

# Strategy

## Sustainability Strategy

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

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

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

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



\* (1) through (12) are sustainability materialities.

## Identification of Materiality

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

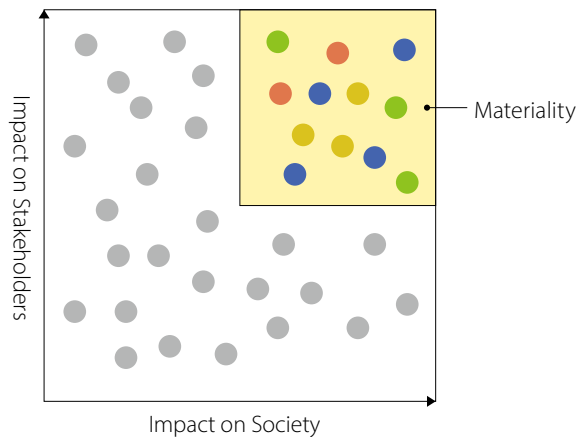
Specifically, we begin by identifying social issues from the GRI Standards, ISO 26000, the UN Global Compact, the Sustainable Development Goals (SDGs), and other standards. Issues of particular relevance to the Nikon Group are then extracted on the basis of analyses of the Group's value chain and our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

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

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

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

### ● Materiality Extraction Concept



### ● Materiality Identification Process

#### Step 1 Identify social issues

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

#### Step 2 Assess importance

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

#### Step 3 Identify and determine materiality

After management-level discussions in Sustainability Committee meetings, we selected 12 materialities. The Executive Committee determined Nikon Group fiscal year 2030 visions for each issue.

#### Step 4 Set targets for each materiality

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

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

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

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

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