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NIKON CORPORATION

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The corporate governance of NIKON CORPORATION (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic Views

- Based on its Corporate Philosophy, the Nikon Group will carry out highly transparent management by fulfilling its fiduciary responsibilities toward shareholders as well as its responsibilities toward all stakeholders, including customers, employees, business partners, and society, with a sincere and diligent attitude.
- The Nikon Group will strive to achieve sustainable growth and enhancement of its corporate value over the medium-to-long-term, by improving management efficiency and transparency and further strengthening the supervisory function over management in light of the purpose of Japan’s Corporate Governance Code.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company implements all the principles of the Corporate Governance Code.

Disclosure Based on Principles of the Corporate Governance Code

[Principle 1.4: Cross-shareholdings]

If the Company holds shares in other listed companies for strategic purposes, the Board of Directors regularly examines and verifies the rationale for holding such shares for each of the listed companies in terms of strategic significance and rationality, benefits and risks that accompany the cross-shareholding, including total shareholder return and related earnings on transactions, and capital costs that the Company bears. If the Board of Directors finds the necessity or rationality for holding such shares insignificant, the Company gives due consideration to options, including the possibility of selling them.

In the fiscal year ended March 31, 2024, the Board of Directors continued to examine the appropriateness of any sale of the cross-shareholdings and sold a portion that was judged to be appropriate to be sold.

When exercising voting rights associated with cross-shareholdings, the Company makes decisions based on perspectives such as whether each proposal will improve the corporate value of the Company and the issuing company over the medium-to-long term. In particular, if there is a high chance that the proposal will damage the issuing company’s corporate value, or if the issuing company is facing a major corporate scandal, the Company makes a decision with extra caution to exercise its voting rights.

[Principle 1.7: Related party transactions]

Upon conducting transactions with related parties, the Company will follow appropriate procedures in advance as listed below, to avoid harming the common interest of the Company and its shareholders.

- Make resolutions at the meetings of the Board of Directors as appropriate, in consideration of the importance, etc., of a transaction.
- Exclude directors with special interest, etc. from resolution.
- Verify whether a transaction is carried out under common terms and conditions.
- Seek opinions from external directors, etc., as appropriate.

[Supplementary Principle 2.4.1: Ensuring diversity in the promotion, etc. of core personnel]

Based on the belief that the diverse talent who works in the Nikon Group is the driving force behind realizing its corporate philosophy, the Company has set promotion of Diversity, Equity & Inclusion (DEI) as an important issue in sustainability strategy and human capital management of its management base strategies set forth in the Medium-Term Management Plan (fiscal year 2022–2025), considering it as one of the important factors that serve as a foundation for the growth of the Company.

Under the Nikon Global Diversity, Equity & Inclusion Policy, which shows the Group’s common approach to DEI, the Company will promote the creation of an environment where diverse employees can demonstrate their abilities to the maximum extent, while having an attitude to pursue autonomous growth and a sense of contributing to teams.

Reference: Nikon Global Diversity, Equity & Inclusion Policy

https://www.nikon.com/company/sustainability/society-labor/diversity-inclusion/dei_policy.pdf

Appointment of women to management positions

The Company considers the promotion of women's active participation as an important issue. Aiming to achieve an environment where women are more deeply involved in the Company's decision-making and organizational operation to bring diverse perspectives, the Company has set the ratio of female managers as a KPI to measure women's active participation. The Company is making efforts to increase the ratio of female managers, such as promoting systematic training for and promotion of women to higher positions in their workplaces and supporting their career development. The Company has also continued to set a target of "increasing the ratio of female new hires to at least 25%" since fiscal year 2016 to stably secure female employees.

Furthermore, the Company is working to establish systems and environments that allow not only female employees but also employees with various circumstances, such as childcare and nursing care, to choose flexible work styles according to their life stages. In recognition of its support for diverse work styles and ongoing initiatives, the Company obtained the Platinum Kurumin and Eruboshi (level 2) certifications, both certified by the Minister of Health, Labour and Welfare.

As of March 31, 2024, the ratio of female employees is 17.1% and the ratio of female managers is 7.8%. The Company will implement systematic training for the next generation managers to achieve our target of increasing the ratio of female managers to at least 8.0% by the end of March 2026.

Two of the eleven Board of Directors of the Company are women. While placing emphasis on the diversity of the Board of Directors as required by the Corporate Governance Code, the Company appoints individuals who understand the Company's management environment and can contribute to the sustainable growth of the Nikon Group as well as the enhancement of corporate value over the medium to long term from a high-level perspective and a global viewpoint.

Appointment of non-Japanese to management positions

The Company has been promoting its global human resources, including the appointment of non-Japanese as executive officers. The percentage of non-Japanese in the Company's management is 0.5% as of March 31, 2024. Going forward, the Company will continue to promote the appointment of excellent human resources to management and managerial positions regardless of nationality.

Appointment of mid-career hires to management positions

In order for the Company to continue to grow sustainably and create new value, it is essential to acquire industry-ready human resources with specific expertise and diverse skills, knowledge, and experience, as well as to develop internal human resources. The Company has strengthened its follow-up system for mid-career hires to ensure their early active participation by, for example, providing training and education and conducting regular monitoring to support their retention and active participation in their workplaces so that they can utilize and fully display their knowledge cultivated from their previous careers.

As of March 31, 2024, the percentage of mid-career hires in management positions is 34.2%. The Company promotes the active participation of mid-career hires in various fields and actively promotes them to management positions after appropriately evaluating their abilities, achievements, etc. by, for example, developing flexible forms of compensation, recruitment, and hiring, as well as work styles that suit the characteristics of their work and individual circumstances.

The Company's approach to diversity in the appointment of human resources, its human development policy, and the status of implementation are also described in the 160th Annual Securities Report, which is disclosed on the following website:

https://www.jp.nikon.com/company/ir/ir_library/sr/

*Currently, Annual Securities Reports are only available in Japanese.

[Principle 2.6: Roles of corporate pension funds as asset owners]

Upon the implementation of a defined-benefit corporate pension plan, the Company establishes the Pension Committee headed by the CFO and composed of the heads of the finance and human resources divisions and determines the policy for asset management.

Actual asset management is entrusted to an asset management agency. The Company receives reports on the status of asset management once every six months and monitors the management status. Furthermore, the Company appropriately manages and administers its pension assets, such as by conducting regular reviews of the strategic asset mix at the Pension Committee.

[Principle 3.1: Full disclosure]

(i) The Company's management philosophy and vision are disclosed on the following website:

- Philosophy & Vision

<https://www.nikon.com/company/corporate/philosophy/>

(ii) The Company has established the Nikon Group Corporate Governance Guideline, which sets forth the Company's views and basic policies on corporate governance, and disclosed them on the following website:

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

(iii) The policies and procedures for the Board of Directors to determine the compensation of directors and others are described in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight, 1. Organizational Composition and Operation, [Director Compensation], Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" of this report.

- (iv) The policies and procedures for the Board of Directors to appoint or remove the senior management and nominate director candidates are as follows:

Policies for appointment

The Company nominates director candidates from among those who understand the management environment of the Company and who can contribute to the sustainable growth of the Nikon Group and the enhancement of corporate value over the medium to long term from a sophisticated and global viewpoint, while also being qualified to earn the trust of society as members of the Board of Directors. The specific race, gender, nationality, or country of origin of candidates shall not be determining factors in the nomination of candidates. Furthermore, the Company nominates external director candidates from among those with a wealth of knowledge and experience, etc., as executives of other companies, or expertise and experience, etc., as specialists such as attorneys and certified public accountants, and who are qualified to take part in management supervision function from a fair and objective standpoint independent of management.

The Company appoints officer candidates from among those with a broad perspective, a wealth of experience, leadership skills, and capabilities to promote reforms in their respective areas of responsibility, while possessing the ability to strategically fulfill their capabilities to contribute to the improvement of business performance. Meanwhile, the Company appoints executive fellow candidates from among those who possess the outstanding expertise, abundant experience and distinguished achievements in specific field, and who contribute to the management of the Company with accomplishments.

Procedures for appointment

The Nominating Committee deliberates on the nomination of candidates for director, and the nomination of candidates is determined by resolution of the Board of Directors based on the results of these deliberations.

The appointment of officers (including executive fellows and other persons equivalent to Officer; hereinafter referred to as “officers, etc.”) is determined by resolution of the Board of Directors after prior examination by the Nominating Committee of the appropriateness of the candidates.

The nomination of candidates for director who is an Audit and Supervisory Committee member is subject to the prior consent of the Audit and Supervisory Committee.

Policies and procedures for dismissal

If directors or officers, etc. of the Company fall under the dismissal criteria formulated by the Nominating Committee, the Nominating Committee and the Board of Directors shall consider whether he or she should be dismissed.

- (v) The career summaries and reasons for the appointment of individual directors are described in the Notice of the Annual General Shareholders’ Meeting. The notice is disclosed on the following website:
https://www.nikon.com/company/ir/stock_info/meeting/

[Supplementary principle 3.1.3: Sustainability initiatives]

Sustainability initiatives

The Company’s Board of Directors has established the Sustainability Policy as follows:
Sustainability Policy

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

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

The Company’s sustainability initiatives are described in the sustainability report and disclosed on the following website:
<https://www.nikon.com/company/sustainability/report/>

Investment in human capital and intellectual property

Based on the belief that the diverse talent who works in the Nikon Group are the driving force behind realizing its corporate philosophy, the Company is strengthening its investment by setting the three pillars of its human resources strategy in the Medium-Term Management Plan: acquire, develop, and leverage talent who will be responsible for implementing the Company’s management strategies. The details of the Company’s approach to human capital are described in the 160th Annual Securities Report and disclosed on the following website:

https://www.jp.nikon.com/company/ir/ir_library/sr/

*Currently, Annual Securities Reports are only available in Japanese.

Patents, designs, trademarks, and other intellectual assets are vital to the competitiveness and prosperity of Nikon’s business. The Company therefore acquires, maintains, and utilizes these assets in a strategic and lawful manner. In regard to the strength of its technologies, the Company will advance R&D activities in a wide range of fields based on its opto-electronics and precision technologies to develop and maintain state-of-the-art technologies and acquiring intellectual property. The Company continues to focus on recruitment and cultivation of the human resources necessary for these activities.

Specifically, the Company recognizes that the ongoing creation and efficient maintenance and use of truly valuable intellectual property with the potential to contribute to existing business growth and new business development is imperative to the effective implementation of the Medium-Term Management Plan. The Company therefore advances intellectual property initiatives through close coordination between its intellectual property, operations, and R&D divisions, founded on shared values and strategies.

In addition, the Company has acquired trademark rights in the roughly 200 countries and region where such rights can be obtained. The Company is also engaged in the wide-ranging global acquisition of design rights pertaining to the valuable designs produced by the Company, thereby supporting the Nikon brand that has been cultivated throughout its long history.

[Supplementary principle 4.1.1: Scope of delegation to management]

The Board of Directors supervises management by directors and assumes the decision-making functions regarding matters prescribed under laws and regulations, the Articles of Incorporation of the Company, as well as the important matters concerning the Nikon Group.

For the purpose of clarifying the scope of delegation to executive directors and officers while ensuring prompt decision-making and management by executive directors and officers, the Company specifically sets out the matters subject to deliberation at Board of Directors' meetings in the criteria for matters subject to deliberation and reporting at Board of Directors' meetings. For example, the Board of Directors makes decisions on matters concerning important management issues, including the basic management policies, the Medium-Term Management Plan, the annual plan, the Basic Policy on Internal Control System, and investments and loans exceeding a certain amount.

[Principle 4.9: Criteria and qualification for determining independence of independent external directors]

In addition to the criteria for external directors under the Companies Act, the Company judges an external director candidate to be independent if he/she does not fall under any of the following criteria:

- (a) The candidate serves or had served the Group in the past.
- (b) The candidate is a "major client or supplier*" of the Company or an executive thereof.
- (c) The candidate is a major shareholder of the Company or an executive of said major shareholder.
- (d) The candidate had served in the past at a company whose directors are concurrently serving as external directors of the Company and vice versa.
- (e) The candidate is a person who belongs to a company or organization that receives a donation from the Company, or a person who had served in the past at such a company or organization.
- (f) The candidate's relative within the second degree of kinship serves as an important executive of a "major client or supplier" of the Group or the Company.

* "Major client or supplier" refers to a client or supplier that falls into either of the following:

- (1) A client or supplier with whom the Company has a transaction that falls into the following, in any of the past three years
 - a party that receives payment from the Company equivalent to 2% of the party's consolidated net sales or 100.0 million yen, whichever is greater
 - a party that makes payments to the Company equivalent to 2% of the Company's consolidated net sales or 100.0 million yen, whichever is greater
- (2) A consultant, an accounting professional, or a legal professional who receives compensation from the Company in excess of 10.0 million yen per year (average over the past three fiscal years)

[Supplementary principle 4.10.1: Views, authority, and roles, etc. regarding the independence of committee composition]

The views, authority, and roles, etc. regarding the independence of committee composition are described in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight, 1. Organizational Composition and Operation, [Voluntary Established Committee(s)].

[Supplementary principle 4.11.1: Board balance, diversity, size, and skill mix of directors]

To accomplish its management strategy, the Company selects the specific skills expected from its directors and authorizes them following the deliberation by the Nominating Committee. The skills include knowledge on and experience in corporate management, management strategy, internal control, and governance as well as the Company's business characteristics and issues. The composition of the Board of Directors is designed to ensure that each director possesses these skills in a well-balanced manner and the Board as a whole can demonstrate its effectiveness, taking into account the need to maintain diversity and an appropriate number of directors.

In addition, in order to further strengthen the supervisory function of the Board of Directors, the Company has appointed six independent external directors. Of these, three are external directors with management experience at other companies.

The skill matrix of the Company's directors is disclosed on the following website:

<https://www.nikon.com/company/ir/governance/organization/>

[Supplementary principle 4.11.2: Status of concurrent positions of directors]

The status of concurrent positions of directors of the Company at other listed companies is stated in the Notice of the Annual General Shareholders' Meeting and disclosed on the following website:

https://www.nikon.com/company/ir/stock_info/meeting/

[Supplementary principle 4.11.3: Summary of the results of the evaluation of the Board of Directors' effectiveness]

The Company asks a third-party organization to analyze and evaluate the effectiveness of its Board of Directors in order to further improve its functions. The efforts to address issues identified through the previous evaluation (for the fiscal year ended March 31, 2023) as well as the issues identified in this evaluation (for the fiscal year ended March 31, 2024) and future responses are

outlined below.

Evaluation Method

- A third-party organization conducted a survey and individual interviews of all directors on general matters related to the Board of Directors, its composition, meeting preparations, and details of deliberations, among others, to evaluate Board effectiveness and identify issues.
- The evaluation results and identified issues were shared at a meeting of the Board of Directors and discussions on how to improve the functions of the Board of Directors were held by the Independent External Directors' Meeting.

Efforts to Address Issues Identified in Previous Evaluation

- **Monitoring of progress of Medium-Term Management Plan and growth strategies**
Continued regular monitoring of progress in Medium-Term Management Plan and growth strategies by the Board of Directors and discussed the necessity of partial modification of the strategies to adapt to environmental changes
- **Reinforcement and monitoring of internal control and risk management systems**
The Board of Directors received regular reports on internal control and risk management systems and their implementation and conducted monitoring with a focus on important matters
- **Enhancement of coordination between Nominating Committee and Board of Directors**
Deepened discussions on the succession plan of President at Board of Directors' meetings by promoting the sharing of information on progress in deliberation by the Nominating Committee with the Board of Directors

Response Policies for Issues Identified in This Evaluation

- **Reinforcement of monitoring of internal control and risk management systems**
Set agendas that allow the Board of Directors to monitor internal and risk management systems more effectively and conduct monitoring by receiving regular reports from management
- **Further deepening of discussions at Board of Directors' meetings**
Enhance discussions by the Executive Committee, the highest decision-making body of management, to provide appropriate inputs to the Board of Directors, thereby further deepening discussions at Board of Directors' meetings

Based on the above policies, the Company plans to continue implementing measures to further enhance Board effectiveness going forward.

[Supplementary principle 4.14.2: Policy on the training of directors]

When new directors take office, the Company offers training opportunities for them to fully understand the roles and responsibilities they are expected to fulfill. In addition, even after taking office, the Company offers opportunities for these directors to attend training sessions, including study sessions with external experts, such as attorneys, as lecturers and seminars hosted by external organizations, in order to promote further understanding about the roles and responsibilities of directors.

[Principle 5.1: Policy for constructive dialogue with shareholders]

The Company aims to hold constructive dialogue with shareholders, and appoints an officer in charge of this initiative, while collecting and sharing information through cooperation among relative departments within the Company as necessary. For the purpose of dialogue with shareholders, senior management or responsible officers of the Company will attend meetings with shareholders, as far as reasonably practicable, and opinions, etc., obtained from such occasion will be shared among the senior management. Any insider information will not be expressed in said meetings, in accordance with the internal rules of the Company.

The Company will also enhance information sharing through such means other than meetings, including briefing sessions for institutional investors and individual investors, and provision of information through the Company's website, etc.

[Action to implement management that is conscious of cost of capital and stock price]

Please refer to pages 2-8 of the "Financial Results for the Year Ended March 31, 2023" for the action to implement management that is conscious of cost of capital and stock price.

https://www.nikon.com/company/ir/ir_library/result/pdf/2023/23_all_e.pdf

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	66,147,100	19.09
Custody Bank of Japan, Ltd. (Trust Account)	19,157,800	5.53
Meiji Yasuda Life Insurance Company	17,583,783	5.08
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS – UNITED KINGDOM	8,555,676	2.47
MUFG Bank, Ltd.	7,009,357	2.02
The Jyo Bank, Ltd.	6,121,000	1.77
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,497,400	1.59
The Shizuoka Bank, Ltd.	4,996,112	1.44
JPMorgan Securities Japan Co., Ltd.	4,770,300	1.38
JP MORGAN CHASE BANK 380684	4,748,900	1.37

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	None
Name of Parent Company, if applicable	None

Supplementary Explanation

The following large shareholding reports have been submitted.

- Report of a large shareholding by BlackRock Japan Co., Ltd. and its joint holders dated May 15, 2023
- Amendment report of a large shareholding by Sumitomo Mitsui Trust Bank, Limited and its joint holders dated July 6, 2023
- Amendment report of a large shareholding by MUFG Bank, Ltd. and its joint holders dated October 16, 2023
- Amendment report of a large shareholding by Nomura Securities Co., Ltd. and its joint holders dated March 7, 2024
- Report of a large shareholding by M&G Investment Management Limited and its joint holders dated March 7, 2024

In addition to the above, the Company holds 5,019,477 own shares (1.43% of the total number of shares issued and outstanding), and the percentages shown are calculated by subtracting own shares from the total number of shares issued and outstanding.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Precision Instruments
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but fewer than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

5. Other Special Circumstances which may have a Material Impact on Corporate Governance

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	External Director
Number of Directors	11
Election of External Directors	Elected
Number of External Directors	6
Number of Independent Directors	6

External Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Shiro Hiruta	From another company													
Makoto Sumita	From another company													
Tsuneyoshi Tatsuoka	Other													
Shigeru Murayama	From another company													
Asako Yamagami	Lawyer													
Michiko Chiba	CPA													

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

External Directors' Relationship with the Company (2)

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shiro Hiruta		○	None	Shiro Hiruta served as Representative Director of Asahi Kasei Corporation and other important positions and possesses long years of management experience and outstanding insight. We believe that he will be able to contribute to the Company's overall management from a

				big-picture perspective and that he can also contribute to securing the soundness and appropriateness of the Company's management as well as to the enhancement of its transparency. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.
Makoto Sumita		○	None	Makoto Sumita served as President & Representative Director of INNOTECH CORPORATION, Chairman & Director of TDK Corporation and other important positions and possesses long years of management experience and outstanding insight. We believe that he will be able to contribute to the Company's overall management from a big-picture perspective and that he can also contribute to securing the soundness and appropriateness of the Company's management as well as to the enhancement of its transparency. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.
Tsuneyoshi Tatsuoka		○	None	Although Tsuneyoshi Tatsuoka has never been directly involved in corporate management in the past other than through acting as an External Director or an External Audit and Supervisory Board Member, he has held important positions at the Ministry of Economy, Trade and Industry, and possesses exceptional knowledge regarding industrial and economic policies. We believe that he will be able to contribute to the Company's overall management from a big-picture perspective. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.
Shigeru Murayama	○	○	None	Shigeru Murayama served as Representative Director of Kawasaki Heavy Industries, Inc. and other important positions and possesses long years of management experience and outstanding insight. We believe that he will be able to contribute to the Company's overall management from a big-picture perspective. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.
Asako Yamagami	○	○	None	Although Asako Yamagami has never been directly involved in corporate management in the past other than through acting as an External Director or an External Audit and Supervisory Board Member, she has work experience as an in-house lawyer and possesses expertise and experience as a lawyer regarding governance, compliance and other matters. We believe that she will be able to contribute to securing the soundness and appropriateness of the Company's management as well as to the enhancement of its transparency. She also meets the independence criteria set by the Company, and we believe that she will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.
Michiko Chiba	○	○	None	Although Michiko Chiba has never been directly involved in corporate management in the past other than through acting as an External Director or an External Audit and Supervisory Board Member, she possesses outstanding insight regarding corporate accounting and governance through her involvement as the person responsible for various auditing operations at an auditing firm, and we believe that she is qualified to fulfill the responsibilities of an Audit and Supervisory Committee Member. She also meets the independence criteria set by the Company, and we believe that she will be able to serve in a management supervisory function from an independent, fair and

				objective position as External Director.
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Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	5	2	2	3	External Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

- Several employees are appointed as dedicated assistants to the Audit and Supervisory Committee who act in obedience to orders of the Audit and Supervisory Committee of the Company in order to ensure an efficient procedure of the Audit and Supervisory Committee as well as to ensure the increased effectiveness of the audit.
- Orders given by the Audit and Supervisory Committee to the assistants, transfer of the assistants, and evaluation of the assistants' performance are ensured to be independent of officers who assume executive responsibilities.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

- Cooperation between the Audit and Supervisory Committee and accounting auditors
The Audit and Supervisory Committee holds regular meetings with accounting auditors and actively exchanges opinions and information, including audit plans and reports, to ensure the effectiveness of audits.
- Cooperation between the Audit and Supervisory Committee and the internal audit department
In October 2005, the Company established the Internal Audit Department, which is independent from the Company's other departments. This department audits the Nikon Group's systems and business execution from the perspectives of legal compliance, effectiveness, and efficiency. The Internal Audit Department regularly reports the status of internal audit as well as the results of the audit to the Audit and Supervisory Committee. The Audit and Supervisory Committee maintains close coordination with the Internal Audit Department by measures including requesting, if necessary, further investigations by the Internal Audit Department.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	External Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nominating Committee	5	0	2	3	0	0	External Director
Voluntarily Established Committee Equivalent to Compensation Committee	Compensation Committee	5	0	2	3	0	0	External Director

Supplementary Explanation

As a voluntary advisory body to the Board of Directors, the Nominating Committee primarily formulates criteria for the election and removal of the chief executive officer, president, and directors, nominates candidates, considers the composition of the Board of Directors, and oversees evaluation and assignment of officers, etc. so as to ensure that decisions on the election and removal of directors and officers, etc. are transparent and objective. From the perspective of conducting appropriate supervision, a majority of the members of the Nominating Committee shall be external directors, and the Committee chairperson shall also be an external director.

The Company recognizes the appointment, dismissal, and systematic training for the successors of its chief executive officer, as a task with utmost importance in achieving its sustainable growth, and the Nominating Committee formulates appointment and dismissal criteria, narrows down successor candidates, monitors their training, and nominates successors.

As a voluntary advisory body to the Board of Directors, the Compensation Committee deliberates and makes proposals for policy regarding executive compensation as well as various related systems so as to ensure objectivity, transparency and linkage with performance in the process of determining executive compensation. From the perspective of conducting appropriate supervision, a majority of the members of the Compensation Committee shall be external directors, and the Committee chairperson shall also be an external director. In addition, one outside expert is invited as an advisor.

Matters Concerning Independent Directors

Number of Independent Directors	6
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Other Matters Concerning Independent Directors

The Company has appointed all external directors who meet the requirements for independent directors as independent directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-based Remuneration Scheme
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Supplementary Explanation for Applicable Items

- In June 2022, the Company reviewed its remuneration system and introduced a restricted stock remuneration system and a new performance-based stock remuneration system to replace the previous performance-based stock remuneration using the BIP Trust and subscription rights to shares granted as stock-related compensation in order to enhance corporate value over the medium to long term as well as to further promote greater value sharing with shareholders.
- For policies on determining the payment ratio of performance-based remuneration and other remuneration, etc., and the method of determining the amount of such performance-based remuneration, etc., please refer to the Nikon Group Corporate Governance Guideline (<https://www.nikon.com/company/ir/governance/organization/guideline/>).
- In calculating the bonus indicators, performance of divisions in charge and tasks set for each director and officers, etc. are assessed in addition to evaluation of consolidated ROE and consolidated operating profit. As for these benchmarks, consolidated ROE is used for measuring capital efficiency, and consolidated operating profit is used for measuring profitability.
- The new performance-based stock remuneration system uses the financial targets (achievement of revenue, operating margins, and ROEs) as well as the strategic targets (operating profit of growth drivers and service components, and initiatives to strengthen the business base) as indicators to provide incentives for achieving the targets set in the medium-term management plan.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

None

Director Compensation

Status of Disclosure of Individual Director's Compensation	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items

Total amount of compensation, etc. for directors (for fiscal year 2023)
 Directors other than Audit and Supervisory Committee members (excluding external directors): 4 directors, 367 million yen
 Directors who are Audit and Supervisory Committee members (excluding external directors): 2 persons, 63 million yen
 External directors: 6 directors, 92 million yen

Policy on Determining Compensation Amounts and Calculation Methods Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

1. Basic policies on compensation
 Executive compensation will be determined to satisfy the following basic criteria.
 - Executive compensation should motivate directors and officers, etc. to sustainably improve corporate and shareholder value, as well as enhance their willingness and morale.
 - Executive compensation should help keep, cultivate, and reward excellent personnel.
 - The decision-making process for the compensation system should be objective and transparent.

2. Decisions on compensation amount and calculation method based on deliberations by the Compensation Committee
 The Compensation Committee establishes executive compensation policies and discusses and advises on related systems in order to determine the level and system appropriate to the duties, given compensation levels of major Japanese companies that globally develop their businesses, so as to determine the compensation amount consistent with the performance of the Group and its business scale.
 The Compensation Committee deliberates on compensation for individual directors other than those who are Audit and Supervisory Committee members and officers, etc. Based on the results of such deliberations, the Board of Directors decides on the compensation.
 Compensation for individual directors who are Audit and Supervisory Committee members is determined by consultation among directors who are Audit and Supervisory Committee members.

3. Compensation system and performance-based structure
 - (1) As a general rule, the compensation system for executive directors and officers, etc. comprises monetary compensation (fixed monthly compensation and bonuses) and stock compensation (performance-based stock remuneration and restricted stock remuneration). The standard payment of bonuses or each stock compensation to be paid to individual executive directors and officers, etc. is calculated by multiplying the amount of their respective fixed monthly compensation by a ratio, which is determined according to their respective title and duties. The higher and more important their title and duties are, the higher the ratio is. When the ratio of fixed monthly compensation is assumed to be 1, the range of the ratio of each compensation is as shown below. Also, stock compensation is paid to executive directors and officers, etc. every fiscal year within the range not exceeding 1% of the share dilution ratio.
 Bonuses: 0.6 to 0.7, Performance-based stock remuneration: 0.1 to 0.225, Restricted stock remuneration: 0.3 to 0.45

Monetary compensation

 - Fixed monthly compensation
 This monetary compensation is not based on performance and is paid every month.
 - Bonuses
 This monetary compensation is determined by the Board of Directors based on an evaluation by the Compensation Committee based on the following factors on a single-year basis within the range of 0% to 200% of the standard payment, which is calculated according to title and duties. As a general rule, a bonus is paid in June every year.
 - the degree of achievement of the consolidated ROE and operating profit;
 - the degree of achievement of capital efficiency, profitability and other targets, as well as qualitative assessment, of each division; and
 - the qualitative assessment of responses to issues assigned to individual executive directors and officers, etc.

Stock compensation

 - Performance-based stock remuneration
 With the aims of sharing value with shareholders and enhancing willingness and morale for improving medium-to-long-term performance, this stock compensation is determined by the Board of Directors based on an evaluation by the Compensation Committee based on the following factors within the range of 0% to 150% of the standard payment, which is calculated according to title and duties.
 - the degree of achievement of the consolidated ROE target set for the final fiscal year of the medium-term management plan (the “Plan”) to be resolved every multiple fiscal year determined separately by the Board of Directors;
 - the degree of achievement of consolidated revenue and operating margin targets for each fiscal year during the Plan period; and
 - the degree of achievement of targets for strategic issues
 As a general rule, this remuneration is paid by delivering restricted shares or the amount of cash equivalent to

the market value of the restricted shares in the first June after the end of each fiscal year included in the Plan period. The restricted shares are, as a rule, prohibited from being disposed of during the period up to the date on which an eligible person retires from any of the positions as director and officer, etc.

- Restricted stock remuneration

As a general rule, this stock compensation is paid by delivering restricted shares in April every year, with the aims of sharing value with shareholders and enhancing willingness and morale for improving long-term performance. The restricted shares are, as a rule, prohibited from being disposed of during the period up to the date on which an eligible person retires from any of the positions as director and officer, etc. As a general rule, the number of restricted shares to be delivered is determined by dividing an amount calculated according to title and duties by resolution of the Board of Directors by the market value of the Company's shares.

(2) The compensation system for non-executive directors consists only of fixed monthly compensation to be paid every month.

4. Claim for return

If a director (other than a director who is an Audit and Supervisory Committee member) or officer, etc. of the Company is found to have committed serious breach of his or her duties or serious violation of internal rules, or to be in the employment of a competitor, etc., of the Company without permission from the Company (including appointment as a director, officer, or any other positions equivalent thereto of the competitor or an employee of the competitor), the Company shall be able to claim return in all or part of shares of the Company delivered and cash paid to the director or officer, etc.

Support System for External Directors

The system is same as that for other directors. Specifically, necessary information is sent to each officer through Secretary Section, etc. Information from each officer is also transmitted to the relevant departments through the Secretariat, etc.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part-time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Kazuo Ushida	Senior Counselor	Advice to industry groups and current management (no involvement in management)	Part-time, without remuneration	June 24, 2024	March 31, 2031
Makoto Kimura	Senior Counselor	Advice to industry groups and current management (no involvement in management)	Part-time, without remuneration	June 29, 2017	Not stipulated
Michio Kariya	Senior Counselor	Advice to industry groups and current management (no involvement in management)	Part-time, without remuneration	June 28, 2012	Not stipulated
Teruo Shimamura	Senior Counselor	Advice to current management (no involvement in management)	Part-time, without remuneration	June 29, 2005	Not stipulated
Shoichiro Yoshida	Senior Counselor	Advice to industry groups and current management (no involvement in management)	Part-time, without remuneration	June 29, 2005	Not stipulated
Shigeo Ono	Senior Counselor	Advice to current management (no involvement in management)	Part-time, without remuneration	June 28, 2001	Not stipulated

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon, etc.*)
After Retiring as Representative Director and President, etc. 6

Other Related Matters

None

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)

1. Overview of Current Governance Structure

(a) Board of Directors

(i) Roles of the Board of Directors

The Board of Directors supervises management by directors and assumes the decision-making functions regarding matters prescribed under laws and regulations, the Articles of Incorporation of the Company, as well as the important matters concerning the Nikon Group. For the purpose of clarifying the scope of delegation to executive directors and officers while ensuring prompt decision-making and management by executive directors and officers, the Company specifically sets out the matters subject to deliberation at Board of Directors' meetings in the criteria for matters subject to deliberation and reporting at Board of Directors' meetings. For example, the Board of Directors makes decisions on matters concerning important management issues, including the basic management policies, the Medium-Term Management Plan, the annual plan, the Basic Policy on Internal Control System, and investments and loans exceeding a certain amount.

(ii) Composition and the size of the Board of Directors

To accomplish its management strategy, the Company selects the specific skills expected from its directors and authorizes them following the deliberation by the Nominating Committee. The skills include knowledge on and experience in corporate management, management strategy, internal control, and governance as well as the Company's business characteristics and issues. The composition of the Board of Directors is designed to ensure that each director possesses these skills in a well-balanced manner and the Board as a whole can demonstrate its effectiveness, taking into account the need to maintain diversity and an appropriate number of directors. Moreover, in order to further strengthen the supervisory function of the Board of Directors, the Company has appointed six independent external directors. Of these, three are external directors with management experience at other companies. The skills matrix of the Company's directors is disclosed on the following website:

<https://www.nikon.com/company/ir/governance/organization/>

(iii) System for operating, gathering information, and supporting the Board of Directors

The Company strives to provide appropriate and necessary information to directors for effectively fulfilling their roles and responsibilities. Meanwhile, at the meetings of the Board of Directors, the Company carries out prior distribution of relevant

materials to the attendees of the meetings of the Board of Directors, and advance briefing to external directors as necessary, to ensure constructive discussion and exchange of opinions.

(iv) Evaluating the effectiveness of the Board of Directors

The Board of Directors will analyze and evaluate its effectiveness each year and disclose a summary of the results thereof. Based on the results, the Board of Directors will work on measures for further improving its functions.

(b) Audit and Supervisory Committee

(i) Roles of the Audit and Supervisory Committee

The Audit and Supervisory Committee audits and supervises the status of management by directors other than those who are Audit and Supervisory Committee members, and officers etc. as an independent body. For such a purpose, Audit and Supervisory Committee members regularly attend the important meetings of the Board of Directors as well as important meetings such as the Executive Committee, and conducts audits and supervision over management and directors.

(ii) Composition and the size of the Audit and Supervisory Committee

The Audit and Supervisory Committee shall maintain an adequate number of members, within five members as prescribed in the Articles of Incorporation, to ensure highly effective audits and supervision. Furthermore, members with the appropriate experience and capabilities as well as knowledge in the areas of finance, accounting and legal affairs shall be appointed. In particular, at least one member with ample knowledge in the areas of finance and accounting shall be appointed. In addition, for the purpose of further enhancing independence and neutrality of the audit system, the majority of the Audit and Supervisory Committee shall be comprised of independent external directors. The Company currently has appointed three persons with sufficient knowledge of finance and accounting matters.

The following shows the names of the certified public accountants who performed services in fiscal year 2023 and the composition of the assistants for auditing services.

- Names of the certified public accountants who performed services
Tokio Suzuki, Motoyuki Suzuki, and Hajime Yoshizaki, Designated Engagement Partner
- Composition of assistants for accounting and auditing services
Certified public accountants: 14, Persons who passed the CPA examination: 5, Others: 34

2. Status of measures to strengthen the functions of the Audit and Supervisory Committee

The Company takes the following initiatives to strengthen the functions of the Audit and Supervisory Committee.

- (a) The Company has appointed three independent external directors who are Audit and Supervisory Committee members. Each of them has abundant knowledge and experience as a manager, lawyer, or certified public accountant at other companies. We expect them to perform their auditing and supervisory functions adequately.
- (b) Satoshi Hagiwara and Seiji Kikuchi, Directors who are full-time Audit and Supervisory Committee members, have long-term experiences in the Finance & Accounting Division at the Company, and Michiko Chiba is a certified public accountant. Accordingly, they have considerable knowledge of finance and accounting.
- (c) Matters concerning employees assisting the Audit and Supervisory Committee
- (i) Several employees are appointed as dedicated assistants to the Audit and Supervisory Committee who act in obedience to orders of the Audit and Supervisory Committee of the Company in order to ensure an efficient procedure of the Audit and Supervisory Committee as well as to ensure the increased effectiveness of the audit.
- (ii) Orders given by the Audit and Supervisory Committee to the assistants, transfer of the assistants, and evaluation of the assistants' performance are ensured to be independent of officers who assume executive responsibilities.
- (d) A framework for reporting to the Audit and Supervisory Committee
- (i) An Audit and Supervisory Committee member of the Company has the authority to attend major meetings. This ensures that the Audit and Supervisory Committee members have opportunities to constantly understand the status of operations and the decision-making process of the Group.
- (ii) A framework is being developed to ensure appropriate and effective reporting to the Audit and Supervisory Committee of the Company regarding facts that can potentially cause damage to the Company, information obtained through the reporting/consultation system concerning corporate compliance, or items to be reported at the Audit and Supervisory Committee as previously agreed with directors.
- (iii) Internal Audit Department regularly reports the status of internal audit as well as the results of the audit to the Audit and Supervisory Committee of the Company. The Audit and Supervisory Committee of the Company maintains close coordination with Internal Audit Department by measures including requesting, if necessary, further investigations by Internal Audit Department.
- (iv) The Company ensures that parties who make reports to the Audit and Supervisory Committee of the Company do not receive negative treatment, including provisions in place within the Confidentiality Rules of the Code of Conduct Hotline to forbid retaliation against parties that make reports to the Code of Conduct Hotline, the report/consultation system.
- (e) Matters regarding policies related to processing expenses or liabilities arising from performance of duties by Audit and Supervisory Committee members of the Company
- Expenses related to the duties of Audit and Supervisory Committee members of the Company are budgeted annually to a certain amount by request of Audit and Supervisory Committee, and for necessary expenses, the Company makes payments that are in excess of the budget, pursuant to laws and regulations. Additionally, the Company also makes payments, as required, for expenses required to appoint outside specialists.
- (f) A framework to ensure effective audit by the Audit and Supervisory Committee of the Company
- (i) While ensuring independence of the Audit and Supervisory Committee of the Company from management functions, this framework enables the Audit and Supervisory Committee of the Company to hold regular meetings with the representative director in order to exchange opinions regarding issues to be dealt with by the Company, or important tasks pertaining to audits, and to make necessary requests..

- (ii) The Audit and Supervisory Committee of the Company holds regular meetings with accounting auditors, to actively exchange opinions and information.

3. Reasons for Adoption of Current Corporate Governance System

1. Reasons for adoption of the current corporate governance system
The Group aims to contribute to sustainable development of society founded on its corporate philosophy “Trustworthiness & Creativity,” unchanging principles, and the basis of all the Group’s activities.
Based on its corporate philosophy, the Group will carry out highly transparent management by fulfilling its fiduciary responsibilities toward shareholders as well as its responsibilities toward all stakeholders, including customers, employees, business partners and society, with a sincere and diligent attitude. In addition, the Nikon Group will strive to achieve sustainable growth and enhancement of its corporate value over the medium-to-long term, by improving management efficiency and transparency and further strengthening the supervisory function over management in light of the purposes of Japan’s Corporate Governance Code.
Based on this approach, aiming to further enhance corporate governance, Nikon adopted a company with an Audit and Supervisory Committee. This position further strengthens the supervisory function of the Board of Directors as it strives to streamline decision-making and clarify management responsibility arising through delegation of authority.
2. Roles and function of external directors
Each external director has a wealth of knowledge and experience as executives of other companies, or expertise and experience as an attorney, certified public accountant, or other experts. They are qualified to take part in the management supervision function from a fair and objective standpoint independent of management. The Company believes that the role of each of them in expressing their opinions based on a broad perspective is valuable for realizing the Group’s corporate philosophy “Trustworthiness & Creativity.”

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meetings of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Delivery of Notice of the General Meeting of Shareholders	The Company delivers the notice three weeks in advance to inform shareholders of the agenda and other items.
Electronic Exercise of Voting Rights	For the convenience of its shareholders, the Company supports the exercise of voting rights by electronic means.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	For the convenience of its shareholders, the Company uses an electronic voting platform.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	The Company prepares the notice in English.
Other	The Company posts the notice (in Japanese) on its website one week prior to the date of distribution.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company discloses its disclosure policy on the following website: https://www.nikon.com/company/ir/management/ir_policy/	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds quarterly financial results briefings or teleconference with representatives of the Company. In addition, IR staff members hold individual meetings with analysts and institutional investors in Japan and overseas as needed.	Held
Regular Investor Briefings held for Overseas Investors	Several times a year, the Company's representatives and IR staff members provide briefings to investors in North America, Europe, and Asia.	Held
Online Disclosure of IR Information	The Company widely discloses its messages from Top Management, financial results, annual securities reports, integrated reports, and other information on the following website: https://www.nikon.com/company/ir/	
Establishment of a department (person in charge) for IR	Investor Relations Section, Strategic Finance Planning Department, Finance & Accounting Division	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Under the Nikon Code of Conduct, the Company strives to earn the trust of its stakeholders by conducting sound and fair corporate activities.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company has long been committed to sustainability in its management and has established a Sustainability Policy approved by the Board of Directors. It aims to contribute to a sustainable society and achieve sustainable growth for the Company by embodying the Company's corporate philosophy "Trustworthiness & Creativity." In addition, the Company has established the Nikon Code of Conduct as a basic stance on sustainability and standards for actions to be taken based on this stance and has also endorsed and joined the United Nations Global Compact and the Responsible Business Alliance (RBA), an international initiative, and is promoting activities accordingly. Furthermore, as a global corporation, the Company has formulated the Nikon Anti-Bribery Policy in 2014, Nikon Long-Term Environmental Vision in 2016, Nikon Human Rights Policy and Global Tax Policy in 2019, and Nikon Global Diversity, Equity & Inclusion Policy in 2023. The purpose of these measures is to more clearly express the Company's stance and direction on social issues that draw international attention. In addition, in April 2024, the Company made a comprehensive review of the Nikon Code of Conduct and revised it so that it

can respond to expectations for the Company's action against social issues, such as human rights and environmental issues, the latest legal and regulatory trends, and changes in the business environment.

As a framework for promoting these initiatives, the Company established the Sustainability Committee (renamed to the current name in April 2022) in 2006, with the President acting as chairperson. Members of the Executive Committee and all general managers of business units and divisions are appointed as members of the Sustainability Committee. Department managers of relevant departments and Audit and Supervisory Committee members also attend the Sustainability Committee meetings as observers. Moreover, the Company established the Environmental Subcommittee and the Supply Chain Subcommittee under the Sustainability Committee to deliberate specific countermeasures, and holds liaison meetings between the Committee and the Risk Management Committee to communicate about sustainability risks management, thereby working together to respond to sustainability issues and risks. Furthermore, the Sustainability Committee reports matters deliberated at the Committee to the Board of Directors, and the Board of Directors monitors the appropriateness, effectiveness, and risks of the Committee's activities.

The Nikon Group has identified 12 materialities in the four areas of Business Activity, Environment, Society/Labor, and Governance. The Company also has set forth visions and strategies for each materiality and working on goals and annual action plans based on these. The Sustainability Committee manages the progress of these activities and steadily implement the PDCA cycle to promote sustainability activities.

In particular, in the area of climate change, the Nikon Group has aimed to achieve carbon neutrality by the fiscal year ending March 31, 2051 for some time, in light of the recent critical situation on the earth. This time, the Company has set a new target of achieving net zero* greenhouse gas (GHG) emissions throughout the value chain following the requirements of the Science Based Targets (SBT) initiative. This target has been certified by the SBT initiative as the net-zero target in line with criteria of "1.5°C target" required by the Paris Agreement. The Company has participated in the RE100, with the previous goal of sourcing 100% of the electricity used by business activities from renewable energy by the fiscal year ending March 31, 2051. However, to achieve the new target, the Company has decided to move up the schedule by 20 years, aiming to achieve the goal by the fiscal year ending March 31, 2031. To report the progress of these efforts to stakeholders and to promote active communication, the Company publishes the Sustainability Report every year. In addition, it endorses the final report issued by the Task Force on Climate-related Financial Disclosure (TCFD) and discloses climate-related information in its Sustainability Reports and Annual Securities Reports in line with the Recommendations. The Company also publishes a statement in response to the Modern Slavery Act and a report on responsible mineral procurement. In addition, the Company works to enhance the dissemination of ESG-related information through its website. At the same time, the Company is proceeding with the preparations to appropriately respond to the future legislation of disclosing Corporate Sustainability Reporting Directive (CSRD) and other sustainability information.

* Net-zero means reducing GHG emissions (Scope 1,2, and 3) across the value chain by 90% and neutralizing remaining emissions in accordance with standards set by the SBT initiative.

Formulation of Policies, etc. on Provision of Information to Stakeholders

The Company has established the Disclosure Policy, which includes the policy for providing information to shareholders and investors, in an effort to further deepen their understanding of the Company.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company believes that the reinforcement of its corporate governance plays a pivotal role in achieving “a fair and transparent management deserving of stakeholders' confidence,” and intends to increase its effectiveness by improving the quality of its internal controls. The Company acknowledges that the achievement of effective and efficient business processes, the credibility of financial reports, the compliance with relevant laws and regulations, and the preservation of the Company's assets and its subsidiaries (hereinafter the “Group”) are the management's responsibility. Accordingly, the Company will prepare and refine a framework, including its internal regulations as well as its organization, to ensure fair business activity in compliance with the Japanese Companies Act and implementing regulations of the said Act.

1. A framework to ensure that performance of duties of directors, etc. and employees of the Group is in compliance with relevant laws and regulations as well as the articles of incorporation
 - (1) In order to permeate and establish awareness of corporate ethics, the Company has established the Nikon Code of Conduct, which shows the Group's basic stance on corporate social responsibility and the standards of behavior to ensure sensible conduct by directors, officers and employees of the Group, based on a high level of morality, pursuant to relevant laws and regulations as well as internal regulations.
 - (2) The Compliance Committee regularly performs its function in order to ensure legitimate, fair, and sound corporate behavior. In addition, the Sustainability Committee conducts activities for improving, fostering and educating on issues surrounding sustainability, including social responsibility.
 - (3) Regarding the elimination of anti-social forces and groups, the Company has defined its basic approach in the Nikon Code of Conduct. Additionally, the Company is establishing a system to liaison with attorneys and police forces, to take steadfast action as an organization.
 - (4) The Basic Policy on internal control over financial reporting has been established to ensure credibility of financial reporting by the Group. Frameworks to enable the foregoing are being prepared and improved.
 - (5) Internal Audit Department has been established as an independent organization. This Department examines whether operations within the Group are conducted in compliance with relevant laws and regulations as well as internal regulations, and when necessary, makes recommendations as to how such operations can be improved.
 - (6) Structures are established and administered in order to fully implement compliance by the Group and prevent or correct behaviors that violate social regulations or corporate ethics. The Code of Conduct Hotline is being created as the report/consultation system in this respect.
2. A framework to ensure an efficient performance of duties, etc. by directors of the Group
 - (1) At the Company and domestic subsidiaries, the executive officer system provides a clear definition of the authority and responsibility in performance of an officer's duty, resulting in quick decision-making as well as an efficient performance of the officer's duty.
 - (2) Rules of authority clearly define the scope of authority and responsibility for each post as well as each organization within the Group and are administered, to ensure organized and efficient performance of duties.
 - (3) Meeting structures such as the Executive Committee, as well as other committees and meeting bodies are established and are administered at the Company to enable efficient decision-making and performance of duties for the Group by directors of the Company. Among such organizations, the Executive Committee primarily consists of executive directors, deliberates about and resolves major issues regarding management, general internal controls, and guidelines about general operations of the Company's business, in accordance with the basic direction of management as determined by the Board of Directors. Major issues are reported to the Executive Committee by each department.
 - (4) In accordance with the Company's corporate philosophy of “Trustworthiness & Creativity,” management targets of the Group are defined within annual plans as well as within the Medium Term Management Plans and implemented as specific measures. In order to achieve annual targets, management of operations is carried out through divisional organization. A meeting is regularly held to examine business issues and responses to them. The achievement level of annual targets is evaluated and validated based on the Achievement Evaluation System.
3. A framework aimed at preservation and control of information relating to the performance of duties by directors of the Company
 - (1) Information regarding resolutions, decisions, and reports pertaining to performance duties by directors of the Company are preserved in documentary format and until such time as provided in the Regulations of the Board of Directors, the Regulations of the Executive Committee, and the Nikon Group Information Management Rules. The information control system is designed to allow access, when needed, from directors, as well as accounting auditors.
 - (2) As for security of information, Information Security Department controls centralized management for information management within the Group and manages coordination and reinforcement of an information management framework within the Group. Further, the common rules in the Group are being established and these rules intend to make definitions of the access level per category and relevance, password control, measures for preventing leaks, manipulations and destructions of proprietary information and other matters generally and thoroughly known by directors, officers and employees within the Group.
4. A framework including rules concerning risk of the Group loss management
 - (1) In accordance with the Company's recognition of identification, assessment, and control of risk factors potentially affecting operations and business continuity as critical issues, the Risk Management Committee ascertains risks from a

- group-wide perspective and determines a policy for responding to such risks. Furthermore, the Company strives to develop a framework to appropriately control risks surrounding the Group by ascertaining risks based on expert knowledge in the Quality Committee, the Export Control Committee, and the Compliance Committee under the Risk Management Committee, as well as the Sustainability Committee and the Environmental Subcommittee thereunder; and by establishing rules to address each risk and ensuring compliance with these rules.
- (2) Internal Audit Department audits the status of risk control by the above committees and others and evaluates its effectiveness on a regular basis, and reports to the Audit and Supervisory Committee and the Board of Directors. The Board of Directors develops a framework whereby it can implement corrective measures when necessary.
5. A framework regarding reporting to our company of matters related to performance of duties by directors of subsidiaries
A framework is being placed for important matters at subsidiaries to be reported and decided upon by the Company in compliance with the Decision and Reporting Rules for Subsidiaries.
 6. Matters concerning employees assisting the Audit and Supervisory Committee
 - (1) Several employees are appointed as dedicated assistants to the Audit and Supervisory Committee who act in obedience to orders of the Audit and Supervisory Committee of the Company in order to ensure an efficient procedure of the Audit and Supervisory Committee as well as to ensure the increased effectiveness of the audit.
 - (2) Orders given by the Audit and Supervisory Committee to the assistants, transfer of the assistants, and evaluation of the assistants' performance are ensured to be independent of officers who assume executive responsibilities.
 7. A framework for reporting to the Audit and Supervisory Committee
 - (1) An Audit and Supervisory Committee member of the Company has the authority to attend major meetings. This ensures that the Audit and Supervisory Committee members have opportunities to constantly understand the status of operations and the decision-making process of the Group.
 - (2) A framework is being developed to ensure appropriate and effective reporting to the Audit and Supervisory Committee of the Company regarding facts that can potentially cause damage to the Company, information obtained through the reporting/consultation system concerning corporate compliance, or items to be reported at the Audit and Supervisory Committee as previously agreed with directors.
 - (3) Internal Audit Department regularly reports the status of internal audit as well as the results of the audit to the Audit and Supervisory Committee of the Company. The Audit and Supervisory Committee of the Company maintains close coordination with Internal Audit Department by measures including requesting, if necessary, further investigations by Internal Audit Department.
 - (4) The Company ensures that parties who make reports to the Audit and Supervisory Committee of the Company do not receive negative treatment, including provisions in place within the Confidentiality Rules of the Code of Conduct Hotline to forbid retaliation against parties that make reports to the Code of Conduct Hotline, the report/consultation system.
 8. Matters regarding policies related to processing expenses or liabilities arising from performance of duties by Audit and Supervisory Committee members of the Company
Expenses related to the duties of Audit and Supervisory Committee members of the Company are budgeted annually to a certain amount by request of Audit and Supervisory Committee, and for necessary expenses, the Company makes payments that are in excess of the budget, pursuant to laws and regulations. Additionally, the Company also makes payments, as required, for expenses required to appoint outside specialists.
 9. A framework to ensure effective audit by the Audit and Supervisory Committee of the Company
 - (1) While ensuring independence of the Audit and Supervisory Committee of the Company from management functions, this framework enables the Audit and Supervisory Committee of the Company to hold regular meetings with the representative director in order to exchange opinions regarding issues to be dealt with by the Company, or important tasks pertaining to audits, and to make necessary requests, consequently deepening the mutual understanding between them.
 - (2) The Audit and Supervisory Committee of the Company holds regular meetings with accounting auditors, to actively exchange opinions and information.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Regarding elimination of anti-social forces and groups, the Company has defined its basic approach in the Nikon Code of Conduct. Additionally, the Company is establishing a system to liaison with attorneys and police forces, to take steadfast action as an organization.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

None

2. Other Matters Concerning the Corporate Governance System

Overview of Timely Disclosure System

Recognizing the importance of ensuring credibility from the perspective of stakeholders, the Company strives to disclose corporate information in a timely, appropriate, and fair manner. In the course of business, the Company is committed to compliance with all applicable laws, regulations, and internal rules and will continue to make diligent efforts to improve its system for timely disclosure.

1. Collection of disclosure information

Through internal rules and systems, the Company has realized a system for quickly identifying facts and other information that have a significant impact on management and reporting it to those responsible. The Company has established the Executive Committee as a decision-making body for the management and business execution of the Group. The committee deliberates or reports on matters ranging from overall Group management to the operations of each division and company in accordance with the standards for deliberation, which cover information on decisions, events, financial results, and consolidated subsidiaries that is required to be disclosed under the Timely Disclosure Rules. Important matters are resolved and reported at the Board of Directors' meetings.

In addition, the Company holds regular meetings to report on its business activities and uses IT systems to collect and keep track of the management information as needed.

2. Publication of disclosure information

The department in charge of information disclosure is the Strategic Finance Planning Department. The Office of the President, which is the secretariat of the Executive Committee, will discuss whether or not timely disclosure is necessary in conjunction with the Strategic Finance Planning Department, Corporate Communications Department, Administration Department, and the department in charge of the matter. Information on important decisions and financial results are promptly disclosed in a timely manner after they are resolved by the Executive Committee and the Board of Directors. Important events are disclosed in a timely manner without delay after they are reported to the Executive Committee and the Board of Directors (including extraordinary meetings).

In order to prevent insider trading, which is prohibited under the Financial Instruments and Exchange Act, the Company has established the Nikon Group Insider Trading Rules. The Rules stipulate self-regulatory rules for stock trading and information management in the event that persons engaged in the operations of Group companies come to know undisclosed material facts, etc. of listed companies, etc., including the Company in the course of their duties. The Company has made sure that all employees are aware of these rules.

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