

Sustainability Strategy

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42

- I am Yamada of the Corporate Sustainability Department.
- I will explain Nikon's sustainability initiatives.







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 A LIST 2022 CLIMATE</p> |  <p>MSCI ESG RATINGS AAA</p> |  <p>S&P Global ESG Score Sustainability Yearbook 2023 Top 1% 76 / 100</p> |
| A | AAA | Top 1% |

■ ESG Investment Indexes (as of August 2023)

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

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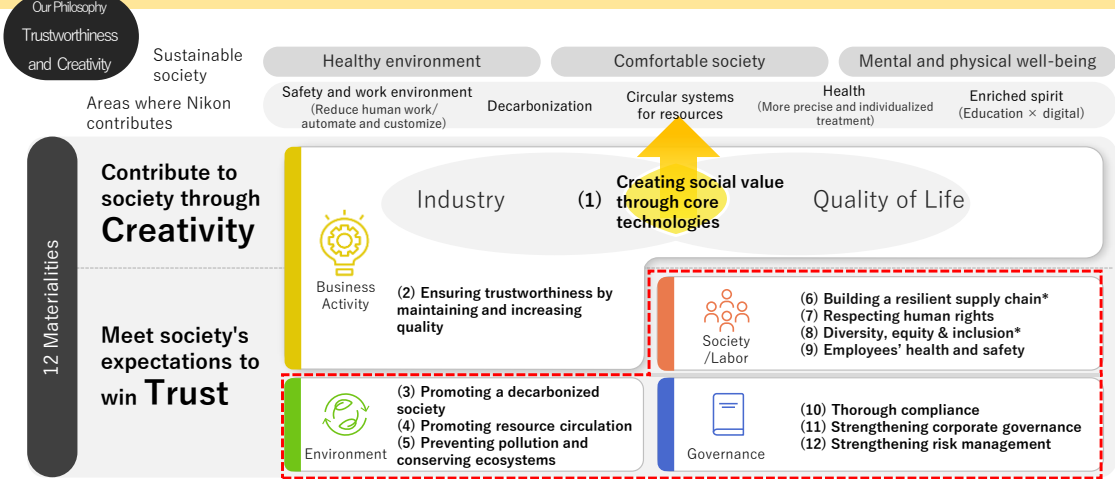
43

- Nikon has been included in all 6 of the indexes GPIF uses, showing the high regard third parties have for sustainability at Nikon.
- I will explain how we came to receive those high marks.

Sustainability Strategy

Redisplaying Medium-Term Management Plan (FY2022-FY2025) announced in April 2022

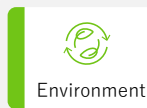
Medium-Term Management Plan integrates sustainability into its growth strategy



- Nikon put forth its *Sustainability Strategy* as one of the fundamental strategies in its Medium-Term Management Plan announced in April last year.
- Nikon's sustainability strategy aims to both contribute to a sustainable society and achieve sustainable growth for itself by putting into practice the Nikon philosophy spirit of *Trustworthiness and Creativity*.
- Specifically, the 12 materialities can be categorized into *Creativity*, where we contribute to society through business activities such as our products and services, and *Trustworthiness*, where we aim to meet society's expectations.

Sustainability Strategy: Meet Society's Expectations to Win Trust

Redisplaying Medium-Term Management Plan (FY2022-FY2025) announced in April 2022
Progress added in red



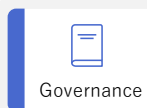
(3) Promoting a decarbonized society
(4) Promoting resource circulation
(5) Preventing pollution and conserving ecosystems

- **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



(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**



(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**

45

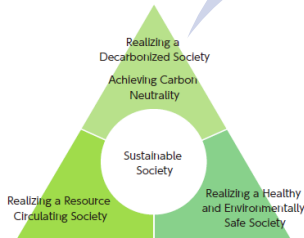
- First, in terms of *Trustworthiness*, we are pursuing goals for each materiality to meet society's expectations.
- The red font indicates our progress toward those goals. Overall, things are progressing well.
- For example, we expect to achieve ahead our medium-term targets to adopt renewable energy at major production sites as part of our efforts to become carbon neutral.
- Also, as you can see on the right side, our pursuit of Diversity, Equity & Inclusion initiatives has led to an increase in women as a percentage of management and new-grad hires.

Initiatives Aimed toward a Decarbonized Society



Initiatives aimed toward becoming carbon neutral by FY2050

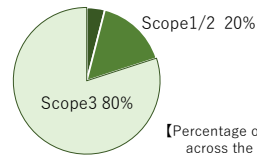
Nikon Long-Term Environmental Vision

Target year: FY2050



Meet society's expectations to win Trust

| | |
|--------|---|
| FY2050 | Become carbon neutral across the entire supply chain BUSINESS AMBITION FOR 1.5°C   RE100 |
| 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 |



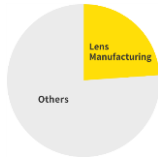
【Percentage of Greenhouse Gas Emissions across the supply Chain (FY2022)】

- I will provide more detail on our decarbonization initiatives.
- One part of our Long-Term Environmental Vision looking out to 2050 entails *Realizing a Decarbonized Society*. As part of that, Nikon aims to become *Carbon Neutral* across its entire supply chain.
- We are making solid progress toward our Medium-Term Environmental Plan targeted for FY 2030. About 80% of greenhouse gas emissions at Nikon are Scope3. Moving forward, we will promote these initiatives based on an understanding of their importance not only at Nikon, but across the entire supply chain, as well.

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.

- I will start with initiatives at Nikon. Lens manufacturing, where we begin with the glass manufacturing step, accounts for a large percentage of CO2 emissions. Nikon is working on a variety of approaches to reduce environmental impact.
- Our new head office building is under construction and will also house research labs. The building structure has been designed to substantially reduce HVAC energy requirements. And solar panels will be used to generate power. We plan to acquire ZEB Ready certification.
- Moreover, we are adopting renewable energy. As of this year, we will have migrated 100% to renewable energy at our major production sites in Tochigi and Thailand.

Reducing Scope 3 Emissions toward a Decarbonized Society

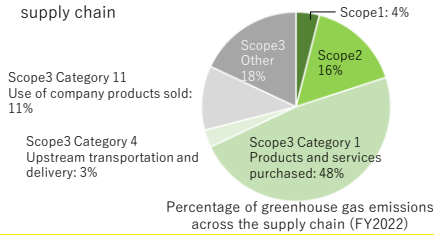
Advancing measures to reduce Scope3, which account for 80% of emissions

■ 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



■ 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



- Next, I will address Scope3 initiatives.
- Under Category 1, products and services purchased, we are collaborating with procurement partners leveraging the CDP Supply Chain Program.
- Under Category 4, upstream transportation and delivery, we are working to reduce greenhouse gas emissions by switching from long-haul trucks to ferries.
- And under Category 11, use of company products sold, we are making our products more energy efficient. For example, we recently launched an upright microscope that replaces halogen with LED light sources, reducing greenhouse gas emissions 40% and extending life span.

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)


49

- We are currently constructing a head office building with advanced R&D functions, which will be a driver of growth, on an idle site in Nishi-Oi, Shinagawa-ku, Tokyo.
- To fund part of this construction, we have procured 10 billion yen in “Green Loan” through Climate Response Financing Operations by the Bank of Japan.
- We are aware that this is the first use of Green Loan in the precision equipment industry.

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



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



- Next, I will talk about the human rights initiatives that will carry toward our goals of a sustainable society.
- We understand that Nikon's business gets done thanks to the involvement of a variety of stakeholders and we strive to address human rights issues.
- We focus on human rights education for each of our employees to put into practice. We also aim to address human rights issues across the entire supply chain. We promote initiatives that incorporate progressive perspectives from third parties such as the Responsible Business Alliance (RBA).

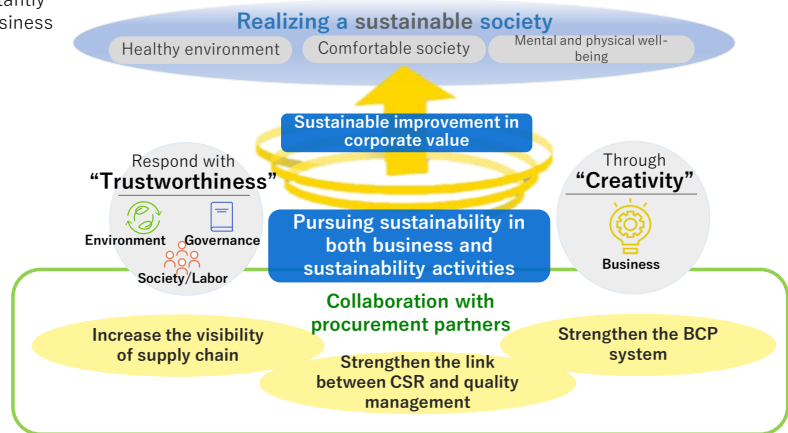
Building a resilient supply chain through collaborative relationships with procurement partners

■ Vision

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



Meeting of procurement partners (June 2023)

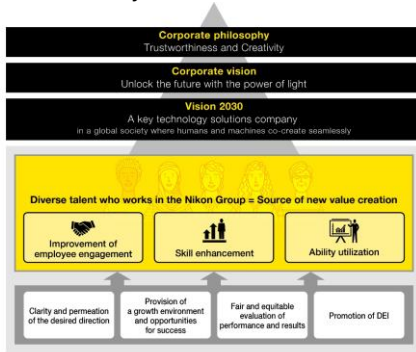


- Next, sustainable procurement.
- As logistics and the flow of goods become more globally complex at a rapidly changing pace, we need to build out resilient supply chains.
- By sharing our vision with procurement partners, who are important stakeholders, we aim to promote QCD as well as ESG initiatives such as decarbonization, human rights, and supply chain visualization.

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

Basic approach

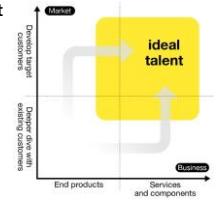
Nikon aims to grow together with each of our diverse employees to remain a company that contributes to a sustainable society.



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

- As globalization and the diversification of values progresses, human capital management is important for Nikon and its employees to grow together into a presence required by society and our customers.
- Moreover, the human talent we require is changing as we seek to realize the “Vision 2030” set forth in the Medium-Term Management Plan.
- We are increasing our investment in human talent by acquiring, developing, and leveraging talent that can lead strengthening of our solutions business in growth areas and support Nikon's manufacturing strength in existing areas of business.

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 recruiting branding, such as website renewal and active information dissemination via SNS.



Recruitment site of Nikon Corporation

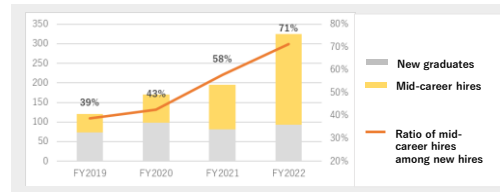


Official X (formerly known as Twitter) account for recruiting new graduates

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.

- The source of the company's growth is the diversity of its people. To acquire diverse talent, we are raising employee salaries, reinforcing our recruiting branding, and introducing occupational-based hiring for some new-grad hires.
- As a result, good things are happening to help us acquire top talent. We ranked at the top of our sector in some job-search popularity rankings.
- At the same time, we are strengthening employment of mid-career hires, who possess a variety of skills and experience. Last year, about 70% of new hires were mid-career recruits.
- Moreover, more than 29% of management personnel are mid-career hires, which breathes life into the organization.

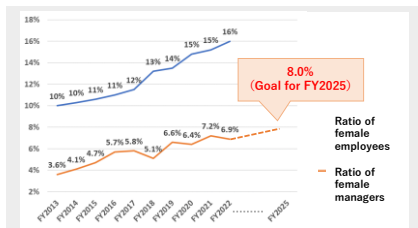
Promoting the Success of Diverse Talent

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

- To better leverage female employees, we are implementing long-term measures aimed at increasing the percentage of females in management positions.
- Nikon aims for 25% or more of new-grad hires to be females. Already, we are seeing results. Of the class of new-grad hires who joined Nikon in April 2023, 32% were females.
- While females account for around 16% of engineering students at Japan's universities, we hire a higher percentage of female engineers than that.
- We promote a work-friendly environment for a variety of life stages and leverage mentor programs. As you can see on the right side, we also are expanding support for work-life balance and creating opportunities for retirement-age employees to find work to help our employees do work regardless of their gender or age.

Cultivating Next-generation Talent

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

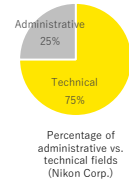
- Began recruiting applicants beginning in FY2023 to contribute to the cultivation of science and engineering talent that will support industries of the future and work together with us to build a society where humans and machines co-create seamlessly, as called for in our Medium-Term Management Plan
- 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)



■ 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



- Nikon also provides assistance to children who will form the next generation.
- Historically, we have sponsored scholarships in Thailand and Laos, where we have business operations. This year, we set up a Nikon Scholarship fund for students from national colleges of technology in Japan--the largest in terms of the number of recipients.
- In a society where humans and machines co-create seamlessly in 2030, people will need to do more creative work, and it will be important to develop skills and cultivate talent to do so.
- Also, as you can see on the right side, we are actively involved in cultivating women engineers over the long-term perspectives.

**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

- At Nikon, we pursue Diversity, Equity & Inclusion (DEI) because we believe having mutual respect for and leveraging our diversity will lead to growth for Nikon.
- In April this year, we established Nikon Global DEI Policy and are pursuing initiatives that align with local conditions under this shared direction.



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 |

- Next, I will discuss Corporate Governance.
- Nikon pursues a variety of initiatives aimed at strengthening and increasing the effectiveness of corporate governance.
- As you can see in the table, we have increased external directors as a composition of the board. There are no directors from major Mitsubishi Group shareholders, etc. left. Two directors are female, making up 17% of the entire board.
- We have also enhanced governance by establishing voluntary nominating and compensation committees as well as an Independent External Directors' Meeting for independent external directors to talk exclusively among themselves.
- We also continue to implement a cycle that ties Board of Directors effectiveness evaluation results into improvements for the next year.
- Moreover, officer compensation is managed under a stock compensation plan tied to business performance results according to our Medium-Term Management Plan.
- Moving forward, we will continue to evolve corporate governance at Nikon.

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.

- This slide describes our six independent external directors, the committees on which they serve, and their skills matrix.
- As you can see, the lineup is diverse, with three possessing experience running manufacturing companies and the others possessing experience in government, law, and accounting.
- This session today will be followed by a panel discussion with external directors Hiruta and Yamagami.



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.

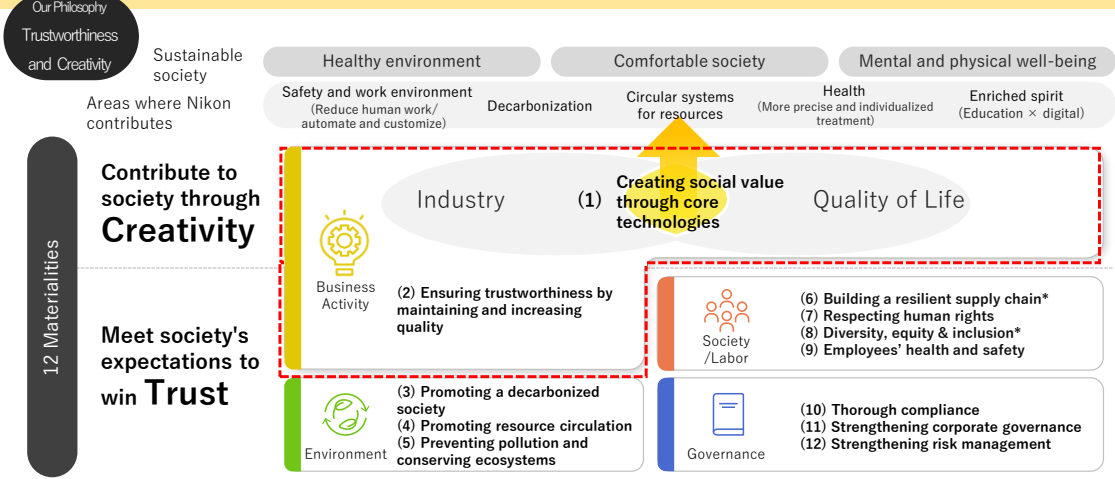
(*2) Malus: A clause that allows for the reduction or cancellation of vested incentive compensation before its payment if fraud or misconduct by the officer is identified. Clawback: A clause to have paid compensation returned in situations similar to the above.

- As for officer compensation, the ratio tied to business performance-based is the same or more than the fixed compensation.
- The plan is designed to consider Nikon's share price, putting the executive team in the same boat as shareholders.

Sustainability Strategy

Redisplaying Medium-Term Management Plan (FY2022-FY2025) announced in April 2022

Medium-Term Management Plan integrates sustainability into its growth strategy



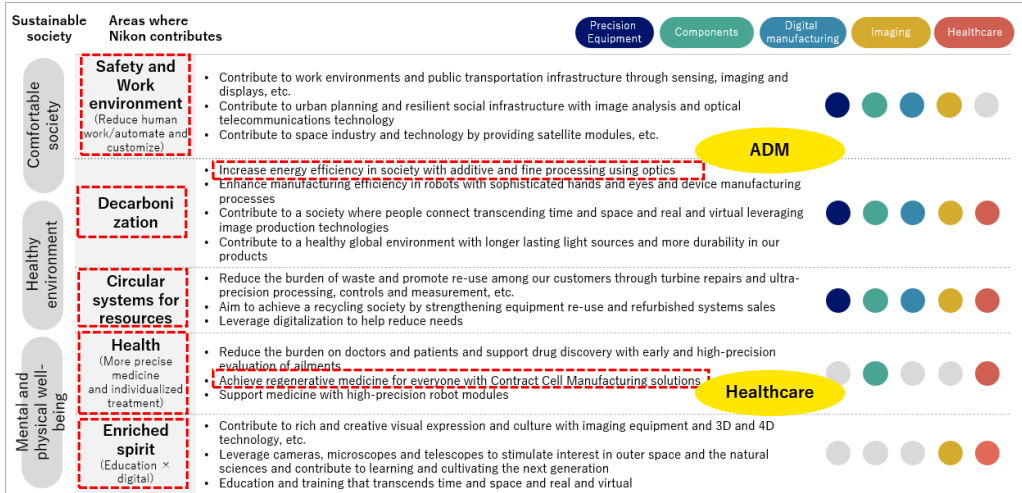
* November 2022: Amended Materiality 6 from Strengthening supply chain management to Building a resilient supply chain and Materiality 8 from Diversity and inclusion to Diversity, equity & inclusion.

- This sums up our efforts aimed at *Trustworthiness* and meeting society's expectations.
- Next, I will get into *Creativity* to discuss how Nikon products, services, and solutions contribute to society. Essentially, it is how our business activities contribute to a sustainable society.

Contribute to Society through Creativity

Redisplaying Medium-Term Management Plan (FY2022-FY2025) announced in April 2022

Business Activity 



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

- You may recall this slide from our Medium-Term Management Plan presentation. Here, we show how we aim to leverage Nikon's core technologies to make contributions in five areas—"Safety and Work environment", "Decarbonization", "Circular systems for resources", "Health", and "Enriched spirit".
- Earlier, you heard from Shibasaki of our Advanced Manufacturing Business Unit about their application toward riblet processing (shark-skin-like patterns) by optical processing machines. This ties into the reference on line 4 about increasing energy efficiency in society leveraging fine processing.
- The contract cell manufacturing described by Yamaguchi of our Healthcare Business Unit is an example of our contribution toward Health.
- These and others are featured in a video about Nikon's contributions to a sustainable society through *Creativity*. Have a look.

<Movie>

- As you can see, Nikon is working to solve societal and environmental challenges through a variety of products and services.
- The management of these efforts are integrated under our sustainability and business strategies as we strive toward realizing a sustainable society.
- This concludes my talk on sustainability and ESG.