



Sustainability Strategy




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Sustainability | External Evaluation

High ESG scores. Included in all 6 indexes GPIF uses for ESG investment

■ ESG Evaluation (as of August 2023)

<p>CDP気候変動</p> 	<p>MSCI ESG Rating</p> 	<p>S&P Global ESG Score Sustainability Yearbook 2023</p> 
<p>A</p>	<p>AAA</p>	<p>Top 1%</p>

■ ESG Investment Indexes (as of August 2023)

<p>Dow Jones Sustainability Indices (DJSI) World</p> <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	ESG investment by GPIF					
	<p>FTSE Blossom Japan Index</p>  <p>FTSE Blossom Japan</p>	<p>FTSE Blossom Japan Sector Relative Index</p>  <p>FTSE Blossom Japan Sector Relative Index</p>	<p>MSCI Japan ESG Select Leaders Index</p> <p>2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX</p> <p>2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>	<p>MSCI Japan Empowering Women Index (WIN)</p>	<p>S&P/JPX Carbon Efficient Index</p> 	<p>Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)</p>
<p>In</p>	<p>In</p>	<p>In</p>	<p>In</p>	<p>In</p>	<p>In</p>	<p>In</p>

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Medium-Term Management Plan integrates sustainability into its growth strategy

Our Philosophy
Trustworthiness
and Creativity

Sustainable society

Areas where Nikon contributes

Healthy environment

Comfortable society

Mental and physical well-being

Safety and work environment
(Reduce human work/
automate and customize)

Decarbonization

Circular systems
for resources

Health
(More precise and individualized
treatment)

Enriched spirit
(Education × digital)

Contribute to society through
Creativity

Meet society's expectations to
win **Trust**

Industry

(1) **Creating social value through core technologies**

Quality of Life



Business Activity

(2) **Ensuring trustworthiness by maintaining and increasing quality**



Society /Labor

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



Environment

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



Governance

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

12 Materialities

* November 2022: Amended Materiality 6 from Strengthening supply chain management to Building a resilient supply chain and Materiality 8 from Diversity and inclusion to Diversity, equity & inclusion.

Sustainability Strategy: Meet Society's Expectations to Win Trust



Environment

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

- **FY 2025 targets for achieving carbon neutrality by FY 2050**
 - Reduce green-house gas emissions from business sites: Reduce by 46.5% compared to FY 2013 levels.
(FY 2030 Target: 71.4% reduction)
⇒ **FY22 actual: 33.8% reduction**
 - Introduction of renewable energy: 18%
(FY 2030 target: 30%)
⇒ **100% migrated at Thailand and Tochigi main plants beginning in FY23**
- **Initiatives toward circular system of resources by strengthening systems re-use and refurbished sales**



Society/labor

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

- **Promote DEI** ⇒ **Established Nikon Global DEI Policy**
 - Prepare an environment and raise awareness for diverse talent to thrive
 - Promote the advancement of women
Women in managerial positions: 8%+ by FY 2025
⇒ **6.9%** (End of Mar 2023)
New grad female hires: Maintain 25%+
⇒ **FY22 actual: 32.3%**
(In FY2021, women made up 15% of the workforce)
- **Advance respect for human rights across the supply chain**
- **Marketing communications that are mindful of human rights**



Governance

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

- **Link sustainability challenge KPIs to officer compensation**
- **Secure independence of external directors: More diverse board makeup**
- **Strengthen governance across the corporate group: Strengthen internal controls**



Initiatives aimed toward becoming carbon neutral by FY2050

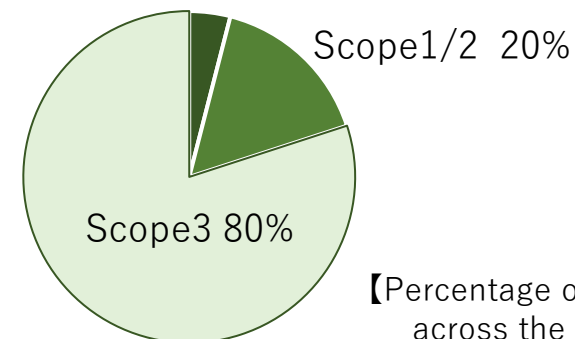
Nikon Long-Term Environmental Vision

Target year: FY2050

Meet society's expectations to win Trust



FY2050	Become carbon neutral across the entire supply chain 
FY2030	GHG reductions (vs. FY2013) Scope1/2 71.4% reduction Scope3 (Categories 1/4/11) 31% reduction Renewable energy: 30% in place 
FY2025	GHG reductions (vs. FY2013) Scope1/2 46.5% reduction Renewable energy: 18% in place

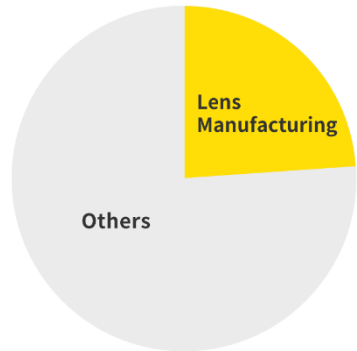


【Percentage of Greenhouse Gas Emissions across the supply Chain (FY2022)】

Initiatives at Nikon Group

■ Product development efficiencies

Reducing CO2 in lens manufacturing



CO2 emissions at Nikon Group (%)



Substantially reduced greenhouse gas emissions and waste by leveraging quality engineering methods to reduce the number of experiments through glass manufacturing simulations, shrink lead times, and improve press precision, etc.

■ Energy conservation at business offices

A new head office with R&D functions (under construction) is scheduled to obtain ZEB Ready certification and the highest rank in BELS* by reducing energy used for air conditioning and generating energy through solar panels etc.



■ Promoting the introduction of renewable energy

- Introduced locally generated power (renewable energy derived entirely from hydroelectricity) at two production subsidiaries in Tochigi (FY2023)



- Converted to 100% renewable energy at Nikon Thailand (FY2023)
- Introduced solar panels at Nanjing Nikon Jiangnan Optical Instruments Co., Ltd. (Annual power generation of about 160MWh)



Nikon Thailand



Nanjing Nikon Solar panels

*BELS: Building-Housing Energy-efficiency Labeling System. Energy-efficiency performance of buildings and housing is evaluated and authorized by a third-party organization. Performance is rated in five grades designated by the number of stars.

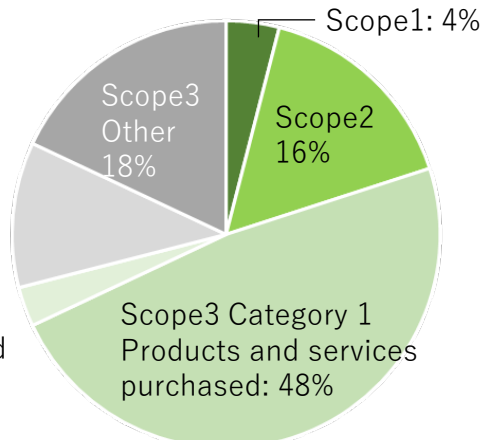
Advancing measures to reduce Scope3, which account for 80% of emissions

■ Collaboration with procurement partners

(Category 1: Products and services purchased)

Participating in CDP supply chain program

- Began participating in 2023 to understand real greenhouse gas emissions at procurement partners
- Implemented survey at 50 important procurement partners
- Holding seminars for procurement partners and assisting with emissions calculations with the aim to reduce emissions across the entire supply chain



Percentage of greenhouse gas emissions across the supply chain (FY2022)

■ Initiatives in transportation

(Category 4: Upstream transportation and delivery)

- Modal shift for healthcare products produced in China: Switched from long-haul truck to ferry within Japan. Also contributes to resolving driver shortage issues (GHG reduction: about 70%)
- Implemented buyers' consolidation on binoculars transport (GHG reduction: about 95%)



■ Reduction of power consumption while product is in use

(Category 11: Use of company products sold)

ECLIPSE Ni-L Upright Microscope

- Use LED light sources, which consume less energy (40% reduction in GHG emissions compared to halogen light sources)
- LED light source lasts about 25 times greater than that of halogen light sources. Also contributes to reduced waste



Contributing to a sustainable society and activities aimed at Nikon's sustainable growth

■ Green Loan

- A part of the construction costs of the new head office is funded from Green Loan that is limited to projects in which environmental efficiency is considered.
- Received the highest rating from Japan Credit Rating Agency (JCR) for benefits toward improving the economy and considerations toward any negative impacts



New head office image



Ceremony of putting up the ridge beam
(September 2023)

Respecting the human rights of various stakeholders

Major human rights Initiatives

*Current name

(FY)	
1997	Established Compliance Committee*
2001	Established the Nikon Code of Conduct*
2006	Established Sustainability Committee*
2007	Joined the United Nations Global Compact Established the Nikon CSR Charter and the Nikon CSR Procurement Standards*
2010	Launched monitoring surveys to Group companies
2011	Established the Policy on Conflict Minerals*
2012	Launched Conflict minerals survey and disclosure of survey results
2015	Launched CSR assessments and CSR audits
2016	Launched disclosure of compliance statement with the UK Modern Slavery Act
2018	Joined the Responsible Business Alliance(RBA)
2019	Established the Nikon Human Rights Policy
2021	Created the Communication with an Inclusive Perspective of Human Rights handbook
2023	Kumagaya Plant acquired Gold Status in RBA audit



[RBA]

- RBA is an international industry organization aimed at proper management of labor, health and safety, environment, and ethics in the supply chain in the electronics industry.
- The RBA Code of Conduct is set as the standards that companies should comply with.

Human rights education

- Message from the CEO shared at World Human Rights Day in December was streamed to all Nikon Group employees
- Human rights education in various regions: Issued newsletter and implemented e-learning
(92% of Nikon Group employees in Japan participated in human rights e-learning course in FY2022)

Respect for human rights is the foundation upon which our Medium-Term Management Plan sits

Toshikazu Umatate
Representative Director
President

On Human Rights Day, designated as December 10 by the United Nations, I would like to share my thoughts on Nikon's respect for human rights with the entire Nikon Group members working globally.

In accordance with the Nikon Code of Conduct and the Nikon Human Rights Policy, the Nikon Group is committed to respecting every person's character and



Initiatives related to RBA

Joined RBA and striving to enhance sustainability across the entire supply chain, not just at the Nikon Group

- Requested that procurement partners adhere to CSR Procurement Standards that comply with the RBA Code of Conduct
- Received RBA audit at Kumagaya Plant
Acquired Gold Status in July 2023



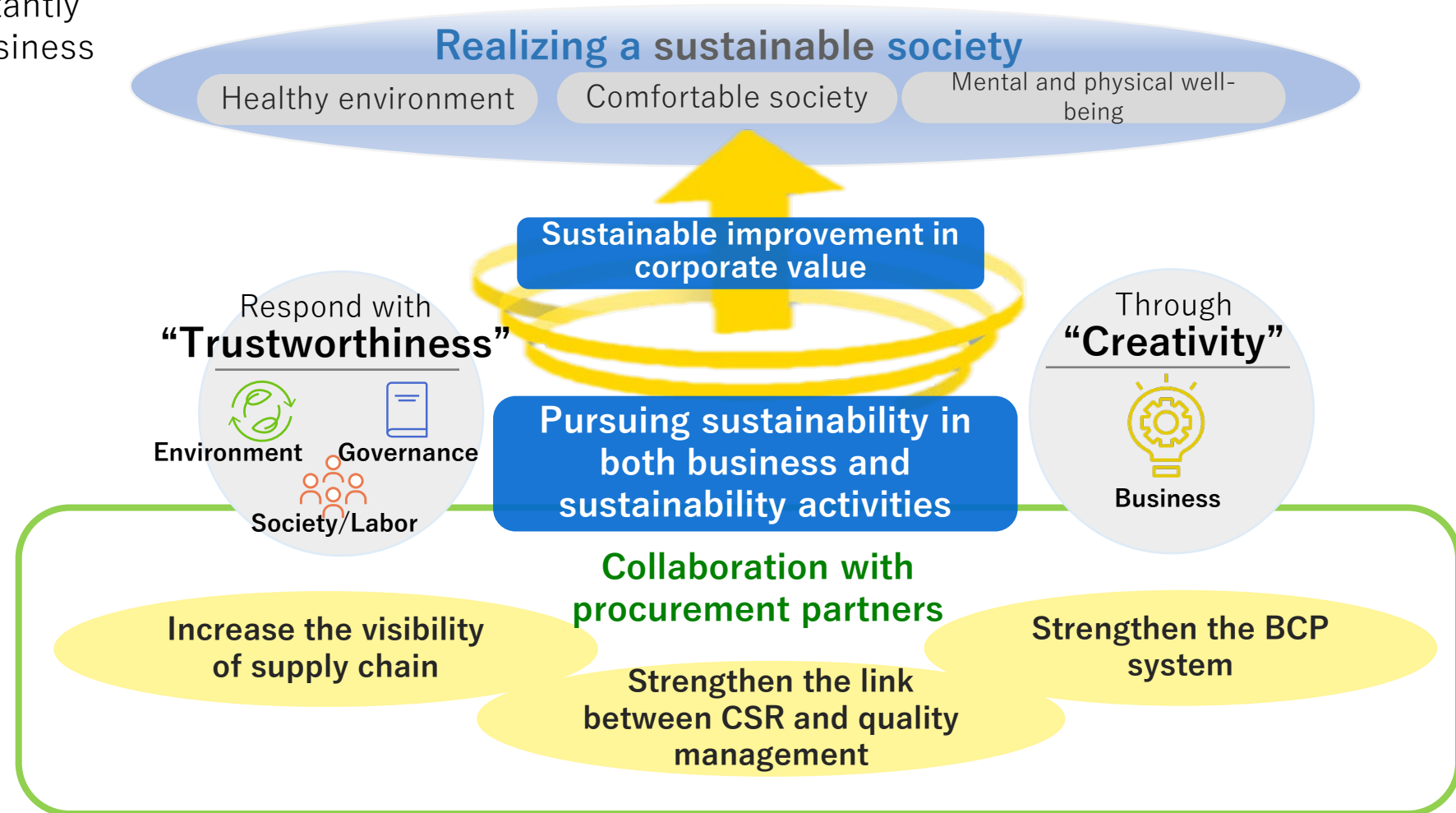
Building a resilient supply chain through collaborative relationships with procurement partners

■ Vision

Sustainable supply chain that constantly maintains a sound state against business risks and social challenges



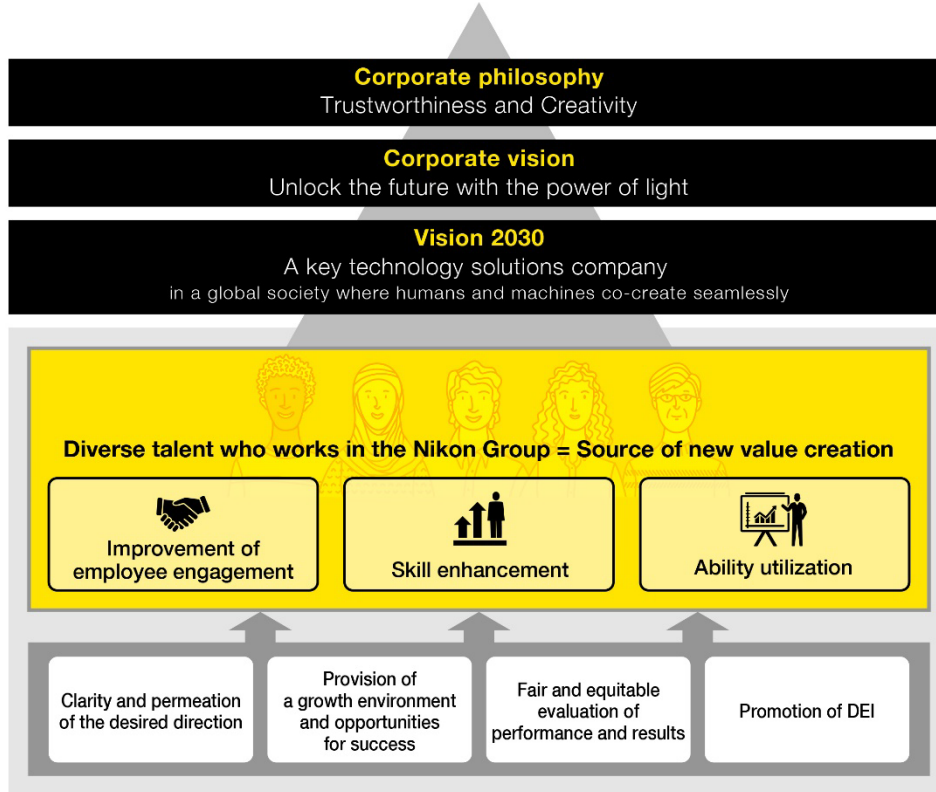
Meeting of procurement partners (June 2023)



Promote the “acquisition,” “development” and “leverage” of diverse talent to realize the “Vision 2030” set forth in Medium-Term Management plan.

Basic approach

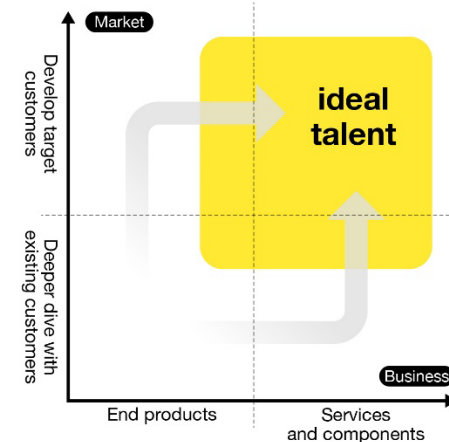
Nikon aims to grow together with each of our diverse employees to remain a company that contributes to a sustainable society.



Human resources strategy

Diverse talent who support “sustain our main businesses” and “scale earnings in strategic businesses” is needed to realize the Medium-Term Management plan.

- **Growth areas:**
Talent who can lead customer development and strengthen our solutions businesses
- **Established areas:**
Talent who can support Nikon’s core strength of manufacturing



Strengthen investment in human resources to secure both the quality and quantity of talent necessary for the transformation our business model.

The three pillars of our human resources strategy

Acquire talent

Develop talent

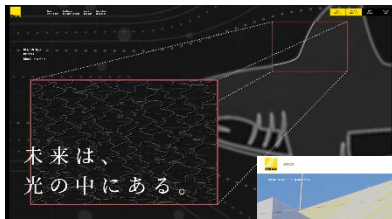
Leverage talent

Strengthening the acquisition of diverse talent who will be the source of new value creation.

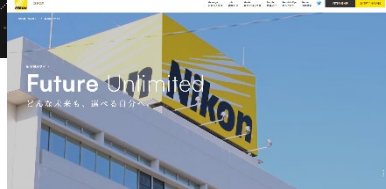
Acquisition of diverse talent

Strengthening recruiting competitiveness

- Adopted a personnel system that determines treatment based on responsibility, roles, and results, regardless of age or gender.
- Introduced occupational-based hiring for some new graduate hires and strengthened efforts to acquire diverse talent.
- Raised employee salaries by up to 20%. (FY2022)
- Reinforced of recruiting branding, such as website renewal and active information dissemination via SNS.



Recruitment site of Nikon Corporation

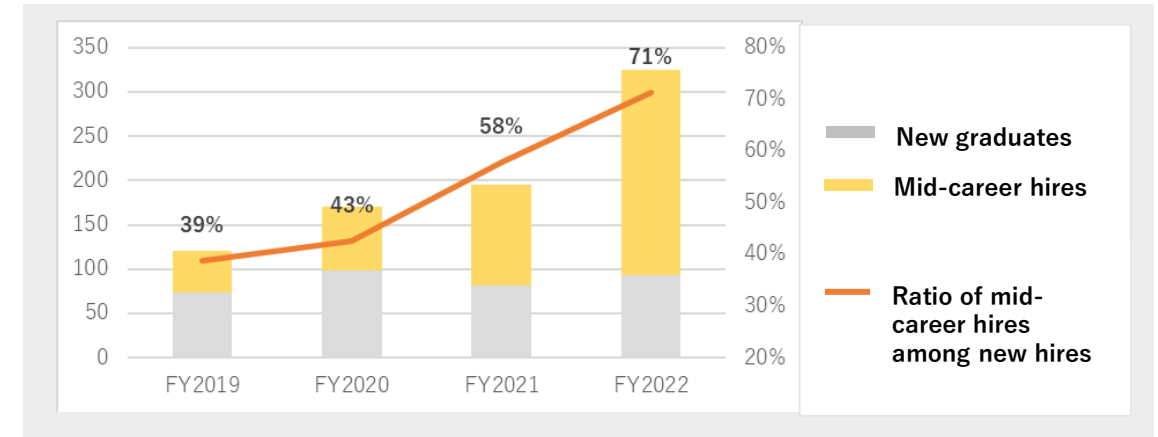


Official X (formerly known as Twitter) account for recruiting new graduates

Leverage of Mid-Career Hires

Strengthen recruitment of mid-career hires with various knowledge, skills, and experience

< Ratio of new graduates and mid-career hires among new hires of Nikon Corp >



Supporting Mid-Career Hires in the workplace

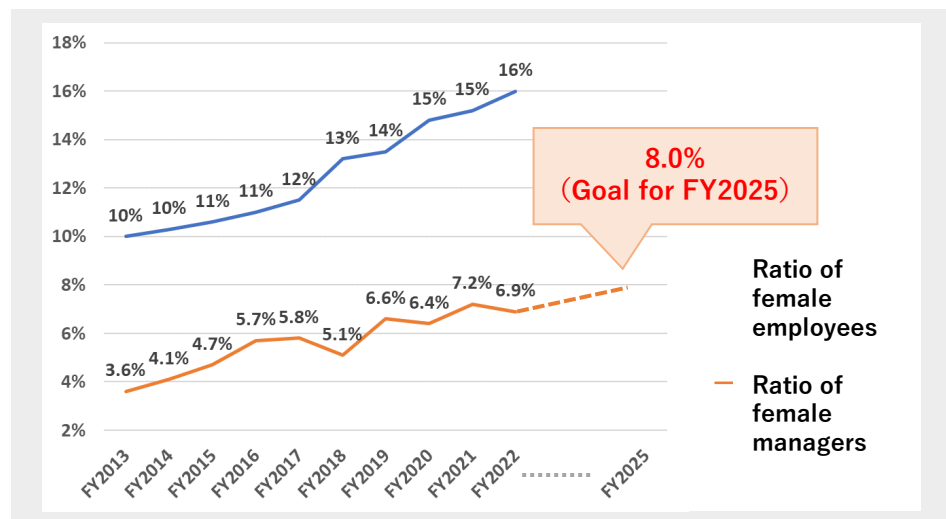
- Ratio of mid-career hires among managers: 29.6% (as of the end of March 2023)
- Strengthen the follow-up system to ensure the early success of mid-career hires, such as holding training and social gatherings, providing training for workplaces that accept mid-career hires, and conducting regular monitoring.

Continuing to provide opportunities and create an environment in which diverse employees can pursue their full potential, regardless of age or gender, etc.

■ Promoting advancement of women

Goal : Increase the ratio of female managers to at least 8.0% by March 2026.

< Ratio of female employees and female managers at Nikon Corp >



Main initiatives :

- Increase the ratio of female new hires to at least 25% (FY2022: 32.3%)
- Offering flexible working arrangements tailored to different life stages
- Planned development and appointment for candidates for managerial positions
- Offering a mentor system, introducing role model employee etc.

■ Offering flexible working styles

- Flextime working system with no core time
- Telecommuting System
- Accumulated special leave
- A childcare leave system that exceeds legal requirements etc.



< Ratio of male employees taking childcare leave* >

85.4% (FY2022, Nikon Corporation)

* Includes leave for unique Nikon's childcare leave programs



■ Assistance for leveraging employees beyond retirement age

Post-retirement age Nikon employees who wish to work are re-hired by Nikon Nisso Prime Corporation* to support their post-retirement careers

- Expanded career options beyond the Nikon Group. We have placed 23 Nikon alumni outside the Nikon Group (as of August 2023)
- Creating opportunities for private-public collaboration: Entered into agreements with 5 municipal governments (as of August 2023)



Agreement Ceremony with Minamiuonuma City (November 2022)

*Joint venture between Nikon Corporation and NISSO Kosan Corporation for human resources services business

Cultivating next-generation talent who will work together to build a society where humans and machines co-create seamlessly

■ Cultivating science and engineering talent

Established Nikon Scholarship for students at the national colleges of technology in Japan

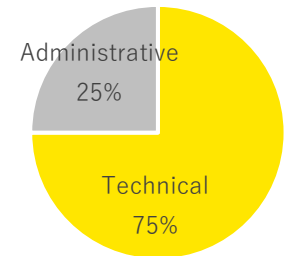
- Began recruiting applicants beginning in FY2023 to contribute to the cultivation of science and engineering talent that will support industries of the future and work together with us to build a society where humans and machines co-create seamlessly, as called for in our Medium-Term Management Plan
- Targets students in at least their 2nd year at any of 51 national technical schools from around Japan
 - 60 regular-course students (15 from each school year) and 20 technical-course students (10 from each school year)
- 40 students were selected for scholarships in FY2023 as part of the program's inaugural year



The award ceremony (September 2023)

■ Cultivating women engineers

- In Japan there are few female students who major in engineering-related fields, making it a challenge to cultivate the next generation of talent at Nikon, where many job positions are engineering-related
- Active participation and hosting of events promoting the employment of women into engineering-related fields
- Participated in a DE&I Working Group launched by SEMI Japan (Japan branch of a semiconductor industry organization headquartered in the US)



Percentage of administrative vs. technical fields (Nikon Corp.)

■ Scholarships in Thailand and Laos

- Aiding school attendance for those children who have difficulty attending school for economic reasons and helping cultivate talent who will grow to support their country and deepen amicable relations with Japan
- Contributing to regions where our businesses are located
 - In Thailand, Nikon has aided 2,917 students over 16 years
 - In Laos, Nikon has aided 1,260 students over 9 years



Diverse talent are a source of new ideas.

Realize a corporate culture that accepts diversity and leverages it in business activities.

DEi DIVERSITY
EQUITY
INCLUSION



What does DEI mean to Nikon?

- DEI forms the foundation upon which we strive to embody our corporate philosophy of “Trustworthiness and Creativity” and realize a prosperous and sustainable society.
- The characteristics and differences that exist within each one of us are the sources of new ideas and the driving force behind the growth of Nikon.

■ Nikon Global Diversity, Equity & Inclusion Policy

- Nikon established a DEI Policy in April 2023 to promote DEI across the entire Nikon Group
- Issued a Communication Book to deploy a common policy globally and drive penetration



Advancing initiatives based on situations in various regions and workplaces



Forge a corporate culture capable of leveraging each of our differences as a team based on mutual respect to continue to respond to the challenges faced by increasingly diversified societies and customers

Perform product development and marketing activities with consideration for diversity and aim to contribute to a sustainable society



Continuing efforts to enhance the quality and effectiveness of corporate governance

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



Increased diversity and secured independence of the Board of Directors (No director from major shareholders, etc. from FY22), Management of the Board of Directors and committees centered on independent external director

Independent External Director		Committee			Skills matrix*					
		Audit and Supervisory	Nominating	Compensation	Corporate management and management strategy	Internal control and governance	Legal and risk management	Finance and accounting / M&A	Global business	Technology
Shigeru Murayama	Senior Strategic Advisor Kawasaki Heavy Industries, Ltd.		✓	✓ (Chair-person)	✓				✓	✓
Makoto Sumita	Former Chairman & Director TDK Corporation		✓ (Chair-person)		✓	✓				✓
Tsuneyoshi Tatsuoka	Former Vice-Minister of Economy, Trade and Industry		✓			✓	✓		✓	
Shiro Hiruta	Former Counsellor Asahi Kasei Corporation	✓ (Chair-person)		✓	✓	✓				✓
Asako Yamagami	Partner ITN law office	✓	✓			✓	✓		✓	
Michiko Chiba	Commissioner of Certified Public Accountants and Auditing Oversight Board	✓				✓	✓	✓		

* Of skills each director possesses, up to three items of knowledge and experience are listed on which the Board particularly relies.



System of officer compensation linked to business performance in effect since the first year of our Medium-Term Management Plan (FY22)

Compensation mix and main KPIs ~ System design in which performance-based compensation is equal to or higher than fixed compensation (% depends on the position. Approx. 58% for CEO.)

The case of CEO	Fixed compensation	Performance-based compensation		
	Monthly fixed compensation	Short-term business performance	Medium-term business performance	Long-term business performance
		Bonus	Performance Stock Unit (PSU)	Restricted Stock (RS)
Ratio of compensation	1	0.7	0.225	0.45
Linked KPI	—	"Consolidated operating profit (OP) amount" "ROE"	Medium-Term Management Plan priorities: "OP amount from growth drivers(*1)," "OP amount from service and components," and Achievement of KPIs related to "sustainability strategy," "human capital management"	(Assignment restrictions until retirement)
Range of link	—	0-200%	0-150%	Linked to stock price
Distribution method	Cash		Stocks	
Malus and clawback (*2)	Applies			

(*1) Growth drivers comprise the following 5 fields: Optical and EUV related components; Material Processing and Robot Vision; Digital lithography; Imaging contents; and Contract Cell Development and Manufacturing and Drug Discovery Support.

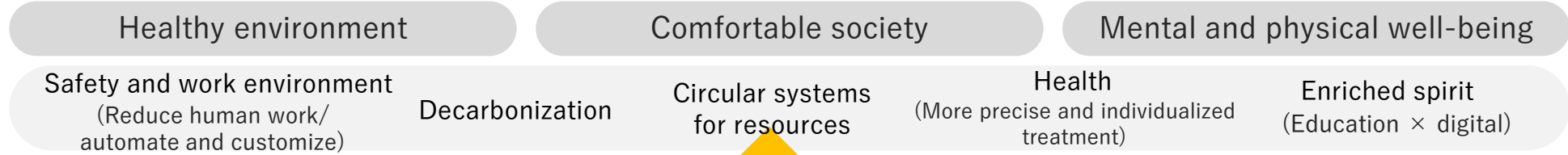
(*2) Malus: A clause that allows for the reduction or cancellation of vested incentive compensation before its payment if fraud or misconduct by the officer is identified.
Clawback: A clause to have paid compensation returned in situations similar to the above.

Medium-Term Management Plan integrates sustainability into its growth strategy

Our Philosophy
Trustworthiness
and Creativity

Sustainable society

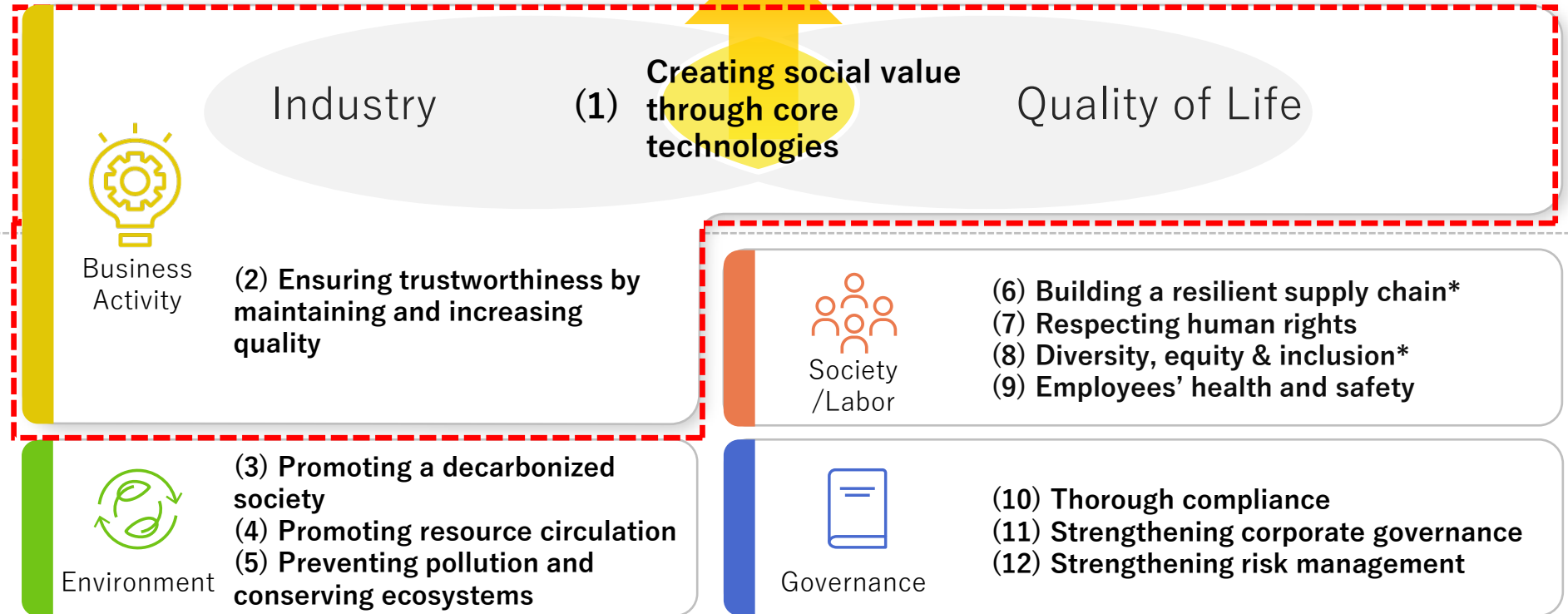
Areas where Nikon contributes



12 Materialities

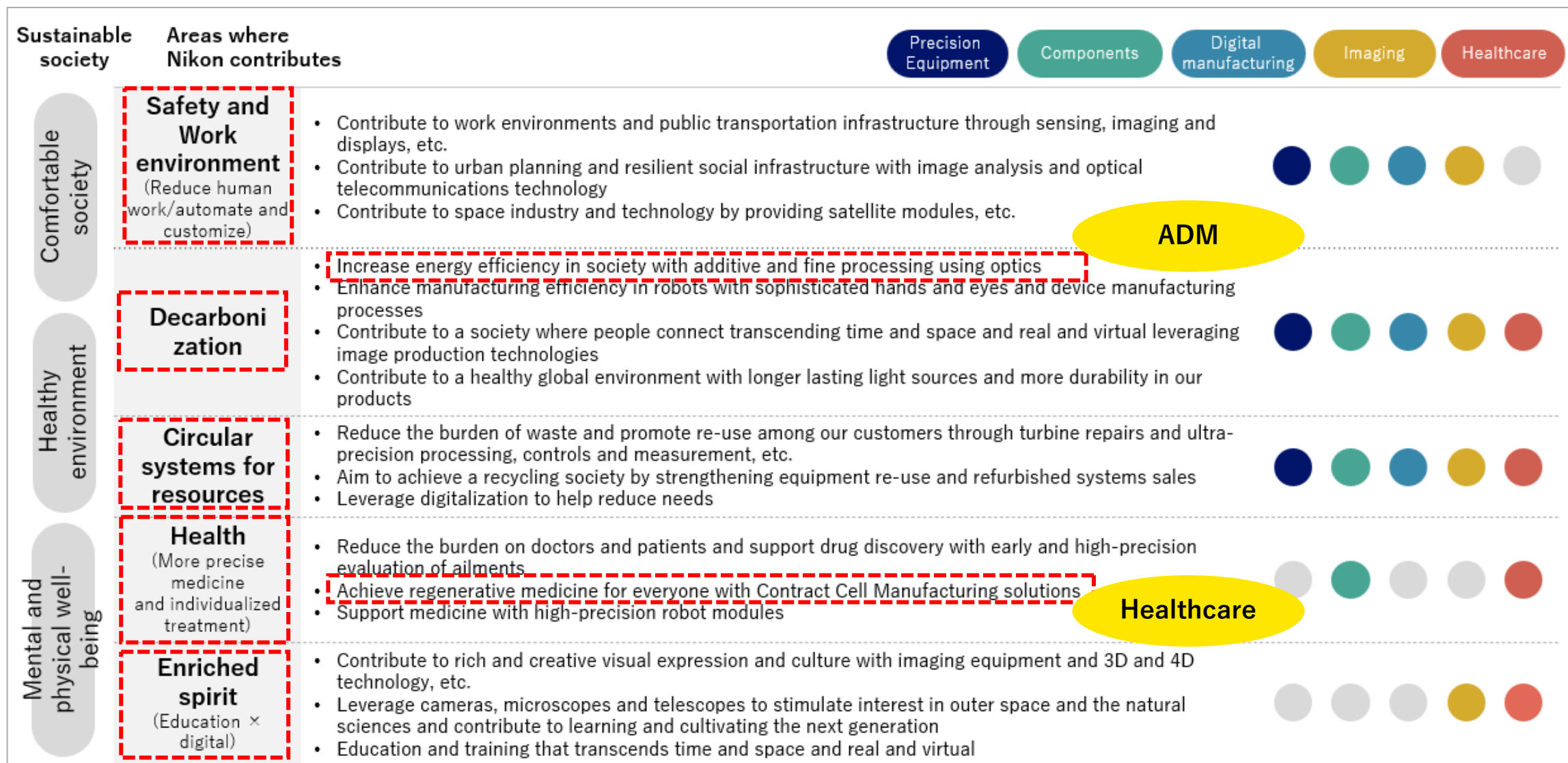
Contribute to society through **Creativity**

Meet society's expectations to win **Trust**



* November 2022: Amended Materiality 6 from Strengthening supply chain management to Building a resilient supply chain and Materiality 8 from Diversity and inclusion to Diversity, equity & inclusion.

Contribute to Society through Creativity



ADM

Healthcare

Contribute to society through Creativity : Movie <https://youtu.be/nPaemWnxSjU>