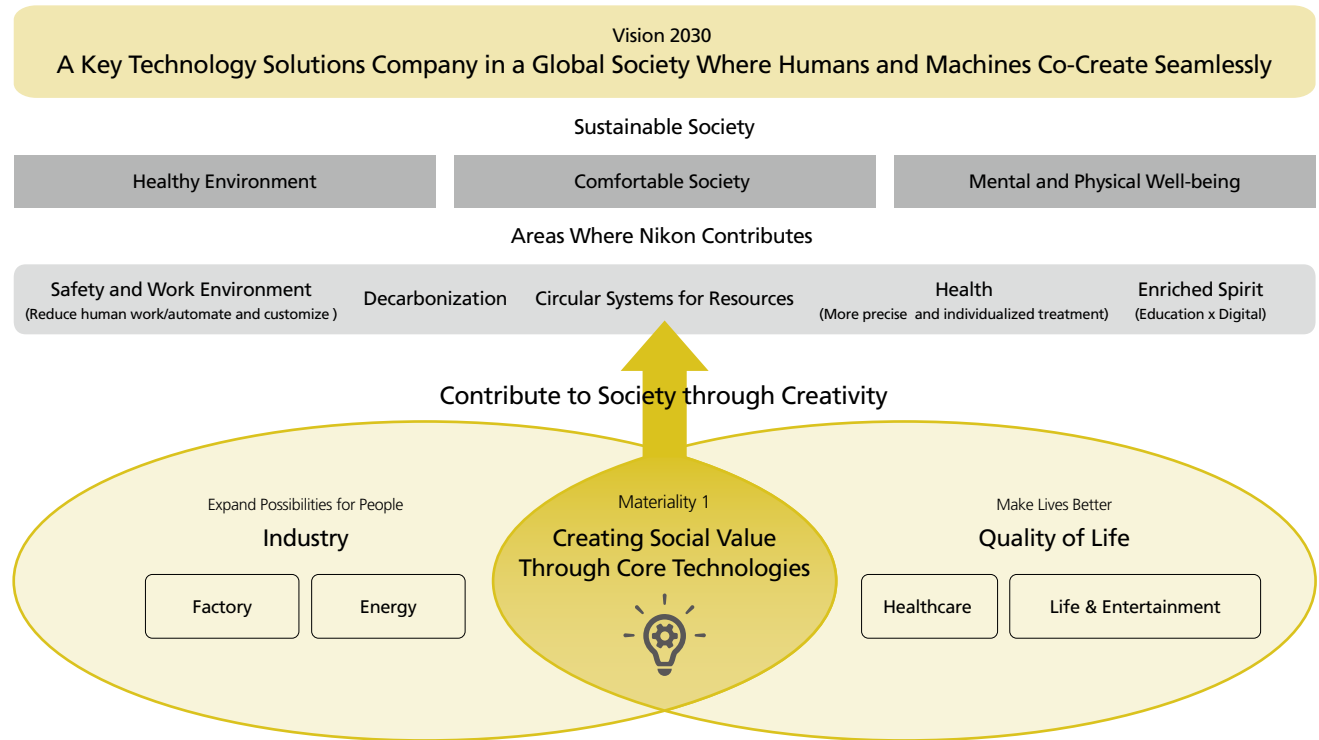
Specifically, in the Factory area, we will become a lead player in flexible manufacturing systems with Robot Vision and Material Processing. We will also contribute to the diversification and sophistication of devices with digital lithography. In the Energy area, we will leverage optical processing machines to promote energy efficiency improvements with fine processing and re-use with additive processing. In the Healthcare area, we will support drug discovery that lightens the burden on doctors and patients, aiming to achieve regenerative medicine for everyone. In the Life & Entertainment area, we will support a society where people are connected in ways that transcend time and space

and virtual and reality with image infrastructure production technologies.

In a world where humans and machines co-create more seamlessly, we will use these efforts to contribute to

the achievement of the SDGs and the realization of a sustainable society, especially in the areas of safety and work environment, decarbonization, circular systems for resources, health, and enriched spirit.

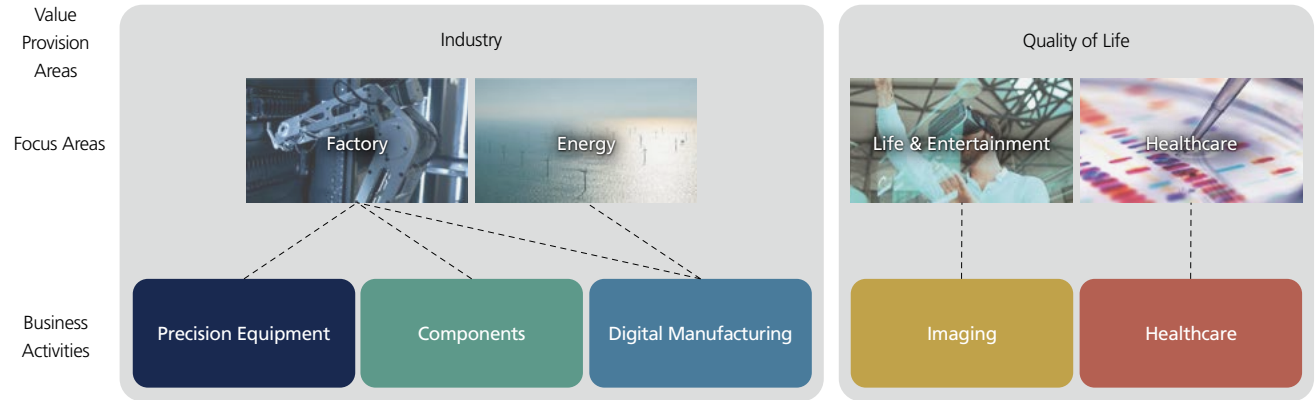
Contributions to Society Through Creativity



Areas and Businesses of Contribution in the Medium-Term Management Plan

In its Medium-Term Management Plan, Nikon aims to use its Components, Digital Manufacturing, and Precision Equipment businesses to provide value in the area of Industry. Likewise, we aim to use our Imaging Products and Healthcare businesses to provide value in the Quality of Life area. By doing so, we will also contribute to a sustainable society.

● Areas and Businesses where Nikon Provides Value



● Contributions Through Business Activities

Areas Where Nikon Contributes		■ Precision Equipment ■ Components ■ Digital Manufacturing ■ Imaging ■ Healthcare
Safety and Work Environment (Reduce human work/automate and customize)	・Contribute to work environments and public transportation infrastructure through sensing, imaging and displays, etc. ・Contribute to urban planning and resilient social infrastructure with image analysis and optical telecommunications technology ・Contribute to space industry and technology by providing satellite modules, etc.	■ ■ ■ ■ ■
Decarbonization	・Increase energy efficiency in society with additive and fine processing using optics ・Enhance manufacturing efficiency in robots with sophisticated hands and eyes and device manufacturing processes ・Contribute to a society where people connect transcending time and space and real and virtual leveraging image production technologies ・Contribute to a healthy global environment with longer lasting light sources and more durability in our products	■ ■ ■ ■ ■
Circular Systems for Resources	・Reduce the burden of waste and promote re-use among our customers through turbine repairs and ultra-precision processing, controls and measurement, etc. ・Aim to achieve a recycling society by strengthening equipment re-use and refurbished systems sales ・Leverage digitalization to help reduce needs	■ ■ ■ ■ ■
Health (More precise medicine and individualized treatment)	・Reduce the burden on doctors and patients and support drug discovery with early and high-precision evaluation of ailments ・Achieve regenerative medicine for everyone with Contract Cell Manufacturing solutions ・Support medicine with high-precision robot modules	■ ■ ■ ■ ■
Enriched spirit (Education x Digital)	・Contribute to rich and creative visual expression and culture with imaging equipment and 3D and 4D technology, etc. ・Leverage cameras, microscopes and telescopes to stimulate interest in outer space and the natural sciences and contribute to learning and cultivating the next generation ・Education and training that transcends time and space and real and virtual	■ ■ ■ ■ ■

Research and Development

System and Framework

In Nikon, Technology Strategy Committee, chaired by the President, utilizes analyses of macro social issue trends to analyze business environments and study and evaluate markets, developing new areas where Nikon should focus its efforts. For example, the Next Generation Project Division and the Digital Solutions Business Unit have been working together since the previous Medium-Term Management Plan's period to expand business for optical and EUV-related components, a short-term growth driver in the Medium-Term Management Plan, and materials processing and robot vision, a medium-term growth driver in this plan. Their cooperation has made steady progress in these areas.

The Technology Strategy Committee also formulates technology strategies and R&D plans for existing businesses. These serve as the foundation for the Advanced Technology Research & Development Division's duties for R&D of technologies shared by business units and R&D of future technologies.

Open Innovation

System and Framework

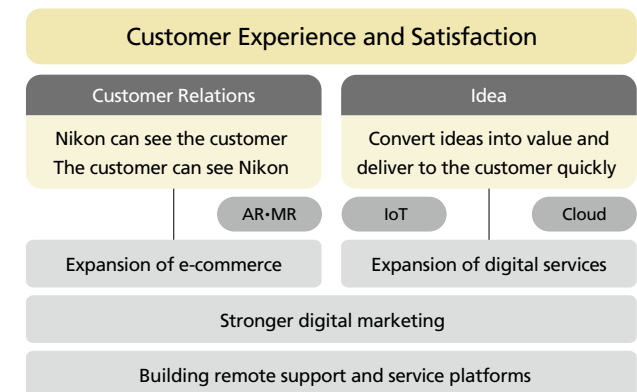
Nikon has adopted open innovation, which actively utilizes external resources, as a means of accelerating the development of new products and services and the launch of businesses that will lead to solutions for expanding and intensifying social issues. Specifically, this includes not only corporate venture capital investment, but also direct investment in start-up firms through the establishment of a private fund, as well as arrangements for providing support and incubation for start-ups and employees that have developed technologies or ideas with strong potential. As of March 31, 2022, we are providing investment support to 15 venture companies and 13 venture capital firms.

Digital Transformation (DX)

System and Framework

In the new normal after the emergence of COVID-19, companies have been using digital technologies to transform business models and digital transformation (DX) to leverage establish competitive advantage. This DX has accelerated and become essential, to improve customer experience and satisfaction and to innovate to meet future needs. Knowing this, Nikon intends to strengthen DX as one of its management foundations in its Medium-Term Management Plan. Specifically, we will enhance the value we provide to customers by expanding our e-commerce and digital services centered on the Imaging Products business, as well as strengthening digital marketing by sharing and harnessing customer data internally to improve planning accuracy and to make dynamic sales proposals. We will also enhance this value by developing remote support and service platforms in the Precision Equipment business. In addition, to support these DX initiatives, we will work to overhaul the Group's IT infrastructure systems, improve its IT literacy, and develop strong cyber security and data governance.

● Customer-Oriented DX



Value Provided Through Business Activities

Areas where Nikon contributes: Safety and Work Environment

Encouraging a Society of Collaboration with Robots

With the evolution of robots and the progression toward places where people can work safely alongside robots, robots will be able to fill manpower shortages and perform dangerous tasks for humans.

In March 2022, Nikon announced the expansion of its lineup of C3 eMotion intelligent actuator units, a joint unit for collaborative robots. C3 eMotion units combine vital robotic-joint components including a motor, speed reducer, motor driver, brake, and encoders together into one package. These units help robots to achieve high precision in stopping and machining. When used together with robotic arms, even engineers without knowledge of robot design can build robot systems easily and freely. Furthermore, the C3 eMotion incorporates Nikon's double-encoder structure (containing two encoders), enabling detection of external force and safe stoppage by the robot in response. Among the many other functions it offers robots, it also incorporates direct teaching, in which a human user can directly manipulate a robot so as to teach it movements.

Nikon will continue to develop and manufacture key parts for collaborative robots and encourage the creation of a society where people and robots can work together.



Left: C3 eMotion (IAU-30); Right: C3 eMotion (IAU-300)

Areas where Nikon contributes ; Decarbonization

Supporting a Digital Society of Convenience and Decarbonization

With the acceleration of DX and the growing convenience and prosperity of society, displays used in smart devices and VR/AR equipment are becoming more sophisticated, not only in their greater resolution but in their thinness and flexibility. Amid this, LTPO* technology is attracting attention, since it enables higher resolution in OLED and LCD panels while also reducing power consumption.

For this technology, it is critical that panels have thinner circuit patterns and uniform line width. The FX-6AS, Nikon's sixth-generation FPD lithography system which supports plates and launched in November 2021, meets these needs. Furthermore, with the introduction of a newly developed projection lens, an improved stage, and enhanced illumination power, it shortens the

time needed for a single exposure while maintaining high resolution, improving takt time and contributing to improved energy efficiency during customer manufacturing.

In semiconductor lithography systems, Nikon will respond to technological innovations in circuit pattern miniaturization and three-dimensional semiconductor device structures, and will use its technological capabilities to support a digital society that combines convenience with greatly reduced energy consumption.

*LTPO: An abbreviation for low-temperature polycrystalline oxide. Use of LTPO technology can optimize display refresh rates, therefore enabling high definition and reduced power consumption in OLED and LCD panels.



FX-6AS

Areas where Nikon contributes ; Circular systems for resources

Leading Monozukuri (Manufacturing) that Harnesses Resource Circulation

Monozukuri (manufacturing) sites are in need of automation and mass customization. Nikon provides processing solutions to meet these needs and

revolutionize industries.

The Lasemeister series of optical processing machines are unique devices capable of metal processing from Nikon. Their lasers easily handle a range of metal processing functions with high precision, from core metal 3D printer functions like molding and additive manufacturing to laser marking and welding. Compared to the conventional method of shaving and casting lumps of metal, Lasermeister devices easily mold complex parts, meeting the diverse metal processing needs of our customers while significantly reducing shavings and other waste. In addition, cracks and other damage in existing metal parts can be directly filled in via molding, enabling repair without discarding parts. In April 2021, Nikon introduced the Lasermeister 102A, an optical processing machine capable of using titanium alloy for metal molding. Titanium alloy is lighter than steel, has better corrosion resistance than stainless steel and aluminum, and retains its strength even at high temperatures. These material properties make titanium alloy favored in various sectors, from aerospace to automobiles and medical care, including applications in jet engines, turbine blades, vehicle exhaust pipes, and artificial bones. This has expanded the breadth of applications for Nikon's resource-efficient metal molding. The Lasermeister 102A also allows the use of recycled powders with virtually no loss of manufacturing quality. With its processing solutions, Nikon will lead the way in *Monozukuri* (manufacturing) that harnesses resource circulation.



The Lasermeister 102A (in white and black)

Areas where Nikon contributes ; Health

Supporting Drug Discovery Research

In recent years, a wide range of cell-based R&D has been ongoing in the drug discovery area. As cells have many different applications, such as valuation of compound efficacy and toxicity and reproduction of phenomena in vivo, there is significant need for cell quality control and evaluation. On the other hand, Nikon provides optimal solutions addressing users' issues by utilizing its own cell cultures, observations, evaluations, and image analysis technologies. Furthermore, in July 2021, Nikon opened the "Nikon Biolmaging Lab," an open facility for pharmaceutical

companies and biotechnology venture companies. This lab is equipped with state-of-the-art equipment useful for drug discovery research and offers a series of experiment options for testing cell cultures and assays*. Lab users can go hands-on with its equipment to verify cell culture conditions, screen candidate compounds, and more. In this process, Nikon's engineers use dialogue with users to propose optimal solutions meeting their needs. In addition to providing hands-on opportunities with Nikon products and educational programs on cell-related image analysis, this open facility is accessible to a wide range of users, facilitating interaction between researchers. Going forward, Nikon will offer its state-of-the-art equipment and community venue to help users solve problems in drug discovery research from multiple perspectives.

*Assay: A method for qualitatively evaluating or quantitatively measuring the presence, quantity, or functional activity or response of a sample.



Nikon Biolmaging Lab

Areas where Nikon contributes ; Enriched spirit

Reaching Greater Heights in Visual Expression

An image can be a record of a moment in history for the rest of humanity, or it can be a work of art, expressing people's joy, sadness, anger, and many more emotions, serving to move its viewers and spark empathy. For decades, Nikon has been a powerhouse driving advancement in visual culture, offering stalwart cameras anyone can rely on to capture an important memory, whether they be a professional photographer or hobbyist.

In October 2021, Nikon released the Z 9, the first flagship model of its Nikon Z series. This full-size mirrorless camera is the synthesis of Nikon's most cutting-edge technologies, offering best-ever performance in both still images and video capture. The Z 9's functionality and performance exceed not only its mirrorless predecessors but also Nikon's SLR camera offerings, giving users the ability to reliably capture decisive moments even in the harshest conditions and to shoot without interruption. We support achieve peak performance for professional photographers and video creators at the forefront of a wide range of genres, including sports, journalism, fashion, commercials, etc. In June 2021, Nikon also announced the "Z fc," a model targeting younger generations, especially those already familiar with capturing and sharing photos. This camera is designed to help them capture more beautiful images and bring a sense of fun in carrying around a camera. We have also been building out our lens lineup to meet the diverse needs of our users. In the fiscal year ended

March 2022, we launched more than 10 new lenses compatible with the Nikon Z mount system. At Nikon, we will continue to strive toward greater heights in visual expression.



Mirrorless camera, the "Z 9"

Materiality 2

Ensuring Trustworthiness by Maintaining and Increasing Quality



Reason for Prioritization

Ensuring that products and services that are widely utilized in the market are safe to use is an important precondition for development of a sustainable society. In regard to today's rapid evolution of new technologies such as the Internet of Things (IoT) and artificial intelligence (AI), quality assurance—including measures to ensure safety and environmental responsiveness—is just more than necessary. Also customer needs that change in terms of lifestyle, value etc. are an important aspect of quality enhancement.

Commitment

The Nikon Group sees itself as having a mission to contribute to the healthy development of society by achieving creative, efficient *Monodzukuri* (manufacturing). To this end, we optimize our production system from a company-wide perspective and consider each *Monodzukuri* (manufacturing) process from the product planning, development, and design stages, keeping in mind our response to future environmental changes. The most important theme here is quality assurance, which includes product safety and environmental consideration. With the Quality Committee playing a central role, we are working to strengthen our company-wide quality management system and prevent quality problems.

Also, to respond effectively to increasingly diversified and more sophisticated customer needs, it is vitally important to ensure that customers' views, and the views of society as a whole are strategically reflected in our business operations ahead of time. While proactively utilizing open innovation and business alliances, we are also striving to rapidly reflect customer opinions in our products and services, and meet global needs.

Nobuyuki Ishizuka
Executive Vice President
General Manager of Production Technology Division

[Policy for Activities]

- Basic Quality Policy
- Quality Management Directive (QMD)

[System]

- Quality Committee

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
Provision of high-quality products and services that are trusted by the customer through creative <i>Monozukuri</i> (manufacturing) that emphasizes customer safety and the environment	Continue to provide high-quality products and services that win customers' trust and meet their expectations	12.4 12.5 12.6	Implement intensive training (a total of 19 sessions) for the development, design, and quality assurance departments in each business unit in order to ensure familiarity with and thorough implementation of the completely revised Safety Design Principle Sort	Nikon Group in Japan	19 training sessions on the Safety Design Principle Sort were held as planned for the development, design, and quality assurance departments of each business unit to ensure thorough knowledge and understanding.
	Reduce quality incidents to zero		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	Created a list of legally compliant products (paints, oils, adhesives, surface treatment agents, etc.) that conform to the laws and regulations of major countries, and began trial operations as planned.
			Complete re-inspection of the quality management system based on Nikon's comprehensively revised Quality Management Directive (QMD)	Nikon	Inspection of the quality management system based on QMD was conducted mainly in the business units, and issues identified were addressed by formulating improvement plans.
	Enhance customer engagement, identify customer needs, and generate market-in ideas		Establish unified, company-wide standards for Quality Assurance (QA) assessment of procurement partners, and implement QA assessment for at least 30 companies	Procurement partners	QA assessment based on company-wide unified standards were conducted for 52 companies
			Undertake revision of the Nikon website to quickly guide website visitors towards the product information pages, so as to promote digital marketing aimed at strengthening customer engagement	Nikon Group	Redesigned the top page of the corporate and global websites. Increased the number of transitions to each marketing site. In parallel, we prepared for the redesign of the corporate and global websites. We expect that the new design will make site leads easier to understand.

Nikon *Monodzukuri* (Manufacturing)

Monodzukuri (Manufacturing) Vision (2030)

Approach and Policy
System and Framework

The Nikon Group's basic philosophy is Customer and Quality first, and we provide *Monodzukuri* (manufacturing) to realize the products and services that our customers want in the best way for them. We then anticipate our customers' challenges and drive innovation utilizing a variety of solutions. In order to achieve these goals, it is necessary to create a strong production system that can respond to change. The COVID-19 pandemic brought major environmental changes, including changes in work styles, widespread procurement and logistics pressures, and soaring resource prices. The Nikon Group will strive to achieve sustainable *Monodzukuri* (manufacturing) that responds to future environmental changes through production bases, technology, procurement and logistics, quality, and other strategies. As a manufacturer, *Monodzukuri* (manufacturing) is the main source of Nikon's business activities. Going forward, we will further expand the value provided to our customers.

Strategies to achieve Vision 2030

Activities and Results

The Nikon Group has established the Production Technology Division, the Optical Engineering Division, the Advanced Technology Research & Development Division, and the Next Generation Project Division as the organizations that provide a cross-functional framework within each business unit. We are aiming for company-wide optimization of *Monodzukuri* (manufacturing) that transcends the boundaries of individual business units. Specifically, we are enhancing our manufacturing foundation, by building an ECM (engineering chain management) system and framework, along with the corresponding technology, and developing our SCM (supply chain management). We will use this system and framework to promote not only existing businesses, but smoothly establish new ones.

Production Base Strategy

We will build a strong production system that can respond

to changes by developing the unique strengths of each site and promoting cooperation among sites. As an example, Sendai Nikon, which was transferred from the Imaging Business Unit to the Production Technology Division in April 2021, is being reborn as a development and production base for BtoB business by utilizing high-precision manufacturing technology and development design capabilities using X-rays and lasers from digital camera production.

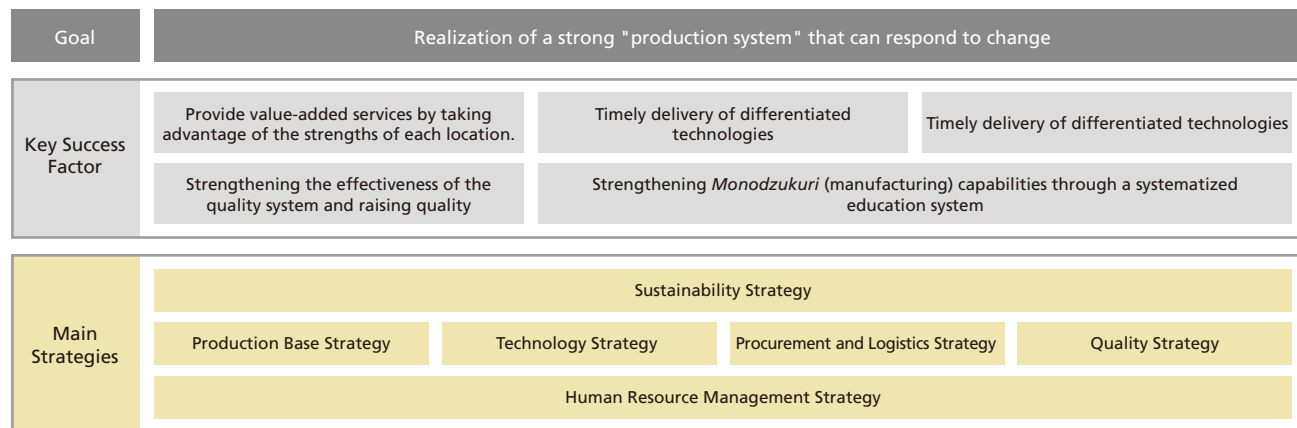
Technology Strategy

We will continue to strengthen the core technologies that underpin Nikon group *Monodzukuri* (manufacturing) as well as develop technological differentiation that will result in future products and services. In addition to the core technologies of materials, processing, and assembly and adjustment, which form the lifeline of optical manufacturers, we will improve productivity and achieve consistency in quality by utilizing IE (industrial engineering) initiatives, equipment development, and digital manufacturing, which make up the foundation of *Monodzukuri* (manufacturing).

Procurement and Logistics Strategy

The environment surrounding the supply chain is undergoing dramatic changes, including soaring resource prices, tightness in material procurement, and logistics disruptions. Cooperation with procurement partners based on a strong relationship of trust is important for stable supply in the supply chain. We aim to work with procurement partners that adhere to the levels of quality and sustainability required by Nikon, to deliver high quality and sustainable products to the world, to earn the trust of our stakeholders, and to sustain our corporate activities.

● Enhancing Our *Monodzukuri* (Manufacturing) Foundation under the Medium-Term Management Plan (Conceptual Image)



Quality Strategy

In order to always meet customer needs and deliver safe and reliable products (products and services) in a timely manner, we are working to maintain and strengthen the quality systems in each of our business units. To this end, we have established a Quality Committee to deliberate and make decisions on important matters related to quality control. The committee monitors and supervises the quality control status of each division in the group, and strengthens functions related to regulatory compliance, safety assurance, manufacturing technology, and other matters to prevent quality and environmental problems. In addition, as a means of raising quality awareness, we will develop basic principles of *Monodzukuri* (manufacturing) in order to solidify and establish the ideal state of *Monodzukuri* (manufacturing). We will summarize the quality-oriented approach and *Monodzukuri* (manufacturing) actions currently practiced at each production site, develop them as basic principles, and deploy them throughout the Nikon Group to firmly establish a quality-oriented culture.

Strengthening

Activities and Results

Monodzukuri (manufacturing) capabilities

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

Nikon has been providing long-term training, including technical training for new employees to acquire basic *Monodzukuri* (manufacturing) skills as well as basic training to cultivate design developers who will acquire knowledge and experience encompassing all *Monodzukuri* (manufacturing) processes, from upstream processes to downstream processes. Moreover, mid-level designers receive practical training on processing to acquire general manufacturing knowledge, with the aim of encouraging skills advancement. Furthermore, Nikon has also been offering training for cultivating optical designers in relation to maintaining and advancing opto-electronics technologies, one of Nikon's core technologies. The training entails both fundamental theoretical knowledge and passing on the Company's unique technology and skills.

As for the Technical College program, which opened in April 2020, 206 courses were held in the fiscal year ended March 2022, with 4,137 participants.

In the fiscal year ending March 2023, we will provide opportunities to systematically learn about a wide range of technical fields, not only for young engineers, but also for career entrants and internal employee reskilling (re-training), in an effort to develop creative engineers with a broad perspective.

Human Resource Development (➡ P113)

Ensuring Quality and Safety

Our Policy on Quality Control Approach and Policy

The Nikon Group has established a Basic Quality Policy centered around the idea of increasing the value we provide to our customers, and the value that we provide to society, through our products and services. In order to put this policy into practice, we have also established the Quality Management Directive (QMD). For each business unit (including the Group companies), we have created a Quality Manual (QM) based on the QMD. This QMD encompasses the requirements of ISO 9001* accreditation, and we are implementing swift and appropriate revisions in response to changes in trends and situations happening around the world. The Nikon Group has obtained ISO 9001 accreditation, primarily at production companies, and the rate of accreditation acquisition at Nikon and the Group manufacturing companies is approximately 50% (percentage of companies).

*ISO 9001: An international standard of quality management system established by the International Organization for Standardization (ISO). The ISO 9000 series is a quality management system for organizations to maintain and manage quality. ISO 9001 certification can be obtained from an officially recognized body.

Basic Quality Policy

Based on its Corporate Philosophy of *Trustworthiness and Creativity*, Nikon has established the following Basic Quality Policy. It aims to increase the value that we provide to customers through our products and contribute to the healthy development of society.

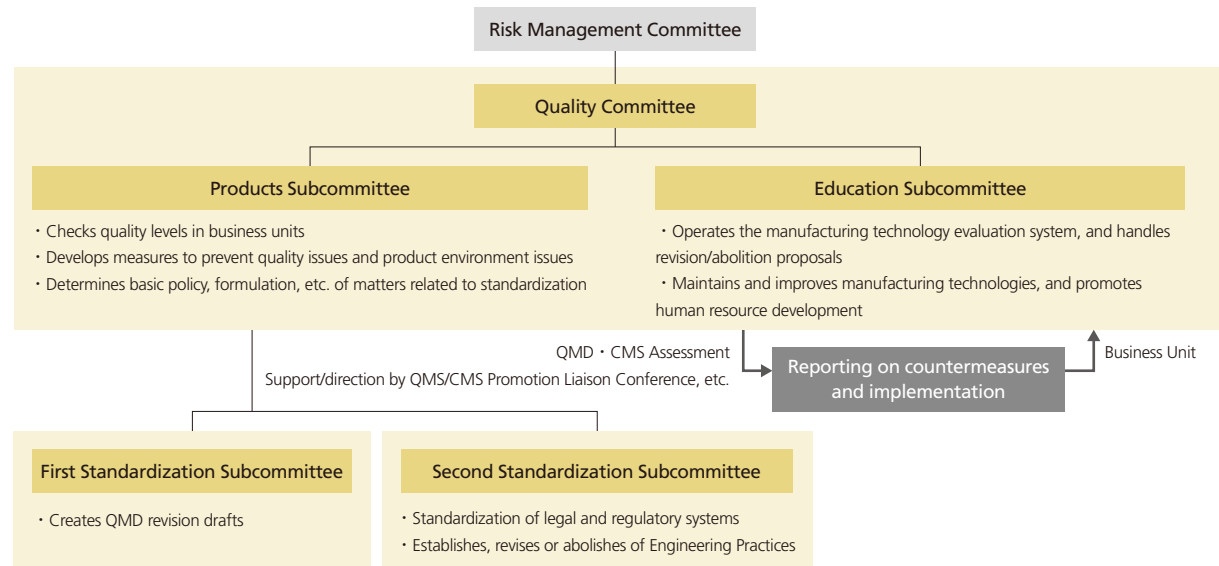
- (1) Enhance brand value and provide high-quality, distinctive products to the market in a timely manner through creative and efficient *Monodzukuri* (manufacturing).
- (2) Provide safe and environmentally considered products and earn the trust of customers and society.

Quality Management System System and Framework

The Nikon Group has established the Quality Committee to deliberate and make decisions on important matters related to quality control for the entire Group. The General Manager of the Production Technology Division chairs the committee, and division managers from each business unit and others serve as standing committee. Under the Quality Committee we have established the Products Subcommittee, and Education Subcommittee—the purpose of these is to strengthen the functions of the Quality Committee in preventing quality and environmental problems, meeting legal and regulatory standards and ensuring security, and maintaining and improving manufacturing technologies.

In the fiscal year ended March 2022, the Standardization Subcommittee was renamed and divided into the First and Second

- Quality Management System (As of April 1, 2022)



Standardization Subcommittees and made subordinate to the Product Subcommittee to unify the chain of command.

Decisions made at the Quality Committee are shared at the QMS*¹ CMS*² Promotion Conference which is held twice a year as a forum for exchanging information among all the business units. Based on this, each business unit reflects decisions made at the Quality Committee in its business processes, revising each QM where necessary, thereby strengthening the Quality Management System.

In the fiscal year ending March 2023, we will continue to promote the three-year plan for quality system rechecks for all business units that started in the fiscal year ended March 2022, triggered by the comprehensive review of quality control guidelines in September 2020.

*1 QMS: Quality Management System

*2 CMS: Chemical Substances Management System (Management of chemical substances in products)

Frameworks to Comprehensively Manage Quality

System and Framework

The Nikon Group works to improve quality by establishing frameworks to comprehensively manage Nikon Group internal information, such as production-related information, along with external information obtained from customers and the marketplace.

In the fiscal year ended March 2022, each business unit made progress in efforts to prevent quality problems by collecting and analyzing market quality information and providing feedback to upstream processes such as the design stage. In the fiscal year ending March 2023, we will visualize quality loss costs in the production process and begin building a system to improve both quality and production efficiency.

Initiatives for Quality Control

Activities and Results

Small Group Activities

The Nikon Group has been promoting small-group activities since 1979, believing that they are essential for ensuring high quality and that each and every employee has a high level of awareness and takes the initiative in improving daily operations. In the fiscal year ended March 2022, 732 groups and 5,783 people engaged in such activities at the Nikon Group in and outside of Japan. Furthermore, every year in July the Nikon Group holds Nikon Group Select Small Group Activity Presentation presided over by the company president, where the best activity groups from each region get together to talk and educate each other. For the fiscal year ended March 2022, the event was held completely remotely for the first time. More than 150 employees participated, and the excellent presentations were used as a reference for improvement activities in each unit within the group.

Quality Training and Raising Awareness

The Nikon Group believes it is imperative that each and every employee acquires the relevant knowledge and quality control skills, tailored to the specific requirements of individual employees' positions, levels and specialties. Based on this approach, starting with the Nikon Group in Japan, we are promoting internal education and awareness-raising related to quality in order to raise the standard for all employees and strengthen and foster the development of selected members from the workplace.

The Technical College program, which opened in April 2020 with the aim of training and educating young engineers, had 1,109 participants in the mandatory training course on quality control in the fiscal year ended March 2022. In addition to this, in the fiscal

year ended March 2022, as part of the reskilling (reeducation) of quality control education, SQC Leader Training for mid-level engineers was newly established, and 110 participants attended. In the e-learning program, we stepped up the content of training from the fiscal year ended March 2021, and in the fiscal year ended March 2022, we provided to all employees of the Nikon Group in Japan the Introduction to Statistical Methods Training and Basic Quality Control Training, which are equivalent to Grade 3 of the Quality Management and Quality Control Examination (QC Exam).

Based on our success in raising the skills of our employees through the previous fiscal year, we plan to take the next step in the fiscal year ending March 2023 by implementing an e-learning program equivalent to the Grade 1-2 QC Exam to further improve the quality management skills of mid-level engineers, quality assurance personnel, and managers. We will also promote the use of teaching materials used in e-learning at Nikon Group companies outside Japan.

Furthermore, every year during Quality Month in November, Nikon hosts the Quality Month Conferences. For the fiscal year ended March 2022, we invited statistician Kei Nishiuchi, well known as the author of the best-selling book *Statistics is the Strongest Study*, to speak on the topic of *Secrets of Using Statistics and Data Analysis for Business Creation: To be a Winner in the Big Data Era*. At the conference, Mr. Nishiuchi gave attendees valuable advice, saying that, "If employees learn statistical knowledge, they can improve productivity by an average of 5% per year by using familiar analytical tools and analyzing business data. This effect is compounded, so productivity doubles in 15 years. Decisions based on this kind of field-level data will be the strength of the company going forward." This lecture was held remotely as a countermeasure against the COVID-19 pandemic, and was attended by 125 Nikon Group executives and employees and 53 procurement partners.

Quality Education Programs for Employees (Applicable to: Nikon Group in Japan)

- Mandatory training for all employees
 - E-learning for all employees
 - Basic Quality Control Training (QC Grade3)
 - Introduction to Statistical Methods Training (QC Grade 3)
 - Basic Quality Control Training for new employees
- Specialist training for engineers
 - Expert package training (comprehensive training that combines experimental design and multivariate analysis, etc.)
 - SQC leader training (basic training combining Q7, N7, exam and estimation, etc.)
 - Leadership training for small group activities

Implementing QMD CMS assessments*

The Nikon Group conducts QMD/CMS assessments to check the status of quality management and management of chemical substances in products based on QMD, and investigates, confirms, and evaluates the status of quality management operations throughout the Group. This assessment is conducted by the Chairman of the Product Subcommittee of the Quality Committee, who is responsible for the assessment. In the event of an improper situation, we instruct corrective action or improvement and promptly implement such measures to maintain and improve our quality control activities. Additionally, important findings are reported to the Executive Committee and reflected in our internal controls.

In the fiscal year ended March 2022, assessments were conducted for six Nikon divisions and one major group company using assessment check sheets adopted to the organization being assessed. The Nikon Group also made continuous reviews in order to further enhance the effectiveness and efficiency of these assessments.

* From the fiscal year ended March 2022, the Nikon Group began conducting conventional audits, referred to as assessments, related to quality control and management of chemical substances contained in products. These assessments are the same as the audits defined in JIS Q 19011, and refer to a systematic process for objectively evaluating the degree to which QMD requirements are being met.

Initiatives for Procurement Partners

Cooperation from procurement partners is essential in order to promote Quality First initiatives. Therefore, we conclude quality assurance agreements with our procurement partners based on their understanding of the Nikon Group's Quality First philosophy.

To quantitatively understand and manage the state of maintenance of the quality management system, we conduct a self-evaluation using the Quality Assurance (QA) Self-assessment Sheet once every three years. We also conduct QA assessments for procurement partners that we have determined to be important.

In the fiscal year ended March 2022, the Company completed the trials conducted in the fiscal year ended March 2021, and began formal operations, conducting QA assessments for 52 companies. As a result, for procurement partners that did not meet Nikon's required standards, we discussed countermeasures and implemented systematic improvements.

In the fiscal year ending March 2023, we will continue to systematically conduct QA assessments for procurement

partners that we have determined to be important. We also analyze the results of QA assessments conducted in the past, identify issues, and distribute instructions to our procurement partners to alert them to the issues, check the status of implementation, and provide guidance. Furthermore, we will proceed with a high-affinity environmental management system assessment integration study, and determine the integrated assessment rules. This will enable us to maintain more effective and efficient quality and environmental management systems.

Ensuring Safety of Products and Services

System and Framework

Activities and Results

The Nikon Group gives due consideration to the safety of products and services for the entire lifecycle of the product: from the planning stage, right through to disposal. Note that the number of serious product accidents relating to safety* for the fiscal year ended March 2022 was zero.

* Serious product accidents related to safety: Based on the definition of serious product accidents used in the Consumer Product Safety Act.

Initiatives to Ensure Safety in Products and Services

The Nikon Group regards safety as an integral part of the quality of its products and services, and believes that its most important mission is to provide safe products and services to its customers. This is also incorporated into the QMD and the regulations of every business unit, which must be adhered to.

In addition, we confirm in our regular QMD and CMS assessments that each division and department is implementing the safety-related matters incorporated in those QMDs and regulations.

In addition, the Nikon Group is obliged to conduct safety assessments for all of its products. In line with the established the Safety Design Principle Sort (Safety Design Principles [General Standards], Common Standards and Product Area-Specific Safety Design Standards) which are based on international standards, etc., we are putting in place safety designs to pin-point and eliminate any potential risks and hazards. In the fiscal year ended March 2022, Standards summarizing safety-related descriptions in Nikon product operation manuals were added to the Safety Design Principle Sort. In addition, training sessions were held for the development, design, and quality assurance

departments of each business unit to familiarize them with and ensure their thorough understanding of the above. The Nikon Group ensures safety through design reviews at the development and design stages and inspections of manufacturing processes during mass production. We also obtain certification from third-party certification bodies as necessary.

Initiatives for Product Security

Even during the rapid growth in technologies such as IoT and AI, the Nikon Group is strengthening and improving quality management systems in order to provide safe products and services to customers.

In the fiscal year ended March 2022, we continued to make sure the Product Security Countermeasures Standards established in 2020 were reflected in the regulations of each business unit. Also, we issued the Wireless Communication Standards, as regulations that need to be applied to products and services with wireless communication functions, based on the latest laws and regulations, and technical requirements, and held training sessions for the development, design, and quality assurance departments in each business unit.

Product and service safety training

To ensure the safety of our products and services, the Nikon Group conducts a variety of periodic safety education programs for employees, including the Safety Design Principle Sort that define standard of safety design, the Product Liability Act, and the Electrical Appliance and Material Safety Act.

In the fiscal year ended March 2022, approximately 1,800

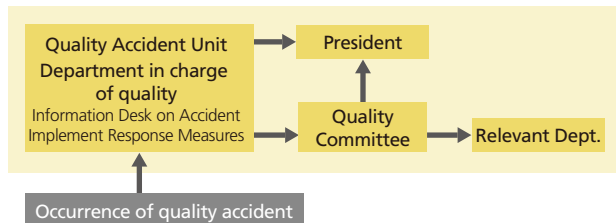
employees of the Nikon Group in Japan took educational training courses provided by the Quality and Environmental Administration Department of the Production Technology Division and the Technical College. Multiple training sessions were conducted for newly formulated Product area-specific Safety Design Standards (Industrial Equipment, IT/AV Equipment, Measurement Equipment) in particular, and we ensured all eligible employees took part. In addition, we provided education on safety rules and regulations in new areas that are relevant to the business environment, and encouraged participation in external training courses on safety design technology.

Response in Case of an Accident

The Nikon Group carries out planning, design, manufacturing, quality assurance, sales, logistics, and services with sufficient consideration to product safety. In the event of a problem in the market, including those concerning not only safety but also quality, or even if there are concerns regarding such an occurrence, we will immediately cooperate with the relevant departments to ascertain the facts and promptly take any necessary measures in accordance with our response procedures. Quality problems that have a significant impact on customers are reported to top management and disclosed promptly, and a system is in place to respond appropriately to customer inquiries.

Following these procedures, in the fiscal year ended March 2022, there were 7 incidents in which we took measures to prevent damage from spreading and recurrence, and disclosed any necessary information. These measures are also reviewed annually, and suitably revised if needed. There were no quality problems that occurred during the fiscal year ended March 2022.

● Flowchart Outlining Communication after Accidents Occur



FY2021 Quality Issues

The Nikon Group manages the use of specified hazardous substances to comply with the laws and regulations of each country with respect to chemical substances contained in our products. We require procurement partners to provide information on chemical substances contained in their products.

The straps attached to some Nikon binoculars (MONARCH 5, etc.) were found to contain polycyclic aromatic hydrocarbons (PAHs)*², a restricted substance under REACH*¹ regulations, in excess of the standard values. We suspended shipments of the affected products. We are now engaged in efforts to prevent a recurrence of this situation.

*1 REACH regulations: Acronym of Registration, Evaluation, Authorisation, Restriction and Chemicals. A European legal regulation related to chemicals management that began on June 1, 2007.

*2 Polycyclic aromatic hydrocarbons (PAHs): Since December 27, 2015, the inc

Restricting the Use of Substances Restricted Under the REACH Regulations (➔ P82)

Information Provision for Safe Use

In the Nikon Group, we provide appropriate information for all products to ensure that customers can use its products and services safely. For example, information on correct usage and information to help safeguard against accidents due to misuse or carelessness is provided directly on the products themselves and in instruction manuals.

Information which needs to be disclosed is stipulated in Nikon's proprietary Safety Design Principle Sort that have been formulated based upon relevant international standards, and its suitability is confirmed through product risk assessments and safety evaluations.

Additionally, certification marks are indicated properly in accordance with the laws and regulations of each country or region where the product is sold. For example, products with wireless functions are labeled as compliant with the radio laws of various countries.

Furthermore, in the fiscal year ended March 2021, there were no violations of laws or self-regulations with regard to indicating safety information.

Customer Satisfaction

Our View on Customer Satisfaction

Approach and Policy

The Nikon Group strives to improve customer satisfaction and trust by providing products and services that are unsurpassed in safety and quality, and also useful to society. The Nikon Group has previously built a system to incorporate customer feedback into its products and services, such as increasing opportunities to contact customers directly. We will continue to further strengthen this system going forward.

Initiatives aimed at Customer Satisfaction

Approach and Policy

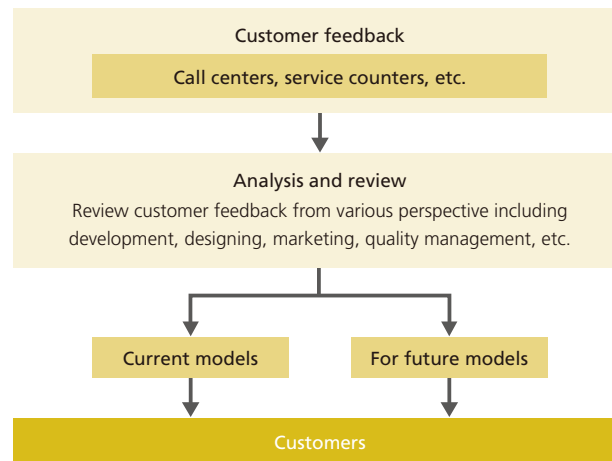
Activities and Results

Product development for Imaging Products based on customer feedback

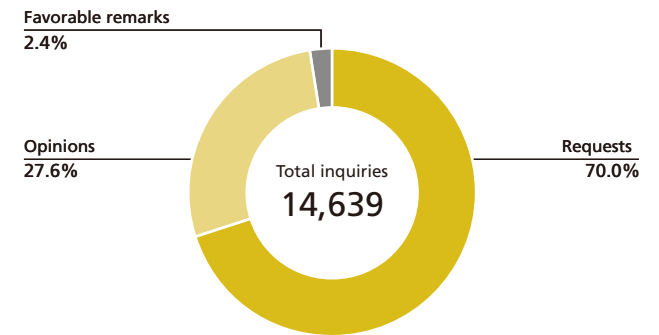
At the Nikon Imaging Products, feedback is received through call centers, service counters and NPS* staff from general and professional users as well as users who use photographic equipment in businesses worldwide. After careful analysis, customer feedback is examined from a range of different perspectives by departments such as the Product Development, Design, Marketing, and Quality Assurance Department. The results are reflected in our products and services leading to improved customer satisfaction.

* Nikon Professional Services (NPS) is a membership-based support system for professional photographers who use Nikon products.

Customer Feedback Flowchart (Imaging Products)



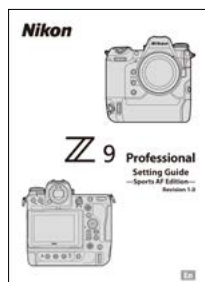
Breakdown of call center inquiry analysis and investigation (Japan, fiscal year ended March 2022)



* This breakdown of call center inquiries does not include questions regarding retail stores or product usage of the total 60,000 inquiries received.

Responding to Requests for Additional Functionality

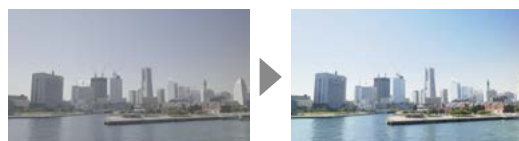
Nikon has released mirrorless cameras for professional and serious amateur photographers, including the Z 6II/Z 7II, the entry-level Z 5, the Z 50, and the Z fc, but a flagship mirrorless has been long awaited, and the Z 9 was launched in December 2021. Until now, mirrorless cameras have lacked the 3D-tracking mode part of the AF function that has been popular with digital SLR cameras, and many customers have requested this feature. We have taken this request seriously and included 3D-tracking in the Z 9. It also supports 9 types of subject detection (people, dogs, cats, birds, bicycles, motorcycles, cars, trains, and airplanes). You'll never miss that decisive image with a diverse range of subjects. We have created the Z 9 Settings Guide -Sports AF Edition- to provide recommended settings so that the performance of this model can be better demonstrated in sporting situations.



Z 9 Settings Guide -Sports AF Edition-

Responding to Requests for Function Descriptions

The Z 9 is the first flagship model in the Nikon Z series, which combines Nikon's cutting-edge technologies and offers the best functions and performance in Nikon's history. With enhanced functionality for images and video, the Z 9 Technical Guide - N-Log 3D LUT - was created as a support document for the video function. These can be downloaded from the Download Center. They can also be checked on the NPS Global Site and have been very well received.



Materials prior to applying N-Log 3D LUT

After applying N-Log 3D LUT

Initiatives to Improve Services in the Imaging Products Business

For our imaging products business, along with our "customer first" mindset, we aim to provide after-sales service that makes customers say, "I am really glad I purchased a Nikon product." In order to make this a reality Nikon has created a Service Division at the Nikon Head Office. As of the end of March, 2022, we have an organization that can provide consistent service quality to more than 220 repair service facilities and direct contact points (customer service counters) in 70 countries and regions around the world. We are also striving to improve services through diverse initiatives.

● Maintaining and Improving Repair Quality

Once a year, an assessment is conducted at all Nikon service locations to check the accuracy of the equipment and tools is within standards. Additionally, in order to monitor repair quality at each site, repair data is collated by the Service Division headquarters at the Nikon Head Office on a monthly basis to verify the absence of any issues. At the same time, so as to be able to provide high-quality service in all countries and regions, we have introduced a cloud service that enables sharing of information on Nikon products and quality management, and through which we offer regular guidance to all service facilities, including local distributors and authorized repair service providers, in those countries and regions where Nikon does not have its own service facilities, with the aim of maintaining and improving service quality.

We are also working to improve quality control and quality in individual countries and regions. For example, the employees of Nikon Imaging (China) Sales Co., Ltd. conduct twice-yearly assessments of each authorized repair service provider based on their own unique assessment list as well as visiting each service provider individually to hold technical seminars.

● Enhancing Customer Satisfaction

Twice a year, in order to enhance customer satisfaction, we provide training on product knowledge that makes effective use of e-learning for employees involved with service provision, and online technical training sessions using web conferencing systems.

In addition, the Imaging Business Unit is working to collect actual customer feedback, collate this data at the Service Division headquarters, and share the information globally in order that the individual staff members involved with service

understand the product concepts, and provide customers with advice regarding the optimal camera settings for the images they want to capture. We also offer a maintenance package that includes cleaning and an accuracy inspection for customers who wish to maintain their equipment prior to shooting. We have posted a trouble-shooting guide on the Nikon website so that customers can diagnose issues before requesting service. Through measures such as these, we are working to not only sell products, but also provide added value.

As countermeasures against the COVID-19 pandemic, we have directed staff at our service locations to wear protective uniforms, masks, and rubber gloves. Receptionists in particular come face to face with customers, and so they wear protective goggles and maintain an appropriate physical distance while handling service requests. In addition, equipment left with us by customers is cleaned and inspected in a well-ventilated room only after staff have put on rubber gloves, in order to prevent direct contact with the product and thus prevent infection.

● Customer Satisfaction Survey Results (%)

	FY03/ 2018	FY03/ 2019	FY03/ 2020	FY03/ 2021	FY03/ 2022
Customer satisfaction	85.8	87.9	86.6	87.0	86.9

* The above figures include satisfaction with call center response in the Americas, Europe, and China (Fiscal year ended March 2018 figures also include four countries in the Asia/Oceania region).

Column

Strengthening Customer Engagement Through Interactive Communication

Nikon conducts interactive communication with customers through a variety of online and offline contact points. In September 2021, the winners of the Nikon Photo Contest 2020-2021 were announced. A collection of photo and video works with a strong sense of storytelling was gathered. The winning works were exhibited on the streets of Shibuya, New York, and London, sharing the various situations and thoughts of photographers from around the world through images.


Based on the belief that we should value the contact points between customers and the Nikon brand, Nikon Imaging (China) Sales Co., Ltd. opened Nikon Store Shanghai, Nikon's first directly managed store in Shanghai, China on November 24, 2021. In the online age, we want to provide a realistic, high-quality experience. This new directly managed store, which goes beyond a mere showroom, embodies Nikon's aspirations. It aims to be a place where young creators can gather and disseminate information by offering "touch and try" opportunities where they can freely hold products in their hands and experience them, as well as workshops to satisfy their curiosity about self-expression and image creation.

In February 2022, we exhibited at CP+2022 Online, in which many speakers participated, including not only photographers but also YouTubers, professional travelers who take travel photos, video creators and film directors. The chat and comment sections were opened to allow real-time, interactive communication with viewers, bringing viewers and presenters closer together. A total of 12,522

simultaneous views and 211,207 million total views were achieved (as of March 31, 2022).

In addition, Nikon is also promoting the formation of communities by holding photographic events in countries around the world where users of Nikon products can interact with each other.

The Nikon Group will provide new experiential value that enables deeper and more interactive communication with each and every customer than ever before. And we will continue to listen to our customers' voices and wishes as we develop our next products and improve our services.

 Nikon Photo Contest
<https://nikon-photocontest.com/jp/>



Nikon Store Shanghai, Nikon's first directly managed store in China



Many people spoke at the CP+2022 Online.

Strengthening the foundation of the organization to utilize design in management

System and Framework

Activities and Results

The Nikon Group has established an organization and operational structure that encourages design to enhance the value of the experience of products and services delivered to customers, to continuously evolve to become a valuable brand for society, and to create innovation within the company. By deepening our understanding of our clients' essential needs and utilizing the design process in our approach to their solutions, we aim to revitalize our efforts. In addition, in order to deliver even more value to the customer's experience of our products and services, we are focusing on traditional graphic design for not only all contact points items, but also on movie and exhibition booth design. In this way, we will continue to make use of design in our management to make the Nikon brand more valuable to our customers.

Column

Cameras that fit our customers' lifestyles and become an essential part of their lives.

The Z fc mirrorless camera was launched in July 2021. The camera features a heritage design inspired by the Nikon FM2 released in the 1970s. The idea behind the planning of this product was to encourage younger users who are less familiar with Nikon to use the camera. In these days of high-spec cameras, it is very important to think about the customer's lifestyle, how the camera can interact with that lifestyle, and to communicate this to the customer, rather than just appealing to them with numerical functions.

In the early stages of development, the Design Center, Product Planning, and Communication Strategy members worked together to clarify the target users and their preferred lifestyles and magazines, while creating a concrete worldview for the product. As a result of persistently continuing this collaboration through to the stage at which the final content was created, and through consistent communication down to the smallest detail, such as the images used, the catalog and the choice of clothing for the models, we were able to convey the concept behind this product to our customers without destroying the world view we had created in the early planning stages. These efforts also helped create attachment to new services and products. The Premium Exterior Service, which was rolled out with the launch of the camera, is the first service offered by Nikon that allows users to select the images used and color of their choice for the leather-toned material. By reupholstering instead of color variation, customers can change the color as often as they like. It also reflects Nikon's hope that people will continue to use one camera they have developed an attachment to, rather than having to buy a new camera over and over again.

In creating the service experience, we examined the flow of how the customer encountered the camera, and how they learned about and used Nikon service. We then considered all of this when creating contact points. The box is made of recycled paper, both ethical and textured, and is designed so that it can be put on display instead of being thrown away. Recycled paper was blended with recovered paper. Making it was difficult as we had to match specific quality standards, but the process of understanding its characteristics provided the impetus for *Monodzukuri* (manufacturing) in anticipation of the SDGs. A leaflet with an original illustration and QR code was enclosed in the packaging box,

creating an opportunity for customers who opened the box to learn about the service and the world of the product, and to use the service as is.

Through these exhaustive efforts, we were able to increase not only the number of fans from the past, but also the number of purchasers who did not know about FM2. The product was able to reach its intended target audience, with women in their 20s and 30s outnumbering men in their 60s as a percentage of users of premium exterior services*. Inspired by this development, we would like to deliver more experiences to our customers that fit into their lifestyles and build long-lasting relationship between camera and their users.

*The percentage of service users is based on data from domestic Nikon Direct purchasers.



Z fc can be reupholstered with premium exteriors in 6 colors



Z fc packaging box is made of recycled paper that is both ethical and stylish.

Environment

The Nikon Long-Term Environmental Vision, which looks ahead to the fiscal year ending March 2051 was formulated to proactively address environmental risks and regulations. It comprises three pillars believed to be particularly important in consideration of the global situation and the characteristics of Nikon's business, which uses limited resources to manufacture and sell products. To reflect societal trends and changes in the business environment, in the fiscal year ended March 2021 the Nikon Group revised our Materiality. The Group also updated the Nikon Medium-Term Environmental Goals in line with this revision and is advancing a range of initiatives in these areas.

- Environmental Strategy048
- Environmental Management Promotion System054
- Materiality 3 Promoting a Decarbonized Society060**
 - Reduction of Greenhouse Gases in the Supply Chain061
 - Initiatives to Reduce Greenhouse Gas Emissions in Products063
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Renewable energy adoption rate
7.8%

Water recycling rate (year-on-year change)
Up 0.6%

Total waste generated (year-on-year change)
Reduced 2.2%

Reason for Priority

As the impact of climate change becomes more pronounced and the associated social and economic losses and damages become more severe, the 1.5°C target for limiting the global average temperature rise was effectively and formally agreed upon as a new global goal at the 26th Conference of the Parties (COP26) of the United Nations Framework Convention on Climate Change. To achieve this goal, greenhouse gas emissions must be reduced to virtually zero by 2050. In order to realize long-term environmental goals, companies need to establish environmental strategies, build frameworks for environmental management based on this strategy, and steadily implement initiatives within these frameworks.

Simultaneously, there is a need to shift away from the traditional linear economy characterized by a cycle of mass production, consumption, and waste generation toward a circular economy, in which resources are recycled and reused. In addition, with regard to chemical substances contained in products, there has been a steady expansion in the scope of substances that are subject to regulation, as well as in the geographical areas in which such regulations apply. Companies need to take steps to reduce environmental impact throughout the product lifecycle, and to respond appropriately and reliably to the aforementioned regulations in their business activities.

Commitment

In the Nikon Long-Term Environmental Vision, Nikon strives toward “Realizing a Decarbonized Society,” “Realizing a Resource Circulating Society,” and “Realizing a Healthy and Environmentally Safe Society.” With this, we have established the Nikon Medium-Term Environmental Goals as specific goals to be achieved by the fiscal year ending March 2031.

As an example, in our efforts to realize a decarbonized society, we aim to reduce greenhouse gas emissions from business facilities by 71.4% compared to the fiscal year ended March 2014 by the fiscal year ending March 2031. This is in order to achieve carbon neutrality by the fiscal year ending March 2051. This target was certified by the Science Based Targets (SBT) initiative. We are also a member of RE100 and are working to introduce renewable energy.

With regard to climate change, Nikon recognizes the risk of extreme weather events, which are becoming increasingly serious every year, as well as the business opportunity to contribute to decarbonization and resource circulation by leveraging its core technologies. The Medium-Term Management Plan, which was launched in April 2022, also includes a sustainability strategy as one of its pillars. Here, we will contribute to building a sustainable society while balancing environmental friendliness and business growth.

Muneaki Tokunari
 Director and Executive Vice President
 Corporate Environmental Officer

[Policy for Activities]

- Nikon Long-Term Environmental Vision
- Nikon Environmental Activity Policy
- Nikon Basic Green Procurement Policy
- Nikon Green Procurement Standards
- Hazardous Chemical Substances Guideline
- Paper Procurement Policy

[System]

- Sustainability Committee
- Environmental Subcommittee
- Supply Chain Subcommittee

[Management System]

- ISO 14001

Environmental Strategy

Long-Term Environmental Vision and Medium-Term Environmental Goals

Approach and Policy

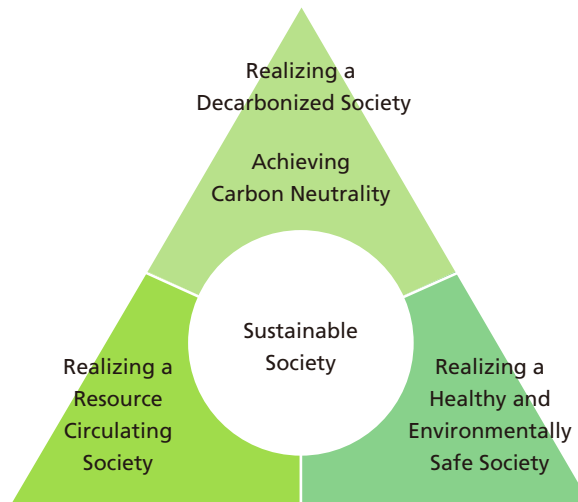
Targets

To proactively address environmental risks and regulations, we formulated the Nikon Long-Term Environmental Vision, which looks ahead to the fiscal year ending March 2051. The Nikon Long-Term Environmental Vision comprises three pillars believed to be particularly important in consideration of the global situation and the characteristics of Nikon's business, which uses limited resources to manufacture and sell products. We will continue to strive for achievement of

carbon neutrality throughout the supply chain by fiscal 2050 with respect to Realizing a Decarbonized Society. These three pillars are linked with our Materiality and with the Nikon Medium-Term Environmental Goals, for which the fiscal year ending March 2031 is the target year. In the fiscal year ended March 2022, we formulated a roadmap for achieving the Nikon Medium-Term Environmental Goals. This roadmap clarifies the work we need to do and how far we need to go by the fiscal year ending March 2026, making the path to achieving our goals more concrete.

● Nikon Long-Term Environmental Vision (Target period: the fiscal year ending March 2051)

The Nikon Group contributes to building a sustainable society through its Nikon Long-Term Environmental Vision, established for Realizing a Decarbonized Society, Realizing a Resource Circulating Society, and Realizing a Healthy and Environmentally Safe Society. The Nikon Group is committed to developing new businesses and tackling innovations that will contribute to reducing environmental impacts.



Environmental Action Plan

Targets

Activities and Results

Based on the Sustainability Policy and the Nikon Environmental Activity Policy, the Nikon Group has formulated the Nikon Long-Term Environmental Vision and the Nikon Medium-Term Environmental Goals and has established the Environmental Action Plan as a single-year target. We are implementing this plan across the entire Nikon Group. We clarify the relationship between the environment and our business activities and then make an accurate assessment of the impacts and risks posed to the environment and use this information to prioritize these goals and plans.

The Environmental Subcommittee deliberates on and approves performance self-evaluations, and we review our action plans for the next year and thereafter based on the issues that are identified by the Subcommittee.



Nikon Environmental Activity Policy
https://www.nikon.com/about/sustainability/environment/environment_policy.pdf

● Nikon Long-Term Environmental Vision and Medium-Term Environmental Goals

Nikon Long-Term Environmental Vision Target period: the fiscal year ending March 2051	Materiality	Nikon Medium-Term Environmental Goals Target year: the fiscal year ending March 2031	What Nikon Needs to Do	Social Background
Realizing a Decarbonized Society	Materiality 3 Promoting a Decarbonized Society	<ul style="list-style-type: none"> Reduce greenhouse gas emissions (Scope 1*¹ and Scope 2*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*³ categories—purchased goods and services, upstream transportation & distribution, and use of sold products) by 31% compared to the fiscal year ended March 2014 	<p>By the fiscal year ending March 2031, formulate and seek achievement of internal targets in line with the 1.5°C target</p> <ul style="list-style-type: none"> Improve manufacturing facilities and production processes and promote decarbonization Promote eco-office and diverse work styles to achieve a decarbonized work style 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 CO₂ reduction targets Adopt renewable energy with the aim of achieving carbon neutrality by fiscal 2050 	The increasingly obvious impact of climate change, and the trend towards decarbonization in society
Realizing a Resource Circulating Society	Materiality 4 Promoting Resource Circulation	<ul style="list-style-type: none"> Achieve zero emissions level 1 or better*⁴ at all manufacturing companies Reduce total amount of waste generated by 10% or more compared to the fiscal year ended March 2019 Reduce freshwater consumption*⁵ by 5% compared to the fiscal year ended March 2019 70% or above reuse rate for abrasive agents Expand 3R products 	<p>By the fiscal year ending March 2031, formulate company targets in response to the issue of resource depletion and aim to realize these targets</p> <ul style="list-style-type: none"> Reduce waste through streamlining processes from development to manufacturing Promote the 3Rs of water (reduce water consumption, and recycle and reuse water) Take into account the impacts that products have on the environment from the initial planning phase onwards and promote the 3Rs*⁶ throughout the product lifecycle 	The increasingly serious impact on the environment caused by mass production, consumption, and waste generation, and society's shift towards a circular economy
Realizing a Healthy and Environmentally Safe Society	Materiality 5 Preventing Pollution and Conserving Ecosystems	<ul style="list-style-type: none"> Zero usage of hazardous chemical substances*⁷ in manufacturing processes Zero hazardous chemical substances contained in products*⁸ Continue to preserve the environment in the vicinity of company facilities through local community contribution activities that take marine plastic pollution issues into account Use FSC-certified paper for all paper items bearing Nikon logo 	<p>By the fiscal year ending March 2031, strengthen the system for appropriate management and reduction of hazardous chemical substances used in production processes or contained in products</p> <ul style="list-style-type: none"> Comply with the laws, ordinances and regulations of the countries and regions where we operate and also manage the use of chemical substances appropriately based on more rigorous voluntary targets Aim to maintain the natural environment of communities and provide a comfortable living environment 	The increasingly serious issue of environmental pollution caused by hazardous chemical substances and by marine plastic waste, and the tightening of regulations in individual countries and regions

*1 Scope 1: Direct greenhouse gas emissions from the use of fuel on site.

*2 Scope 2: Indirect greenhouse gas emissions from the consumption of purchased electricity or heat.

*3 Scope 3: Indirect greenhouse gas emissions related to business activities in the supply chain (excluding emissions already included in Scope 1 and 2).

*4 Achieving zero emissions level 1 or better: The concept of zero emissions was first advocated by the United Nations University (UNU) in 1994. It is an approach that seeks to reduce the waste to net zero for society as a whole, by using the waste generated in industrial activity as resources for other industries. The Nikon Group has introduced level-specific targets into its zero emissions initiatives. Zero emissions level 1 refers to a final landfill disposal rate of less than 1%.

*5 Freshwater consumption: Sum of withdrawal volumes A, B, and C, minus returned water volume D (A+B+C-D).

A: Water withdrawal from municipal water supply facilities (tap water, industrial water, etc.) B: Water withdrawal from surface water (lakes, rivers) C: Water withdrawal from groundwater D: Return water of equal or better quality than the water withdrawal source (applicable to B and C only)

*6 3R: Here, "3R" means to Reduce the amount of resources used and the amount of waste generated, to Reuse products and components, and to Recycle.

*7 Hazardous chemical substances: Here, "hazardous chemical substances" refers to prohibited substances as defined in the Hazardous Chemical Substances Guideline, a voluntary standard.

*8 Zero hazardous chemical substances contained in products: Here, "contained" is defined as having an amount that exceeds the threshold level specified by law.

● Roadmap for Achievement of the Nikon Medium-Term Environmental Goals

Realizing a Decarbonized Society	(Results in the fiscal year ended March 2022)	(Goals for the fiscal year ending March 2026)	Nikon Medium-Term Environmental Goals (Goals for the fiscal year ending March 2031)
Reduction in greenhouse gas emissions in Scope 1 and Scope 2 (compared to the fiscal year ended March 2014)	26.9% reduction	46.5% reduction	71.4% reduction
Renewable energy adoption rate	7.8% adoption rate	18% adoption rate	30% adoption rate
Greenhouse gas emissions in three Scope 3 categories (compared to the fiscal year ended March 2014)	36.7% reduction	28% reduction	31% reduction
Realizing a Resource Circulating Society			
Zero emissions level 1 or better	Achieved at Nikon and Nikon Group manufacturing companies in Japan	Achieve target at two companies in China additionally	Achieve at all manufacturing companies
Total waste generated (compared to the fiscal year ended March 2019)	24.6% reduction	5% reduction	10% or more reduction
Freshwater consumption (compared to the fiscal year ended March 2019)	11.6% reduction	3% reduction	5% reduction
3R products	Promoted reuse measures, explored measures	Formulate and disseminate policies	Expanded
Realizing a Healthy and Environmentally Safe Society			
Usage of hazardous chemical substances in manufacturing processes	Determined the deadline for the transition of alternative substances for 1-bromopropane	Creation of a roadmap for total discontinuation	Zero use
Hazardous chemical substances contained in products	Zero contained in products	Zero contained in products	Zero contained in products
Environmental preservation in the vicinity company facilities through local community contribution activities	Continued preservation activities	Continued preservation activities	Continued preservation activities

● Environmental Action Plan Achievements for the Fiscal Year Ended March 2022 [Summary]

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

Materiality	Priority Activity Themes	Targets for the Fiscal Year Ended March 2022	Annual Result	Self-evaluation	Corresponding Page	
Decarbonized society	Materiality 3 Promoting a Decarbonized Society	Greenhouse gas reduction	• Reduce CO ₂ emissions from business activities for the entire Nikon Group by at least 4.5% year-on-year	• CO ₂ emissions from business activities: 1.3% reduction for the entire Nikon Group year-on-year	△	P61
			• Achieve a 7% renewable energy share of electricity used for business activities	• Renewable energy share of electricity used for business activities: 7.8%	○	P65
		Reduction of the environmental impact from products	• Reduce environmental impact by making effective use of the LCA methodology • Create eco-friendly products	• Continued to expand the range of product models subject to LCA calculation • Approximately 78% of new products certified as eco-friendly products	○	P58
		Reduction of the environmental impact of transportation	• Reduce greenhouse gas emissions in distribution by at least 2.7% year-on-year	• Reduced greenhouse gas emissions in distribution by 5.1% year-on-year	○	P68
		Engagement with procurement partners	• 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)	• 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)	○	P63
Resource circulating society	Materiality 4 Promoting Resource Circulation	Zero emissions	• Nikon and Group manufacturing companies in Japan: Maintain level S • Group manufacturing companies in China: Maintain level 1 • Group manufacturing companies outside Japan: Implement initiatives in line with conditions in each country	• Nikon and Group manufacturing companies in Japan: Achieved level S (final landfill disposal rate of 0.09%) • Group manufacturing companies in China: Achieved level 1 (final landfill disposal rate of 0.52%) • Group manufacturing companies outside Japan: Conducted disposal in accordance with respective national laws and regulations	○	P76
		Waste reduction	• Reduce the total amount of waste generated from operations by at least 1% year-on-year	• Total amount of waste generated from operations: Reduced by 2.2% year-on-year	○	P76
		Promotion of the appropriate use and effective utilization of water	• Determine water risk measures based on survey result • Reduce water withdrawal year-on-year (compared to 3,640,000 m ³ in the previous fiscal year) • Improve the water reuse rate year-on-year (compared to 6.6% in the previous fiscal year)	• Confirmed measures at some facilities and completed incorporation into medium- to long-term plans • Water withdrawal: Reduced levels year-on-year (by 2.6%) • Water reuse rate: Improved year-on-year (by 0.6%)	○	P78
		Promotion of reducing, reusing and recycling	• Complete deliberation on measures for reducing the airborne emission volume of solvent-type detergents • Reduce abrasive usage volume year-on-year	• Shared Group internal survey results and extracted reduction measures in related industries with each facility • Though reduction in the number of types of abrasives used led to lower costs, increased usage counteracted this effect and left targets unachieved due to higher production	△	P76
			• Promote the reuse and recycling of products, parts and materials	• Continued sales of used semiconductor lithography systems • Used recycled materials for new product materials and packaging materials	○	P74 P75
Healthy and environmentally safe society	Materiality 5 Preventing Pollution and Conserving Ecosystems	Reduction of hazardous chemical substances, etc.	• Promote substitution for restricted halogenated substances and HFCs based on the Hazardous Chemical Substances Guideline	• Confirmed usage termination deadlines Methylene chloride (Halogen-based): March 31, 2024 HFCs and other prohibited substances: March 31, 2025	○	P83
			• Comply with the laws and regulations of each country governing hazardous chemical substances • Strengthen the management system for the chemical substances contained in products	• Straps provided with some binoculars (e.g., the MONARCH 5) contains substances restricted under the REACH Regulation • Revised the management system for hazardous chemical substances contained in products	△	P81
	Implementation of activities aimed at biodiversity conservation	• Perform local community contribution activities that take marine plastic pollution issues into account at least once a year at every facility	• Local community contribution activities that take marine plastic pollution issues into account: 29 activities with a cumulative total of 1,057 participants (at 21 facilities)	○	P87	
		• Promote changing Nikon logo-bearing documents to be printed on FSC-certified paper	• Newly ordered product catalogs: Around 95% for use in Japan, North America and Europe are printed on FSC-certified paper, excluding special paper types	○	P86	

● Environmental Action Plan Targets for the Fiscal Year Ending March 2023 [Summary]

Materiality		Priority Activity Themes	Targets for the Fiscal Year Ending March 2023
Decarbonized society	Materiality 3 Promoting a Decarbonized Society	Greenhouse gas reduction	• Reduce greenhouse gas emissions in Scope 1 and Scope 2 by 31.6% compared to the fiscal year ended March 2014
			• Achieve a renewable energy adoption rate of 9% or higher in electricity used for business activities
		Reduction of the environmental impact from products	• Reduce environmental impact by making effective use of the LCA methodology • Create eco-friendly products
		Reduction of the environmental impact of transportation	• Reduce greenhouse gas emissions in distribution by 10% compared to the fiscal year ended March 2020
		Engagement with procurement partners	• Complete understanding of CO ₂ emissions for main procurement partners who account for 80% of procurement costs
Resource circulating society	Materiality 4 Promoting Resource Circulation	Zero emissions	• Nikon and Group manufacturing companies in Japan: Maintain level 5 • Group manufacturing companies in China: Maintain level 1 • Group manufacturing companies outside Japan: Implement initiatives in line with the actual conditions and circumstances of the country
		Waste reduction	• Reduce total waste emissions from business activities by 2% or more compared to the fiscal year ended March 2019 (Total waste emissions: 7,616 tons or less)
		Promotion of the appropriate use and effective utilization of water	• Reduce freshwater consumption* by at least 2% compared to the fiscal year ended March 2019 (Freshwater consumption in fiscal 2018: 1,948,000 m ³) * Of wastewater discharged as groundwater, the amount of water at the same water quality level as the original water and the amount of tertiary treatment water are subtracted from the consumption • Improve the water reuse rate from the previous fiscal year (compared to 7.2% in the previous fiscal year)
		Promotion of reduce, reuse and recycling	• Undertake the development of technologies to achieve a 70% or higher abrasive recycling rate • Reduce environmental impact from products • Promote the reuse of products, parts and materials • Examine the use of recycled materials for products
Healthy and environmentally safe society	Materiality 5 Preventing Pollution and Conserving Ecosystems	Reduction of hazardous chemical substances, etc.	• Abolish the use of prohibited level hazardous chemical substances based on the Hazardous Chemical Substances Guideline • Create a roadmap to take measure such as selection of alternative substances and sealing by the end of the fiscal year ending March 2025
			• Comply with the hazardous chemical substances laws and regulations of each country • Strengthen the management framework of hazardous chemical substances contained in products
		Implementation of activities aimed at biodiversity conservation	• Perform local contribution activities of marine plastic pollution issues at least once a year in each business facility • Promote the use of FSC-certified paper for paper items bearing Nikon logo

Participation in Environmental Initiatives

Activities and Results

By participating in a range of initiatives relating to the environment, Nikon is able both to accelerate its own initiatives undertaken within the Nikon Group, and also help to influence governments and society.

Setting Science-Based Targets and Signing Up to the Business Ambition for 1.5°C Initiative (→ P61)
 Joining RE100 (→ P65)
 Disclosures in Accord with the TCFD Recommendations (→ P69)

● Major Environmental Initiatives and Organizations with Nikon's Participation

Initiatives/Organizations	Activity Details
Science Based Targets (SBT) 	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), acquiring certification from the SBT Initiative for the 1.5°C standard.
Business Ambition for 1.5°C 	Endorsed in March 2021
RE100 	Joined in February 2021 In March 2021, Nikon sent a letter to the Japanese government, alongside other member companies, calling for expanded adoption of renewable energy
Japan Climate Initiative (JCI)*	Founding member as of July 2018 Nikon supported the April 2021 JCI message calling on the Japanese government to set ambitious targets for 2030 to help realize the goals of the Paris Agreement on Climate Change
Task Force on Climate-related Financial Disclosures (TCFD) 	In November 2018, Nikon expressed its support for the TCFD's final report (TCFD recommendations) and takes action for appropriate disclosure of information related to climate change
TCFD Consortium 	Founding member as of May 2019

*The Japan Climate Initiative (JCI) is network committed to strengthening communication and exchange of strategies and solutions among all actors that are implementing climate actions in Japan.

Influencing Society

To solve environmental issues that are facing society on a global scale, collaboration with others is vital. In March 2021, Nikon joined with other RE100 member companies to lobby the Japanese government to raise its renewable energy targets. In April 2021, the JCI, of which Nikon is a founding member, issued a message calling on the Japanese government to set ambitious targets for 2030 to help realize the goals of the Paris Agreement on Climate Change. Nikon supports this stance.

Nikon has expressed its support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB). These recommendations were presented in the TCFD's final report to contribute to a smooth transition to a low-carbon economy. Besides implementing appropriate disclosure in regard to climate change, Nikon is also participating in the TCFD Consortium, which was established with the goal of getting companies, financial institutions, and other organizations that support the TCFD's Recommendations to work together to implement effective disclosure and utilize the information disclosed.

Environmental Management Promotion System

Environmental Governance

System and Framework

The Nikon Group ensures the governance of Group-wide initiatives through discussions at the Sustainability Committee and its subordinate Environmental Subcommittee. We also ensure governance through management and oversight by the Board of Directors.

Environmental Management Promotion System Framework

The Nikon Group has established the Sustainability Policy with the goal of earning stakeholders' trust through continuing to be a highly honest and transparent company, contributing to the realization of a sustainable society. Based on this policy, the Sustainability Committee has been established to ensure appropriate actions are taken, including fostering sustainability awareness, conducting education and training, and monitoring sustainability-related activities.

The Sustainability Committee convenes twice a year to make overall decisions about activities relevant to sustainability, including the environment, such as setting goals relating to Materiality, receiving progress reports on activities, and issuing directions for improvement as required. The committee is chaired by the Representative Director and President and has members from the Executive Committee and others.

The Environmental Subcommittee, which is under the Sustainability Committee, formulates specific policies, targets and achievement criteria in relation to the Nikon Group's environmental issues and environmental activities, verifies implementation status, and promotes relevant response measures, in line with the Nikon Long-Term Environmental

Vision. The Environmental Subcommittee is chaired by the Director and Executive Vice President, who is also the Corporate Environmental Officer and convenes twice a year. Members of the Environmental Subcommittee are heads of the departments with responsibilities relating to the environment, procurement, logistics, and sustainability. The Supply Chain Subcommittee, which is also supervised by the Sustainability Committee, promotes sustainable procurement, including addressing environmental issues, together with procurement partners. The Supply Chain Subcommittee is chaired by Nikon's Procurement Sector Manager and convenes twice a year. Details from the Environmental Subcommittee and the Supply Chain Subcommittee are reported to the Sustainability Committee twice a year.

Supply Chain Management System (→ P94)
Sustainability Promotion System (→ P9)

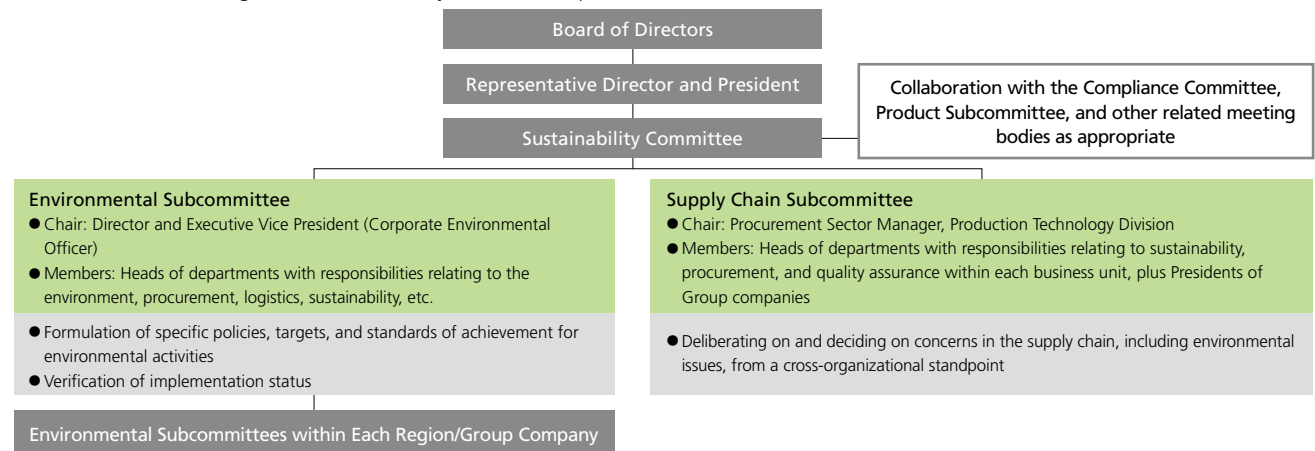
System for Supervision by the Board of Directors

Details from the Sustainability Committee are reported to the Board of Directors once a year. On these occasions, the Board verifies the Nikon Medium-Term Environmental Goals, including climate change-related goals, and the progress made towards achieving them. The Board of Directors' report for the fiscal year ended March 2022 confirmed our Materiality selected in January 2021 and the Nikon Medium-Term Environmental Goals. The Board oversees and manages the effectiveness of sustainability-related activities from a management perspective and incorporates these activities into the Group's overall strategy.

Legal Violations

In the fiscal year ended March 2022, there were no fines or sanctions for violation of environmental laws and regulations imposed on Nikon or any of its Group companies in or outside Japan. In addition, there were no complaints made in terms of Nikon's environmental impact.

● Environmental Management Promotion System (As of April 1, 2022)



Environmental Management System

System and Framework

The Nikon Group has rolled out its Environmental Management System (EMS) across every one of its companies.

Utilization of ISO 14001 Certification

The Nikon Group conducts environmental management in accordance with ISO 14001 and aims to have all manufacturing business sites certified under this standard. We will continue to use the ISO 14001 system and promote environmental management integrated with our business activities by introducing mechanisms for mitigating environmental impacts while maintaining a clear understanding of both internal and external circumstances. The status of our ISO 14001 certification progress is presented on the following page.

Implementing EMS Assessments*¹

The Nikon Group conducts HQ EMS Assessments to check the state of top management and the EMS Secretariat per region, and Local EMS Assessments to check the state of organizations within each region. These assessments are each conducted once a year, designed to check conformity with ISO 14001 and to improve performance. In order to maintain and improve the quality of these assessments, the Nikon Group in Japan conducts EMS assessor cultivation training four times a year. A total of 86 employees completed this training in the fiscal year ended March 2022. Employees completing this training are tasked with conducting Local EMS Assessments. We are also cultivating assessors at Group companies outside

Japan through participation in training programs run by auditing organizations. In addition, the Nikon Group in Japan conducts training on laws and regulations related to the environment twice a year. A total of 70 employees completed this training in the fiscal year ended March 2022. These trainings, which were previously conducted in person, were all held remotely to prevent the spread of infectious diseases. The HQ EMS Assessments and training programs provided by the Nikon Group are conducted by qualified staff with EMS auditor certifications from IRCA*² or JRCA*³.

*1 EMS Assessment: At the Nikon Group, the term "EMS assessment" is used as an equivalent to "internal audit" in ISO 14001, and internal auditors are called "EMS assessors."

*2 IRCA: International Register of Certificated Auditors, an international certification organization for management system auditors.

*3 JRCA: A certification and registration body for management auditors established within the Japanese Registration of Certificated Auditors and experts. The body registers certification of ISO management system auditors and internal auditors.

Nikon Eco Program

The Nikon Group has introduced the Nikon Eco Program, which is a simplified environmental management system for our non-manufacturing facilities in and outside Japan that have low environmental impacts. The Nikon Eco Program is divided into two levels, Standard and Basic. This mechanism helps facilities more easily implement environmental activities.

The Nikon Eco Program Standard (NEPS) is designed for relatively large non-manufacturing facilities. The Standard level requires goals set for the reduction of environmental impacts, efforts made to achieve those goals, and improvement and enhancement of activities while repeating the PDCA cycle. The Nikon Eco Program Basic (NEPB), which is designed for relatively small non-manufacturing facilities,

involves visualization of environmental impacts and conducting activities related to the environment. NEPS has already been adopted at all five applicable business facilities. At all other business facilities, NEPB has been introduced to steadily visualize environmental performance data.

● Nikon Environmental Management Tools

	ISO 14001	Nikon Eco Program Standard	Nikon Eco Program Basic
Target business facilities	Manufacturing facilities and certain non-manufacturing facilities, etc., where ISO 14001 certification is required	Large-scale non-manufacturing facilities, etc.	Small-scale non-manufacturing facilities
● Implementation of environmental impact assessments, compliance assessments, and EMS assessments ● Implementation of corrective actions, preventive actions, etc. ● Management reviews, etc.	○	—	—
● Setting of environmental goals ● Utilization of the PDCA cycle in relation to targets	○	○	—
● Implementation of environmental awareness-raising activities ● Collection of environmental impact data	○	○	○

● ISO 14001 Acquisition Status and Data Categories (As of the Fiscal Year Ended March 2022)

✓: Acquired

Data Category	Company	ISO 14001 Acquisition Status
Nikon	Nikon Corporation	✓
Group manufacturing companies in Japan	Tochigi Nikon Corporation	✓
	Tochigi Nikon Precision Co., Ltd.	✓
	Sendai Nikon Corporation	✓
	Miyagi Nikon Precision Co., Ltd.	✓
	Hikari Glass Co., Ltd.	✓
	TNI Industry Corporation	✓
	Nikon Engineering Co., Ltd.	✓
	Nikon CeLL innovation Co., Ltd.	*1
Group non-manufacturing companies in Japan	Nikon Tec Corporation	✓
	Nikon Solutions Co., Ltd.	✓
	Nikon Systems Inc.	✓
	Nikon Business Service Co., Ltd.	✓
	Nikon Product Support Corporation	*1
	Nikon Vision Co., Ltd.	✓
	Nikon Imaging Japan Inc.	✓
Group manufacturing companies outside Japan	Hikari Glass (Changzhou) Optics Co., Ltd.	✓
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.	✓
	Nikon (Thailand) Co., Ltd.	✓
	Nikon Lao Co., Ltd.	✓
	Nikon X-Tek Systems Ltd.	✓
	Optos Plc	✓
	Optos, Inc.	✓
Group non-manufacturing companies outside Japan*2	Nikon Imaging (China) Sales Co., Ltd.	✓
	37 other companies	*1

* The ISO 14001 certification rate for the Nikon Group as a percentage of the number of employees at manufacturing sites is nearly 100%.

* Data classification for environmental performance data in this report is based on the above data categories.

*1 These companies have introduced the Nikon Eco Program.

*2 Three non-manufacturing Group companies in Japan with extremely limited environmental impact that have not obtained ISO 14001 are included. This excludes 11 companies such as private funds and companies in the process of liquidation.

Environment-related Risk Management System System and Framework

The Nikon Group works to identify and assess environment-related risks and opportunities using both top-down and bottom-up approaches, with the perspective of avoiding risks and problems that might emerge in the future. Top-down risk assessment involves the Executive Committee identifying risks and opportunities related to the environment from the standpoint of management strategy. Bottom-up risk assessment involves assessments using ISO 14001 that cover manufacturing facilities with major environmental impact. Environment-related risks and opportunities are identified by each business facility and the ISO 14001 Secretariat. In addition, the Risk Management Committee, which handles all forms of risks facing the Nikon Group, conducts risk identification surveys and uses the results to compile a risk map. The Environmental Subcommittee determines how to address the identified risks and opportunities within the EMS framework. These risks and opportunities are then addressed with concrete measures. Measures with high priority are reflected in the Group's Environmental Action Plan. Nikon also regularly verifies and follows up on the progress of these measures. We have identified two environmental risks—risk deriving from climate change and risk deriving from environmental regulation—as the main environmental risks that the Nikon Group should place particular emphasis on, and we are working to address these risks. For more information on risks related to climate change, please refer to Disclosures in Accord with the TCFD Recommendations.

Disclosures in Accord with the TCFD Recommendations (➔ P69)

Risk Deriving from Environmental Regulation and Nikon's Response

There is a risk that violations of laws and regulations relating to energy, greenhouse gases, the atmosphere, water quality, soil, chemical substances, and waste may result in business suspension orders or the need to spend large sums of money on remediation work, which in turn could have a negative impact on company valuation and affect the operations of the Nikon Group as a whole. There is a possibility that regulation may become even more restrictive in the future; if ensuring compliance results in a high level of expenditure, this could negatively impact the Nikon Group's financial health.

In order to be prepared for these risks, the Nikon Group establishes voluntary, self-directed standards that are more rigorous than each region's statutory requirements. We also establish and revise relevant internal rules, implement education and training for relevant employees, work to strengthen the Group's management systems, and strive to monitor and respond to regulatory changes, etc. in a timely manner.

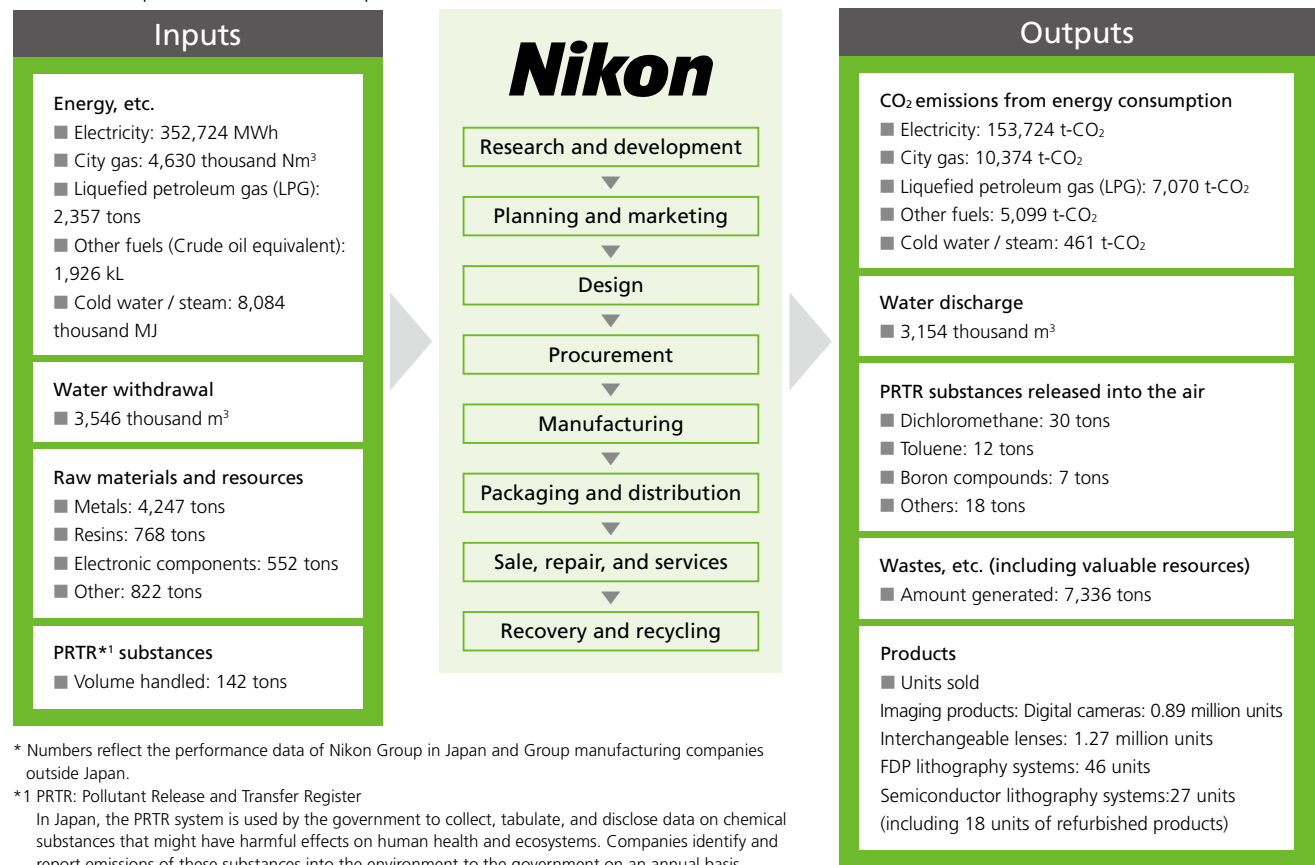
Business Activities and the Environment

The Nikon Group aspires to be a company that contributes to the sustainable development of society. We ensure that we have a clear understanding of our relationship between the environment and our business activities in order to make an accurate assessment of our environmental impacts and risks. We prioritize initiatives based on this assessment and

System and Framework

set goals accordingly, and we attach great importance to carrying out environmental activities to achieve these goals. Therefore, the Nikon Group is actively advancing the collection of environmental data covering electricity and other forms of energy, waste, water, etc., both inside and outside of Japan.

● Relationship between Nikon Group Businesses and the Environment



* Numbers reflect the performance data of Nikon Group in Japan and Group manufacturing companies outside Japan.

*1 PRTR: Pollutant Release and Transfer Register

In Japan, the PRTR system is used by the government to collect, tabulate, and disclose data on chemical substances that might have harmful effects on human health and ecosystems. Companies identify and report emissions of these substances into the environment to the government on an annual basis.

Eco-friendly Product Development

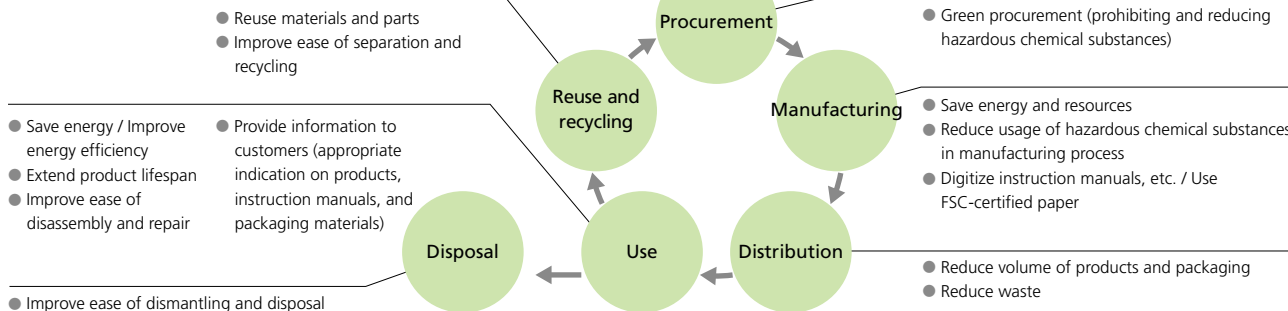
Activities and Results

The Nikon Group works to develop what we term as Eco-friendly Products by taking into account environmental impacts starting from product planning and design phases, following the Eco-friendly Product Development Flow provided to the right.

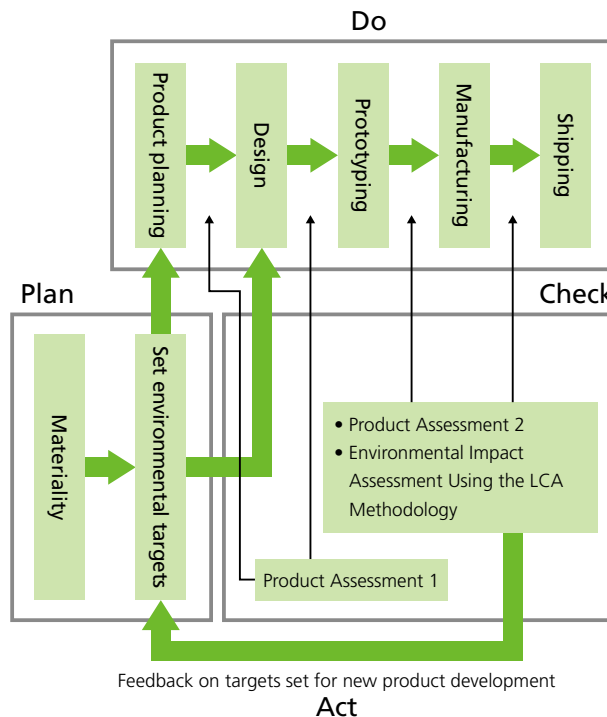
Nikon Product/Packaging Assessment

The Nikon Group has formulated the Nikon Product Assessment and Nikon Packaging Assessment. These assessments are applied to all newly-developed products and packaging materials so that our product development will thoroughly incorporate the characteristics of Nikon products and their environmental impact. As illustrated below, these assessments evaluate the degree of reduction in weight and volume for products and packaging, reduction in hazardous materials, and material commonality and recyclability. According to circumstances, we have revised and tightened assessment items and criteria. "Assessment 1" is carried out in the product/packaging planning and design phases, followed by "Assessment 2" in the prototyping and manufacturing phases. In this way, we strive to reduce the environmental impacts of our products through the entire life cycle.

Nikon Product/Packaging Assessment Items




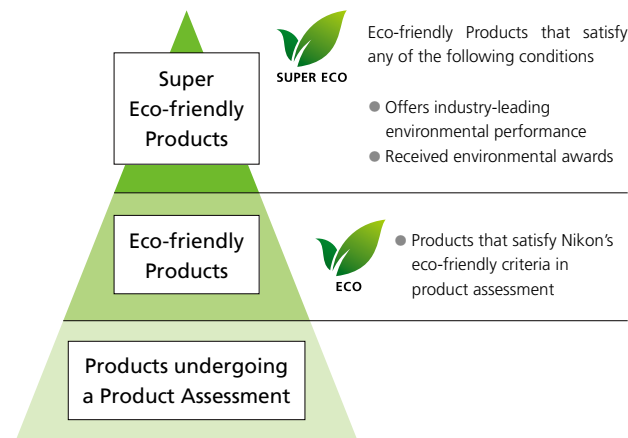
Eco-friendly Product Development Flow



Eco-friendly Products Framework

In the past, all products that had been developed by implementing product assessment were classed as Eco-friendly Products. However, we revised the definition and underlying framework, establishing a new system effective from the fiscal year ended March 2018, whereby those products that conform to more rigorous standards in product assessment are classed as either Eco-friendly Products or Super Eco-friendly Products. Along with this, Nikon has created its own unique logos for each of Eco-friendly Products and Super Eco-friendly Products. In the fiscal year ended March 2022, approximately 78% of new products were classified as Eco-friendly Products.

 Eco-friendly Products (Recognized as of March 31, 2022)
https://www.nikon.com/about/sustainability/environment/eco_product_en2022.pdf



* The above logos are used only for Nikon products recognized as Eco-friendly Products based on our own standards of environmental consideration. The above logos are not affiliated with any environmental organizations.

Environmental Education and Awareness Raising Activities for Employees Activities and Results

The Nikon Group believes that the awareness and understanding of employees who are the foundation of its activities are vital to furthering its environmental activities and increasing its standards.

Therefore, we have introduced various environmental education and awareness raising activities for our employees in an effort to help employees have a better understanding and awareness of environmental activities.

Environmental Education

The Nikon Group provides employees with education matched to their duties and position, based on the EMS training plan.

- Environmental Education Programs in the Fiscal Year Ended March 2022 (Unit: persons)

Content	Participants	
	Nikon Corporation	Group companies in and outside Japan
Education on environmental issues and EMS	199	824
Education on setting and achieving environmental goals	194	469
Education on EMS assessments* ¹	138	150
Education on environmental laws and hazardous chemical substances	141	294
Other environmental education	24	288

* EMS Assessment

At the Nikon Group, the term "EMS assessment" is used as an equivalent to "internal audit" in ISO 14001

Environmental Awareness

The Nikon Group conducts various environmental awareness-raising activities among employees in the month of June, which is designated as Nikon Environment Month. In addition, every year we implement environment-related e-learning for the Nikon Group in Japan, focusing in particular on matters that employees need to be familiarized with. The content of this e-learning is also shared with Nikon Group companies outside Japan and is incorporated into individual companies' environmental education and awareness-raising activities. In the fiscal year ended March 2022, the e-learning theme was climate change.

- Environmental Awareness-Raising Activities in the fiscal year ended March 2022

Main Environmental Awareness-Raising Activities		Eligible Organizations	Achievements
Nikon Environment Month (June)	Environmental photo contest	Nikon Group	Entries: 130
	Environmental commendation program	Nikon Group	Entries: 16
	Awareness-raising posters and newsletter distribution	Nikon Group	16 languages supported
Environmental e-Learning (From November)		Nikon Group in Japan	Attendance rate: 84%
		Group companies outside Japan	Implemented for eligible personnel
Earth Hour* (March)		Nikon Group	Participants: 49 companies

* Earth Hour

An environmental campaign organized by the World Wide Fund for Nature (WWF). People around the world show their desire to stop global warming and protect the global environment by switching off the lights at the same time on the same day.

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
<ul style="list-style-type: none"> 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 	<p>By the fiscal year ending March 2031, formulate and seek achievement of internal targets in line with the 1.5°C targets</p> <ul style="list-style-type: none"> 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 CO₂ reduction targets Adopt renewable energy with the aim of achieving carbon neutrality by fiscal 2050 	7,13	<ul style="list-style-type: none"> Reduce CO₂ emissions from business activities for the entire Nikon Group by at least 4.5% year-on-year 	Nikon Group	<ul style="list-style-type: none"> CO₂ emissions from business activities: 1.3% reduction for the entire Nikon Group year-on-year
			<ul style="list-style-type: none"> Achieve a 7% renewable energy share of electricity used for business activities 	Nikon Group	<ul style="list-style-type: none"> Renewable energy share of electricity used for business activities: 7.8 %
			<ul style="list-style-type: none"> Reduce environmental impact by making effective use of the LCA methodology Create eco-friendly products 	Nikon Group	<ul style="list-style-type: none"> Continued to expand the range of product models subject to LCA calculation Approximately 78% of new products certified as eco-friendly products
			<ul style="list-style-type: none"> Reduce greenhouse gas emissions in distribution by at least 2.7% year-on-year 	Nikon Group	<ul style="list-style-type: none"> Reduced greenhouse gas emissions in distribution by 5.1% year-on-year
			<ul style="list-style-type: none"> Continue to require that main procurement partners (accounting for 80% of procurement costs) establish CO₂ emissions reduction targets and track performance (complete the requesting process for at least 60% of partners) 	Nikon Group	<ul style="list-style-type: none"> Issued requests that main procurement partners (accounting for 80% of procurement costs) establish CO₂ 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 CO₂ 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



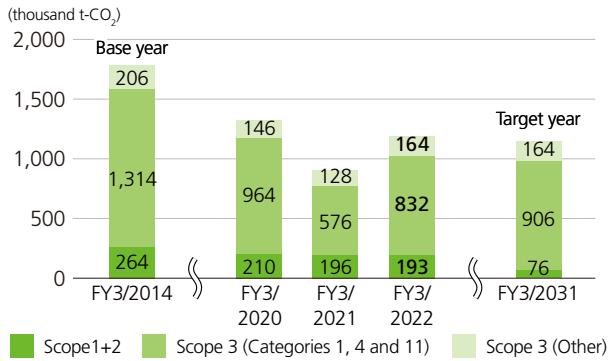
Greenhouse Gas Emissions in the Entire Supply Chain Activities and Results

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-CO₂e for Scope 1 and 158,350 t-CO₂e 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-CO₂e, 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

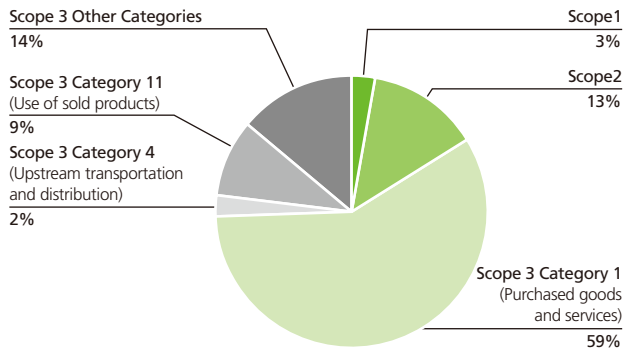
among personnel at Nikon's Head Office, but activities will be expanded to the entire Group over time.

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)



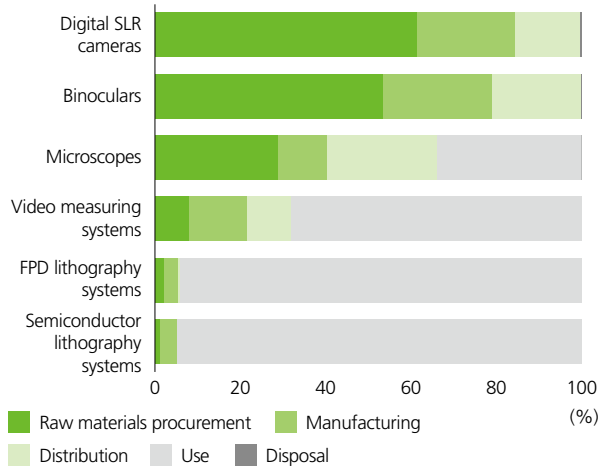
Initiatives to Reduce Greenhouse Gas Emissions in Products

Environmental Impact Assessment Using the LCA Methodology

Activities and Results

Nikon calculates CO₂ 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 CO₂ 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 CO₂ Emissions Throughout the Product Lifecycle for Major Nikon Products



CO₂ Reduction Measures for Products

Activities and Results

For imaging products, Nikon has the highest amount of CO₂ 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 CO₂ emissions at the raw material procurement phase have been reduced by 20%.



The Z 9 mirrorless camera

Promoting CO₂ Reductions with our Procurement Partners

Activities and Results

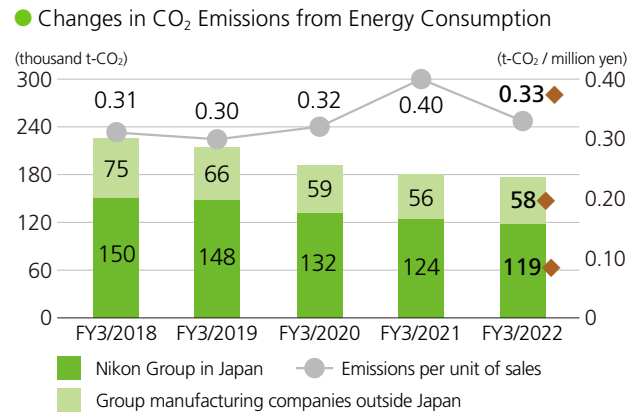
When conducting assessments of our major procurement partners' environmental management systems, the Nikon Group checks whether or not the partners have set CO₂ reduction targets and whether they monitor performance in relation to these targets. This has had the effect of encouraging procurement partners to reduce their CO₂ emissions. In the fiscal year ended March 2022, the Nikon Group encouraged 151 companies to reduce their CO₂ 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 CO₂ 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

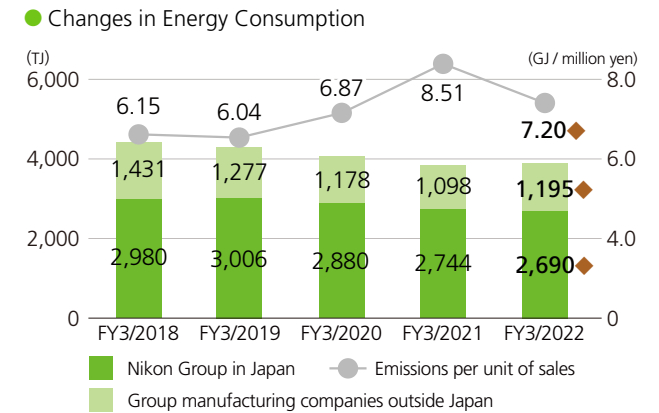
Changes in CO₂ Emissions from Energy Consumption and Changes in Energy Consumption

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 CO₂ emissions derived from energy consumption. We are also implementing energy-saving measures and adopting renewable energy. CO₂ 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-CO₂, 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 CO₂ and cut our emissions.



* The following values were used for CO₂ conversion factors.
 [Electricity]
 Japan: CO₂ 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 CO₂ 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



* 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

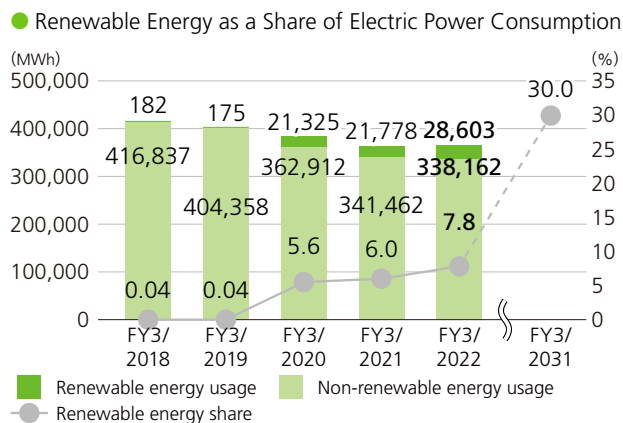
The Nikon Group is aiming to increase the renewable energy adoption rate in electric power consumption to at least 30% by the fiscal year ending March 2031, through such means as in-house power generation, power planning, and green energy certificates.

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 CO₂ 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



Joining RE100

Activities and Results

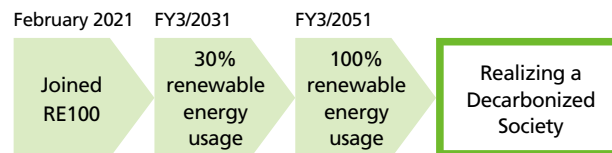
In February 2021, Nikon joined RE100*, an international initiative seeking to have companies source 100% renewable energy for electricity used in business activities. Nikon aims to switch to 100% renewable energy-derived electricity used in the Group's business activities by the fiscal year ending March 2031, 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



- Switching over to renewable energy for electricity used at business facilities
- Purchase of Green Power Certificates, etc.

CO₂ Emissions from Non-energy Consumption and Other Greenhouse Gas Emissions

Activities and Results

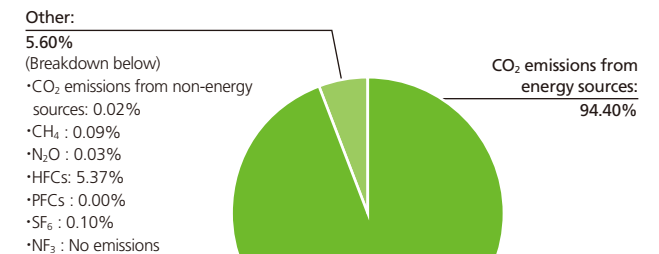
In the fiscal year ended March 2022, CO₂ emissions from non-energy sources*¹ and other greenhouse gases*² totaled 10,484 t-CO₂e, accounting for 5.6% of the greenhouse gases emitted by Nikon and Group manufacturing companies. Of these gases, HFCs contained in detergents used in the manufacturing process 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 CO₂ emissions from non-energy sources and other greenhouse gases.

*1 CO₂ generated by fire extinguishers, sprays, waste incineration, etc.

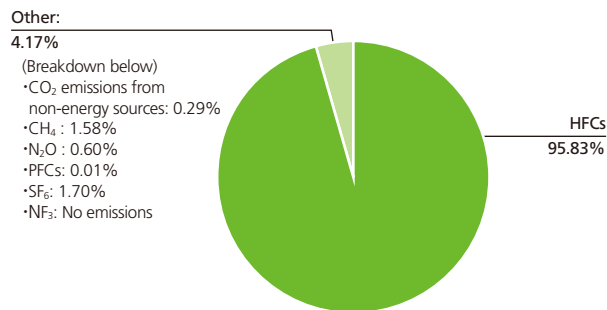
*2 CH₄, N₂O, HFCs, PFCs, SF₆, NF₃

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



◆ Values in Data Index assured by third party

● Breakdown of CO₂ 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

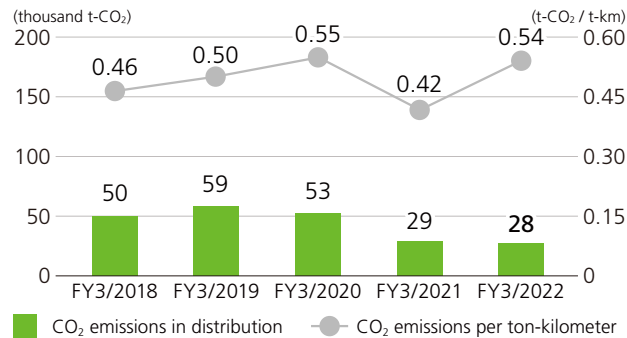
Understanding Greenhouse Gas Emissions in Distribution

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 CO₂ emissions amounted to 620 t-CO₂ for distribution in Japan and 26,900 t-CO₂ 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 CO₂ emissions by 5.1%.

● CO₂ 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	<p>Nikon Long-Term Environmental Vision (Target year: Fiscal year ending March 2051)</p> <ul style="list-style-type: none"> ● Realizing a Decarbonized Society <p>Nikon Medium-Term Environmental Goals (Target year: Fiscal year ending March 2031)</p> <ul style="list-style-type: none"> ● 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	<p>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.</p> <p>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.</p> <p>To achieve carbon neutrality in the fiscal year ending March 2051, we will promote activities based on monitoring indicators.</p>

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

Initiatives	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● The Sustainability Committee deliberated and decided on matters related to climate change response: <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● The Environmental Subcommittee and Sustainability Committee deliberated and decided on matters related to climate change response: <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Reducing water withdrawal Promoting water resource recycling 															
Transition risks	<table border="1"> <tr> <td>Policies and regulations</td> <td> <ul style="list-style-type: none"> 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. </td> <td>High*</td> <td>Medium</td> <td> <ul style="list-style-type: none"> 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 </td> </tr> <tr> <td>Technologies</td> <td> <ul style="list-style-type: none"> Failure to reduce emissions during product use and shift to low-carbon manufacturing methods and materials could result in reduced sales opportunities. </td> <td>High</td> <td>Low</td> <td> <ul style="list-style-type: none"> 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 </td> </tr> <tr> <td>Markets/ Reputation</td> <td> <ul style="list-style-type: none"> 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. </td> <td>Medium</td> <td>Low</td> <td> <ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Promoting proactive information disclosure </td> </tr> </table>	Policies and regulations	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Failure to reduce emissions during product use and shift to low-carbon manufacturing methods and materials could result in reduced sales opportunities. 	High	Low	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Reducing greenhouse gas emissions through promotion of energy conservation and adoption of renewable energy Promoting proactive information disclosure 			
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* 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
<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

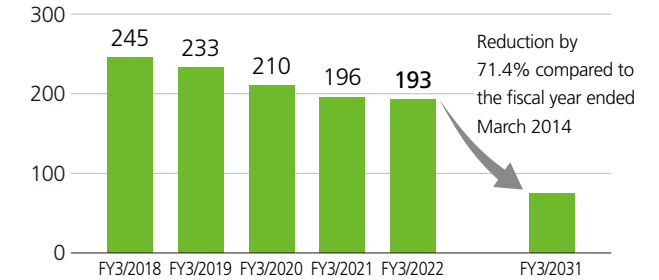
Environment-related Risk Management System (→ P56)

Metrics and Targets

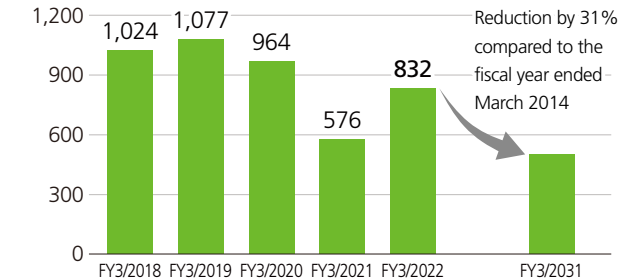
— Metrics and targets used to assess and manage climate-related risks and opportunities —

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.

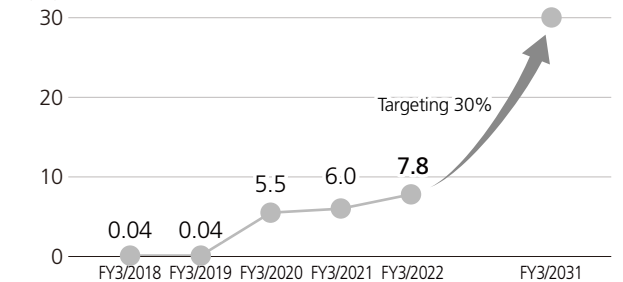
● Scope 1 and 2 emissions (thousand t-CO₂)



● Scope 3 emissions (Three categories: "Purchased goods and services," "Upstream transportation and distribution," and "Use of sold products,") (thousand t-CO₂)



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



Materiality 4

Promoting Resource Circulation



Goals for the Fiscal Year Ending March 2030 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Targets for the year ended March 2022	Scope	Results
<ul style="list-style-type: none"> Achieve zero emissions level 1 or better at all manufacturing companies Reduce total amount of waste generated by 10% or more compared to the fiscal year ended March 2019 Reduce freshwater consumption by 5% compared to the fiscal year ended March 2019 70% or above reuse rate for abrasive agents Expand 3R products 	<p>By the fiscal year ending March 2031, formulate company targets in response to the issue of resource depletion, and aim to realize these targets</p> <ul style="list-style-type: none"> Reduce waste through streamlining processes from development to manufacturing Promote the 3Rs of water (reduce water consumption, and recycle and reuse water) Take into account the impacts that products have on the environment from the initial planning phase onwards and promote the 3Rs throughout the product lifecycle 	6, 12	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Maintain level S Group manufacturing companies in China: Maintain level 1 Group manufacturing companies outside Japan: Implement initiatives in line with conditions in each country 	Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Nikon and Group manufacturing companies in Japan: Achieved level S (final landfill disposal rate of 0.09%) Group manufacturing companies in China: Achieved level 1 (final landfill disposal rate of 0.52%) Group manufacturing companies outside Japan: Conducted disposal in accordance with respective national laws and regulations
			<ul style="list-style-type: none"> Reduce the total amount of waste generated from operations by at least 1% year-on-year 	Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Total amount of waste generated from operations: Reduced by 2.2% year-on-year
			<ul style="list-style-type: none"> Determine water risk measures based on survey result Reduce water withdrawal year-on-year (compared to 3,640,000 m³ in the previous fiscal year) Improve the water reuse rate year-on-year (compared to 6.6% in the previous fiscal year) 	Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Confirmed measures at some facilities and completed incorporation into medium- to long-term plans Water withdrawal: Reduced levels year-on-year (by 2.6%) Water reuse rate: Improved year-on-year (by 0.6%)
			<ul style="list-style-type: none"> Complete deliberation on measures for reducing the airborne emission volume of solvent-type detergents Reduce abrasive usage volume year-on-year 	Nikon and Group manufacturing companies	<ul style="list-style-type: none"> Shared Group internal survey results and extracted reduction measures in related industries with each facility Though reduction in the number of types of abrasives used led to lower costs, increased usage counteracted this effect and left targets unachieved due to higher production
			<ul style="list-style-type: none"> Promote the reuse and recycling of products, parts, and materials 	Nikon Group	<ul style="list-style-type: none"> Continued sales of used semiconductor lithography systems Used recycled materials for new product materials and packaging materials

3R Initiatives for Products and Packaging

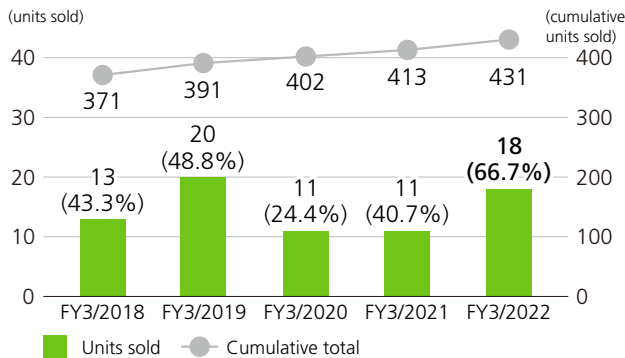
Sales of Refurbished Semiconductor Lithography Systems and Reuse of Projection Lenses

Activities and Results

The Nikon Group has commercialized a service for collecting and reconditioning used Nikon semiconductor lithography systems from customers, where it replaces and reconfigures parts and installs the refurbished systems for new customers in and outside Japan. This business is an example of the Nikon Group's practice of reusing its own products within the Group. As of the fiscal year ended March 2022, the Nikon Group had sold a cumulative total of 431 refurbished products.

The Nikon Group is also working on extending the life of lithography systems by using Nikon's latest technology to reuse and replace projection lenses which have deteriorated from long-term use and cannot maintain basic exposure performance.

● Sales Trends of Refurbished Semiconductor Lithography Systems (for ICs)



* Figures in parentheses indicate share of total units sold

Battery Recycling

Activities and Results

In Japan, the Nikon Group has been collecting and recycling end-of-life rechargeable batteries used in Nikon digital cameras from users via the JBRC*.

* JBRC: The Japan Portable Rechargeable Battery Recycling Center
An organization that promotes recycling of small rechargeable batteries in accordance with the Act on the Promotion of Effective Utilization of Resources.



Recyclable battery mark

Recycling and Reuse of Used Nikon Products

Activities and Results

Under the WEEE Directive*¹, European countries have been establishing national laws in relation to the collection and recycling of used electrical and electronic equipment. In response to these laws, the Nikon Group has been working to fulfill its responsibility for the collection and recycling of Nikon digital cameras and other products.

The Nikon Group has registered with local collection organizations in more than 30 countries, establishing collection and recycling networks in each of these. We are also implementing product assessments at their design stages to promote easy-to-disassemble designs, reductions in the types of raw materials used, and extensive utilization of recycled resources, to comply with the provisions of the Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment*² in Japan. As to reuse, part of our services includes accepting digital cameras returned from customers, repairing them, and then selling them as refurbished cameras in and outside Japan.



EU recycling symbol

*1 WEEE (Waste Electrical and Electronic Equipment) Directive
Legislation enacted in the EU in 2003 (and revised in 2012) requiring EU Member States to collect and recycle waste electrical and electronic equipment.
*2 Act on Promotion of Recycling of Small Waste Electrical and Electronic Equipment
Enacted on April 1, 2013, this legislation stipulates the responsibilities of various entities, including national and local public bodies, business operators and manufacturers, with respect to the promotion of recycling of small waste electrical and electronic equipment such as digital cameras and game devices.

Recycling of Packaging Materials

Activities and Results

The Nikon Group promotes the recycling of packaging materials for Nikon products including digital cameras in Japan by outsourcing the task to the Japan Containers and Packaging Recycling Association. In Europe, under the EU Packaging and Packaging Waste Directive, each country has established a packaging waste recovery and recycling system in accordance with its national laws. Many of these frameworks have adopted the Green Dot system*. In the EU, the Nikon Group pays recovery and recycling fees to recycling organizations in each country, and displays the Green Dot symbol on its product packaging. In this way, the Nikon Group cooperates in the promotion of the recovery and recycling of packaging materials.

* Green Dot System

A recovery and recycling system for packaging waste adopted by domestic legislation in EU Member States in accordance with the 1994 EU Packaging and Packaging Waste Directive.



Green Dot symbol

Reducing Resource Usage in Relation to Packaging and Instruction Manuals

Activities and Results

Saving Resources by Downsizing Packaging Boxes

The Nikon Group is working to reduce the amount of materials it uses, such as paper and plastic, by reducing the size of individual packaging boxes. For the AX/AX R confocal microscope system, in addition to reducing the size of its packaging box in keeping with the miniaturization of the product itself, the Group was able to reduce the overall volume of the packaging box by 20% and the weight of packaging materials by 35% by changing the bottom pallet of the packaging box from steel to paper. The use of paper pallets has also greatly reduced environmental impact on disposal.

Reducing Plastics in Packaging

In recent years, marine pollution from plastic waste has become a global problem. In response, the Nikon Group has implemented a number of measures, such as switching to paper-based materials and reducing the amount of plastic used in its packaging. The Nikon Group is also working to standardize its packaging materials not just for its cameras and other consumer products, but also for industrial products, by promoting the uniform use of a single type of corrugated paper, including cushioning materials. This makes packaging easier to sort and also helps to reduce plastic waste.

Reducing the Amount of Paper Used for User's Manuals

The Nikon Group is working to save resources in the user's manuals packaged with Nikon products. In recent years, the amount of paper used for user's manuals for mirrorless cameras has tended to increase as the range of functions that these cameras provide has grown, thus requiring more pages in these manuals. Paper use has also increased with the need to provide replacement manuals or supplementary materials when upgrading firmware. In response to this situation, we have been taking steps to substantially simplify user's manuals provided with our cameras, while providing more detailed information in a timely manner through the Nikon website. For the Z 6II and Z 7II models that were launched in 2020, the paper user's manual was reduced from 270 pages to around 80 pages, and for the Z fc model that was launched in 2021, we reduced this further to 60 pages, facilitating significant cuts to paper resources used. In addition, by providing the most up-to-date information on the Nikon website, customers can now access the latest information whenever they need it using their preferred device, whether it be their laptop, tablet computer or smartphone. This helps to enhance customer convenience. We have also taken similar resource-saving action for user's manuals provided with Nikon lenses, reducing paper resource usage by approximately 40% for the manual provided with the NIKKOR Z DX 18-140mm f/3.5-6.3 VR, launched in 2021, and by approximately 60% for the NIKKOR Z 100-400mm f/4.5-5.6 VR S and NIKKOR Z 400mm f/2.8 TC VR S, launched in February 2022. These initiatives not only help with reducing paper usage, but also contribute to cutting CO₂ emissions associated with printing and product transportation. We plan to continue the expansion of this initiative to also cover the user's manuals for upcoming products.

Initiatives Aimed at Reducing Waste, etc.

Towards Zero Emissions*

System and Framework

The Nikon Group has introduced level-specific targets into its zero emissions initiatives.

In the fiscal year ended March 2022, Nikon and Group manufacturing companies in Japan once again achieved Level 5. Outside Japan, Hikari Glass (Changzhou) Optics Co., Ltd. (China), Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. (China), and Optos Plc (UK) achieved Level 1, and other Group manufacturing companies are also making further efforts with the aim of achieving Level 1 by the fiscal year ending March 2031.

* The concept of zero emissions was first advocated by the United Nations University in 1994. It embodies an approach that seeks to reduce waste from the whole of society to zero by recycling waste from one industry for use as a resource in other industries.

Zero Emission Level-Specific Targets

- Level 5: Final landfill disposal rate of less than 0.5%
- Level 1: Final landfill disposal rate of less than 1%
- Level 2: Final landfill disposal rate of less than 5%
- Level 3: Final landfill disposal rate of less than 10%
- Level 4: Final landfill disposal rate of less than 20%

* Final landfill disposal rate = Final landfill amount / (waste + valuable resources)

* The final landfill amount is the amount of waste disposed of by landfill at the final disposal site.

Waste Reduction Performance

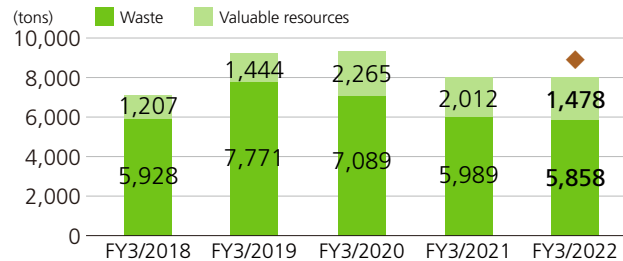
Activities and Results

The amount of waste (excluding valuable resources) generated by the Nikon Group in Japan and by the Group manufacturing companies outside Japan during the fiscal year ended March 2022 was 5,858 tons. This figure represented a year-on-year reduction of 2.2% (131 tons), achieving the Group's target of reducing the total amount of

waste generated from operations by at least 1% year-on-year (at least 59.9 tons). The total amount of final landfill waste generated was 813 tons♦, with 6,524 tons of waste recycled. In the fiscal year ending March 2023, we will continue our efforts to reduce total waste generated.

♦:Values in Data Index assured by third party

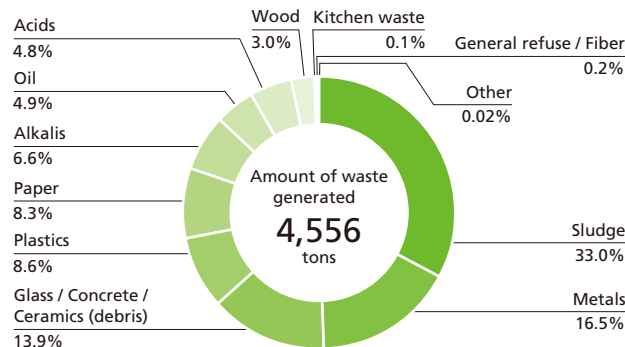
● Changes in the Amount of Waste Generated (Waste Plus Valuable Resources) by the Nikon Group in Japan and Group Manufacturing Companies Outside Japan



* Added Nikon (Thailand) Co., Ltd. and X-Tek Systems Ltd. from the fiscal year ended March 2019, and Nikon CeLL innovation Co., Ltd., Nikon Lao Co., Ltd., Optos, Inc., and Optos Plc from the fiscal year ended March 2020.

♦:Values in Data Index assured by third party

● Breakdown by Category of Waste (Waste Plus Valuable Resources) Generated by the Nikon Group in Japan (Fiscal year ended March 2022)



Waste Reduction and Resource Circulation Measures

Activities and Results

Initiatives in the Manufacturing Process

Abrasive agents used to polish optical glass are discarded as abrasive sludge after use. Abrasive sludge accounts for around 19% of waste discharged by the Nikon Group in Japan. In the fiscal year ended March 2019, the Nikon Group established a method to reuse these abrasive agents, achieving a 45% reduction in abrasive sludge waste at the Nikon Shonan Branch, which produces photomask substrates. The Nikon Group is currently rolling out this method to the entire Nikon Group in an effort to further reduce abrasive sludge waste.

At Sendai Nikon Corporation, we are taking actions to recycle resources. For example, plastic waste is sorted by material and color, gate parts from molded products are crushed, and heating is used to reduce the volume of extruded polystyrene foam. With regard to metal waste, oil is separated from metal shavings by centrifugal separation, thereby enhancing the value of recycled valuable resources.

Paper Resource Initiatives

The Nikon Group is working to reduce document printing by digitizing meeting materials and encouraging the use of computers and tablets to confirm engineering drawings and forms. We are also working to reduce paper usage by changing the settings on multifunction printers and installing software to reduce accidental or unnecessary copying.

Protection of Water Resources

Water Resource Conservation Measures

TARGETS

ACTIVITIES AND RESULTS

Large quantities of water are used in the production processes for optical lenses, part of Nikon's main product category, and for the quartz glass used in these lenses. For example, during the optical lens polishing process, water has to be added frequently in order to keep the polishing agent at the right consistency. Similarly, in the quartz glass production process, our waste gas purification devices require water to remove acid components from waste gases. To conserve water resources, the Nikon group monitors the amount of water withdrawal, discharge, and reuse, proactively implementing initiatives for effective water use. From the fiscal year ended March 2022, the Group also introduced a new freshwater consumption indicator*¹, as we believe it is important that water used should be returned at an equal or better quality than when it was withdrawn. The Nikon Group believes that reducing freshwater consumption will lead to reduced water withdrawal load in each region.

In the fiscal year ended March 2022, the Nikon Group's water withdrawal as a whole was 3,546,000 m³, achieving its goal of reducing water withdrawal on a year-on-year basis as part of its Environmental Action Plan. In addition, the Group's freshwater consumption under its new indicator was 1,723,000 m³.

*1 Freshwater consumption

Sum of withdrawal volumes A, B, and C, minus returned water volume D (A+B+C-D)

A: Water withdrawal from municipal water supply facilities (tap water, industrial water, etc.)

B: Water withdrawal from surface water (lakes, rivers, etc.)

C: Water withdrawal from groundwater

D: Return water of equal or better quality than the withdrawal source (applicable to B and C only)

Water Risk Assessments

SYSTEM AND FRAMEWORK

ACTIVITIES AND RESULTS

The term *water risk* is used to refer to the impact that issues relating to water conservation, water-related natural disasters, water pollution, etc. can have on a business enterprise's activities. For the Nikon Group, which requires large quantities of water in the manufacturing processes for its optical components, etc., a proper understanding and awareness of water risk is vitally important. Therefore, we carry out water risk appraisals at each facility and strive to monitor the situation effectively. During the fiscal year ended March 2021, we conducted water risk surveys targeting 31 Group facilities in and outside Japan. In the fiscal year ended March 2022, we explored measures to address the water risks identified from the results of this survey, and some of our facilities have already begun to implement these measures. Specifically, at facilities where leak risks due to aging facilities and equipment were identified, these measures were incorporated into medium- to long-term repair plans.

Appropriate Wastewater Treatment

ACTIVITIES AND RESULTS

The Nikon Group uses large amounts of water in its manufacturing processes. When discharging water used, the Group applies appropriate wastewater treatment to minimize the environmental impact on waterways in each region.

Specifically, we have established voluntary standards that are even stricter than discharge standards found in each region, and we conduct wastewater treatment in accordance with these levels alongside, with regular monitoring of the wastewater situation.

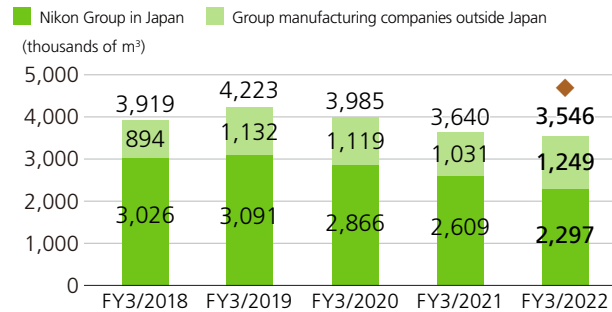
Water Withdrawal and Discharge

Activities and Results

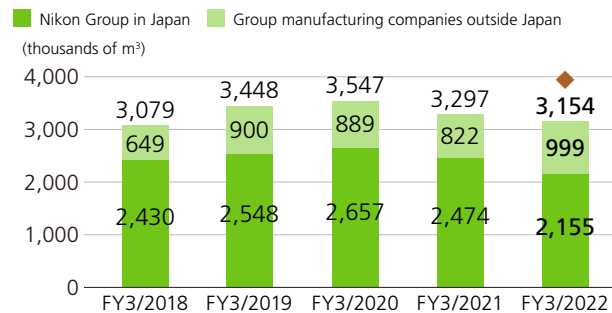
The Nikon Group's water withdrawal in the fiscal year ended March 2022 was 3,546,000 m³ (with the Nikon Group in Japan accounting for 2,297,000 m³, and Group manufacturing companies outside Japan accounting for 1,249,000 m³). The Group's total wastewater discharge was 3,154,000 m³ (with the Nikon Group in Japan accounting for 2,155,000 m³, and Group manufacturing companies outside Japan accounting for 999,000 m³). The Nikon Group thus achieved its target of reducing water withdrawal compared to the fiscal year ended March 2021 (3,640,000 m³).

In addition, at the business facilities and the Group manufacturing companies that make use of considerable amounts of water, we pay special attention to ensuring that wastewater generated in manufacturing processes is properly treated, and endeavor to reuse as much water as possible. The Nikon Group's water reuse rate in the fiscal year ended March 2022 was 7.2%, representing an increase of 0.6% compared to the fiscal year ended March 2021. Specifically, new reuse initiatives launched at the Nikon Kumagaya Plant in October 2020 increased reuse by approximately 15,000 m³ compared to the fiscal 2020. The Nikon Group will keep striving to increase its water reuse rate further.

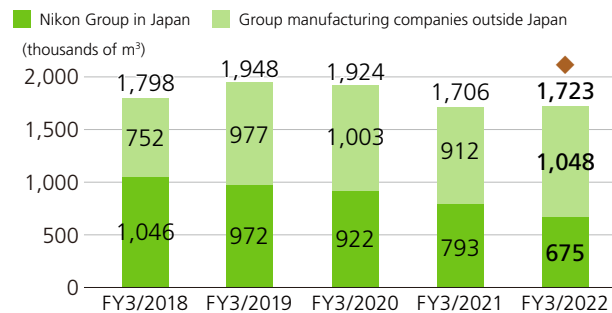
Changes in Water Withdrawal



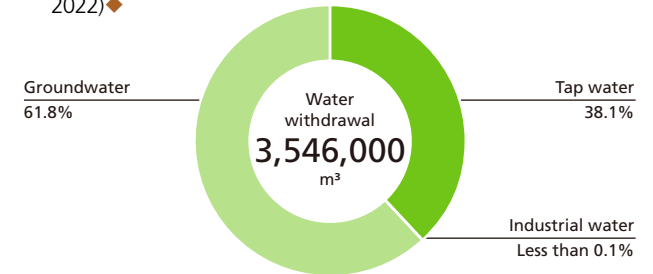
Changes in Water Discharge



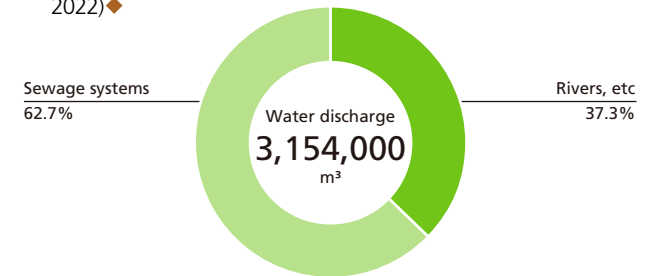
Changes in Freshwater Consumption



Breakdown of Water Withdrawal (the fiscal year ended March 2022) ◆



Breakdown of Water Discharge (the fiscal year ended March 2022) ◆



◆:Values in Data Index assured by third party

Water Reuse Measures

Activities and Results

Case Example of Wastewater Reuse (Nikon Shonan Branch)

When manufacturing photomask substrates, the Nikon Shonan Branch uses a large amount of water resources during the polishing and cleaning processes. As such, in March 2019, the Nikon Shonan Branch implemented a mechanism to reuse the wastewater from the cleaning process. As a result, over the course of the fiscal year ended March 2022, the Nikon Shonan Branch was able to reuse approximately 14,000 m³ of water discharge. As a result, we were able to reduce the amount of water withdrawal at the Nikon Shonan Branch by approximately 13%.

Effective Use of Concentrated Water (Nikon Kumagaya Plant)

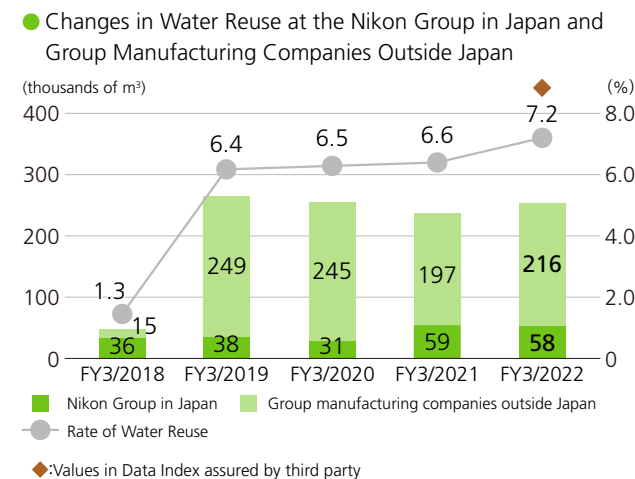
Nikon Kumagaya Plant manufactures semiconductor lithography systems, a process requiring a large amount of ultrapure water. In order to produce ultrapure water, tap water is first fed into the ultrapure water system and separated into pure water and concentrated water by the RO membrane. The pure water is treated further to produce ultrapure water. However, the concentrated water had previously been discharged as wastewater. In the fiscal year ended March 2019, Nikon adopted a process to effectively reuse this concentrated water to supplement water used in cooling towers. In addition, we have been increasing the number of cooling towers reusing this concentrated water since October 2020. As a result, over the course of the fiscal year ended March 2022, the Nikon Kumagaya Plant was able to reuse approximately 40,000 m³ of concentrated water as supplementary water for cooling towers. This reused water accounted for approximately 12% of the total water withdrawal at the Nikon Kumagaya Plant.

Reuse of Domestic Wastewater and Treated Water (Nikon Lao Co., Ltd.)

Nikon Lao Co., Ltd. (Laos) is located in a district with only basic water supply infrastructure, and has been actively implementing measures to improve water resource efficiency. From April 2017, the company has been purifying domestic wastewater and reusing it for flushing toilets and for their garden sprinkler system. Since February 2018, they have also been using treated water as coolant.



Wastewater treatment system at Nikon Lao Co., Ltd.



Materiality 5

Preventing Pollution and Conserving Ecosystems



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
<ul style="list-style-type: none"> • Zero usage of hazardous chemical substances in manufacturing processes • Zero hazardous chemical substances contained in products • Continue to preserve the environment in the vicinity of company facilities through local community contribution activities that take marine plastic pollution issues into account • Use FSC-certified paper for all paper items bearing the Nikon logo 	<p>By the fiscal year ending March 2031, strengthen the system for appropriate management and reduction of hazardous chemical substances used in production processes or contained in products</p> <ul style="list-style-type: none"> • Comply with the laws, ordinances and regulations of the countries and regions where we operate and also manage the use of chemical substances appropriately based on more rigorous voluntary targets • Aim to maintain the natural environment of communities and provide a comfortable living environment 	12,14,15	<ul style="list-style-type: none"> • Promote substitution for restricted halogenated substances and HFCs based on the Hazardous Chemical Substances Guideline 	Nikon and Group manufacturing companies	<ul style="list-style-type: none"> • Confirmed usage termination deadlines Methylene chloride (Halogen-based): March 31, 2024 HFCs and other prohibited substances: March 31, 2025
			<ul style="list-style-type: none"> • Comply with the laws and regulations of each country governing hazardous chemical substances • Strengthen the management system for the chemical substances contained in products 	Nikon Group	<ul style="list-style-type: none"> • Straps provided with some binoculars (e.g., the MONARCH 5) contains substances restricted under the REACH Regulation • Revised the management system for hazardous chemical substances contained in products
			<ul style="list-style-type: none"> • Perform local community contribution activities that take marine plastic pollution issues into account at least once a year at every facility 	Nikon Group	<ul style="list-style-type: none"> • Local community contribution activities that take marine plastic pollution issues into account: 29 activities with a cumulative total of 1,057 participants (at 21 facilities)
			<ul style="list-style-type: none"> • Promote changing Nikon logo-bearing documents to be printed on FSC-certified paper 	Nikon Group	<ul style="list-style-type: none"> • Newly ordered product catalogs: Around 95% for use in Japan, North America and Europe are printed on FSC-certified paper, excluding special paper types

Reducing Hazardous Chemical Substances in Products

Responding to Regulations on Hazardous Chemical Substances System and Framework

To safeguard human health and reduce environmental risks, the Nikon Group strives to implement rigorous chemical substance management that adheres to international regulatory frameworks. More specifically, we ensure compliance with international environmental laws and regulations, including the EU RoHS directive*¹ and REACH regulation*². Nikon products are made from a very large number of materials and components. For this reason, we work closely with our procurement partners to conduct surveys using chemSHERPA, a scheme that facilitates sharing information on chemical substances in products, reducing the use and discharge of hazardous chemical substances in the supply chain.

*¹ EU RoHS Directive
RoHS stands for "Restriction of Hazardous Substances." This directive restricts use of specified hazardous substances in electrical and electronic equipment.
*² An EU regulation on chemical substances that came into effect in 2007. REACH stands for "Registration, Evaluation, Authorisation and Restriction of Chemicals." Under this regulation, manufacturers and importers of chemical substances are required to register information on the safety and use of these substances.

Promoting Green Procurement (→ P99)

Main Measures for Chemical Substance Management

1. Researching recent global trends in related laws and regulations
 - Collecting information from external committees, etc.
2. Implementing surveys of hazardous chemical substances in products
 - Conducting surveys via the supply chain
 - Making effective use of IT to realize efficient data management
 - Implementing chemical analysis, etc.
3. Discussing countermeasures of the Nikon Group
 - Utilizing the relevant internal environment-related systems (committees, etc.)
4. Communicating countermeasures, both internally and externally, in a timely manner
 - Providing instructions regarding reduction of hazardous chemical substances, switching over to alternative substances, etc.
 - Formulating and updating the Nikon Green Procurement Standards
5. Confirming compliance with laws and regulations
 - Implementing product/packaging assessments
6. Confirming how procurement partners manage chemicals and helping to upgrade their processes
 - Implementing CMS assessments for procurement partners
 - Providing support to procurement partners for building CMS systems

Abolition of All Ozone-Depleting Substances Activities and Results

As of the fiscal year ended March 2009, the Nikon Group has abolished the use of substances that contribute to the depletion of the ozone layer (HCFCs). These substances had previously been used as refrigerants needed to regulate the temperature in FPD lithography systems and semiconductor lithography systems. For devices previously sold that used HCFCs as their refrigerant, the Nikon Group is developing new types of air-cooling units that do not use HCFCs, and which can be installed in these older devices. With this modification, the Nikon Group is helping to not only reduce the use of HCFCs, but also to extend the product lifespan of older devices.

Technology Without Hazardous Substances Activities and Results

The Nikon Group works to develop technologies that do not employ hazardous substances.

Use of Lead- and Arsenic-free Technology

In the 1990s the Nikon Group adopted the use of lead- and arsenic-free glass*, in the recognition that the lead and arsenic used in most optical glass at that time had a serious environmental impact. We are also thoroughly utilizing lead-free solder. Today, with the exception of certain products with special specifications for industrial use, the utilization rate of lead-free solder in new designs is 100%.

* Nikon has developed a new type of glass that contains absolutely no lead or arsenic for the optical glass used in the lenses and prisms built into its optical instruments. Nearly all of Nikon's product lines have a 100% utilization rate of lead- and arsenic-free glass.

Adoption of Hexavalent Chromium-free Technology for Surface Treatment Processes

Nikon has formulated rigorous technical standards in order to discontinue the use of heavy metals (hexavalent chromium, lead, cadmium, and mercury) in all surface treatment processes, including plating. We provide separate technical support to the procurement partners to which we outsource surface treatment processes, and use chemical analysis to check actual products delivered.

Replacement of Parts Containing the Organofluorine Compound PFOA

FY2021 Quality Issues (→ P41)

In July 2020, the widely-used organofluorine compound PFOA became a prohibited substance under the EU's 2019/1021 persistent organic pollutants (POPs) regulation*. Prior to this, the Nikon Group designated organofluorine compound PFOA as a prohibited substance in the Nikon Green Procurement Standards in January 2020 and completed the replacement of parts which contained this substance.

*An EU ratified regulation under the Stockholm Convention containing provisions regarding production, market sale, restrictions on use, and measures to reduce unintentional releases of persistent organic pollutants (POPs).

Restricting the Use of Substances Restricted Under the REACH Regulations*¹

In the fiscal year ended March 2022, straps provided with some Nikon binoculars (e.g., the MONARCH 5) were found to contain polycyclic aromatic hydrocarbons (PAHs) *², a restricted substance under the REACH regulation, at levels exceeding standard values. This was due to the Nikon Group's lack of thorough guidance and management of its parts suppliers.

The Nikon Group takes this matter very seriously and is working to prevent recurrence. Measures to prevent recurrence include re-educating the relevant employees with regard to the REACH regulation, conducting surveys of chemical substances contained in our supply chain in accordance with the REACH regulation, and using analytical surveys as necessary to strengthen processes.

*1 See P81 for Reach regulation

*2 Polycyclic aromatic hydrocarbons (PAHs).

Since December 27, 2015, tight restrictions have been imposed on standard content levels of eight PAHs for some uses.

Management and Reduction of Hazardous Chemical Substances

Policy and System for Management of Chemical Substances

System and Framework
Activities and Results

The Nikon Group has established and enforces the Hazardous Chemical Substances Guideline, which is stricter than the relevant statutory requirements, as a self-directed chemical substances management measure. Management standards have been established in relation to chemical substances used in the production process and contained in products, according to the risks to the environment and to health. These substances are classified as "Prohibited," "Reduced," "Controlled," or other. In particular, we have set deadlines for terminating the use of "Prohibited" substances as we work toward eliminating these substances altogether.

Following the total elimination of HCFCs in the fiscal year ended March 2021, we are taking measures against HFCs, which are greenhouse gases, and dichloromethane, which are believed to be carcinogenic. For the fiscal year ended March 2022, we have narrowed down the list of candidate alternatives and have made selections for a number of these. For HFCs, our reductions are significantly ahead of the Montreal Protocol, which targets reduction of at least 85% by 2036. We are working to develop technologies to minimize emissions of dichloromethane to the atmosphere, including sealing and substitution.

Control and Reduction of Chemical Substances in Manufacturing

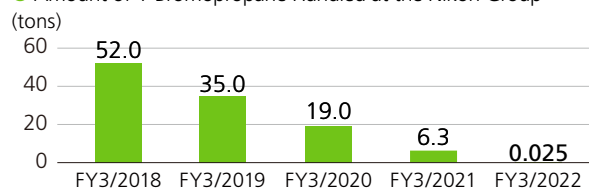
System and Framework
Activities and Results

The Nikon Group implements measures aimed at preventing the incidence of environmental pollution. In concrete terms, the Nikon Group continues to strive to reduce the risk of environmental pollution to as close to zero as possible by implementing environmentally-friendly management of chemical substances, from purchase to use to disposal. When purchasing a new chemical substance, a system has been established whereby a safety data sheet (SDS)* is obtained and a risk assessment is conducted. Measures based on the results of the assessment are then checked and confirmed by the environment department and the health and safety department from an expert's point of view.

In addition, the Chemical Substance Risk Control Team, which is a working group spanning each business unit, sets common targets for the Group in order to reduce hazardous chemical substances used in the production process. Since the fiscal year ended March 2019, we have been working to terminate the use of 1-bromopropane. As of the fiscal year ended March 2021, the use of this substance has ended at almost all production sites, and a complete change to safer alternative substances is planned to finish by the fiscal year ending March 2023.

* Safety data sheet (SDS): To promote improvements in the appropriate management of chemical substances by business enterprises, when a chemical substance specified by the Chemical Substances Control Law (CSCL), or a product containing such a substance, is transferred or supplied from one enterprise to another, the transferring or supplying enterprise is required to provide, in advance, a safety data sheet (SDS) noting information about the characteristics of the chemical substance and how it should be handled.

● Amount of 1-Bromopropane Handled at the Nikon Group



Nikon Group's PRTR*1 and VOCs

System and Framework
Activities and Results

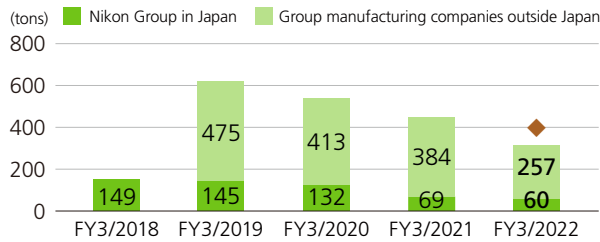
At the Nikon Group in Japan and Group manufacturing companies outside Japan, we use the Hazardous Chemical Substances Guideline to reduce the use of and manage chemical substances subject to inclusion in a pollutant release and transfer register (PRTR), and also carry out safety controls on the handling and disposal of these substances based on the safety data sheets (SDS). In addition, the Nikon Group carries out environmental information surveys twice a year to compile data on uses, disposals, transfers, etc. We implement internal management that is more rigorous than the PRTR, conducting surveys for all substances of which 100g or more are handled per year, based on our own standards, as compared to Japan's PRTR system which only requires reporting for substances of which 0.5 tons or more (or 1 ton or more, depending on the substance) are handled per year.

In efforts to reduce the amount of volatile organic compounds (VOC) *2 emitted into the atmosphere, the Nikon Group has been implementing measures to make cleaning equipment more airtight and improve the rate of reuse. In the fiscal year ended March 2022, we also strove to further reduce emissions by compiling air emission reduction measures that incorporate information obtained from outside organizations and sharing them with all of our sites. In the fiscal year ended March 2022, VOC emissions totaled 60 tons from the Nikon Group in Japan and 257 tons from Group manufacturing companies outside Japan.

*1 PRTR → P57

*2 100 major VOCs as indicated by the Ministry of the Environment

● VOC Emissions of the Nikon Group in Japan and Group Manufacturing Companies Outside Japan



◆:Values in Data Index assured by third party

Control and Disposal of Polychlorinated Biphenyl (PCB) Waste Activities and Results

With regard to waste and in-use electrical equipment containing polychlorinated biphenyl (PCB), which can be harmful to living organisms and the environment, the Nikon Group conducts surveys of all Group companies to confirm whether they possess any such equipment, observes stringent safekeeping practices in compliance with relevant laws and regulations, and submits all required notifications to the relevant governmental authorities.

In the fiscal year ended March 2020, Nikon completed treatment of all high-density PCB waste in the Nikon Group. In the fiscal year ended March 2022, Nikon completed treatment of all transformers which create low-density PCB waste at three of its business facilities. Currently, one Group business facility in Japan possesses transformers which create low-density PCB waste. After consultation with a government-certified waste disposal operator for industrial waste, we intend to carry out treatment of this low-density PCB waste, completing treatment within the deadline of March 31, 2027 specified in the Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)*.

* The Act on Special Measures concerning Promotion of Proper Treatment of PCB Wastes

A special measures law aimed at promoting the appropriate processing of polychlorinated biphenyl (PCB) waste.

Prevention of Air, Water and Soil Pollution Activities and Results

The Nikon Group not only complies with laws, regulations, ordinances, and other rules for the prevention of air, water, and soil contamination from emission of hazardous chemical substances, but also promotes initiatives such as concluding agreements with local organizations and setting voluntary standard values in this area.

Continuing from the previous fiscal year, neither Nikon nor any Group manufacturing company in Japan emitted regulated substances into the air or into wastewater at levels exceeding those permitted by the relevant standards in the fiscal year ended March 2022.

Biodiversity Conservation

Basic Approach

Approach and Policy

Activities and Results

Corporate activities are profoundly linked to biodiversity. The Nikon Group obtains resources needed in its businesses from ecosystems and causes impacts on ecosystems from its business activities, such as emission of chemical substances and greenhouse gases. At the same time, we believe that we can contribute to biodiversity conservation through products, with a focus on the fields of nature observation, research and education.

The Nikon Group recognizes the need for biodiversity conservation for *Realizing a healthy and environmentally safe society*, which forms part of the Nikon Long-Term Environmental Vision, and is implementing related activities to this end.

Relationship between Ecosystem Services, Business Activities and Environmental Activities

At the Nikon Group, we conducted analysis and assessment of dependence and impact on biodiversity in our business activities, led by the relevant corporate departments. We also conducted hearings for business units, and an analysis and evaluation using the specialist standpoint of each department revealed high levels of dependence and impact within ecosystem services, specifically provisioning services, regulating services, and cultural services.

The Nikon Group actively works to reduce the greenhouse gas emissions and the use of hazardous chemical substances, including those stipulated in the EU RoHS Directive*¹, as well as taking steps to reduce paper usage and making a proactive effort to use FSC-certified paper*². These activities help to reduce the negative impact on ecosystems. The

Nikon Group is also able to exert a positive impact on ecosystems by providing products for use in educational and research activities, and by implementing corporate citizenship activities.

Going forward, the Nikon Group will continue to implement a range of environmental activities while remaining mindful of the need to preserve biodiversity.

*1 See P79 for EU RoHS Directive

*2 FSC-certified paper

Paper certified as made from wood harvested from appropriately managed forests.

● Main Nikon Group activities relevant to ecosystem services

Ecosystem services with a high level of dependence/impact		Specific examples	Major initiatives
Provisioning services	Wood materials and fibers	Use of paper as product materials (operation manuals, catalogs, packaging materials, etc.)	Reducing the Amount of Paper Used for Instruction Manuals (➔ P75) Paper Usage with Consideration for Biodiversity (➔ P86) Paper Resource Initiatives (➔ P76)
	Fresh water	Use of water in business activities	Protection of Water Resources (➔ P77)
Regulating services	Maintenance of air quality	Emissions of chemical substances in business activities	Reducing Hazardous Chemical Substances in Products (➔ P81) Management and Reduction of Hazardous Chemical Substances (➔ P83) Promoting Green Procurement (➔ P99)
	Regulation of climate	Greenhouse gas emissions in business activities	Reduction of Greenhouse Gases in the Supply Chain (➔ P61) Initiatives to Reduce Greenhouse Gas Emissions in Products (➔ P63) Initiatives to Reduce Greenhouse Gas Emissions at Business Facilities (➔ P64) Initiatives to Reduce Greenhouse Gas Emissions in Distribution (➔ P68)
	Water purification and waste treatment	Generation of waste, including water discharge, in business activities	Initiatives Aimed at Reducing Waste, etc. (➔ P76) Protection of Water Resources (➔ P77) Management and Reduction of Hazardous Chemical Substances (➔ P83)
Cultural services	Ethical values	Use of products for educational and research purposes Corporate citizenship activities	Support for Biodiversity Conservation and Restoration (➔ P88) Encouraging Future Generations to Appreciate Global Environmental Issues (➔ P138)

Paper Usage with Consideration for Biodiversity

Activities and Results

Paper, a forest resource, is one of the resources that the Nikon Group benefits from ecosystem services. The Nikon Group strives to reduce paper consumption as a part of the conservation of biodiversity and forest resources.

In addition, under our Paper Procurement Policy, we have recommended conversion to paper use that is mindful of the sustainable use of forest resources.

In product development, we verify the environmental sustainability of the paper resources that we use by implementing the Nikon Product Assessment and Nikon Packaging Assessment at the planning and design stage as well as at the prototyping and production stage, as we promote the utilization of biodiversity-friendly paper resources.

Reducing Resource Usage in Packaging and Instruction Manuals (→ P75)

Nikon Product/Packaging Assessment (→ P58)



Paper Procurement Policy
https://www.nikon.com/about/sustainability/environment/safety/Paper_Procurement_Policy.pdf

Conversion to Using FSC-certified Paper*

The Nikon Group is, in accordance with its Paper Procurement Policy, switching over to the use of FSC-certified paper. In initial conversions, we are prioritizing high-quantity paper use cases with a major impact on society.

In Japan, we are using FSC-certified paper for product catalogs and for printed materials, corporate envelopes, name-cards, and other items issued or used by Nikon's administration departments.

We have been implementing measures to promote the shift over to using FSC-certified paper for the paper used by our business units; in the fiscal year ended March 2022, FSC-certified paper was used for 95% of all product catalogs issued in Japan, North America, and Europe. We have also nearly completed shifting over to FSC-certified paper for instruction manuals, such as those for microscopes and measuring instruments.

The NIKKOR Z 100-400mm f/4.5-5.6 VR S, launched in February 2022, was the first interchangeable lens to use paper for its packaging box.

* See P85 for FSC-certified paper

Participation in the Consortium for Sustainable Paper Use

Nikon has joined the Consortium for Sustainable Paper Use*. Through participation in this consortium and its exchanges of information with member companies, Nikon is working to promote appropriate use of paper throughout society while strengthening its own efforts in this area.

* Consortium for Sustainable Paper Use (CSPU)

A consortium established in 2013 by a group of corporations that are playing a leading role in promoting sustainable paper use in Japan, the World Wide Fund for Nature (WWF) Japan (a major international environmental NGO), and Response Ability, Inc., a company that is working to promote sustainability in the corporate sector.



The CSPU logo

Activities in Industry Groups Activities and Results

Nikon participates in the Environmental Strategy Liaison Committee Biodiversity Working Group (WG) formed by the four leading Japanese electric and electronic (E&E) industrial associations*, and works to promote biodiversity conservation and restoration activities alongside the associations' member companies. This working group undertakes a wide variety of activities, including the publication of biodiversity awareness-raising materials and handbooks for activity implementation, the conducting of surveys on biodiversity-related trends, the holding of training activities, and the creation and publishing of a public database of case-studies on biodiversity conservation work undertaken by the associations' member companies. In the fiscal year ended March 2022, we engaged with governments, NGOs, The Convention on Biological Diversity, ESG evaluation organizations, and initiative participant companies in a focus on collecting and exploring essential information on growingly-important biodiversity trends with the associations' members companies. These trends included the Post-Aichi Targets that will replace the Aichi Targets that expired in 2020, the Taskforce on Nature-related Financial Disclosures (TNFD) that was launched in June 2021, and the Science-Based Targets for Nature (SBTN), whose initial guidance was released in September 2020.

Nature-positive, a posture to return biodiversity loss to a recovery trajectory, has become a major issue for international society like carbon neutrality in climate change. Given this, we will continue to deepen our partnerships and consider ways in which the industry as a whole and our Group can respond appropriately in the fiscal year ending March 2023.

* The four leading Japanese electric and electronic (E&E) industrial associations are as follows.

These associations are collaborating on biodiversity initiatives.

JEMA: The Japan Electrical Manufacturers' Association

JEITA: The Japan Electronics and Information Technology Industries Association

CIAJ: Communications and Information Network Association of Japan

JBMA: Japan Business Machine and Information System Industries Association

Initiatives at Each Business Facility Activities and Results

The Nikon Group contributes towards the conservation of biodiversity and the protection of the natural environment in local communities.

In addition, having become aware that around 80% of ocean waste was originally urban waste that was washed into the sea, we are making a serious effort to keep the areas around our facilities clean, as well as working to beautify nearby footpaths and flowerbeds, etc. We also actively participate in and collaborate on environmental conservation activities organized by local communities to protect rare plant and animal species, etc., as well as other activities undertaken to revitalize the local community. In the fiscal year ended March 2022, although the COVID-19 pandemic led to restrictions on activity content and the number of activities that could be held, a total of 1,057 Nikon employees participated in community contribution activities over the course of the year.

Nikon Corporation, Sendai Nikon Corporation, Miyagi Nikon Precision Co., Ltd., Hikari Glass Co., Ltd., Nikon Engineering Co., Ltd., Nikon Solutions Co., Ltd., Nikon Systems Inc., Nikon Business Service Co., Ltd., Nikon Product Support Corporation, Nikon Lao Co., Ltd. (Laos)

With the collaboration of local government authorities, these Nikon organizations implemented clean-up activities for garbage, fallen leaves, and other debris from parks, roads, and footpaths in the vicinity of the respective site. In May 2021, Yokosuka Plant became an endorser of Yokosuka City's Declaration of Action against Marine Plastic Waste and joined other endorsing organizations in beach cleanup activities at Wadanahama Beach and other locations.

Also, the Nikon Yokohama Plant has registered to participate in the Hama Road Supporter program that is being implemented by Yokohama City Government. Besides carrying out clean-up activities to clean garbage, etc. from roads near the plant, the Nikon Yokohama Plant has also been implementing activities to beautify the nearby roads, for example by planting and cultivating miniature sunflowers, violas, tulips, and other plants in roadside flower-beds.



Clean-up near Nikon's Oi Plant



Tulips planted and cultivated by Yokohama Plant employees

Tochigi Nikon Corporation, Tochigi Nikon Precision Co., Ltd., and TNI Industry Corporation

These organizations undertake clean-up activities in the vicinity of each facility, and collaborated with a Tochigi Prefecture government-sponsored association for cleaning up the Naka River in line with the goal of "Realizing Zero Plastic Waste in our Forests, Countryside, Rivers and Lakes."



Tochigi Nikon Corporation employees clean up the banks of the Naka River

Optos, Inc., Optos Plc

Optos, Inc. participated in clean-up activities in the town of Hudson, Massachusetts in the United States. Optos Plc participated in the Fife Coast and Countryside Trust project to restore the sand dunes east of St. Andrews, England, exterminating the invasive tree lupine plant and helping with local ecosystem preservation.



Dune restoration project (Optos Plc)

Nikon (Thailand) Co., Ltd.

In conjunction with World Environment Day, established by the United Nations as June 5, 2021, the company conducted clean-up activities around its plant and distributed 100 mango saplings to employees, with each asked to grow a mango tree at their home.



Nikon (Thailand) Co., Ltd. employees and their families plant mango trees

Support for Biodiversity Conservation and Restoration Activities and Results

Nikon has been supporting the AKAYA Project of the Nature Conservation Society of Japan (NACS-J) since 2006. This project involves research and verification testing aimed at conservation and restoration of biodiversity in the Akaya Forest, which is centered around an around 10,000 hectare area of national forest in the north of Minakami Town in Gunma Prefecture, and which has been designated by UNESCO as the Minakami Biosphere Reserve, as well as promoting sustainable community development that makes effective use of forest resources. In addition to providing our digital cameras and binoculars to support research activities, Nikon also encourages employees of the Nikon Group in Japan to participate in volunteer activities to help regenerate the natural forests.

Furthermore, Nikon helped to plan and create a booklet, "AKAYA NOTE," in cooperation with people involved in the Akaya Project, and has been distributing it to the people of Minakami every year since 2019. In Minakami Town, this booklet is utilized in environmental education at schools, where UNESCO biosphere reserve classes are taught by visiting teachers.



Nikon Group employees participate in volunteering activities that seek to accelerate the regeneration of natural forest by removing trees and plants that retard the growth of young trees. The effectiveness of these activities has been verified by periodic monitoring surveys.

Society/Labor

At the Nikon Group, we will faithfully fulfill the trust placed in us by our stakeholders by practicing management mindful of society's sustainability. In Strengthening Supply Chain Management, we regard suppliers as partners in the sustainable development of society and strive to procure materials honestly and fairly based on mutual understanding and trust. Furthermore, as a member of the global community, we respect human rights and strive neither to commit human rights abuses ourselves nor to be complicit in abuse by any other entities.



Materiality 6 Strengthening Supply Chain Management 090

 Supply Chain Management 092

 Promoting CSR Procurement 095

 Promoting Green Procurement 099

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 Promoting the Success of Diverse Employees 107

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Materiality 9 Employees' Health and Safety 115

 Employees' Health and Safety 116

Critical procurement partners in compliance with the CSR Procurement Standards: **211**

Percentage of female managers at Nikon: **7.2%**

Severity rate of lost time accidents at the Nikon Group: **0.01%**

Materiality 6

Strengthening Supply Chain Management



Reason for Priority

The processes of development, design, procurement, production, sales, and services form a value chain underpinning the provision of products to customers by business enterprises. The manufactured products delivered to customers must not only be of high quality, but must also guarantee these enterprises' social responsibility on global issues such as human rights, labor, and the environment.

In the procurement process within the value chain, when business enterprises procure raw materials via global supply chains, recognized social issues may be present at individual worksites, such as human rights violations, poor working conditions, environmental destruction, and conflict minerals. The supply chain may also contain many risks with regard to these issues at tier 2 suppliers and beyond.

Business enterprises are required to contribute to solving these social issues by visualizing supply chains and consistently doing business with suppliers who share the same vision and work together to address these issues.

Commitment

The environment surrounding the supply chain is undergoing drastic changes, including the spread of COVID-19 and sustained infections by its Omicron variant, soaring costs of raw materials and other resources due to shifting geopolitical considerations, tightening parts and materials supplies typified by the semiconductor crunch, and disrupted logistics.

Amid an environment like this, the "D" of QCD (Quality, Cost, Delivery) becomes even more important. To ensure stable delivery within the supply chain, it is essential to strengthen BCP systems across the entire supply chain with the cooperation of procurement partners and to collaborate founded in trust relationships that are stronger than ever before. The Nikon Group aims to deepen its cooperation with procurement partners that comply with Nikon's quality requirements and share our desire for sustainability. Through this cooperation, we will seek to deliver products of higher quality and with greater sustainability to the world, to gain the trust of our stakeholders, and to sustain our corporate activities.

At the Nikon Group, we will seek to establish a supply chain alongside these kinds of procurement partners and work with them to achieve sustainable procurement. By doing so, we will also contribute to the creation of a sustainable society.

Nobuyuki Ishizuka
Executive Vice President,
General Manager of Production Technology Division

[Policy for Activities]

- Nikon Basic Procurement Policy
- Nikon CSR Procurement Standards
- Responsible Minerals Sourcing Policy
- Nikon Basic Green Procurement Policy
- Nikon Green Procurement Standards

[Organizations]

- Supply Chain Subcommittee

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
Realization of effective procurement, in which the supply chain as a whole contributes towards the resolution of social issues 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	8.7 8.8 12.4	Promote visualization of tier 2 suppliers in CSR-aware procurement management	Procurement partners / tier 2 suppliers	Completed CSR assessments for 10 suppliers of outsourced finished goods
			Provide assistance for making improvements at those suppliers failing to achieve at least 65% compliance in the previous fiscal year's CSR assessment (totaling 28 companies)		Completed provision of assistance for improvements at 26 of 28 companies that failed to achieve 65% compliance in the previous fiscal year's CSR procurement assessment (excluding two companies for which transactions were terminated)
			In the area of minerals procurement, build a system capable of handling the growing scope of mineral types subject to assessment and the expansion of conflict-affected and high-risk areas	Procurement partners	Increased efficiency of assessment data management by improving work manuals and processes and shifting to robotic process automation (RPA) in order to cope with the expansion of minerals and countries with mines that require due diligence
			Revise the policy for dealing with procurement partners that fail to comply with the Nikon Green Procurement Standards	Nikon Group / Procurement partners	Completed corrective actions against 65 procurement partners found to be non-compliant in assessment results; confirmed compliance after actions taken
			Implement assessments of procurement partners deemed subject to assessment based on an adjustment of environmental management system surveys and assessments (assess at least 40 companies)	Procurement partners	Completed assessments for 52 procurement partners subject to assessment
	Strengthen BCM by thoroughly implementing the collection and management of procurement data		Aim to enhance the quality of information used for procurement partner assessment	Nikon Group	Added quality and BCP assessment indicators and registered assessment data in the integrated supply chain management system
			Increase the amount of data collected in relation to tier 2 suppliers and beyond suppliers for BCP-related supply chain management purposes	Nikon Group / Procurement partners	Tier 1 trading company suppliers increased information provided on their supply chain (tier 2 and beyond)

Supply Chain Management

Basic Approach for Procurement


Approach and Policy

Nikon considers its suppliers important partners helping us create and provide products and solutions useful for the world. Based on this belief, we strive to deepen mutual understanding and build trust with these procurement partners, and seek co-existence and co-prosperity with them. Furthermore, as a company working to build a better society and global environment as well as realize sustainable growth, we have established the Nikon Basic Procurement Policy to continually supply the world with useful products and solutions. Under this plan, we carry out our procurement activities in an honest and fair manner.

Nikon Basic Procurement Policy (Summary)

Procurement based on the concept of partnership

1. Sustainable corporate activities
2. Open-door procurement
3. Procurement founded in fair competition

 Nikon Basic Procurement Policy
<https://www.nikon.com/about/corporate/procurement/policy/>

The Nikon Group's Supply Chain

The Nikon Group manufactures and assembles nearly all products within the Group. At the same time, we procure raw materials, electronic components, mechanical components, units, and others via direct transactions with around 2,300 procurement partners in and outside Japan, who also have a number of tier 2 and tier 3 suppliers beyond them.

To ensure a high degree of quality, cost and delivery (QCD), we hire employees locally and actively procure raw materials and parts from the countries and regions where we manufacture our products. We procure approximately 90%

of external goods by transaction value from local sources at our production sites in China (Nanjing Nikon Jiangnan Optical Instrument Co. Ltd., Nikon International Trading (Shenzhen) Co., Ltd., and Hikari Glass (Changzhou) Optics Co., Ltd.) and approximately 80% at our production site in Southeast Asia (Nikon (Thailand) Co., Ltd.).

We require our local procurement partners to comply with various standards and provide guidance on improvements. In addition to optimizing QCD, we work from a long-term perspective so as to enhance our procurement partners' corporate capabilities and to generate new business opportunities for them.

● Percentage of Local Procurement at Production Sites (Fiscal Year Ended March 2022)

		Percentage of local procurement (Based on transaction value)	Percentage of locally-based procurement partners
Country/ Region	Japan	96%	99%
	China	99%	89%
	Southeast Asia	77%	73%

Procurement Partner Management

System and Framework

Activities and Results

Total Supply Chain Management

Corporations have found themselves in a rapidly-changing environment in the past few years, with the global COVID-19 pandemic, economic conflict between the U.S. and China, geopolitical destabilization around the world, increasing natural disasters, and more. For that reason, it is essential to establish a Total Supply Chain Management system in the supply chain that can respond promptly to these changes.

At the Nikon Group, we are working to build such a system in two stages. The first stage is the visualization of the supply chain in order to accurately identify the current situation. The next stage involves doing business with an eye to maintaining this over the long term with procurement partners that meet the Nikon Group's required standards based on technical capabilities, quality, cost, ESG, and other indicators.

At the Nikon Group, we have been operating an integrated procurement data management system since the fiscal year ended March 2020 so as to visualize the supply chain. Currently, we have completed visualization of data on Japan and Asia, where our major procurement partners are concentrated, and we are using this system to manage corporate information, transaction status, and ESG information for our procurement partners across the entire Group in an integrated fashion. This has enabled us to quickly and precisely identify the compliance status of our procurement partners with the standards required by the Nikon Group. In the fiscal year ended March 2022, we added the Business Continuity Plan (BCP) and Quality indicators to enhance the quality of data used to assess procurement

partners, and moved to register this data in our system. In addition, we continued to register data on procurement partners working with Nikon Group companies in Europe and those for indirect materials, which we started in the fiscal year ended March 2021, expanding the scope of integrated management.

In the fiscal year ending March 2023, we will use the various data visualized through this system to regularly assess and classify procurement partners and provide timely assistance to procurement partners out of compliance with our standards. Those procurement partners who are unable to understand Nikon's position here will no longer have our business, and we will as a result grow our business with procurement partners who score well in our assessments. Through these measures, we will promote transactions with an eye to strengthening mutual procurement capability over the long term, seeking to achieve sustainable procurement.

Strengthening BCP

Strengthening the ability to respond to frequent natural disasters and other emergencies is also an important issue in Total Supply Chain Management. The Nikon Group has established a BCP management system for rapid response in the event of an emergency.

In the fiscal year ended March 2021, this BCP management system enabled us to rapidly survey the situation and share information within the Group after events impacting (or with the potential to impact) supply from procurement partners. In December 2021, we also began operation of our integrated procurement data management system's BCP contingency survey function so as to efficiently survey the situation at our procurement partners in the event of an emergency. In parallel with this system, we will continue our

efforts to visualize the supply chain, including tier 2 suppliers and beyond. Here, we plan to complete registration of data for tier 2 suppliers and beyond who provide major parts and materials in the fiscal year ending March 2023.

Furthermore, in the fiscal year ended March 2022 we conducted a survey on the status of infrastructure-related BCP system construction among our major procurement partners so as to help them build BCP systems in preparation for emergencies. In the fiscal year ending March 2023, we will seek to strengthen our supply chain BCP by conducting in-depth surveys on further alternative measures and other aspects, helping our procurement partners that have not fully established their own systems to make improvements.

Supply Chain Materiality

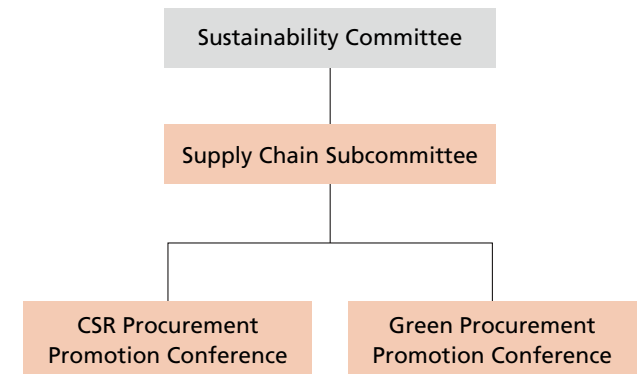
The Nikon Group analyzes the materiality of its supply chain to ensure more accurate and effective activities, aimed at truly responsible supply chain management. Specifically, we have been mapping sustainability issues with reference to various international standards, and have been taking action in the areas of CSR procurement, responsible minerals sourcing, and green procurement with respect to the high-priority issues of human rights and labor, as well as chemical substance management. We will continue these activities going forward.

Supply Chain Management System

System and Framework

The Nikon Group has established the Supply Chain Subcommittee, which meets twice a year to report on activities related to responsible procurement and carry out deliberations on plans for subsequent years involving the entire Group. This subcommittee is chaired by Nikon's Procurement Sector Manager and is comprised of members such as the heads of quality assurance and procurement from each business unit and the presidents of Group manufacturing companies in and outside Japan. Under this subcommittee, we have established the CSR Procurement Promotion Conference, which promotes all aspects of CSR procurement, including compliance with responsible minerals sourcing, as well as the Green Procurement Promotion Conference. The members of each of these promotion conferences are managers at section head level from the relevant departments, where they discuss and implement specific activities and measures, as well as carry out progress management. Note that before establishing business with a new procurement partner, our procurement-related departments conduct surveys not only of the company's product quality, cost, delivery performance and technology, but also of its CSR measures. We only contract with those companies that meet all of these criteria specified by the Nikon Group.

● Outline of Supply Chain Management System




Promoting CSR Procurement

Basic Approach

Approach and Policy

Companies are called to proactively use their procurement activities to resolve social issues in the supply chain such as human rights, labor safety, and the environment. The Nikon Group considers CSR procurement activities like these to be essential for the sustainable development of our business alongside our procurement partners. With this in mind, the Nikon Group has established the Nikon CSR Procurement Standards in accordance with the Responsible Business Alliance (RBA) Code of Conduct. We have published these standards in Japanese, English, and Chinese. We ask all our procurement partners and their suppliers to act responsibly in accordance with the Nikon CSR Procurement Standards. Furthermore, the Nikon Group requires compliance with the Nikon CSR Procurement Standards as a condition for doing business, and stipulates terms to this effect in its master agreements with procurement partners.

Initiatives for RBA (➡ P11)

 Nikon CSR Procurement Standards
<https://www.nikon.com/about/corporate/procurement/csr/>

Promoting CSR Procurement

Approach and Policy

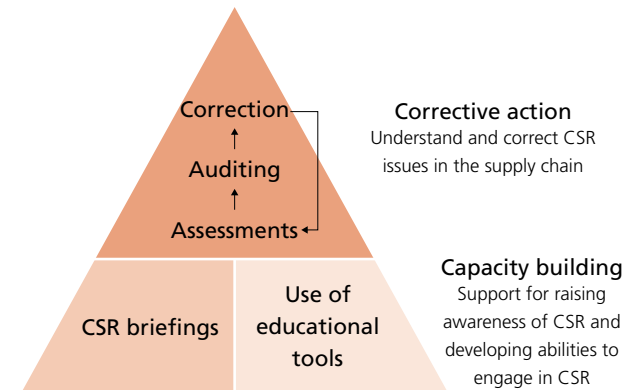
System and Framework

CSR procurement at the Nikon Group is an activity aimed at reducing CSR risks in the supply chain. More specifically, we identify and correct CSR risks in the supply chain in accordance with the Nikon CSR Procurement Standards. At the same time, we promote capacity building, helping procurement partners make improvements in order to ensure correction.

In the area of corrective action, we confirm compliance with the Nikon CSR Procurement Standards through CSR assessments. We conduct audits for procurement partners identified as non-compliant and high risk and take corrective action. When there are difficult issues that cannot be resolved by the procurement partner alone, Nikon provides support for improvement. We also actively use information such as the RBA Self-Assessment Questionnaire (RBA-SAQ) to conduct CSR assessments efficiently. In the area of capacity building, we utilize CSR briefings and educational tools to raise CSR awareness, acquire knowledge, and study best practices. Through these measures, we help build our procurement partners' capacity to establish their own CSR system and provide their own education.

The Nikon Group will continue building a more responsible supply chain through these two types of activities.

● Conceptual Diagram of CSR Procurement



Corrective Action

System and Framework

Activities and Results

CSR Risk Management Through Corrective Action

The Nikon Group takes corrective action, such as CSR assessments, audits, and corrections once every three years. In CSR assessments, we select which procurement partners will be subject to assessment from those critical procurement partners who account for the top 80% of Group-wide transaction value. This selection is based on a multifaceted risk assessment on information such as the incidence of any social issues at the respective partner's location or their supply of any key or non-substitutable parts. Assessments take the form of self-assessment by our procurement partners to confirm their compliance with the five areas set out in the Nikon CSR Procurement Standards: Labor, Health and Safety, Environmental Conservation, Ethics, and Management System. We have also allowed for use of survey and audit data from RBA-Online in assessment responses, reducing our procurement partners' workload in these assessments.

At the Nikon Group, we evaluate these self-assessments weighted toward items related to human rights and human life, including forced labor and child labor. In addition, we have adopted the Nikon CSR Procurement Standards as our standards for CSR procurement management, setting 65% compliance as the threshold; the RBA's benchmark is also 65%, for which companies falling below are identified as high risk.

We use these evaluations and management standards to determine the CSR risk of our procurement partners, and conduct third-party audits of procurement partners identified as high risk and request the correction of non-compliant items. Procurement partners that fall below the

threshold for our management standards are required to submit an improvement plan, and we provide them with assistance to make improvements so as to exceed 65% compliance. CSR assessments are conducted for all new suppliers to confirm they meet our management standards, and we do not enter into contracts with suppliers that do not meet these.

Though corrective actions were scheduled to take place over a three-year period from the fiscal year ended March 2021 to the fiscal year ending March 2023, we were able to complete these in fiscal 2021, one year early.

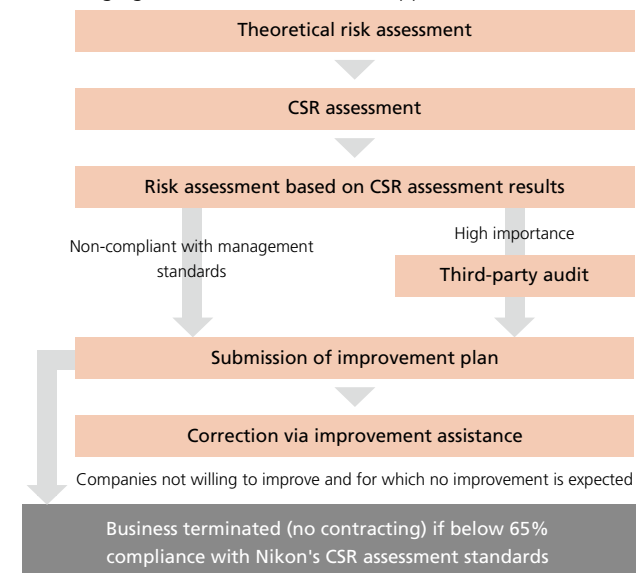
The results of CSR assessments for 211 critical procurement partners accounting for the top 80% of transaction value for the fiscal year ended March 2021 showed that 28 critical procurement partners did not meet the management standards. Since the assessments, two of these companies no longer do business with Nikon, with 26 remaining that were out of compliance. Correction requests were made to 13 companies in the fiscal year ended March 2021, and to the remaining 13 companies in the fiscal year ended March 2022. We provided assistance for making improvements, and corrective actions were successfully completed.

As a result, all critical procurement partners were compliant with our CSR procurement management standards. In the fiscal year ended March 2022, we also conducted CSR assessments for 15 tier 1 suppliers with whom we planned to begin new business transactions. Each was confirmed to be in compliance with our management standards, and we began doing business with them as new procurement partners.

Visualization of Tier 2 Suppliers and Beyond

The Nikon Group has been working to visualize tier 2 suppliers and beyond suppliers since the fiscal year ended March 2021. In this visualization, to understand the state of our tier 2 suppliers, we collect data through CSR assessments using the same method as with our procurement partners. In the fiscal year ended March 2021, we visualized 60 tier 2 suppliers for 11 procurement partners (trading companies), and in the fiscal year ended March 2022, we visualized 43 tier 2 suppliers for 10 procurement partners (suppliers of outsourced finished goods). In the fiscal year ending March 2023, we will again select procurement partners that have an impact on our business as key partners and conduct CSR assessments for these. Note that key partners are not necessarily tier 1 suppliers.

Managing CSR Risks from Critical Suppliers



● Number of Procurement Partners (Tier 1 Suppliers) and Critical Procurement Partners

(companies)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Procurement partners (tier 1 suppliers)	Around 3,200	Around 3,200	Around 2,700	Around 2,700	Around 2,300
Critical procurement partners	Around 600	Around 600	Around 200* ¹	Around 200	Around 200

*1 In the fiscal year ended March 2020, the criteria for the scope of theoretical risk assessment (critical procurement partners) was changed from inclusion in the top 80% of transaction volume by business unit to 80% of transaction volume for the Nikon Group as a whole.

● Corrective Action Achievements

(companies)

		FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
CSR assessments	Procurement partners (tier 1 suppliers)* ¹	209	208	–	211	–
	New suppliers* ²	–	–	8	–	15
	Tier 2 suppliers* ³	–	–	–	60	43
Correction requests* ⁴	Correction requests based on third-party audit results	3	4	3	3	–
	Correction requests based on CSR assessment results	10	10	10	10	13
Corrective actions completed		13* ⁵	13	14	13	26

*1 Number of critical procurement partners selected and assessed through theoretical risk assessments. If correction is deemed necessary as a result of assessments, corrective actions are taken within three years.

*2 The Nikon Group does not contract with new suppliers with a compliance rate under 65% based on the results of CSR assessments and therefore, in principle, none of these suppliers require correction requests.

*3 Number of companies for which tier 2 supplier assessments were requested and conducted based on an assessment of critical procurement partners' products handled, procurement amounts, social criteria, etc.

*4 Number of companies for which correction requests were issued based on assessment results, determined based on compliance rates under 65% with the Nikon CSR Procurement Standards, weighting with consideration to human rights and human life, and on procurement amount, company size, etc.

*5 Number of companies for which corrective actions carried over from the fiscal year ended March 2017 were completed.

Capacity Building

Activities and Results

The Nikon Group holds educational activities every year, both within the Group and for procurement partners, to spread awareness of its approach to CSR procurement.

Within the Nikon Group, we implement education for procurement staff, managers of procurement-related departments, etc. This education provides background on social issues in the supply chain, such as human rights and labor, as well as an outline of corrective actions, and presentations on achievements and issues.

We hold CSR briefings for our procurement partners in Japan, China, and Thailand, where we explain the Nikon Group's CSR procurement and the latest trends in CSR. In addition, we utilize the RBA e-Learning Academy as an educational tool for CSR promotion staff at our procurement partners.

For the fiscal year ended March 2022, we held CSR briefings online. At these briefings, we explained the prohibition on imposing expense burdens on migrant workers, requested compliance with the same, and introduced legislative trends in various countries on human rights issues. We also explained CSR assessments alongside best practices for corrective actions. In terms of the utilization of educational tools, we recommend enrollment in the RBA e-Learning Academy for CSR promotion staff at procurement partners in the scope of CSR assessments from the fiscal year ended March 2021 onward.

● CSR Briefings for Procurement Partners and Utilization of Educational Tools (Fiscal Year Ended March 2022)

	Participating companies		Participants
	In Japan		
CSR briefings	716	1,135	
	253	402	
Utilization of educational tools	142	162	

* Cumulative educational tool utilization since the fiscal year ended March 2021


Responding to Human Rights Issues Faced by Foreign Workers

At the Nikon Group, we believe it is important to address human rights issues faced by foreign workers, and we are taking actions to address these issues in our CSR procurement.

In corrective actions and new business transactions, we focus our CSR assessments on checking for any behavior that may lead to violation of foreign worker human rights. In the unlikely event that problematic behavior is identified, we promptly seek measures to prevent recurrence and take corrective actions. At our capacity building CSR briefings, we also remind participants about these issues each year. No problematic behavior was identified in the fiscal year ended March 2022.

Procurement Hotline


The Nikon Group has set up an externally accessible point of contact so that any information on violations of our CSR procurement standards in the supply chain can be quickly conveyed and acted upon.

 Inquiries (Procurement, CSR procurement, Green procurement)
<https://www.nikon.com/about/corporate/procurement/form/>
Web

Support for Responsible Minerals Sourcing Activities and Results

Besides establishing its Responsible Minerals Sourcing Policy, the Nikon Group is collaborating with its procurement partners on surveys on responsible minerals sourcing and on due diligence.

In the fiscal year ended March 2022, as in previous years, we conducted 3TG (tantalum, tin, tungsten, and gold) surveys for all of our business units' products. We also conducted cobalt surveys for some products using the Extended Minerals Reporting Template (EMRT), newly issued by RMI in the fall of 2021. More detailed information about these measures is published in our Responsible Minerals Sourcing Report 2022 (Results of the 2021 Survey) (English) on the Nikon website.

 **Web** Responsible Minerals Sourcing Report 2022 (Results of the 2021 Survey)
https://www.nikon.com/about/sustainability/society-labor/supply-chain/Responsible_Minerals_Sourcing_Report_2021_Survey.pdf
List of RMAP Conformant Smelters Identified by the 2021 Survey (as of March 31, 2022)
https://www.nikon.com/about/sustainability/society-labor/supply-chain/rmap_list.pdf

Promoting Green Procurement

Basic Approach

Approach and Policy

System and Framework

Environmental regulations like the EU RoHS*¹ Directive and REACH*² Regulations have even become more widespread in countries outside the EU, and Japan has also established similar laws and regulations. Moreover, efforts aimed at reducing CO₂ are rapidly growing around the world.

The Nikon Group has been aware of the social issues behind these social trends for some time. Based on the Nikon Basic Green Procurement Policy, we prioritize procurement of goods that give consideration to environmental impact, and we have made active involvement in environmental conservation a condition of doing business with our procurement partners. More specifically, we require that procurement partners abide by the Nikon Green Procurement Standards. Procurement partners are asked to establish and properly utilize an environmental management system (comprising both a management system for environmental conservation and a management system for chemical substances in products). Furthermore, we have defined prohibited chemical substances and controlled chemical substances for the chemical substances contained in products and used in manufacturing processes in the Separate Volume: Corresponding Chemical Substance List, a part of the aforementioned standards, and we require our procurement partners to comply with this and to submit data via chemSHERPA or another appropriate method. In addition, Nikon has created a positive list*³ and manufactures products that take environmental impact into consideration from the design stage. The Nikon Green Procurement Standards and the Corresponding Chemical Substance List were created

based on laws and regulations in and outside Japan including the EU RoHS Directive and REACH Regulations, and are both revised and updated regularly.

*1 See P81 for EU RoHS Directive

*2 See P81 for REACH Regulations

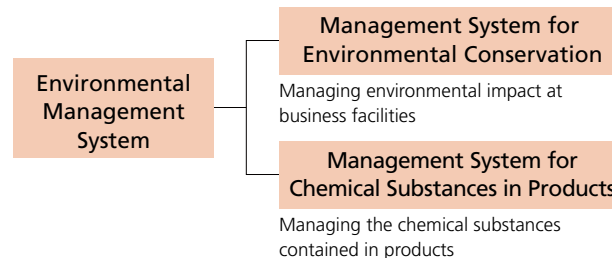
*3 Positive list: A list of materials that are allowed for use in products



Nikon Basic Green Procurement Policy/Nikon Green Procurement Standards

<https://www.nikon.com/about/corporate/procurement/green/>

● Environmental Management System



Environmental Management System Survey and Assessment

At the Nikon Group, we conduct environmental management system surveys every three years in accordance with risks of chemical substances occurring in materials used, components, and processes. In addition, we conduct environmental management system assessments to check the status of the establishment and management of environmental management systems. We use the results of these assessments to certify procurement partners deemed compliant with our system standards as Nikon Environmental Partners. After certification, we continue to carry out checks on their system maintenance.

In addition, we request that procurement partners submit data via chemSHERPA to check that their management of chemical substances contained in products is functioning effectively.

Our environmental management system survey is a questionnaire-based check of procurement partners for which risks have been identified. According to the content of the questionnaire's response, corrective action is requested and we work toward rapid resolution for any non-compliant items. From the fiscal year ended March 2021 to the fiscal year ended March 2022, the Nikon Group has conducted risk assessments for all procurement partners. In this process, we also conducted environmental management system surveys for all procurement partners identified as handling products at risk (799 companies), requested corrective measures from procurement partners where these surveys revealed issues (65 companies), and confirmed that improvements had been completed.

Environmental management system assessments are conducted for procurement partners identified as high risk, and includes a review of their environmental management

systems (EMS) and chemical management systems (CMS), including the extent to which procurement partners have put in place third party-certified management systems. For any non-compliance in environmental management systems found in the assessment process, corrective measures are requested, and assessments are completed after confirming that improvements have been made. In the fiscal year ended March 2022, amid restrictions on travel due to the spread of COVID-19, assessments were conducted for 69 new companies using web conferencing tools. Of these, 52 were newly certified as Environmental Partners, bringing the total to 465 companies (as of March 31, 2022). Corrective measures are ongoing at 17 companies.

● Nikon Group Assessments and Certifications (companies)

	FY3/2020	FY3/2021	FY3/2022
Assessments	144	148	166
Newly-certified Environmental Partners	23	19	52
Total certified Environmental Partners (Figure reflects decrease due to termination of business, business closures, etc.)	—	420	465

Capacity Building

Activities and Results

The Nikon Group holds briefings with its procurement partners each year on the management of chemical substances contained in products. At these briefings, we work to raise awareness of chemical substance management among our procurement partners, providing information on important trends related to chemical substances contained in products, including the content of revisions to REACH Regulations, Substances of Very High Concern (SVHC), the details of the revised EU RoHS Directive, and the latest regulations on Per- and PolyFluoroAlkyl Substances (PFHA). In the fiscal year ended March 2022, we held four briefings (two in Japan and two outside Japan) with 1,135 participants from 716 procurement partners.

Cultivation of Environmental Management System Assessors

System and Framework

Activities and Results

To maintain and enhance the quality of its procurement partner assessments, the Nikon Group works to cultivate Environmental Management System Assessors. More specifically, we provide education and training for personnel selected by Nikon business units and Group companies in and outside Japan, certifying those who meet our requirements as Environmental Management System Assessors. These certified assessors are the driving force in conducting environmental system assessments. In the fiscal year ended March 2022, 23 new assessors were certified, bringing the total number of assessors within the Nikon Group to 183. That same year, we also provided education and practical training on management of chemical substances contained in products, guided by external instructors, for 23 assessment leaders who play a central role in each business unit, improving their capabilities.

Materiality 7

Respecting human rights



Reason for Priority

As companies do business in a more globalized way, the potential that they infringe on human rights increases day by day, and companies are now required to take action to minimize and prevent these infringements. Companies must also work to ensure that human rights are respected for all stakeholders, including those in the supply chain, in their business activities.

Commitment

As an organization doing business on a global scale, the Nikon Group is profoundly aware of the importance of respecting human rights in its business activities. We recognize that one of our significant responsibilities to society is addressing human rights issues with sincerity. As per the Nikon Human Rights Policy established in 2019, all Group employees will respect human rights and conduct business activities with integrity in accordance with this policy and relevant laws and regulations. In addition, we will implement human rights due diligence steadily in accordance with the UN Guiding Principles on Business and Human Rights and advance initiatives to respect the human rights of all people involved in our business activities, including those in the supply chain. We will also strive to disseminate this policy throughout the Group and foster a corporate culture of respect for human rights.

Toshikazu Umatate
Representative Director and President

[Policy for Activities]

■ Nikon Human Rights Policy

[System]

■ Sustainability Committee

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
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	Spread awareness of human rights and of the Nikon Human Rights Policy	8.7 8.8 10.2 16.2	Continue to implement human rights awareness-raising activities targeting all employees. In addition, for personnel in the departments related to public relations and marketing, implement training that is more closely linked to their daily work.	Nikon Group	Implemented human rights education for employees in all regions of the world as planned at the beginning of the fiscal year. E-learning is offered to all employees in Japan, with a 93% participation rate.
	Implement public relations and marketing activities that take human rights into consideration				Developed and distributed a guidebook on standards for the use of inclusive language for employees in public relations and marketing-related departments
Ensuring that the RBA Code of Conduct is instilled in every company in the Nikon Group, and is strictly observed	Enhance conformity with the RBA Code of Conduct		Put in place a Group-wide management system to foster conformity with the RBA Code of Conduct	Nikon	For the four categories (labor, health and safety, environment, and ethics), leaders were selected from relevant workplaces at the head office, and it was agreed that the Corporate Sustainability Department would work with them to promote the dissemination of the Code of Conduct within the Group as part of future awareness-raising activities. Education for leaders, which was scheduled for the second half of the year, was postponed to the first half of next year due to the updating of the RBA's e-learning system in the second half of the year.

Human Rights Initiatives

Basic Policy

Approach and Policy

Through our business activities, the Nikon Group is directly and indirectly involved in the human rights of a variety of stakeholders. Our stance, which emphasizes respect for the human rights of all these people, is clearly enunciated in "2. Respect for Human Rights" of the Nikon Code of Conduct. Furthermore, we launched our Nikon Human Rights Policy in April 2019, a way for us to clearly show how we address human rights issues related to our business activities under our Code of Conduct. The Nikon Human Rights Policy also sets forth fundamental principles for us to practice in line with the UN Guiding Principles on Business and Human Rights, which were adopted by the United Nations in 2011. The policy was developed through internal discussions with major relevant departments and incorporating advice from external experts, and was approved by the Board of Directors.

The Nikon Group has other policies and standards in place specific to individual human rights issues, including the Nikon Group Privacy Protection Statement, the Nikon CSR Procurement Standards, and the Responsible Minerals Sourcing Policy. Nikon also supports the 10 Principles of the UN Global Compact, and we continue to implement measures aimed at realizing Principles 1 and 2 (Human Rights) and Principles 3 through 6 (Labour).



- Nikon Code of Conduct (nikon.com)
https://www.nikon.com/about/sustainability/policy/codeofconduct/code_of_conduct_EN.pdf
- Nikon Human Rights Policy
https://www.nikon.com/about/sustainability/society-labor/human-rights/human_rights_policy.pdf
- Nikon Group Privacy Protection Statement
https://www.nikon.com/privacy/privacy_policy.htm
- Nikon CSR Procurement Standards
https://www.nikon.com/about/corporate/procurement/csr/responsible_minerals_sourcing_policy
- Responsible Minerals Sourcing Policy
https://www.nikon.com/about/sustainability/society-labor/supply-chain/responsible_minerals_sourcing_policy.pdf

Joining the UN Global Compact (→ P10)

Organizational System

System and Framework

In the Nikon Group, the Nikon Human Rights Policy is implemented with supervision by Nikon's Sustainability Committee, which includes several members of the Nikon Board of Directors. Instructions from the Sustainability Committee are handled by the Corporate Sustainability Department, which functions as the secretariat for the Sustainability Committee, together with related departments and committees as shown in the table on the next page. In the case that an emerging issue is identified, we will enhance our organizational framework and systems by consulting these departments and other appropriate departments as necessary.

With the Nikon Group, we have reporting and consulting systems in place by company or by region. Any Group employee can use these systems to report violations of the Nikon Code of Conduct (including issues related to human rights). For external stakeholders, we have several channels of inquiry, including contact points for suppliers and customer support, a hotline dedicated to conflict minerals issues, etc.

At the Nikon Group, we will continue working to enhance our management systems to effectively implement the Nikon Human Rights Policy.

Code of Conduct Hotline (Reporting and Consulting System) (→ P123)



- Inquiries (Procurement, CSR procurement, Green procurement)
<https://www.nikon.com/about/corporate/procurement/form/>
- Responsible Minerals Sourcing Hotline
<https://www.nikon.com/about/sustainability/society-labor/supply-chain/form/>

● Main Committees and Departments in Charge of Human Rights Issues

Committees and departments in charge	Main issues handled
Sustainability Committee	General human rights issues (supervising implementation of the Nikon Human Rights Policy)
Human Resources Department	Prohibition of forced labor and child labor, elimination of discrimination and harassment, occupational health and safety, wages, working hours, freedom of association and collective bargaining rights, etc., with respect to Nikon employees
Administration Department	Contact points for employee reporting and consulting system
Information Security Department	Privacy (including protection of personal information)
Bioethics Review Committee	Bioethics
Supply Chain Subcommittee	Human rights issues in the supply chain (labor, conflict minerals, etc.)

Initiatives for Preventing Human Rights Violations

Activities and Results

Human Rights Risk Assessment

In the process of developing the Nikon Human Rights Policy, the Nikon Group implemented a risk assessment to identify significant human rights issues for the Group. More specifically, this assessment used international human rights standards as a reference, benchmarking Nikon's situation against industry peers and reviewing past human rights violations reported in business domains where Nikon is active. As a result of this assessment, we identified the following seven human rights issues as particularly important to our business, specifying them as such in the Nikon Human Rights Policy: Prohibition of Forced Labor and Child Labor, Elimination of Discrimination and Harassment, Occupational Health and Safety, Freedom of Association and the Right to Collective Bargaining, Working Hours and Wages, Right to Privacy, and Human Rights Issues in the Supply Chain. Going forward, we will continue to enhance our efforts to address these issues in particular.

In the event of any major changes in management, including in the scope of our business, or if it is deemed otherwise necessary to review these important issues, we will take steps needed for review, including deliberation by the Sustainability Committee.

Monitoring


In the Nikon Group, we conduct human rights and labor monitoring surveys for Group companies each year in order to continuously improve how we address human rights. The results of these surveys are reported to the Sustainability Committee, which provides instructions for

further confirmation or corrective actions to prevent the occurrence or recurrence of human rights violations. In these surveys, we check for any practices that may heighten the risk of human rights and labor issues, as well as checking on employment of migrant workers and foreign technical trainees, information on occupational safety and accidents, etc. (see table on the next page). Starting in the fiscal year ended March 2021, we expanded the scope of the surveys to non-consolidated Group companies for which we are not the sole shareholder. No major problems were identified in the surveys for the fiscal year ended March 2022.

In addition, Nikon has joined the Responsible Business Alliance (RBA) and uses the self-assessment tool for RBA Code of Conduct compliance to monitor human rights risk. In fiscal 2020, our Group manufacturing companies outside Japan conducted self-assessments, analyzing results with the goal of identifying risks and considering and implementing necessary measures for improvement. While these assessments did not find any major human rights risks, there were some minor issues, such as the size of employee dormitories, and we have worked to make improvements at the business sites involved. In the fiscal year ending March 2023, we will begin regular education to promote understanding of the RBA Code of Conduct, and will conduct self-checks related to the RBA Code of Conduct at each Nikon plant and Nikon Group manufacturing companies inside and outside Japan. We will continue to monitor and mitigate human rights risks through human rights and labor surveys of Group companies and the use of RBA's Code of Conduct.

In addition, given the current tendency toward more restrictive laws and regulations related to personal information protection in various countries and regions, we are enhancing our measures for appropriate handling of personal information to ensure that it is securely managed.

- Initiatives for RBA (➡ P11)
- Risk Management for Information Assets and Cybersecurity (➡ P133)
- Other related measures
- Promoting CSR Procurement (➡ P95)

 Responsible Minerals Sourcing Report 2022 (Results of the 2021 Survey)
https://www.nikon.com/about/sustainability/society-labor/supply-chain/responsible_minerals_sourcing_report_2021_survey.pdf

Details of the Human Rights and Labor Survey

Date: End of each fiscal year

Target: Group companies (including non-consolidated companies)

Content:

- Working environment for young workers and trainees (state of acceptance, format of employment/acceptance, work tasks, methods of age verification at the time of hiring/acceptance, state of compliance with respective local laws)
- State of employment of migrant workers and foreign technical trainees/specified skilled foreign workers)
- State of compliance with laws and regulations relating to minimum wages and working hours
- State of freedom of association (outside Japan)
- State of occupational accidents (outside Japan)

Human Rights Training

Activities and Results

At the Nikon Group, we work to disseminate information and raise awareness about human rights among our executives and employees.

In the fiscal year ended March 2022, we once again disseminated a message from the president to employees entitled *Become an even better company by respecting human rights* in the in-house newsletter to coincide with Human Rights Day since the previous fiscal year. We also occasionally include human rights topics in this quarterly newsletter. In addition, we provided e-learning on respecting human rights for Nikon Group employees in Japan. Its content focused on essential topics like the history of fundamental human rights and the relationship between business and human rights. The e-learning also touched on promoting the use of inclusive language in business and reminding employees about remote harassment due to the increase in working at home. Of eligible participants, 93% attended this course. To be even more mindful of human rights in advertising and promotion, we will also create a guidebook for being mindful of human rights in communication that can be applied across the Group, and we will strive to utilize this guide in our business operations. We also provide presentations about the importance of human rights issues to our procurement partners as well as persons in charge of procurement within the Nikon Group.


Promoting CSR Procurement (➡ P95)

Compliance with the UK Modern Slavery Act

Activities and Results

The Modern Slavery Act came into effect in the United Kingdom in October 2015.

The Nikon Group has released a statement on its website in accordance with the act.

 Nikon Group Slavery and Human Trafficking Statement for fiscal year ended March 31, 2021
<https://www.nikon.com/about/sustainability/society-labor/human-rights/uk-modern-slavery2021.pdf>

Labor Relations

[Approach and Policy](#)[Framework and System](#)

The Nikon Group respects basic labor rights and is committed to human rights as described in the Nikon Human Rights Policy following the International Labor Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work.

At Nikon, the Nikon Labor Union has been organized, which is a member of the Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM), itself mostly made up of employees of SMEs in the metal and machine industries. As of March 31, 2022, the Nikon Labor Union had 4,062 members, and 78.8% of Nikon employees were members of the union. When implementing measures related to the personnel system or work styles, we strive for full consultation with the Nikon Labor Union. Nikon also holds joint study meetings with the Nikon Labor Union, and exchanges opinions as necessary.

At Group companies in Japan, Nikon Labor Union branch or employee-elected representative is responsible for discussing with their company. At Group companies outside Japan, issues are discussed either by the company's in-house union or through consultations with an outside labor union to which employees belong. At companies where there is no labor union, we hold briefings for all employees, dialog with employee groups, and face-to-face meetings with individual employees.

When ordering an employee to change the job description and/or work location, the Nikon Group will discuss with their union or employee representative and informs the employee with a sufficient period of time.

Materiality 8

Diversity and Inclusion



Reason for Priority

Companies like Nikon that do business on a global scale work with employees who have a variety of social backgrounds and values. In order to make the most of these employees' individuality and to generate new innovation, we need to provide an attractive workplace of mutual respect for diversity, and where all employees can thrive professionally (diversity and inclusion).

Commitment

To realize the Vision 2030 as laid out in the Medium-Term Management Plan, and to sustainably increase corporate value, it is important that the Nikon Group permeate and entrench a corporate culture of respect for diversity, including of value systems, where each and every employee deepens their understanding and raises their awareness of diversity and inclusion. Specifically, we will build an environment in which employees, regardless of age, gender, nationality, or other qualities, can elevate each other and fully demonstrate their capabilities. Here, we will also provide fair and impartial evaluation and treatment with emphasis on job performance, as well as support for career development toward self-fulfillment for our employees, among other things.

We will also adapt to changes in society and living situations, providing an environment enabling employees facing a variety of circumstances, such as disabilities or the need to provide childcare or long-term care, to fulfill their potential and play important roles.

Takumi Odajima
Representative Director and Executive Vice President
General Manager of Group Governance & Administration Division

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
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	Raise the percentage of employees who are female (for both ordinary employees and managers)	5.1 5.5 8.5 10.2	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%	Nikon	The percentage of women in regular employment for the fiscal year ended March 2022 was 31.2% The ratio of female managers as of March 31, 2022 was 7.2%
	Promote the Group-wide implementation of operational and personnel processes that do not discriminate on the basis of gender, nationality, ethnicity, etc.				
	Continue to implement measures to raise awareness of diversity and inclusion among all employees				

Promoting the Success of Diverse Employees

Basic Approach

Approach and Policy

System and Framework

At the Nikon Group, one of our core tenets is to warmly embrace diverse ideas and to delight in differences among people and cultures, in line with our Corporate Philosophy and vision. As part of this tenet, we work to encourage diversity and inclusion. In concrete terms, we respect employees' diversity of personalities and fundamental human rights, and provide a working environment that helps to maximize employee motivation and capabilities, regardless of ethnicity, beliefs, gender, sexual orientation, level of education, nationality, religion, age, etc.

In addition, we harness e-learning and other means to encourage understanding and foster awareness in this area among each and every employee on a global basis.

Building Blocks Necessary for Diversity and Inclusion

- Ensuring fair systems for and treatment of employees that respect their diversity and human rights
- Mutual employee respect and inclusivity regardless of differences in qualities or value systems
- Fostering a corporate culture where each and every employee can make the most of their individuality and capabilities to generate results as a team

Promotion System

Each fiscal year, we set targets to be addressed for important issues in the area of diversity and inclusion. These targets, and progress toward their achievement, are reported at the Sustainability Committee.

In creating an employee-friendly working environment, we are implementing initiatives tailored to the qualities of each Group company's business, with consideration to the laws and labor practices of their respective countries and regions. For Group companies in Japan, Nikon's Human Resources Department leads the development and advancement of these initiatives and measures.

Respect for Diversity

Target

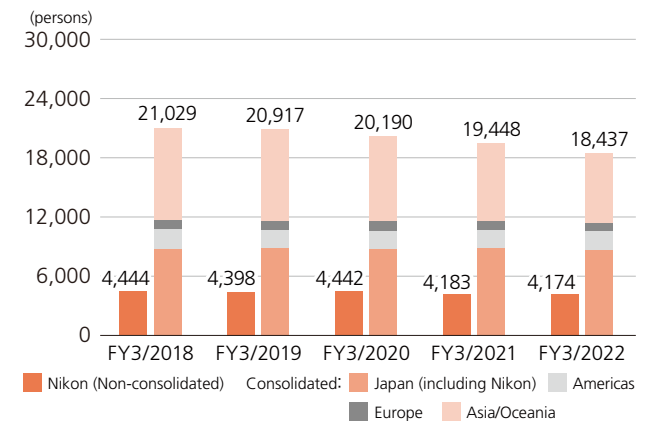
Activities and Results

Utilization of Global Human Resources

The Nikon Group appoints outstanding human resources to management and executive positions, regardless of age or gender. We are committed to utilizing human resources on a global scale, including appointing locally hired personnel from Group companies as Corporate Vice Presidents of Nikon.

As members of their respective local communities, our Group companies hire local employees and appoint them to management positions as appropriate in order to contribute to local job creation and economic revitalization.

● Number of Employees by Region Over Time



* Consolidated figures include permanent employees and nonregular staff of the Nikon Group and executive officers of Group companies. Regarding regional figures, employees seconded to affiliates are counted as employees in the area where they have been seconded. Employees of Nikon Metrology NV and its subsidiary Group companies are included in the European figures.

Promoting Advancement of Women in the Workplace

At Nikon, we believe that promoting the advancement of women in the workplace is an important issue. Therefore, we have set the goals of increasing the ratio of female employees recruited through the regular annual recruitment process to at least 25%, and of increasing the ratio of female managers to at least 7.5% by March 31, 2023, and we have been taking systematic and sustained action to achieve these.

More specifically, we provide women employees with support for autonomous career development by introducing role model employees, offering a mentor system, offering self-fulfillment training, and more. We have also made efforts to provide an environment that allows employees to choose flexible working styles in accordance with their life stage. In the fiscal year ended March 2022, the ratio of female employees recruited through the regular annual recruitment process was 31.2%, and as of March 31, 2022, the ratio of women in management positions was 7.2%. Nikon will continue to focus on building an environment conducive to the advancement of women and on providing career development support.

● Ratio of Female Employees

(%)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Nikon	11.5	13.2	13.5	14.8	15.2
Group companies in Japan	15.5	13.5	13.3	13.2	12.9
Group companies in Europe	24.2	24.7	27.5	26.5	26.1
Group companies in the Americas	29.2	25.5	24.1	22.4	22.6
Group companies in Asia/Oceania	72.5	71.7	70.3	69.5	67.7
Nikon Group (total)	40.5	41.0	39.2	38.0	36.2

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

● Ratio of Women in Management Positions

(%)

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Nikon	5.8	5.1	6.6	6.4	7.2
Group companies in Japan	2.5	3.3	2.2	3.1	3.7
Group companies in Europe	21.6	20.1	23.9	22.9	24.4
Group companies in the Americas	31.4	21.9	29.7	28.7	28.4
Group companies in Asia/Oceania	29.8	21.4	22.0	23.6	23.7
Nikon Group (total)	13.1	12.1	14.8	15.0	15.6

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

Supporting Senior Employees in the Workplace


In the present age called "the 100-Year Life," the needs and values of each individual in the areas of life planning and working styles are also diversifying. In order to realize a society in which people can continue to work for as long as they want, it is important to provide opportunities for senior citizen employees to play an active role. It is also important to help employees consider career development and how they want to work after reaching the mandatory retirement age, and to encourage them to take stock of the experience and skills they possess.

Nikon has introduced a reemployment system under which employees who have reached the mandatory retirement age of 60 and wish to continue working can be reemployed up to the age of 65. Nikon Nisso Prime Corporation, a joint venture company engaged in the worker dispatch business, rehires employees who have reached the mandatory retirement age. This company is expanding the options it offers to retirees, including to positions outside the Nikon Group, addressing the diversification of work styles and providing senior citizens with the opportunity to continue working as long as they would like. Furthermore, we provide support for autonomous career development from a long-term perspective by holding the age group-specific Career Design Training program and the Life Plan Seminar, which is held for employees who will reach mandatory retirement age in the following year (a total of 221 employees attended this seminar in the fiscal year ended March 2022). Career Design Training is a new program offered for 58-year-olds created in the fiscal year ended March 2022. It launched in earnest the following fiscal year, providing participants with an advance opportunity to explore their career potential after reaching the mandatory retirement age, and enhancing opportunities to foster mindsets needed for them to sustain their working careers over time. In the fiscal year ended March

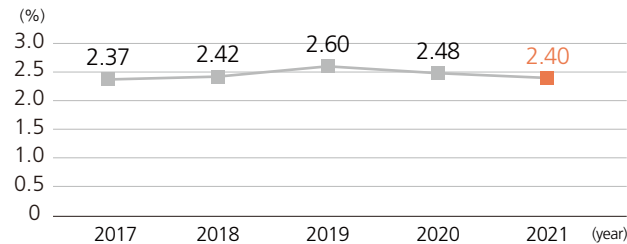
2022, 192 participants joined the Career Design Training program.

Supporting Persons with Disabilities

The Nikon Group is working to establish an environment that enables each and every employee to make the most of their individuality and abilities regardless of any disability. With support from experienced staff and instructors, employees with disabilities play an active role at Nikon Tsubasa Inc., a special subsidiary which Nikon established in 2000. As of June 2021, persons with disabilities exceeded the statutory minimum percentage, accounting for 2.4% of the employees of the four Nikon Group companies (Nikon Corporation, Nikon Tsubasa Inc., Nikon Systems Inc. and Nikon Business Service Co., Ltd.) that have been approved for Group treatment (using the Special System for Affiliate Companies) under the Act to Facilitate the Employment of Persons with Disabilities. Going forward, we will continue to promote the employment of persons with disabilities throughout the Nikon Group in Japan.

 Nikon Tsubasa Inc. [In Japanese]
<https://www.jp.nikon.com/company/corporate/group/nti/>

● Employment of Persons with Disabilities under Group Certification Over Time



* Percentages are as of June 1 of the respective year.

Creating an Employee-friendly Working Environment

Activities and Results

The Nikon Group is working to build employee-friendly workplaces, with the goal of increasing labor productivity and securing a diverse workforce. Our goal is for employees to have a high degree of motivation at work while also enhancing their work-life balance.

Striving to Reduce Working Hours

The Nikon Group is taking action to manage working hours appropriately and to curb long working hours in accordance with the respective national and regional laws and regulations where we do business.

● Countermeasures Against Long Working Hours

Nikon has introduced a cooling off period for overtime work for employees whose total overtime hours exceed a certain level (including managers and others not subject to working hour management) to curb overwork and distribute burden previously focused on specific individuals. Furthermore, our standards for conducting health checkups for excessive overtime work exceed statutory requirements. In setting limits for maximum overtime work, Nikon and the Nikon Labor Union work together to check actual data and measures to take on a yearly basis. Limits set here are used as guidelines for all Group companies in Japan, and compliance is rigorously ensured.

In the fiscal year ended March 2022, we improved the visibility and usability of our working hour management system so that managers can promptly and appropriately monitor the status of their subordinates' overtime work.

● **Encouraging Employees to Take Annual Paid Leave**

At Nikon, our ongoing goal is to have employees take annual paid leave at a rate of at least 70%. In the fiscal year ended March 2022, the percentage of Nikon employees taking their annual paid leave stood at 68 %. Although this figure is lower than in previous years due to the impact of the COVID-19 pandemic and other factors, it continues to compare favorably to the national average of 56.6% in 2020 as reported in the 2021 General Survey on Working Conditions compiled by Japan's Ministry of Health, Labour and Welfare. Going forward, we will continue our efforts to encourage employees to take paid leave, aiming toward consistent achievement of the goal of at least 70%.

Main Measures at Nikon

Countermeasures Against Overtime Work

- Ensured prior application and approval for overtime and holiday work
- Implemented a cooling off system and rigorously ensured screening for excessive overtime work
- Held interviews with workplaces that have long working hours and provided instructions for remediation

Encouraging Employees to Take Annual Paid Leave

- Established company-wide annual paid leave
- Established days encouraged for taking annual paid leave
- Established a system for systematically taking five days of annual paid leave
- Encouraged supervisors and employees with low leave rates to take annual paid leave

Offering Diverse Work Styles

The Nikon Group strives to offer its employees with flexible working styles in accordance with the qualities of each Group company's business and the laws and labor practices of their respective countries and regions. At Nikon, we have introduced the following systems offering employees more autonomy and flexibility in choosing their working hours and locations.

● **Super Flex Time Working system**

With the aim of encouraging employees to efficiently and autonomously carry out their duties, we provide a mechanism allowing employees to flexibly choose their working times through the establishment of the Super Flex Time Working system, which has no core time period (in which employees are required to work). This system has gained greater understanding and permeation at our workplaces, and as of March 2022 it applies to 93.9% of all employees.

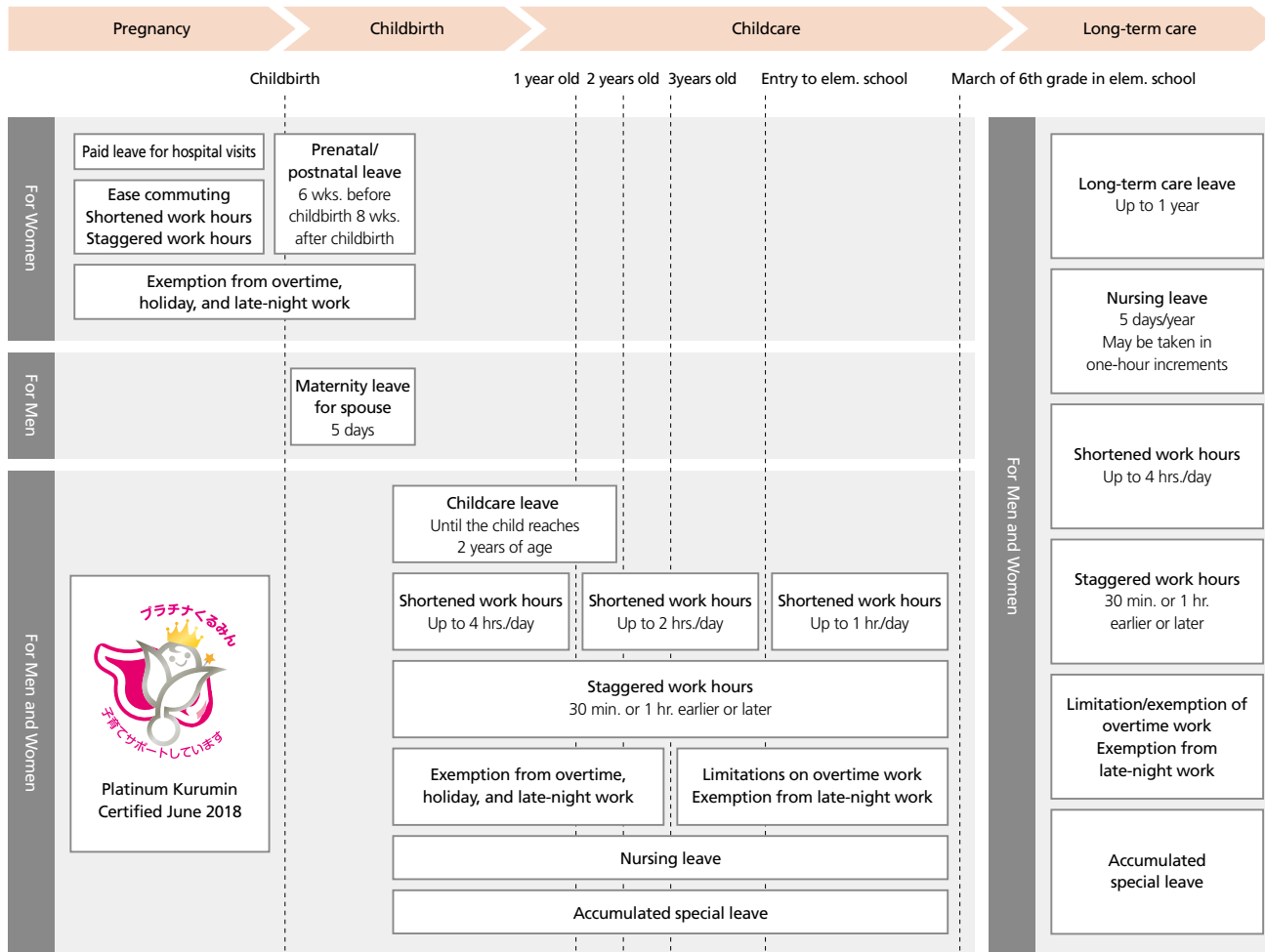
● **Telecommuting system**

We have introduced a telecommuting system, improving our employees' work-life balance by reducing commuting time and increasing productivity by allowing employees to concentrate on their work at home. Since its introduction in the fiscal year ended March 2017, we have been gradually expanding the system to be more flexible, including easing requirements for its use, while taking into account the degree understanding has permeated among workplaces and employees, as well as the challenges faced.

Childcare and Long-Term Care Support

At Nikon, we have established a system that allows employees to choose a flexible work style according to their life stage, in order to help them balance work with pregnancy, childbirth, childcare, and long-term care. In concrete terms, Nikon goes beyond the statutory requirements, allowing employees to take childcare leave for any reason up until their child's second birthday. Programs like shortened working hours for childcare and childcare nursing leave can be used up until employees' children graduate from elementary school. We have also put in place a number of other systems to support employees as they provide care for children and other family members, including staggered working hours, shortened working hours, and our flexible Super Flex Time Working system. Besides these systems, we have established an accumulated special leave system that allows up to 40 days of expired annual leave to be accumulated and used. This system can be used not only for childcare and long-term care, but also for situations like infertility treatment and participating in their children's school events, an enhancement to our systems helping employees establish a balance between work and family. Nikon has also introduced a "re-entry" system. This system provides opportunities to rejoin the company for former employees who left the company because of childcare or other family care responsibilities, because of a spouse's job transfer, or for other unavoidable reasons.

● Nikon's Support Systems for Balancing Work and Family



* Super Flex Time Working can also be applied to shortened or staggered working hours
 * Up to 40 days of accumulated special leave (paid leave) can be taken

Addressing COVID-19 and New Work Styles

Amid the global outbreak of COVID-19, the Nikon Group has implemented a range of measures to prevent the spread of the virus based on its basic policy of sustaining business activities while working to prevent the spread of the virus (see page 42, 117).

In its telecommuting system, Nikon has implemented special facilitative measures, including raising the maximum number of days that employees can work at home in accordance with the state of the virus's spread, and allowing employees to pause and resume work due to childcare or other circumstances. Group companies are also working to balance infection control measures with business operations by introducing and expanding telecommuting systems on an emergency basis, and taking other actions in accordance with the actual conditions in their respective countries and regions.

As a result of these efforts, telecommuting has rapidly permeated throughout the Nikon Group, and the experience of working in a combination of work at home and in-office work has confirmed that there are advantages and disadvantages to each of these work styles. With a view to the post-COVID world, we at Nikon have started to discuss with the Nikon Labor Union on best practices in work styles and systems, leveraging the benefits of a dual in-office and telecommuting work system so as to maximize individual employee results.

Fair Treatment and Evaluation

Basic Approach on HR Management System

Approach and Policy

The Nikon Group has adopted a basic policy that values dialog and communication, and uses this to develop a working environment that stimulates employees' motivation and helps them make the most of their capabilities. Each individual Nikon Group company has established its own HR management system based on this policy.

The Nikon Group conducts fair evaluations with emphasis on performance, irrespective of age, gender, etc., and encourages employees to fulfill their responsibilities and roles and produce results. Employees are placed in jobs and roles based on their aptitude, skills and drive, and we support them as they work to explore their career and develop their capabilities.

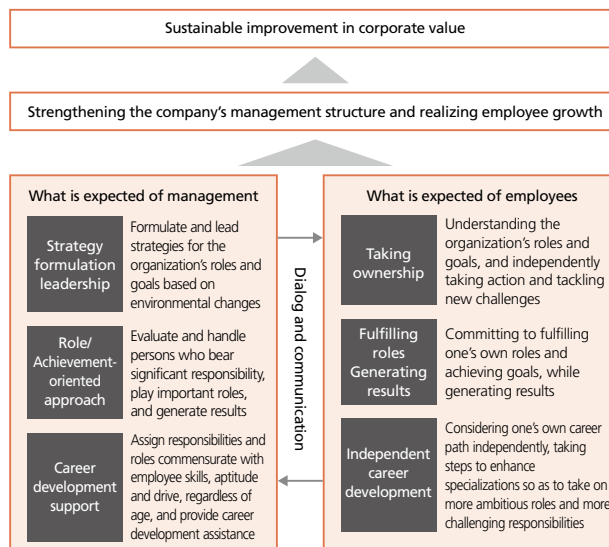
Nikon's HR Management System

System and Framework

Nikon has adopted a human resources management system that emphasizes accountability and achievements, evaluating and treating employees with a focus on their responsibilities, role, and results, irrespective of age, gender, etc. Under this system, we ensure that managers are able to properly evaluate the responsibilities and roles of the employees that they supervise, and that they can fully explain the results of these evaluations. Performance evaluations are based on the results achieved (i.e. target achievement) in relation to the position held and the role played in the organization.

Nikon and its Group companies in Japan have also introduced multilateral evaluations in which managers receive feedback from those around them regarding their management actions and skills, enhancing management capability throughout the Group.

● Purpose of Nikon's HR Management System



Nikon's Systems for Career Development

● Profile System

The profile system provides all employees with the chance to look back every year on their duties and personal growth and think about their future career vision, taking into account the company's expectations. Employees are interviewed by their supervisor to help brainstorm ways to develop their individual career.

● Career Counseling

Nikon has established offices where employees can consult about improving their skills and advancing their careers if they so desire.

● Open Recruitment System

The open recruitment system enables employees to apply for open recruitment when a new employee is required by a department, such as when launching new projects or expanding businesses.

● Career Matching Support System (FA System)

The career matching support system allows employees actively working on their career development to request a transfer once a year to seek out new challenging opportunities inside the company.

● Second Career Support System

The second career support system has been established with the aim of providing support for employees who are interested in taking early retirement from Nikon and developing a new career outside the company. Employees who meet the specified criteria can benefit from job-hunting support services, second career support leave, etc.

Human Resource Development

Initiatives for Human Resource Development

Activities and Results

The Nikon Group offers training and educational programs linked to the roles and the HR systems of the individual Group companies. Nikon provides training and educational programs to support employees looking to enhance their own employability. For its employee education and training programs in the fiscal year ended March 2022, Nikon held a total of 397 training courses (including the training noted on the right) organized by departments specializing in employee education and attended by a total of 8,218 employees. On average, Nikon employees spent 2.5 days per year in training courses, and Nikon's expenditure on training per employee was 50,779 yen. Training participants are tasked with completing a questionnaire (report) on their training course, which is then used to assess the training curriculum and make continual improvements. Our target score for the overall evaluation in these questionnaires is four points or higher out of five, and the average in the fiscal year ended March 2022 was 4.25 points. Nikon's training courses are also available to employees of Group companies in Japan.

Each of Group companies also provides employees with education and training opportunities. At the Nikon Group as a whole, education and training time per employee was 1,574 minutes, and the per person training expenditure was 24,736 yen in the fiscal year ended March 2022.

● Annual Number of Training Days Per Employee (Fiscal Year Ended March 2022) (days)

	Number of training days on average
Managers	1.6
Non-managers	2.6
Men	2.5
Women	2.7
Total	2.5

Examples of Training Offered by Nikon

- Selective training aimed at cultivating the next generation of leaders and management personnel
- Training to foster understanding about new roles, such as when employees are newly promoted to management positions, including division head or section head
- HR training and education carried out systematically for several years from the first year of joining the company
- Career Design Training at certain milestones
- Targeted training for women and managerial candidates
- Application-based training for improving skills and knowledge through independent initiative
- Support for employees wanting to improve their English proficiency

Strengthening Management

At Nikon, we aim to strengthen management by implementing training that helps newly-appointed managers to understand their roles. In addition, we implement selective training programs with the aim of systematically cultivating management staff and quickly developing the next generation of leaders who can guide the company going forward.

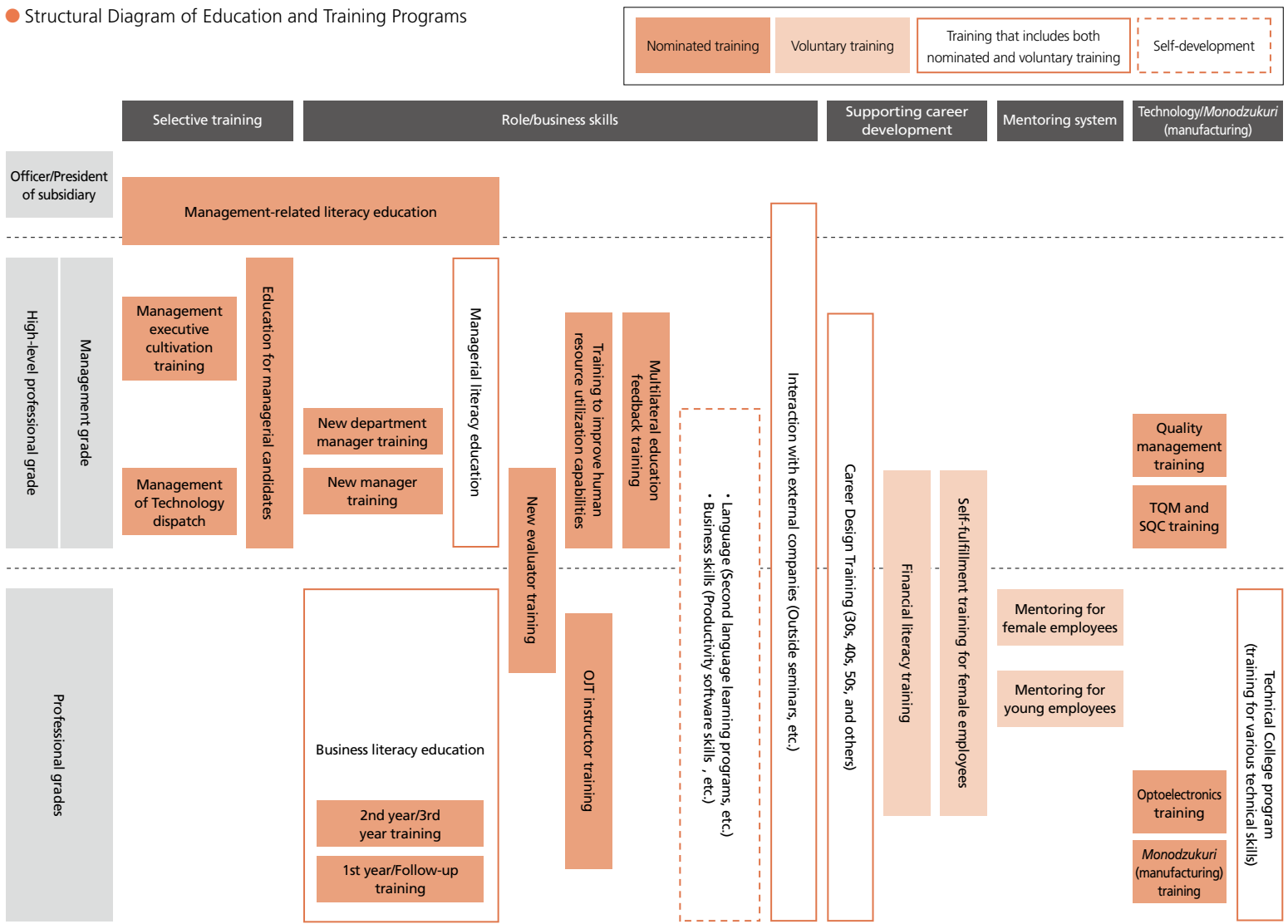
Our multilateral evaluation was introduced in stages starting in December 2018 at Nikon and some Group companies in Japan as part of our efforts to strengthen management. As part of this system, we hold multilateral evaluation feedback and training every year for newly-appointed managers and

department managers, who are being evaluated for the first time, to help them to analyze their own strengths and weaknesses and prepare an action plan for the coming year. Beginning in July 2020, we provided training content focused on human resource utilization capabilities, a category in the multilateral evaluation. In the fiscal year ended March 2022, 96 managers took part in this training, working hard for five months on improving organizational rejuvenation, training of subordinates, and leadership. In addition, we provided new literacy training for managers on topics such as corporate governance and accounting, with a total of 230 participants, including executive officers, managers, and department managers from subsidiaries. In the fiscal year ending March 2023, we will also be implementing even more effective human resource cultivation, adjusting training content and establishing targets for improvement.

Support for Employee Independence and Autonomy

As part of our support for employee independence and autonomy, Nikon helps employees to take inventory of their skills and career achievements, and provides Career Design Training to get employees thinking about how their careers could develop in the future. In the fiscal year ended March 2022, Nikon provided Career Design Training for employees who had reached the milestone ages of 35, 45, 50, and 58. We also provided Career Design Training for other interested employees across a wide age range, focused on encouraging them to think about the sort of career that might suit them. In the fiscal year ending March 2023, we will continue to offer these Career Design Training programs, increasing on-demand training to support employee independence and autonomy.

● Structural Diagram of Education and Training Programs



* Education and training programs unique to individual business units are not included.

Materiality 9

Employees' Health and Safety



Reason for Priority

Employees' health and safety are the foundations of the company's activities. In order to ensure their health and safety, we have established a health and safety management system in accordance with laws and regulations. Under this system, we carry out a range of activities, like health checkups and safety and hygiene education, and in parallel, we are required to assess health and safety-related risks and take countermeasures against them.

[Policy for Activities]

■ Nikon Group Health and Safety Activity Policies

Commitment

At the Nikon Group, we firmly believe that creating and providing an environment where employees can work in good mental and physical health, and with a sense of safety, leads to the improvement of workplace vitality and productivity.

Based on this belief, we strive to maintain and improve health and thoroughly ensure safety through the concerted efforts of the company and employees on a daily basis, as well as to ensure compliance with laws and regulations and prevent the occurrence of occupational accidents throughout the Nikon Group.

Amid the spread of COVID-19, we have been taking thorough measures to prevent the spread of the virus based on our Group-wide policy of sustaining business activities while working to prevent the spread of the virus. Going forward, we will consider and implement measures to maintain and improve health in response to new working styles in the with-COVID era.

Takumi Odajima

Representative Director and Executive Vice President
General Manager of Group Governance & Administration Division

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
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 promoting 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	As a result of thorough efforts to prevent recurrence, etc., focusing on occupational accidents with a high risk of recurrence, the number of occupational accidents covered by this report was 21.
			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	The Nikon Group in Japan shared information on occupational accidents with the Group companies outside Japan, and received feedback on accident information and measures taken to prevent recurrence from European Group companies that had a high number of occupational accidents in the previous fiscal year.
	Review the measures adopted during the COVID-19 pandemic and in the post-COVID era, and ensure compliance		Aim to reduce the incidence of departmental work stoppages resulting from COVID-19 infection to zero	Nikon Group in Japan	As a result of implementing infection control measures tailored to the actual situation by revising the company's infection control policy and guidelines to respond to outbreaks as needed, there were no cases of suspension of departmental operations due to COVID-19 infections.

Employees' Health and Safety

Health and Safety Activity Policies

Approach and Policy

The Nikon Group has established the Nikon Group Health and Safety Activity Policies, which are updated annually. By implementing the measures presented, we aim to ensure the health and safety of our employees, who are the foundation of corporate activities, and to improve employee productivity.

Nikon Group Health and Safety Activity Policies in the Fiscal Year Ended March 2022

- Priority Issue 1 : Preventing the Spread of COVID-19*
 Standard for achievement: Zero suspensions of departmental operations due to the spread of infectious diseases
 Measures taken

 - Formulated the COVID-19 Response Guidelines and ensured enforcement
 - Support for PCR testing for overseas business travelers, etc.
 - Support for vaccination
 - Health guidance on lifestyle-related diseases with consideration to infection risk, recommending medical checkups, and anti-smoking measures
- Priority Issue 2 : Preventing Occupational Accidents*
 Standard for achievement: 40 or less occupational accidents at the Nikon Group in Japan attributed/related to work per fiscal year
 Measures taken

 - Inspection activities led by the general health and safety manager
 - Safety training for senior workers
 - Checked measures for preventing recurrence of work-related and work-performance-related accidents, and re-implemented work risk assessments
- Priority Issue 3 : Rebuilding the Nikon Group's Health and Safety Management System
 Standard for achievement: Strengthen collaboration among Nikon Group health and safety staff
 Measures taken

 - Held liaison conferences with Group companies in Japan
 - Shared reports on occupational accident case studies and measures with Group companies outside Japan

* For Japan

Health and Safety Management System

Framework and System

The Nikon Group Health and Safety Activity Policies are formulated by the Central Health and Safety Committee. This committee is different from the Health and Safety Committee which is mandatory under Japanese laws and regulations. It is made up of representatives from both labor and management and chaired by the General Manager of the Group Governance & Administration Division, who is also a Representative Director. The Central Health and Safety Committee conducts assessments and verifications of regular health exams, health checkups for employees with excessive overtime, stress check system, and occupational accidents at the Nikon Group in Japan. In addition to that, the committee incorporates any issues and measures into the health and safety activity policies for the following fiscal year as well as sharing them not only with Group companies in Japan, but also those outside Japan.

For Group companies outside Japan, we are working to prevent occupational accidents by developing health and safety management systems at each company in accordance with the laws and regulations of each country. Regarding certification in relation to international occupational health and safety management system standards, Sendai Nikon Corporation and Nikon (Thailand) Co., Ltd. have both received ISO 45001 certification.

Raising Health and Safety Management Standards

Activities and Results

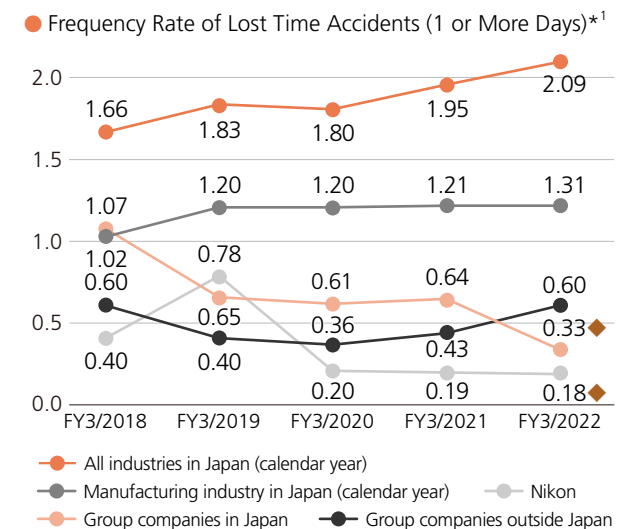
Initiatives in Japan

The Nikon Group in Japan conducts a variety of health and safety training programs every year. In the fiscal year ended March 2022, we provided basic health and safety training for new employees and new contract workers from staffing agencies, as well as basic laser training related to new businesses (with approximately 300 participants from the Nikon Group in Japan). In addition to existing education for supervisors and those working with organic solvent, we provided a new safety education for senior workers (with approximately 150 participants). Starting in the fiscal year ended March 2019, we have been carrying out activities with the target of reducing occupational accidents attributed or related to work* to less than 40 per year. We conduct on-site verification of work risk assessments, focusing on operations where there is a risk of a catastrophic accident due to failure to wear protective equipment or contact with hazardous substances. As a result, there were 21 occupational accidents attributed or related to work in the fiscal year ended March 2022. In addition, we are working to improve overall safety management levels through multiple Nikon affiliates jointly implementing safety education, checking work risks, and sharing information about measures to prevent recurrence of occupational accidents. These efforts are carried out by Nikon Product Support Corporation, which handles contract work for each Group company in production, Nikon Nisso Prime Corporation, which utilizes human resources mainly rehired after reaching the mandatory retirement age, and other affiliates.

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

Initiatives Outside Japan

At Group companies outside Japan, we are working to prevent occupational accidents. In addition, in order to further strengthen efforts to reduce occupational accidents throughout the Nikon Group, we are rebuilding our safety management systems, including at Group companies outside Japan, as part of our activity policy and targets. One of our specific activities in this area is a survey conducted within the Group at the end of each fiscal year to confirm the state of occupational accidents occurring. In addition, we share information on occupational accidents and measures to prevent recurrence at the Nikon Group in Japan. We will continue these activities beyond the fiscal year ended March 2022. Furthermore, we plan to provide guidance and other support to Group companies outside Japan on how to reduce the number of occupational accidents attributed or related to work.



*1 Frequency rate: The number of deaths and injuries resulting from occupational accidents per million hours worked, which is used as an index for the frequency of occupational accidents.
 * There were 25 Group companies in Japan, including non-consolidated Group companies, in the fiscal year ended March 2022.
 * There were 42 Group companies (excludes nine companies in the process of liquidation and others) outside Japan in the fiscal year ended March 2022. Frequency rates are calculated based on total imputed working hours.
 ◆: Values in Data Index assured by third party

● Occupational Accidents Attributed/Related to Work

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
Nikon Group in Japan	33	38	29	19	21

* Target for the fiscal year ended March 2022: less than 40

* There were 25 Group companies in Japan, including non-consolidated Group companies, in the fiscal year ended March 2022.

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

	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022
All industries in Japan (calendar year)	0.09	0.09	0.09	0.09	0.09
Manufacturing industry in Japan (calendar year)	0.08	0.10	0.10	0.07	0.06
Nikon Group Companies	0.01	0.02	0.00	0.00	0.00◆
Nikon	0.01	0.02	0.01	0.01	0.00◆
Group companies in Japan	0.06	0.03	0.06	0.04	0.08
Group companies in Europe	0.00	0.00	0.01	0.00	0.00
Group companies in the Americas	0.01	0.00	0.00	0.00	0.00
Group companies in Asia/Oceania	0.01	0.01	0.01	0.01	0.01

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

* 0.00 indicates a rate of less than 0.005.

* There were 25 Group companies in Japan, including non-consolidated Group companies, in the fiscal year ended March 2022.

* There were 42 Group companies (excludes nine companies in the process of liquidation and others) outside Japan in the fiscal year ended March 2022. Severity rate is calculated based on total imputed working hours.

◆: Values in Data Index assured by third party

Maintaining and Improving Employee Health

Activities and Results

Nikon has formulated a Mental Health Promotion Plan, which not only supports employees with mental health problems, but also incorporates stimulation of communication in the workplace.

In the fiscal year ended March 2022, we promoted stress self-care and activities to improve stress tolerance for young employees based on the results of group analysis of the stress check system. In addition, we worked to improve mental health support, with occupational health staff providing individual consultations and guidance to managers and supervisors with respect to health checkups for employees with excessive overtime and support for returning to work, including for employees of Group companies in Japan.

In recognition of our initiatives, including health guidance by occupational health staff after regular health exams, smoking cessation activities, and education and execution of infection control measures against COVID-19, Nikon received certification as a Health and Productivity Management Organization 2022 in March 2022.



Preventing the Spread of COVID-19

Activities and Results

The Nikon Group has been working to prevent the spread of COVID-19 as part of its efforts to maintain and improve the health of employees and to improve their safety. In the fiscal year ended March 2022, there were zero shutdowns of departmental operations resulting from COVID-19. In the fiscal year ending March 2023, we will continue to take countermeasures while working to sustain business activities, with a goal of zero shutdowns of departmental operations due to an outbreak of COVID-19.

Main Nikon Group Measures to Prevent the Spread of COVID-19 in the Fiscal Year Ended March 2022

- Formulated and raised awareness of the COVID-19 Response Guidelines defining actions to be taken in the case of infection risk, etc.
- Paid PCR test costs for company-specified close contacts and secondary contacts
- Industrial physicians and others pre-confirmed risks of serious illness for overseas business travelers
- Workplace vaccinations for COVID-19 (cumulative total of 5,300 first and second doses administered)

Governance

Based on our Corporate Philosophy, the Nikon Group will strengthen its governance system globally and conduct operations in a highly transparent manner in order to fulfill our responsibilities to stakeholders with integrity and sincerity. We view compliance as not only observing laws and regulations but also meeting the expectations of our stakeholders and earning their trust. To this end, we strive to ensure that all employees are familiar with and thoroughly understand the Nikon Code of Conduct. The Nikon Group strives to implement comprehensive risk management measures in order to strengthen our systems, increase management efficiency and transparency, and ensure sustainable growth.



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Number of participants in the Code of Conduct e-learning program conducted at the Nikon Group companies in Japan

8,773



Tax risk assessment

Conducted quarterly on a global basis



Significant information security incidents in the past 3 years

0



Thorough Compliance



Reason for Priority

The global social situation facing companies continues to change rapidly, and has even included the occurrence of unforeseen events such as pandemics. No matter how the times may change, we will continue to fulfill our social responsibilities by thoroughly complying with corporate ethics as well as laws and regulations.

Cases where even one scandal has caused a loss of credibility that has endangered a company's existence are too numerous to mention. Therefore, in addition to preventing scandals before they occur, it is important to strengthen compliance systems in a broad sense in accordance with international guidelines and directives, while simultaneously carrying out appropriate risk evaluation and training.

Commitment

The Nikon Code of Conduct constitutes the fundamental rules of the Group based on its Corporate Philosophy of *Trustworthiness and Creativity*. It sets the standards by which all Nikon Group employees fully recognize the importance of compliance, abide by laws and regulations, company rules, and social norms, make ethical decisions, and take appropriate actions with integrity in day-to-day business activities. The Nikon Code of Conduct also represents the foundation on which we will strengthen global governance and respond to the expectations of the international community. Nikon aims to be a company that lives up to society's expectations by striving to continuously make the Code of Conduct widely known and understood, and by engaging in honest actions, including those related to legal compliance.

In order to contribute to the sustainable development of society by realizing Corporate Philosophy of *Trustworthiness and Creativity* and our vision of *Unlock the future with the power of light*, I will continue to demand thorough compliance through adherence to the Nikon Code of Conduct.

Takumi Odajima
Representative Director and Executive Vice President
General Manager of Group Governance & Administration Division

[Policy for Activities]

- Nikon Code of Conduct
- Nikon Anti-Bribery Policy

[System]

- Compliance Committee

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
Becoming a company that is trusted by society, by ensuring adherence to the Nikon Code of Conduct and by acting with integrity, including compliance with laws and regulations	Implement awareness-raising initiatives and education with 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	The commentary section was revised, and e-learning on the Code of Conduct in general was conducted in Japan during the fiscal year ended March 2022. Outside Japan, regional headquarters chose a theme for each region and conducted activities to raise awareness of the Code of Conduct.
			Collect information on the revision, etc. of laws and guidelines relating to bribery prevention in major countries, and implement a review of the Anti-Bribery Guidelines for Nikon Group Companies	Nikon Group	Reviewed the latest information on key anti-bribery laws and regulations and determined that no revisions are necessary as they are covered by the current anti-bribery guidelines
			Aim to achieve effective implementation of the Code of Conduct Hotline (Reporting and Consulting System)	Nikon Group	The reporting and consulting system was reinforced through compliance education throughout the year, and was further entrenched through an employee awareness survey conducted in Japan in October.

Compliance


Nikon Code of Conduct

Approach and Policy

The Nikon Code of Conduct is a specific set of standards that each and every employee should understand in depth and utilize to implement the concept of compliance. In January 2018, we revised the Code of Conduct to address the latest requirements of the global community. Specifically, the revision included adding descriptions on such topics as human rights, taxation, export and import control and social responsibilities of the supply chain. We then standardized the Code of Conduct as the common set of rules for all Group companies in and outside Japan.

Nikon makes its Code of Conduct known to all employees in and outside Japan and promotes their understanding of it through various means, such as messages from the president, company principles, explanations of terms, and Q&A. The Code of Conduct and accompanying commentary have been translated into 16 languages and have been published to ensure that all employees have access to them at any time. Furthermore, the content of the Code of Conduct and commentary is reviewed regularly. In the fiscal year ended March 2022, revisions were made to the commentary.

Additionally, to ensure thorough compliance with the Code of Conduct across the Nikon Group, the head of each department at Nikon and above, and the president of each Group company make a pledge each year to take responsibility for compliance with the code of conduct in the organizations of which they are in charge.

 Nikon Code of Conduct
<https://www.nikon.com/about/sustainability/policy/codeofconduct/>

System

System and Framework

The Nikon Group has established the Compliance Committee* for deliberating and making decisions on priority issues regarding promotion of compliance, such as the prevention of bribery. The committee is chaired by the Representative Director and General Manager of the Group Governance & Administration Division of Nikon. The Compliance Section of the Legal and Intellectual Property Division, which spearheads compliance promotion activities, and the Administration Department of the Group Governance & Administration Division, which is in charge of the Code of Conduct Hotline (Reporting and Consulting System), both serve as secretariats of the committee.

In order to strengthen governance and risk management, the Compliance Committee came under the umbrella of the Risk Management Committee as of April 1, 2022. The Nikon Group promotes compliance according to the system outlined in the diagram.

In Japan, the Compliance Section undertakes compliance promotion activities through collaboration with the

compliance coordinators in each of Nikon's departments and at Group companies, by holding liaison meeting with them, etc. Outside Japan, we cooperate with each group company, led by the regional headquarters, to address the risk of violations of local laws and regulations. Furthermore, we promote global activities by sharing their knowledge of cultures, customs and regulation in each country and region.

Code of Conduct Hotline (reporting and consulting system)

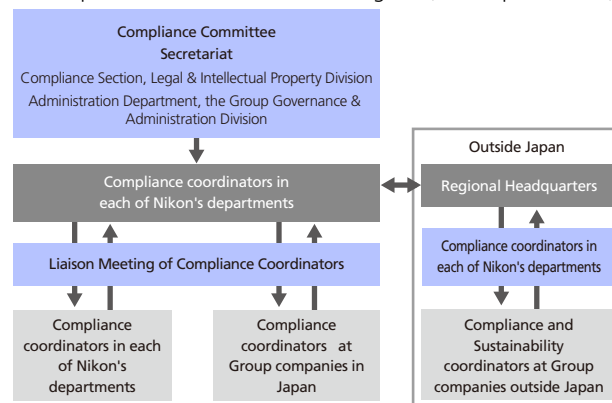
The Nikon Group has included provisions regarding a reporting and consulting system in the Nikon Code of Conduct and has established such systems at all Group companies in and outside Japan in order to respond to reports of violations or potential violations of the Nikon Code of Conduct.

The Code of Conduct Hotline, a common reporting/consulting channel for employees of the Nikon Group in Japan (including non-consolidated Group companies), consists of an internal contact point and an external contact point which is handled by an external specialist firm. In the fiscal year ended March 2022, the reporting and consulting system was inspected and revised in line with the implementation of the revised Whistleblower Protection Act in June 2022.

Outside Japan, as a general rule, each Group company has established its own internal contact point. In addition, contact points handled by external specialist firms have been set up and are being operated in Europe, the Americas and Asia (excluding Republic of Korea).

Reporting can be done anonymously. Furthermore, external contact points are open daily in Japan (with the exception of the year-end and New Year's holidays) and open 24 hours a day, 365 days a year outside of Japan where reports can be made in the local language. For each case received through the system,

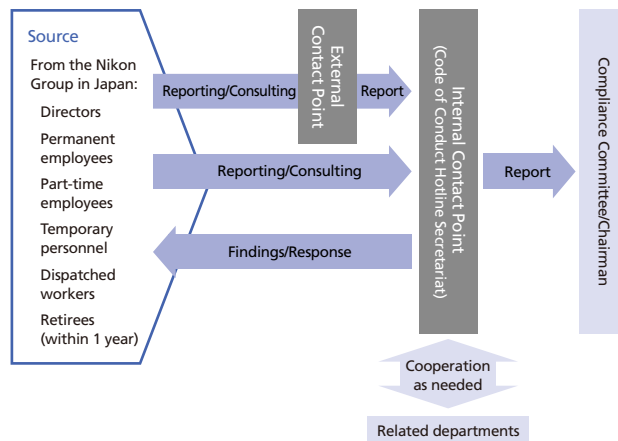
● Compliance Promotion Structure Diagram (As of April 1, 2022)



information is gathered from the reporter and persons relevant to the matter in order to understand the issue objectively. We then work together with relevant departments to resolve the case and follow up as necessary. We treat each case with the utmost care by respecting human rights, which includes keeping the matter in strict confidence, protecting privacy, ensuring anonymity, and preventing any negative treatment as a result of using the system.

Furthermore, the Nikon Group makes employees aware of this system through a booklet on the Nikon Code of Conduct, which is accessible to all employees, and relevant training programs.

● Diagram of the Reporting and Consulting System in Japan



● Use of Reporting and Consulting System (Fiscal year ended March 2022) (Unit: cases)

	Cases
Nikon Group companies in Japan	26
human rights-related matters (harassment, labor disputes, etc.)	23
Group companies outside Japan	6
human rights-related matters (harassment, labor disputes, etc.)	3

Promotion Activities

Activities and Results

Compliance Training for Directors and Employees of the Nikon Group

The Nikon Group aims to instill an awareness of the concept of compliance in every person at the Nikon Group, from our top management to each and every employee.

At the December 2021 meeting of the Compliance Committee, a compliance seminar was conducted by a specialist lawyer for 23 committee members, including Nikon's full-time directors. Seminar topics included compliance in a changing society, the responsibilities of companies and directors, and whistleblower systems. For Group employees, we hold classroom training and e-learning. In the fiscal year ended March 2022, training on harassment and other issues was conducted by the compliance coordinators in each workplace, and e-learning comprehensively covering the Code of Conduct was conducted at the Nikon Group companies in Japan. Group companies outside Japan are continuously conducting training activities to disseminate the Nikon Code of Conduct. In addition, regional headquarters took the lead in providing training on harassment and discrimination prevention, anti-bribery, competition law, and other issues. In response to the results of an awareness survey conducted in Japan that showed a decline in the level of awareness of the Code of Conduct, we plan to consider and implement in the fiscal year ending March 2023, training activities that will increase opportunities to refer to the Code of Conduct. Further, in the Nikon Group's newsletter to all of its employees, we feature compliance related news that is reported around the world and explain the Nikon Group's view on compliance.

Global Awareness Survey (Monitoring)

The Nikon Group conducts monitoring through an awareness survey given to its employees at Group companies in and outside Japan every one or two years. The survey enables the Nikon Group to assess the degree of compliance awareness, employees' confidence in the reporting and consulting system, and the current status of Code of Conduct training, and reflect the results in improvements made to the Nikon Group's promotional activities.

In the fiscal year ended March 2022, we conducted an awareness survey for the Nikon Group in Japan, with 10,308 employees responding (response rate of 95.1%). While awareness and commitment to compliance remained high, the level of awareness of the Nikon Code of Conduct was lower than in the survey conducted in the fiscal year ended March 2021. Major changes in the way people worked during the COVID-19 pandemic may have had an impact to the results.

The results of the awareness survey were reported, along with a comparison of results over time, during the meeting of the Compliance Committee held in December 2021. The results of the survey and requests for improvement were relayed back to each Nikon division and Nikon Group company in Japan, and each division and company is working to make improvements based on these results. Through such efforts, the Nikon Group has established a PDCA cycle for promoting compliance in all regions where we conduct business activities.

Prevention of Bribery

Approach and Policy

System and Framework


Activities and Results

The Nikon Group has established the Nikon Anti-Bribery Policy with the approval of the Executive Committee to reiterate our commitment to the prevention of bribery both internally and externally. To ensure compliance with the Nikon Anti-Bribery Policy, led by the Compliance Section, regional headquarters outside Japan have each formulated "Anti-Bribery Guidelines." These guidelines reflect regional characteristics and summarize business approaches, precautions and operational procedures, etc. for entertainment, gifts and donations that are necessary to comply with the policy.

Specifically, we are taking steps to ensure full compliance with written application and approval procedures, for expenditures related to public officials, etc. As a general rule, we have banned facilitation payments. In addition, at the start of transactions with third parties, such as intermediaries, Nikon makes the Nikon Anti-Bribery Policy known to all parties, and in principle, the contract must include a clause regarding the prohibition of bribery. We have a system in place to confirm matters using a prescribed checklist in situations deemed to be high risk.

The Compliance Section and regional headquarters outside Japan are working continuously to provide training and make procedures regarding anti-bribery known to all. Each Group company also checks the operation of the Anti-Bribery Guidelines using a self-assessment checklist at the end of every fiscal year, and the results are used to improve practices in the subsequent fiscal year.

In the fiscal year ended March 2022, we conducted anti-bribery training in the Americas and Republic of Korea. No cases of violation of anti-bribery-related laws and regulations occurred in the Nikon Group during this period.

 Nikon Anti-Bribery Policy
https://www.nikon.com/about/sustainability/governance/compliance/anti-bribery_policy.pdf

Prevention of Competition Law Violations

Approach and Policy

System and Framework

Activities and Results

As set out in the "Free Competition and Fair Business Dealings" section of the Nikon Code of Conduct, the Nikon Group's fundamental position is to carry out fair competition and engage in business deals that comply with the competition laws of each country.

In recent years, the international community has increased its focus on compliance with competition laws, requiring more stringent efforts to comply with these laws.

The Nikon Group continues to provide training on competition law and since 2014 we have reinforced this initiative. Through this training, which we provide on an annual basis, we strive to promote and disseminate the awareness of legal compliance across the entire Nikon Group as well as prevent competition law violations. No cases of violation of competition laws occurred in the Nikon Group during the fiscal year ended March 2022.

Training on Competition Law

In order to provide competition law training that is in line with the laws and regulations of all countries, the Nikon Group has established a global training system. Specifically, Nikon's Compliance Section takes lead role of competition law training for the entire group, and the same office is in charge of training for Nikon Group in Japan. Outside Japan, the legal department of each business operations site and each Group company prepares a curriculum and provides training with the assistance of local law firms as necessary.

In the fiscal year ended March 2022, the Nikon Group in Japan continued to implement e-learning programs, while outside Japan, training was provided based on the risks associated with each company's business activities.

Responding to Misconduct

Activities and Results

In the event of violations of employment rules or the Nikon Code of Conduct, the Nikon Group will take strict disciplinary action in accordance with internal regulations after investigating all related matters.

In the fiscal year ended March 2022, there were a total of six disciplinary cases based on misconduct, etc. in the Nikon Group, and the parties involved (a total of nine persons) and management and supervisory personnel (a total of nine persons), were punished. The disciplinary cases include two cases related to harassment and similar conduct. Nikon continually provides education for employees through the newsletter, e-learning and other means in order to prevent the recurrence of misconduct.

Materiality 11

Strengthening Corporate Governance

Reason for Priority

Corporate governance is the cornerstone of business activities. In order to ensure fair and transparent management, businesses must continue to improve on their systems of governance. In addition, the governing body should forecast and respond to the various and ever-changing risks and opportunities from a medium- to long-term perspective and implement countermeasures accordingly. As such, it is essential for us to respond to the various requests of stakeholders.

Commitment

Strengthening governance is one of the principal challenges for a company, and it is necessary to build a corporate governance structure that ensures transparency and discipline in order to become a company that is trusted not only by investors but also by a diverse group of stakeholders. Nikon has been implementing initiatives to strengthen governance, including monitoring the strengthening of internal controls and risk management systems, and enhancing collaboration between the Nominating Committee and Compensation Committee and the Board of Directors.

In the fiscal year ending March 2023, we will work to strengthen governance by further enhancing the effectiveness of the Board of Directors by increasing its independence and diversity.

Kazuo Ushida
Chairman of the Board

[Policy for Activities]

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

[System]

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

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
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	—	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	Planning and execution of various measures to strengthen effectiveness
	Review the effectiveness of the separation between the management function and the supervisory function		Aim to further strengthen the supervisory function by reviewing the composition of the Board of Directors from the next term onwards	Nikon	Conducted an assessment of effectiveness for the fiscal year ended March 2022 Skills Matrix developed by the Board of Directors and published
	Enhance the flexibility of the management function				
	Enhance the effectiveness of internal controls and auditing				


Corporate Governance

Basic Approach

Approach and Policy

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 its 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 its 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
<https://www.nikon.com/about/ir/governance/organization/guideline/>


System

System and Framework

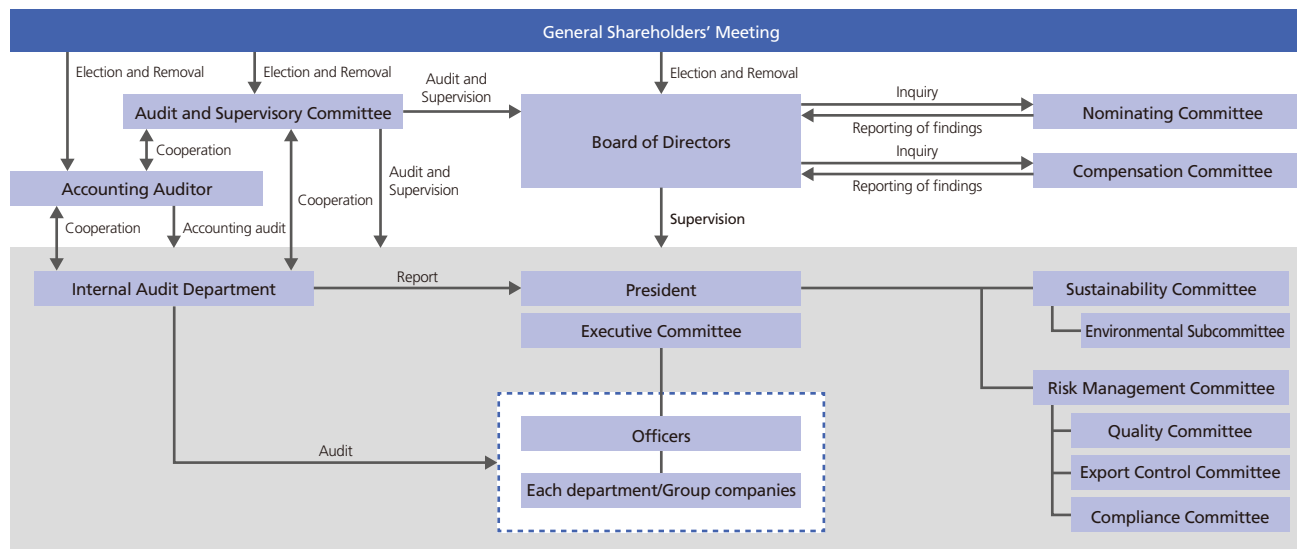
Aiming to further enhance corporate governance, Nikon adopted a company with an Audit and Supervisory Committee. This position further strengthens the supervisory function of the Board of Directors as it strives to streamline decision-making and clarify management responsibility arising through delegation of authority.

 Corporate Governance Organization
<https://www.nikon.com/about/ir/governance/organization/>

Related Information

 Internal Control System
<https://www.nikon.com/about/ir/governance/internal-control/>
 Basic Policy on Internal Control System
<https://www.nikon.com/about/ir/governance/internal-control/policy/>
 General Shareholders' Meeting
https://www.nikon.com/about/ir/stock_info/meeting/

● Nikon's Corporate Governance Organization (as of June 29, 2022)



Column

Transition to Prime Market

We have selected the Prime Market for our new market classification on the Tokyo Stock Exchange after April 4, 2022. We have determined that the Prime Market is the most suitable of the various market segments to achieve growth and sustainable improvements in enterprise over the medium to long term while maintaining a constructive dialogue with investors. With the transition to the Prime Market, we will work toward compliance with (implementing) all items of the revised version of Japan's Corporate Governance Code and aim to further enhance governance.

Taxation

Approach and Policy | System and Framework


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. At the Nikon Group, the CFO*, who also serves as a director, is responsible for tax governance. Each regional headquarters manages tax compliance for their respective region, while tax management and compliance for the entire Nikon Group is the responsibility of the tax team at 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 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

● Tax Payments by Region (million yen)

Region	Tax payment
Japan	-22
USA	1,033
Europe	966
China	849
Other Areas	2,995
Total	5,821

Participants (fiscal year ended March 2021)

 Global Tax Policy
https://www.nikon.com/about/sustainability/governance/corporate-governance/tax_policy.pdf

Strengthening Risk Management

Reason for Priority

Risk management involves properly identifying risks and implementing measures in advance to minimize the impacts of those risks. The importance of risk management is growing amid the diversification of risks facing companies due to advancements in IT and AI technologies, the globalization of business, and environmental issues such as climate change.

In addition, making the necessary preparations and arrangements before a major disaster, such as the COVID-19 pandemic, a Greater Tokyo Area earthquake, or the Nankai megathrust earthquake, will help prevent damage and reduce risk.

Taking measures to identify, from a medium- to long-term perspective, various changing risks and thus mitigating impacts on business, the environment, and society represents one path to achieving sustainable development.

Commitment

The risks facing companies are growing more diverse and complex due to the rapid evolution of technology and changes in the global socioeconomic situation. Failure to respond to such risks appropriately could result in the loss of trust among stakeholders such as customers and shareholders and may lead to damages that affect the continuity of a company. For this reason, the development of an effective risk management system is becoming increasingly more important.

The Nikon Group conducts risk assessments every year, identifies important company-wide risks, analyzes and evaluates these risks, and regularly monitors its own responses. In order for the Group to further increase the effectiveness of risk response going forward, we are focusing on improving the internal control promotion system and the functionality of three lines of defense (first line: business departments; second line: corporate administration departments; and third line: internal audit departments) and strengthening mutual collaboration. Furthermore, we continue to develop a highly efficient and flexible Group governance system in order to improve our responses to global risks, while taking into account changes in management environments and business activity structures.

Takumi Odajima
Representative Director and Executive Vice President
CRO, General Manager of Group Governance & Administration Division

* CRO: Chief Risk Management Officer

[Policy for Activities]

- Nikon Group Information Security Policy
- Nikon Group Personal Information Protection Policy

[System]

- Risk Management Committee
- Quality Committee
- Export Control Committee
- Compliance Committee

Goals for the fiscal year ending March 2031 (What Nikon Intends to Achieve)	What Nikon Needs to Do	Related SDGs	Goals for the fiscal year ended March 2022	Scope	Results
<p>Identification of current and future risks and impacts, and utilization of the PDCA cycle to enhance and improve systems</p> <p>Avoidance of financial loss or damage to the company's reputation through the sound operation and management of IT infrastructure and the implementation of group cybersecurity and data protection measures</p>	<p>Perform risk assessment and give instructions to make improvements in relation to high-risk items</p>	<p>—</p>	<p>Implement risk reduction through strengthening of coordination between the major related departments and through a new, company-wide risk management system</p>	<p>Nikon Group</p>	<p>Group governance initiatives have been initiated, and a certain level of results has been achieved in improving departments and organizations with high internal control risks. Monitoring is scheduled to continue in the next fiscal year to confirm adherence.</p>
	<p>Strengthen the information security system (including cybersecurity and personal data protection)</p>		<p>Review the framework for monitoring emerging risks</p>	<p>Nikon Group</p>	<p>Discussions held among risk management-related divisions to develop a system for identifying emerging risks in the future</p>
	<p>Put in place a system for preventing violations that are accompanied by fines, in response to the 2020 amendments to Japan's Personal Information Protection Act</p> <p>Continuously review the EU General Data Protection Regulation (GDPR)</p>		<p>Nikon Group</p>	<p>No regulatory violations that were accompanied by fines. The revised Personal Information Protection Law was addressed as planned, with revisions made to the contents of notices regarding personal information protection and related regulations within the Group. We conducted another GDPR checklist for each company and confirmed that they were compliant with the law.</p>	

Risk Management

Basic Approach

Approach and Policy

The Nikon Group has implemented a risk management system in order to deal appropriately with all risks that may have a significant impact on corporate management with the aim of sustainable growth for Nikon and Group companies.

System

Framework and System

To properly respond to risks that might critically impact corporate management, the Nikon Group has set up the Risk Management Committee. The Committee is chaired by the Representative Director and CRO and made up of Executive Committee members, with the Administration Department and Planning Section of Group Governance & Administration Division serving as Secretariats. For the fiscal year ended March 2022, the committee met twice, once in October 2021, and again in March 2022.

In order to respond more effectively to major risks, a subcommittee has been established within the Risk Management Committee to provide ongoing monitoring and flexible support for priority risks. In the fiscal year ending March 2023, we plan to further strengthen cooperation between related divisions to reduce risk through the promotion of internal controls and an enterprise risk management system. The Risk Management Committee has jurisdiction over all risks, but the Quality Committee, Export Control Committee, and Compliance Committee have been established under this committee, and each specialized committee works on detailed responses to risks that require specialized action.

Main Activity Themes of the Risk Management Committee in the fiscal year ended March 2022

- Progress & challenges for key companies to be monitored
- Ongoing monitoring of internal audit results
- Conduct company-wide risk identification survey for fiscal 2021
- Report on results of litigation survey
- Information security compliance with personal information protection laws in various countries

● Main Specialist Committees Involved in Risk Management

Committees	Principal risks
Risk Management Committee	Risks
Quality Committee*	Quality
Export Control Committee*	Prevention of the Foreign Exchange Law Violations and Security Risk Management
Compliance Committee*	Compliance
Sustainability Committee	Comprehensive CSR and environmental issues (climate change, management of chemical substances, water, etc.)
Bioethics Review Committee	Bioethics

*Committees under the Risk Management Committee

Risk Assessment

The Nikon Group conducts risk identification surveys to gain an overall insight into the risks affecting the Group, including new risks such as regional conflicts and infectious diseases. The survey results are reported to the Risk Management Committee after being compiled into a risk map presenting the scale of impacts and probability of occurrence. This survey is administered to Nikon's general managers and above, as well as presidents of Group companies in and outside Japan.

In the fiscal year ended March 2022, we identified principal companies to be monitored and risk management cases on which to focus and worked to address and improve them. In addition, we increased collaboration between the Risk Management Committee, Internal Audit Department and Corporate Administration Department in an effort to further develop our risk management system and mitigate risks.

Related Information

Financial statements contain additional information about business activity and other risks within analysis of management performance and financial conditions.



Consolidated Financial Results for the Year Ended March 31, 2022 (P9 to P10)
https://www.nikon.com/about/ir/ir_library/result/pdf/2022/22_4qf_c_e.pdf

BCM*¹ Activities Measures Activities and Results

The Nikon Group has formulated BCPs*² in preparation for large-scale disasters and other emergencies, including pandemics, and reviews them every year. In response to the spread of the COVID-19 pandemic, we worked to ensure that each employee was aware of and thoroughly applied infection prevention measures. We were also able to continue our business activities while taking infection prevention into consideration by promoting telecommuting and other measures. Due to the increased probability of the occurrence of a large-scale earthquake such as a Greater Tokyo Area earthquake or the Nankai megathrust earthquake, as well as the occurrence of intensified natural disasters, including typhoons and floods, in recent years, the Nikon Group in Japan carried out communication training based on the scenario of communicating during an emergency, and training to confirm communication methods using satellite phones, at the same time disaster training was held at its production bases.


*1 Business Continuity Management (BCM)
Management activities carried out in normal times, such as the formulation, updating and maintenance of the BCP, implementation of proactive measures, education and training, checking and continual improvement.
*2 Business Continuity Plan (BCP)
A plan describing the policy, systems, and procedures, etc., by which corporations can avoid suspension of critical business activities, or can restore critical business quickly if it is interrupted, even when unforeseen contingencies arise, including natural disasters such as major earthquakes, pandemics, etc.

Risk Management for Information Assets and Cybersecurity

Information Assets Management Policy

Approach and Policy

At the Nikon Group, the management and security of information assets is conducted in accordance with the Nikon Group Information Security Policy. The Nikon Group Information Management Rules and other internal rules have been established based on the Policy, to ensure optimal and efficient business conduct while properly protecting information assets according to the circumstances in each country and region. These rules are posted on the internal portal site for employees to access anytime.

 Nikon Group Information Security Policy
https://www.nikon.com/about/sustainability/governance/risk-management/security_policy.pdf

Information Management System

System and Framework

The Nikon Group has appointed the Representative Director and President as the head of information management, including personal information protection. We have also established operating processes in accordance with Information Security Management Systems (ISMS). In terms of systems operations, under the leadership of the Representative Director and Officer in charge of information security, the Information Security Department carries out management and supervision of activities across the entire Nikon Group. This includes formulating measures regarding information security, including responses to cyberattacks, as well as developing and maintaining systems. In addition, the head of each organization of Nikon's business units, divisions, and the Group companies is designated as information managers. By working with the Information Security Department, these individuals are helping to build an information security management system compatible with the situation in each country and region, while comprehensively managing the entire Nikon Group. Material matters involving information asset risks are reviewed by the Risk Management Committee, which includes members of the Executive Committee and others. Nikon's healthcare business unit has obtained ISO 27001 certification, an internationally recognized standard for ISMS (information security management system), for its research and development of computational pathology and AI assisted medical diagnosis, which requires particularly strict information management.

* ISMS:Information Security Management System

Response to Information Security Incidents

Activities and Results

When an information security incident occurs at the Nikon Group, the site where the incident occurred is obligated to report it immediately to the Information Security Department. The Information Security Department works with relevant departments to establish a system and procedures for minimizing damage and impact, and processes for promptly resuming business. Serious cases are promptly reported to the director in charge by the Information Security Department. In addition, when appropriate, members of the Information Security Department attend incident response training courses run by outside experts. There have been no major information security incidents involving the payment of fines or compensation in the past three years.

Information Security Education

Activities and Results

The Nikon Group is working to both raise awareness among employees and increase the effectiveness of its information security. Specifically, in addition to new hire orientation training, we provide education on information security regularly using e-learning and other methods. Within this education program, we include not only information about the policies and rules related to information management, but provide specific examples as well.

In addition, the Nikon Group Information Security Handbook, an educational document that provides easy-to-understand explanations of the information security measures that are disseminated through internal regulations and bulletins, is posted on the portal site for all employees to refer to at any time. This handbook is used in regular training to make sure that every one of the employees understands the importance of information asset management and complies with the rules with strong awareness.

In the fiscal year ended March 2022, as in previous years, we designated February as Information Security Awareness Month, raising awareness through in-house newsletters and conducting an e-learning program for domestic Group companies. Group companies outside Japan also conducted information security education through e-learning or other methods as appropriate. Preparations were also made to update the content of the new employee orientation training from April 2022.

Through these training programs, we ensure that our employees are thoroughly familiar with information security. In the unlikely event that an employee violates the relevant rules and causes an incident such as information leakage, the employee may be subject to disciplinary action in accordance with the employment rules of the company to which the employee belongs.

Information Security Audit

Activities and Results

The Nikon Group periodically conducts internal audits pursuant to the Nikon Group Information Management Rules to improve the level of our information security. In the fiscal year ended March 2022, a paper-based audit was conducted on all of the Nikon Group's organizations (Nikon business departments and Group companies) in Japan and onsite audits were carried out on selected organizations based on materiality themes. The results of these audits indicate there were no significant risks. The Nikon Group plans to conduct internal audits focusing on the presence of appropriate information security measures in the fiscal year ending March 2023.

Personal Information Protection

Approach and Policy

System and Framework

Activities and Results

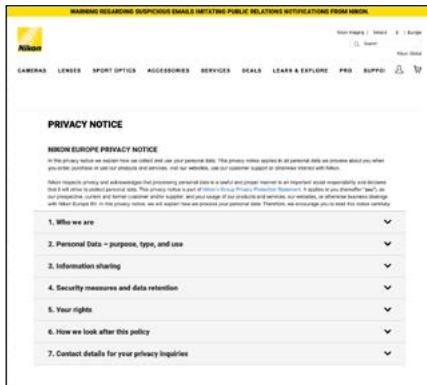
The Nikon Group has established the Nikon Group Privacy Protection Statement based on its respect for privacy and acknowledgment that processing personal data in a lawful and proper manner is an important social responsibility. Additionally, under this Statement, we established the Nikon Group Personal Data Processing Rules as a common set of rules covering the entire Group. We are now working to make these rules known within the Group and ensuring that personal data is handled in accordance with these rules under the information security promotion system.

Furthermore, we established the Personal Data Protection Subcommittee under the Risk Management Committee comprised of members from the Executive Committee and other organizations. The subcommittee carries out risk management concerning privacy and personal information covering the entire Nikon Group.

Our specific initiatives include posting privacy notices on the website of each Nikon Group company in accordance with relevant laws and regulations, and notifying customers of contact information for support regarding privacy and individual rights. This includes the purpose of use of personal information and how to delete their personal information. In addition, the subcommittee requests that procurement partners follow the Nikon CSR Procurement Standards in order to maintain information security, including privacy protection.



- Nikon Group Privacy Protection Statement
https://www.nikon.com/privacy/privacy_policy.htm
- Privacy Notice of Nikon Europe B.V. in accordance with the EU General Data Protection Regulation (GDPR)
https://www.nikon.ie/en_IE/footers/privacy_policy.page
- Nikon CSR Procurement Standards
https://www.nikon.com/about/corporate/procurement/pdf/csr-procurement1_3_e.pdf



Privacy Notice of Nikon Europe B.V. in accordance with the EU General Data Protection Regulation (GDPR) (excerpt)

Response to the Personal Information Protection Laws of Each Country

The Nikon Group complies with the personal information protection laws of each country where it operates, including the General Data Protection Regulation (GDPR) in the EU. We are also working to develop a system to prevent violations in order to achieve appropriate management of personal information under an information security management system.

In the fiscal year ended March 2022, we took measures to comply with the Amended Act on Protection of Personal Information that will take effect on April 1, 2022. In addition, we continued to collect information on the Personal Data Protection Act of the Kingdom of Thailand, the enforcement of which has been postponed, and legislative and revision trends concerning personal information protection-related laws and regulations in other countries and regions.

In the fiscal year ending March 2023, we will continue

to respond to the implementation of the Personal Data Protection Act in Thailand, as well as to the California Privacy Rights Act in the United States, which will take effect in January 2023.

Cybersecurity Infrastructure Development and Process Improvement

Activities and Results

To maintain a strong defense against increasingly sophisticated and stealthy cyberattacks, the Nikon Group continued to deploy cybersecurity measures that were first introduced during the fiscal year ended March 2021. We also strengthened our operational system to collectively monitor and respond to cyber-attacks globally in order to achieve early detection and early response. We are also in the process of updating our system to filter out phishing scams and other suspicious e-mails. In response to the increased number of telecommuting opportunities under the “new normal” we are developing an IT infrastructure that can be accessed securely from anywhere outside the company through the use of cloud technology and other means.

In addition, we regularly improve our conventional operating processes. For example, we conduct periodic checks on the vulnerability of our corporate website, which could become an entry point for cyberattacks. We regularly conduct training for designers on information security rules during the product development process.

Corporate Citizenship Activities

The Nikon Group strives to be a good corporate citizen, developing in partnership with our communities through corporate citizenship activities. In following the Nikon Corporate Citizenship Policy, we focus our activities on future generations. Activities include environmental awareness programs for children using Nikon products, educational support for disadvantaged children, and activities for discovery and development to foster people who will lead industry, technology, and imaging culture into the future.



Nikon Corporate Citizenship Activities 137
 Main Activities 138



Future Generations Receiving Support and Encouragement From the Nikon Group

14,645 children



Corporate Citizenship Expenditure

¥336.203 million



Number of Participants


2,681 employees

Nikon Corporate Citizenship Activities

Basic Approach

Approach and Policy

The Nikon Group strives to be a good corporate citizen, developing in partnership with our communities through corporate citizenship activities for future generations based on the Nikon Corporate Citizenship Policy.

 Nikon Corporate Citizenship Policy
<https://www.nikon.com/about/sustainability/citizenship/index.htm>
 Web

Major Results for fiscal year ended March 2022

Future Generations Receiving Support and Encouragement From the Nikon Group **14,645** people

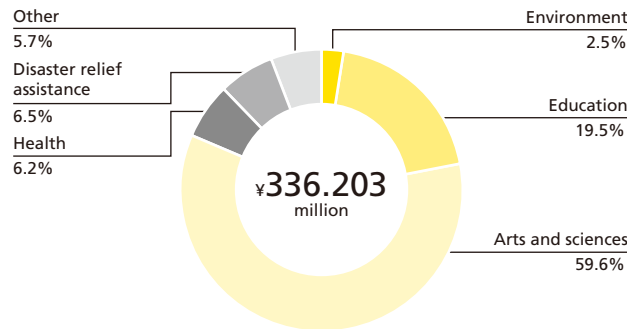
Implementation Framework

System and Framework

Nikon engages in corporate citizenship activities, pursuing sustainability through all Group companies. The Sustainability Committee is the entity that drives our sustainability promotion structure. We implement an annual survey on the Nikon Group Corporate Citizenship Activities to monitor whether initiatives adopted by individual Group companies conform with the Corporate Citizenship Policy. Survey results are reported to the Sustainability Committee.

Sustainability Promotion System (→ P9)

● Expenditures on Corporate Citizenship Activities by Area (fiscal year ended March 2022)



Employee Participation

The Nikon Group strives to create a culture in which employees participate in corporate citizenship activities. In addition to support through the Nikon volunteer leave and other programs, we plan easy-to-join activities and encourage employees to participate.

● Participation in Nikon Group Corporate Citizenship Activities

Total participants (fiscal year ended March 2022)	2,681 employees
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Main Activities

Activities and Results

Encouraging Future Generations to Appreciate Global Environmental Issues

The Nikon Group aims to pass on a healthy global environment to future generations. To this end, we conduct environmental awareness activities for children.

We support the Akaya Project, which aims to restore biodiversity in Japan. As part of our efforts here, Nikon created a study booklet named the AKAYA NOTE for children, and we have distributed this booklet to schools free of charge. We distributed 229 booklets to schools during the fiscal year ended March 2022. In the Netherlands, Nikon Europe B.V. offers an environmental education program called *Light on Small*, conducted in collaboration with the local branch of the Foundation for Environmental Education (FEE), an international education NGO. The program produces educational materials using the *EZ-Micro* stereoscope manufactured by Nikon. A total of 789 school children used these teaching materials during fiscal 2021.

Support for Biodiversity Conservation and Restoration (➔ P88)

- Participation in Nikon Group Environmental Awareness Raising Activities

Participants (fiscal year ended March 2022)	1,018 children
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Nikon introduced *Light on Small* in September 2017. In the four years since, 2,369 children from 38 schools have learned about the environment using this educational tool.



The AKAYA NOTEK helps students learn about biodiversity by studying forest creatures. The study booklet supports environmental education in the schools of Minakami Town, Gunma Prefecture, where the Akaya Forest is located. During the fiscal year ended March 2022, we donated notebooks to Minakami Town through the Nature Conservation Society of Japan (NACS-J), which runs the Akaya Project.

Helping Children Envision the Future

The Nikon Group assists school enrollment and attendance for children who struggle to go to school due to economic reasons. We support children who live primarily in areas involved in Nikon and Nikon products.

Nikon, Nikon (Thailand) Co., Ltd. and Nikon Lao Co., Ltd.

provide scholarships in Thailand and Laos through an international educational NGO. In Thailand, we provided scholarships to 169 junior and senior high school students and university students during the fiscal year ended March 2022. Our efforts have brought scholarships to a total of 2,577 recipients over the past 15 years. In Laos, we provide scholarships to 100 junior high school students every year, and 800 students have received scholarships over the past eight years.

In addition, the Nikon Group in Japan cooperates with the United Nations World Food Programme (WFP) in supporting school feeding to improve the health of children in developing countries and encourage school attendance. In fiscal 2021, we donated ¥1,205,633 to pay for 40,188 school meals. These meals supported 161 students for one year.

- Children Receiving Financial Assistance from Nikon Group

Participants (fiscal year ended March 2022)	430 students
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Scholarships in Thailand are provided through Shanti Volunteer Association in Japan and Sikkha Asia Foundation in Thailand. The photo above was taken at an awards ceremony in the fiscal year ended March 2021.

Column

Delivering Picture Books from Japan: Picture Books in the Lao Language

The Nikon Group in Japan participate in the Lao Language Picture Book Project of the specified nonprofit corporation Action with Lao Children (ALC) and conducts volunteer activities by employees. In this project, employee volunteers create Lao language picture books by sticking Lao texts on Japanese picture books and deliver to school libraries in Laos through ALC. In Laos, children have limited access to books, and the country generally lacks the number and diversity of books and bookstores found in Japan. Understanding the situation, we launched this activity in the fiscal year ended March 2018 as an educational support program from Japan to Laos, and we have continued these efforts for the past five years. Due to the impact of COVID-19 over the last two years, we recruited individuals capable of volunteering from home to help with activities. During the fiscal year ended March 2022, a total of 103 employees participated, delivering 232 picture books to Laos.



As volunteers making picture books in the Lao language work from home, we held online information sessions and exchange meetings during the course of the project.

Encouraging Younger Generations to Build the Future

The Nikon Group implements a range of activities aimed at identifying and cultivating the industrial, artistic and cultural talent of the future. Nikon Imaging Japan presents the Jun Miki Award to the most outstanding exhibition of work by an up-and-coming photographer at the Nikon Salon. The salon is a photography exhibition space we established to popularize and strengthen photographic culture. Nikon also cooperates in the development of engineers who will lead the next generation of the optical industry through the Nikon Chair of Imaging Science at the University of Tokyo's Institute of Industrial Science. We foster industrial human resources who understand Japanese through a Nikon-JICA scholarship at Savannakhet University in Laos. Nikon Group companies outside Japan are also involved in activities that include scholarship programs for young people aspiring to enter the photography industry.

- People Participating in Nikon Group Initiatives for Identifying and Cultivating Human Talent

Participants (fiscal year ended March 2022)	13,197 people
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* The Nikon Photo Contest is held every other year. Therefore, the number of the fiscal year ended March 2022 participants represents half of the 26,167 participants for 2020-2021 contest.



Nikon-JICA Japanese language scholarship recipients sent a video message to Nikon.

Sustainable Community Well-Being

The Nikon Group aspires to create better communities for the future, and we are committed to activities that contribute to community happiness and health.

Nikon India Private Limited

Nikon India Private Limited has been helping to provide home-based fostering for 40 children in need of social care through SOS Children's Villages of India.



Nikon Precision Taiwan Ltd.

Every year, Nikon Precision Taiwan provides support to several welfare organizations, and also the company matches employee donations.



Nikon Precision Inc.

Nikon Research Corporation of America

These two companies, located on the west coast of the United States, operate community relations committees run by employees. These committees select recipients for donations and support local food banks and other organizations through ongoing activities.




Optos Plc

Optos Plc contributes to healthcare in Fife, Scotland, through support for Blood Bikes Scotland, a volunteer group which delivers medical items to patients free of charge.



Related Information

Please see the corporate website for more details on Corporate Citizenship Activities.

 Corporate Citizenship Activities
<https://www.nikon.com/about/sustainability/citizenship/>



First Place



Are We Living On Mars?

Chris Summitt, Nikon Research Corporation of America

Judge's Comment

A strong visual photograph that makes the viewer wonder what has happened. After thinking for a moment and reading the photographer's comment, I was shocked to discover I was looking at the result of a wildfire. The red and green colors of the subject blended with the orange of the sky, making the flowers seem unreal, even though they represent a scene we are very much used to seeing. This work clearly shows that the earth is being swallowed by environmental change.

About the Cover Photo

These are the winning entries of the Environment Photo Contest 2022 held across the Nikon Group as an event for Nikon Environment Month (June). The contest called for photos that depicted the SDGs as they relate to the environment.



Second Place

SoS -the Society of the Sea-

Hiro Sato, Nikon Corporation

Judge's Comment

The standing posture of the child conveyed well the child's lack of familiarity with the water, and after reading the comments, I knew my interpretation was correct. The silhouette of the child and the way the buildings and clouds are portrayed convey the inherently outrageous situation and sense of crisis of not being able to swim in the water.



Second Place

Decorated deer

Kenichiro Yashiro, Nikon Corporation

Judge's Comment

Fishing nets make up a large portion of marine debris and this type of "ghost fishing" is considered a problem. That this issue can also affect the land is conveyed through this photo, which calls for a response. The deer might not even know what is happening to it. The eyes stare straight at us give us a sense of the situation.



Second Place

Mt. Buko transformed by quarrying

Takeshi Moriyama, Nikon Corporation

Judge's Comment

Thanks to the snow, the artificial parallel lines are clearly visible and we clearly see the state of the mountain. In Japan, it has been believed since ancient times that gods reside in mountains. I wonder if people today think of mountains as mere lumps of earth, and have become comfortable with the idea of cutting them down. This work appeals to the viewer's own sense of guilt.



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This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.