

Environmental Management Promotion System

Environmental Governance

The Nikon Group ensures the governance of Group-wide initiatives through discussions in the Sustainability Committee, as well as in the Environmental Subcommittee and the Supply Chain Subcommittee, both entities under the Sustainability Committee. 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 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 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. We incorporated sustainability strategies, including environment-related strategies, as an evaluation factor into the performance-linked stock compensation plan for

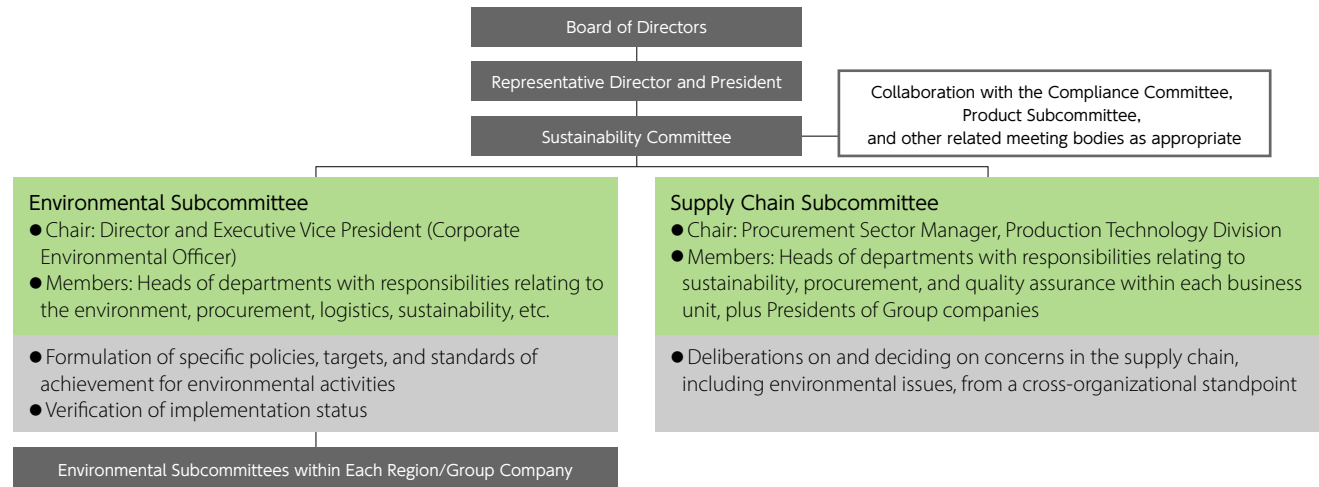
directors and officers. We strive to ensure that the status of our environmental initiatives is reflected in director and officer compensation, as well as in that of related division heads and department employees.

Sustainability Promotion System (→ p.013)
Supply Chain Management System (→ p.098)

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. In fiscal year 2022, we reported to the Board of Directors on our initiatives for

● Environmental Management Promotion System (As of April 1, 2023)



decarbonization and resource circulation under our Medium-Term Management Plan. We also communicated the direction of information disclosures based on TCFD. 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 fiscal year 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.

Environmental Management System

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. HQ EMS Assessments is conducted by EMS assessors qualified by IRCA^{*2} or JRCA^{*3} or those with EMS management experience at a regional secretariat. 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 74 employees completed this training in fiscal year 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 107 employees completed this training in fiscal year 2022. These trainings, which were previously conducted in person, were all held remotely to prevent the spread of infectious diseases. In January 2023, we updated our training on environmental laws and regulations to a new format. Now, we invite lecturers from educational institutions to conduct the training, thereby improving the level of training and ensuring access to the latest legal information.

^{*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** ✓ : Applicable

	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
<ul style="list-style-type: none"> ● Implementation of environmental impact assessments, compliance assessments, and EMS assessments ● Implementation of corrective actions, preventive actions, etc. ● Management reviews, etc. 	✓	—	—
<ul style="list-style-type: none"> ● Setting of environmental goals ● Utilization of the PDCA cycle in relation to targets 	✓	✓	—
<ul style="list-style-type: none"> ● Implementation of environmental awareness-raising activities ● Collection of environmental impact data 	✓	✓	✓

● **ISO 14001 Acquisition Status and Data Categories (Fiscal Year 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.	✓
	Nikon Engineering Co., Ltd.	✓
	Nikon CeLL innovation Co., Ltd. ^{*1}	* 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}	* 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}	39 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 Four non-manufacturing Group companies in Japan with extremely limited environmental impact that have not obtained ISO 14001 are included.

This excludes 20 companies such as private funds, companies in the process of liquidation, newly added companies through M&A, etc.

Environment-Related Risk Management System

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 (→ p.071)

Risk Deriving from Environmental Regulation and Nikon's Response

There is a risk that violations of laws and regulations relating to energy, greenhouse gas, 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 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.
 *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

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

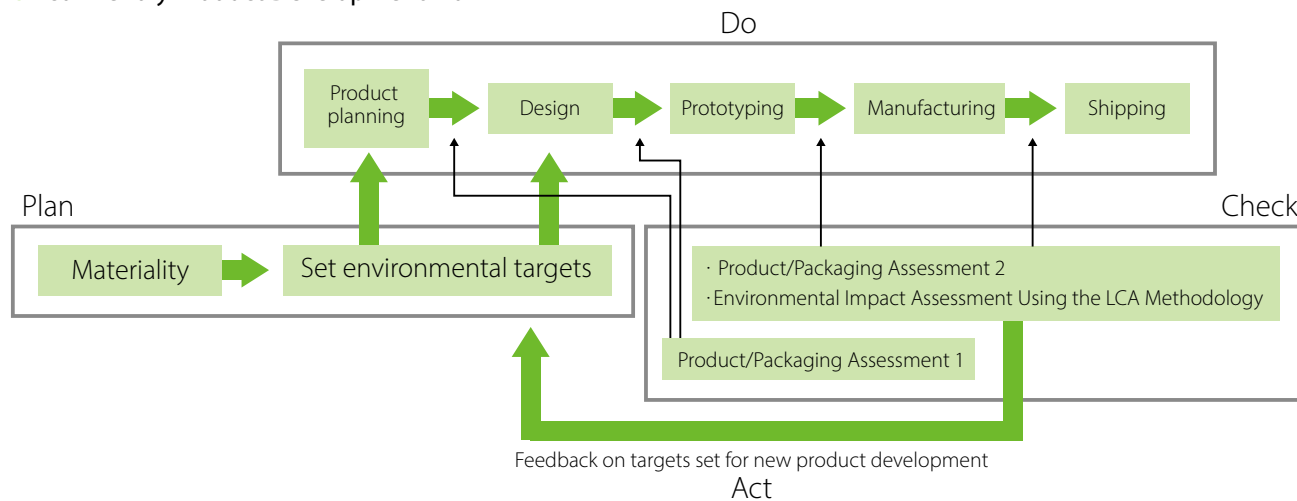
The Nikon Group has formulated the Nikon Product Assessment and Nikon Packaging Assessment. These assessments are applied to all newly-developed products and packaging materials so that our product development will thoroughly incorporate the characteristics of Nikon products and their environmental impact. As illustrated in the figure, these assessments evaluate the degree of reduction in weight and volume for products and packaging, reduction in hazardous substances, and material commonality and recyclability from the planning, design, prototype, and production stages. We also review evaluation categories and criteria in accordance with updated laws, revised regulations, and social trends.

Plastic Reduction Initiatives

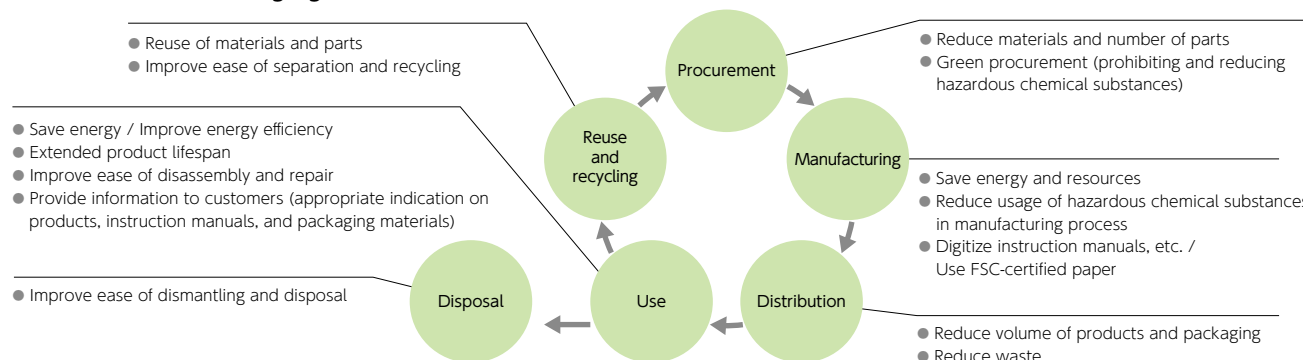
Plastic waste is not biodegradable and remains in the natural environment for a long time unless incinerated. Plastic waste is one of the significant causes of marine and other environmental pollution. As most plastics are from petroleum, these products produce greenhouse gas when incinerated. Therefore, the Nikon Group included evaluation categories such as the reduction of packaging materials used and a change to materials with less environmental impact in the

Nikon Packaging Assessment. This is one way in which we encourage a reduction in plastic packaging materials and a shift to paper-based materials.

● Eco-friendly Product Development Flow




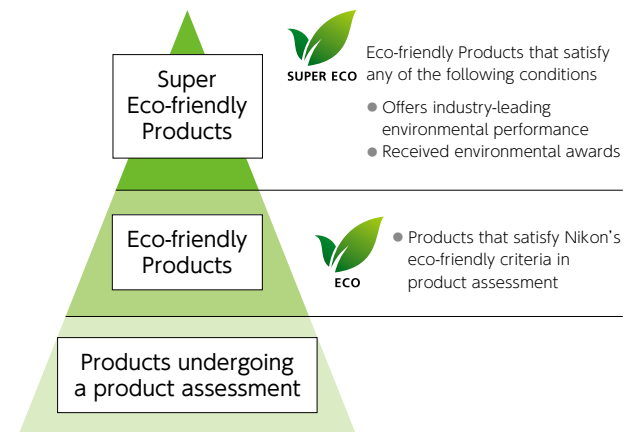
● Nikon Product/Packaging Assessment Items



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 fiscal year 2017, 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 fiscal year 2022, approximately 82% of new products were classified as Eco-friendly Products.

 Eco-friendly Products (Certified as of March 2023)
https://www.nikon.com/company/sustainability/environment/eco_product_en2023.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

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 (Fiscal Year 2022)

(Unit: persons)

Content	Participants	
	Nikon	Group companies in and outside Japan
Education on environmental issues and EMS	143	1,415
Education on setting and achieving environmental goals	134	336
Education on EMS assessments*	97	270
Education on environmental laws and hazardous chemical substances	52	591

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

Environmental Awareness Raising Activities

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. During fiscal year 2022, we conducted e-learning on the management and legal compliance system for chemical substances contained in products.

● Environmental Awareness-Raising Activities (Fiscal Year 2022)

Main Environmental Awareness-Raising Activities	Eligible Organizations	Results
Nikon Environment Month (June)	Environmental photo contest	Nikon Group Entries: 160
	Environmental commendation program	Nikon Group Entries: 11
	Awareness-raising posters and newsletter distribution	Nikon Group 15 languages supported
	Environment Month Seminar	Nikon Group in Japan 120 participants
Environmental e-Learning (From November)	Nikon Group in Japan	Attendance rate: 88%
	Group companies outside Japan	Implemented for eligible personnel
Earth Hour* (March)	Nikon Group	Participants: 44 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.

Column

Earth Hour Initiative

The Nikon Group has participated in Earth Hour since 2010. During fiscal year 2022, 44 companies participated by turning off the lights in their offices, factories, and outside signboards. The companies also called on employees to participate and on social media to encourage followers to join the program. Via an external website, Nikon Australia Pty Ltd (Australia) conducted an initiative to encourage Australians to turn off the lights, go outside, and look up at the night sky. With the help of photographer Will Eades, a Nikon Creator, the website received over 100,000 views for an article on seven tips to capture a perfect shot of the starry sky.

