

We strive daily to be a company
that society can continue to rely on.

HOYA

INTEGRATED REPORT 2022



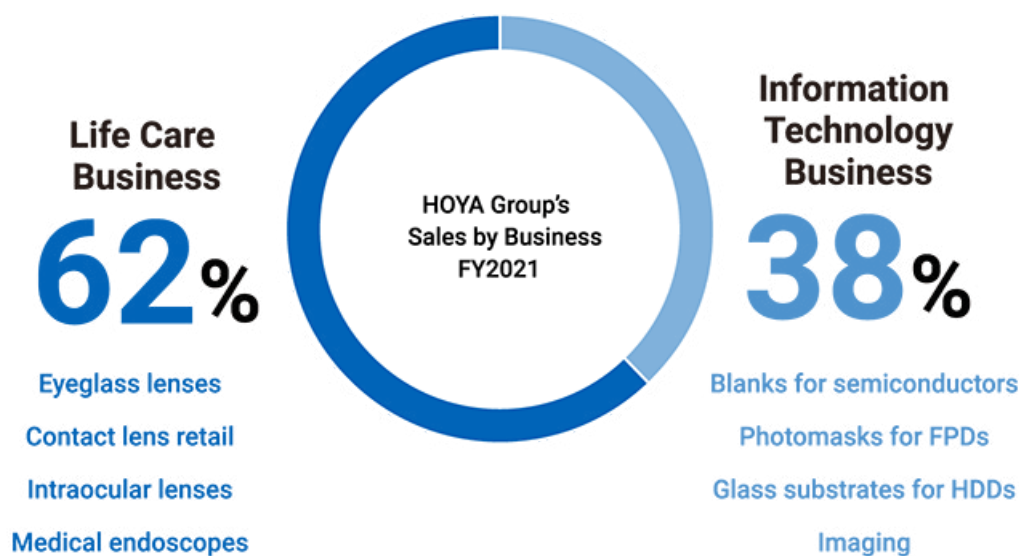


Source of Our Strengths: Business Portfolio Management

HOYA's portfolio management aims to secure profitability, stability, and growth potential of the Group as a whole by operating multiple businesses with different characteristics in terms of business model, sensitivity to economic cycles, etc., to diversify risk.

We examine each business to determine its stage in the lifecycle and allocate more management resources to areas with higher growth potential. We construct our business portfolio based on the survival of the fittest principle by, for example, withdrawing from a business that has lost its competitive edge.

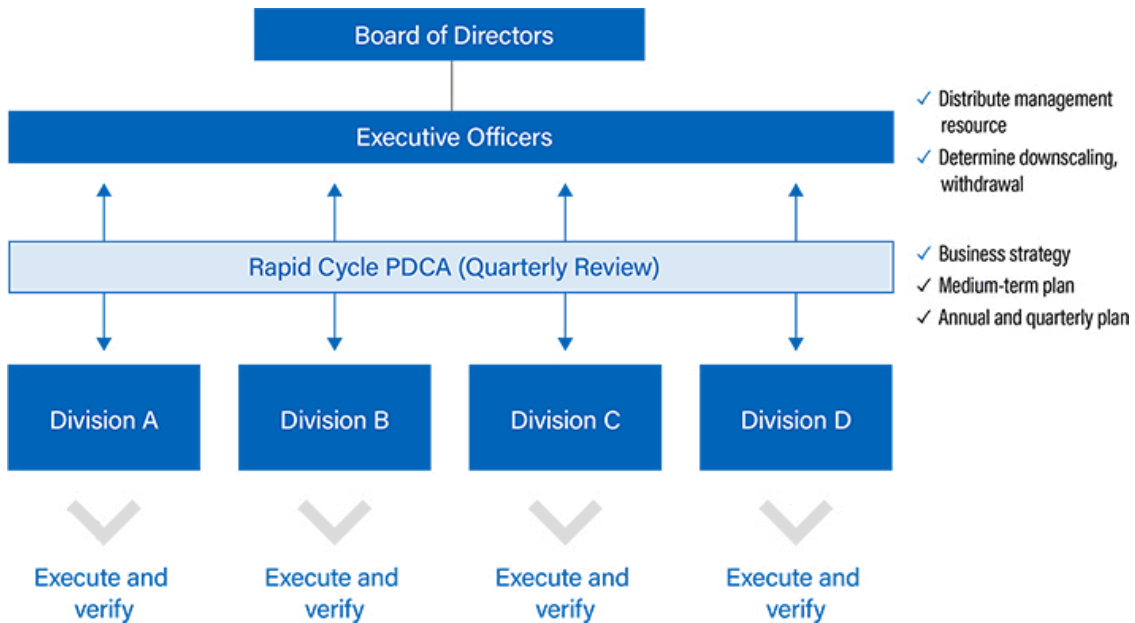
The present two business areas for portfolio management are Life Care and Information Technology.



The HOYA Management System

Based on the idea that “the accumulation of short-term results will produce long-term growth,” we conduct rapid-cycle reviews and improvement activities on a quarterly basis.

After receiving explanations on growth strategy and operating results from each business division, executive officers make decisions on the allocation of management resources to each business as well as any business downscaling or withdrawal decisions, which is the foundation of our business portfolio management.



Areas of Focus over the Next 10 Years

► Refinement of Business Portfolio Strategy

Going forward, the Life Care business is expected to continue undergoing stable growth in the long term, on the back of the aging population worldwide and the increasing demand for a higher quality of life (QOL) among people stemming from economic growth in emerging countries. The Information Technology business, which has been regarded as a cash cow not only because HOYA has already acquired a high market share but also because there was a period of stagnation in the growth potential of related markets, is also expected to grow due to such factors as the breakthrough in semiconductor miniaturization technology in recent years and the acceleration of the data-driven trend in all industries. Given such circumstances, we will put in place a framework to determine the growth potential on a business-by-business basis and on a product-by-product basis, irrespective of whether the segment is in the Life Care business or the Information Technology business.

We also recognize that the development/acquisition of new businesses that serve as the driving force for perpetual corporate growth is the most significant management challenge, so we will work on this by taking a two-pronged approach, i.e., in-house development and M&A. Given that there have not been many cases in which business divisions collaborated with each other in the past, we will launch research and development across business divisions on a project-by-project basis going forward, in an effort to create new markets and products. Looking ahead, we will also consider M&A—which has been executed mainly in the Life Care business to date—by expanding the scope to include the Information Technology business domain as well, not just Life Care business-related opportunities. Market domains that are presumed to be selected are fields adjacent to existing domains that are consistent with HOYA’s vision and mission; we will seek to enter domains that look promising for HOYA to establish its position as a leader in niche markets and attain high profitability.



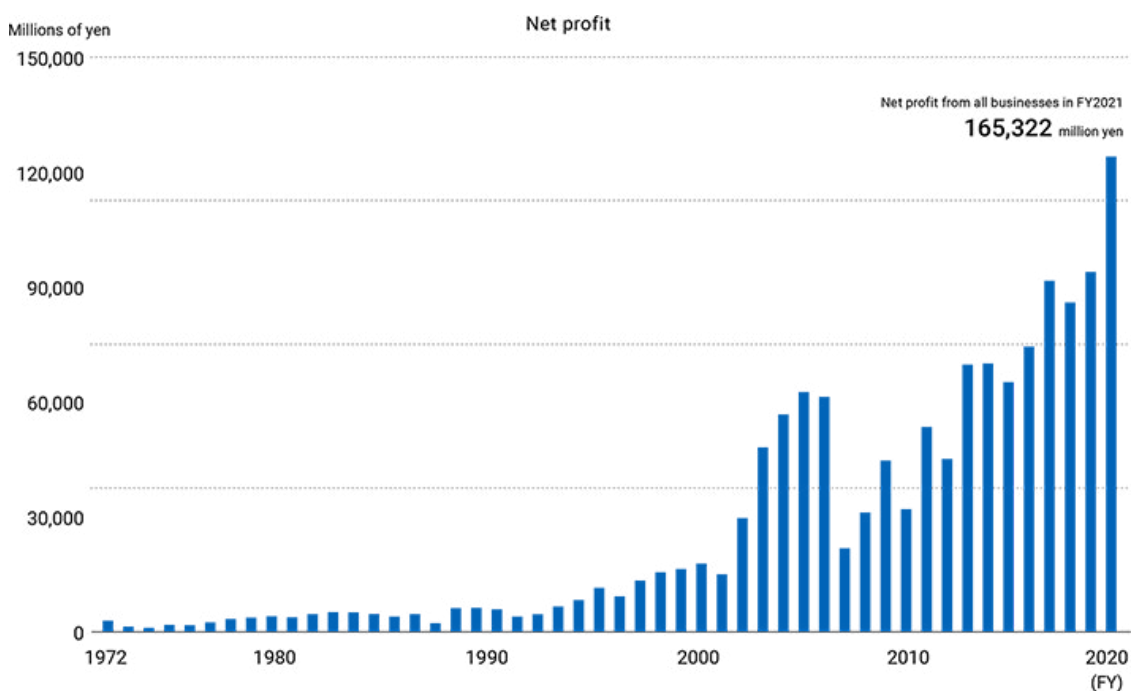
Milestone in Our Growth

Persisting in Profitability

We have steadily increased profits through business portfolio management, in which we optimize the allocation of investments to meet the needs of the times and change the nature of our business quickly, and through a system of reviewing and improving our business on a short-term (quarterly) basis.

HOYA's continued net profit since its TSE listing in 1973

HOYA has never reported a loss since its TSE listing.

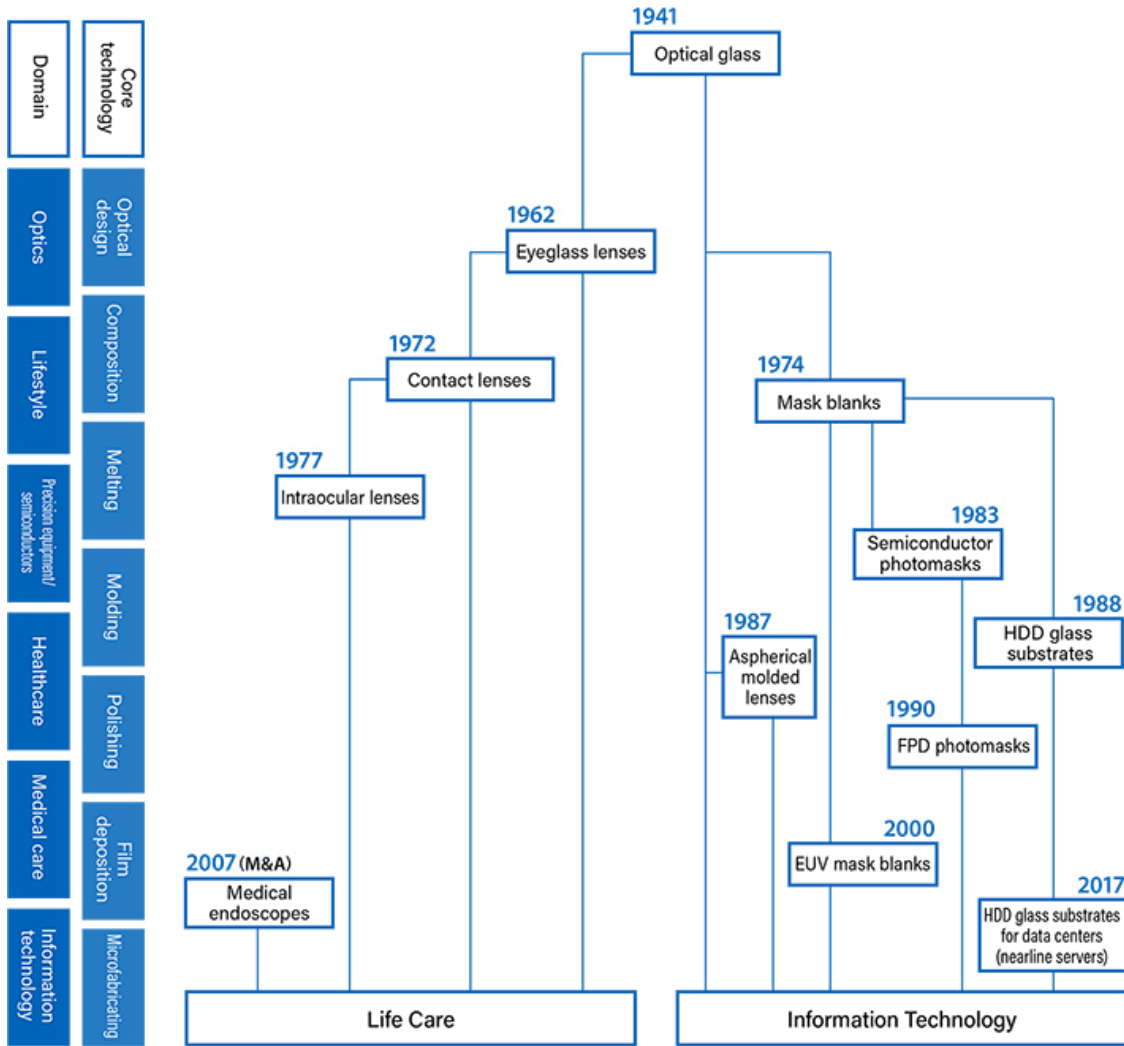


Note: HOYA has prepared its consolidated financial statements in accordance with IFRS since the fiscal year ended March 31, 2011, in lieu of the Japanese standard.

Change and Expansion of Business Domains

HOYA launched its business from the field of optical glass in 1941. For 80 years since its foundation, HOYA has demonstrated the strengths of business portfolio management by expanding the domains of its products and services in accordance with its Corporate Mission, which is to “contribute to the creation of a truly prosperous society in harmony with people, society, and nature, through the creation and innovation of businesses.”

HOYA's 80-year History



Growth Engine

Business scale expansion is currently driven by “awareness of differentiation” in each stage of the value chain, i.e., market selection, development of technologies/products, manufacturing and sales.





Market Growth

Market Growth and HOYA's Potentials

The Life Care business is expected to grow on the basis of the global aging population and improving living standards in emerging countries. Also, in the Information Technology business, the market is expected to grow on the back of the progress in the miniaturization of semiconductors and the increase in data center demand, etc.; We will make growth investments to achieve higher performance in each business than the market's growth potential.

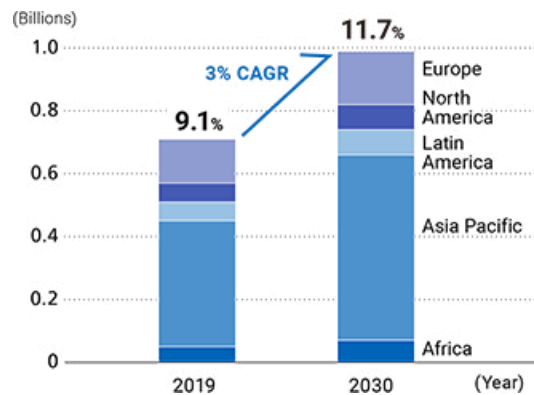
Life Care

Market growth, driven by global aging population and improving living standards in emerging countries

▶ Aging global population expands the market

The aging global population is expected to boost demand for eyeglasses due to normal deterioration of vision by aging. Demand for medical flexible endoscopes is also anticipated to rise as a result of policies to restrain an increase in government medical expenditures, through preventive screening.

Global Aging Population (65 and Over) and Old-Age Dependency Ratio

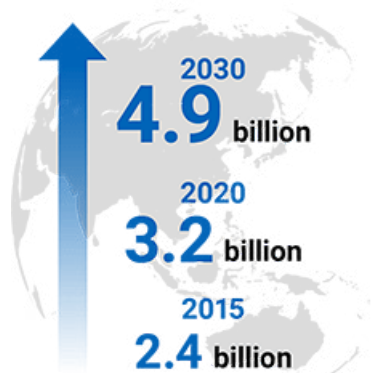


Source: United Nations, World Population Ageing 2019

▶ Emerging countries' improving living standards expands the market

Middle-class populations, especially in Asia, are increasing on the basis of economic growth of emerging countries. More people will have opportunities to buy eyeglasses or receive medical treatment, which means expansion of business opportunities for HOYA.

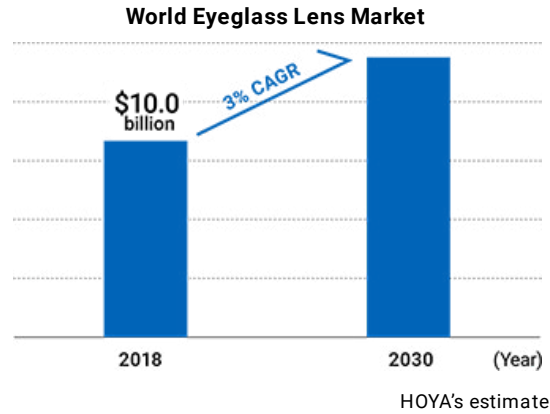
Global Middle-Class Population



Source: OECD DEVELOPMENT CENTRE Working Paper No. 285 THE EMERGING MIDDLE CLASS IN DEVELOPING

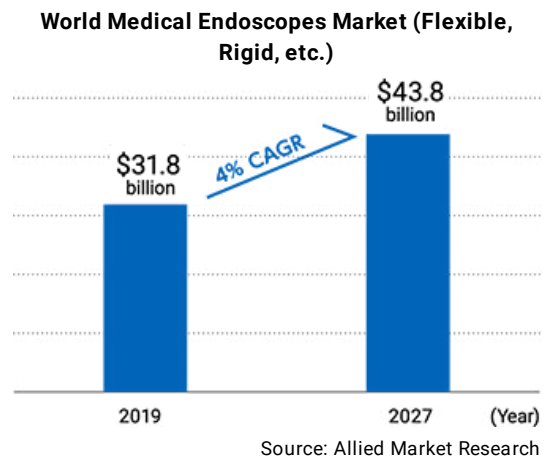
► **Increase in the elderly and middle-class population expands the market**

Demand for eyeglass lenses is increasing worldwide, due to aging of populations, higher purchasing power supported by emerging countries' economic growth, rising health consciousness, and deterioration of vision caused by longer screen times.



► **More demand for minimally invasive medical treatment drives growth in the endoscope market**

Medical expenses are increasing worldwide, along with aging of populations. Governments are promoting disease prevention and early detection of diseases, as well as minimally invasive medical treatment. In particular the importance of the latter is rising in popularity, as part of the trend of reducing invasive medical treatment. Medical flexible endoscopes, which allow physicians to diagnose and treat the patient in a less-invasive way help to fulfill such needs.



Market Growth Drivers

- Aging population
- Increase in cancer rate
- Initiatives for disease prevention
- Desire for improvement of QOL and minimally invasive diagnosis and treatment devices
- Improved medical infrastructure in emerging countries

Information Technology

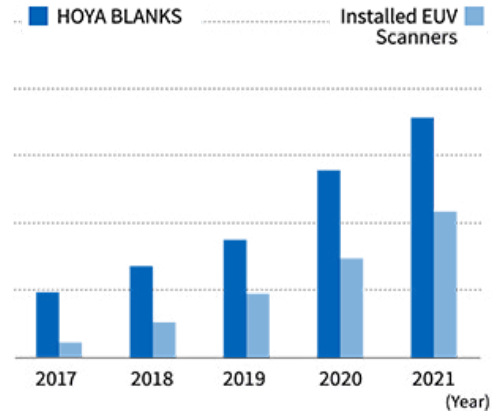
Market growth, driven by technological advancement and expansion of application areas

The market of the Information Technology business as a whole is in a matured stage, but a closer look at each of our products reveals potential growth sub-segments.

➤ **Mask blanks for EUV lithography**

Extreme ultraviolet (EUV) lithography is a technology used to transfer semiconductor circuit pattern to a substrate using EUV light. It is a potential key for advanced miniaturization of semiconductor circuits. HOYA understands client needs accurately and precisely, and properly responds to technological requirements with the underlying objective of being a leader in the market of mask blanks for EUV lithography.

Sales of HOYA Mask Blanks for EUV Lithography and Number of EUV Scanners Installed (Volume)

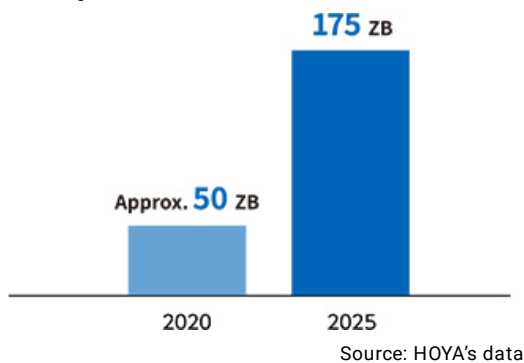


➤ **Nearline server application of glass disks for HDDs**

Nearline storage is used for backup and archiving purposes. The market for nearline storage has continued to undergo significant growth to accommodate the global surge in data volume. Memory capacity per storage unit needs to be increased to improve the efficiency of server space in data centers. HOYA will meet such needs by proposing an increase in the number of disks mounted per HDD to customers based on thinner disks in an effort to increase disk shipment volume.

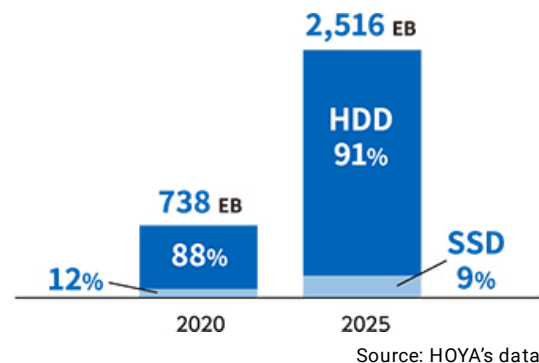
Trends in Data Traffic Volume

Data growth is accelerating on a global scale due to the progress of 5G, artificial intelligence (AI) and other technologies.



Enterprise Exabyte Shipment Volume

HDDs will continue to play a central role in nearline storage in the future.



➤ **In-vehicle camera lenses**

The market for in-vehicle camera lenses is expected to grow, as they are expected to be used in sensors required for automated driving technology. We will absorb market growth by leveraging high-value-added glass materials and aspherical glass lenses, in which our strength lies.




Maximizing Shareholder Value

Advanced Corporate Governance Structure


To ensure the effective functioning and objectivity of the management supervisory function, six out of eight directors in total are independent outside directors. As a monitoring board, outside directors enhance the quality of corporate governance by reflecting their wealth of management experience, insight and leadership ability in management.


	Independent Director
	Lead Independent Director Mitsudo Urano
	Biography →

	Independent Director
	Shuzo Kaihori
	Biography →


	Independent Director
	Hiroaki Yoshihara
	Biography →

	Independent Director
	Yasuyuki Abe
	Biography →

	Independent Director
	Takayo Hasegawa
	Biography →

	Independent Director
	Mika Nishimura
	Biography →

	Eiichiro Ikeda
	Biography →

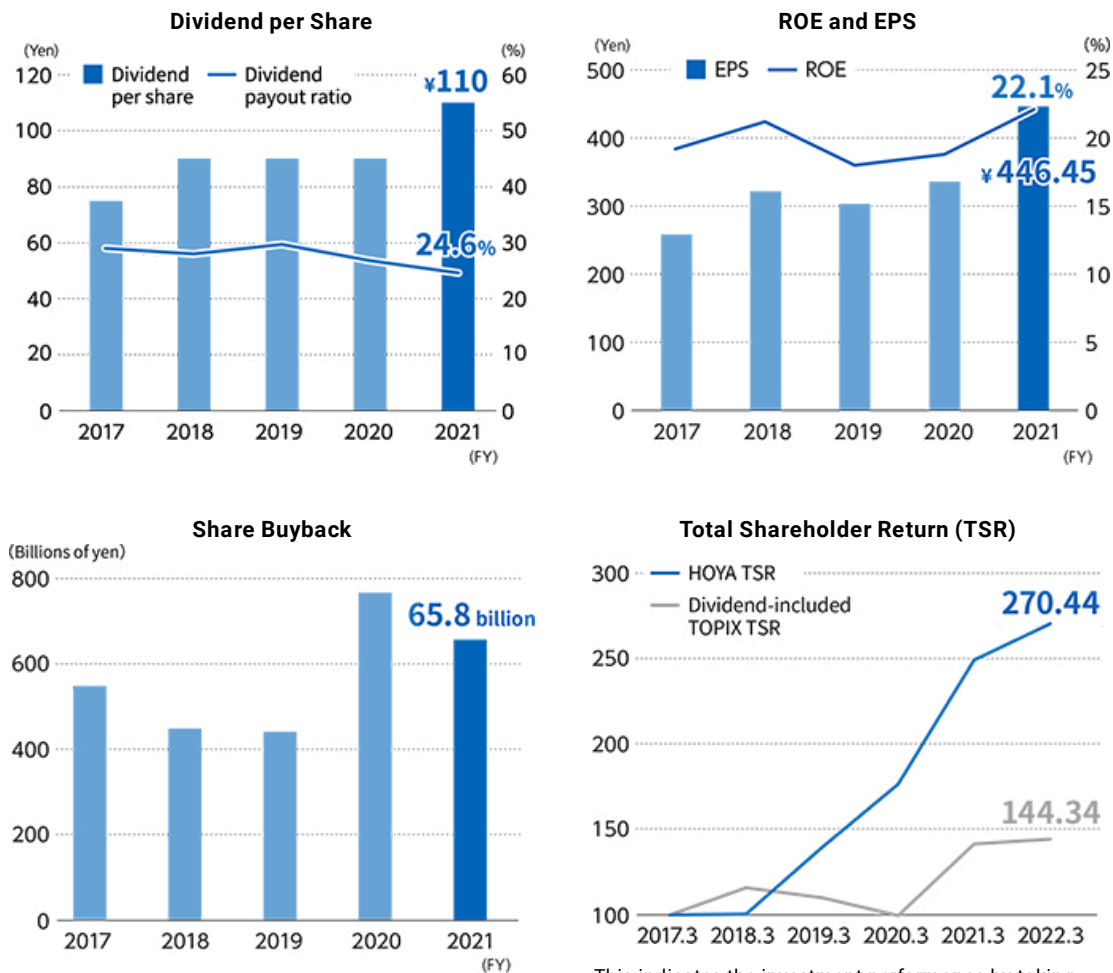
	Ryo Hirooka
	Biography →

	Background of Outside Directors						
	Corporate Management	Global Business	Finance/ Accounting	IT/ Technology	M&A	Development of Human Resources/ Diversity	Medical
Mitsudo Urano	•	•				•	
Shuzo Kaihori	•	•		•			
Hiroaki Yoshihara	•	•	•	•	•		
Yasuyuki Abe	•	•		•	•		
Takayo Hasegawa	•	•		•		•	
Mika Nishimura		•			•	•	•

Pursuing Capital Efficiency

Return to shareholders and capital efficiency are among the key management considerations at HOYA.

Major management indicators and return to shareholders



This indicates the investment performance by taking share price changes and dividends into consideration, assuming that an index of 100 equals the amount of investment on March 31, 2017.

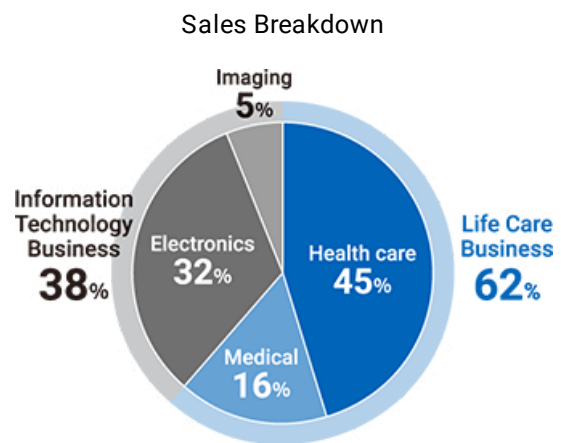
Highlights of Fiscal 2021



Financial

Sales

+20.7%
661.5 billion yen



The HOYA Group's consolidated sales revenue increased 20.7% year on year to 661,466 million yen, which is a record high for the Group. The Life Care business recovered from the impact of the COVID-19 pandemic and even achieved growth compared to its pre-COVID level (i.e., fiscal 2019). Sales for the Information Technology business increased substantially as a result of capturing strong customer demand for mask blanks for extreme ultraviolet (EUV) lithography and glass substrates for HDDs, combined with the recovery of demand for camera lenses.

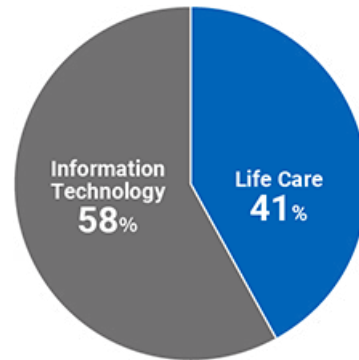
Pretax Profits

Pretax Profits Breakdown by Business

+32.3%

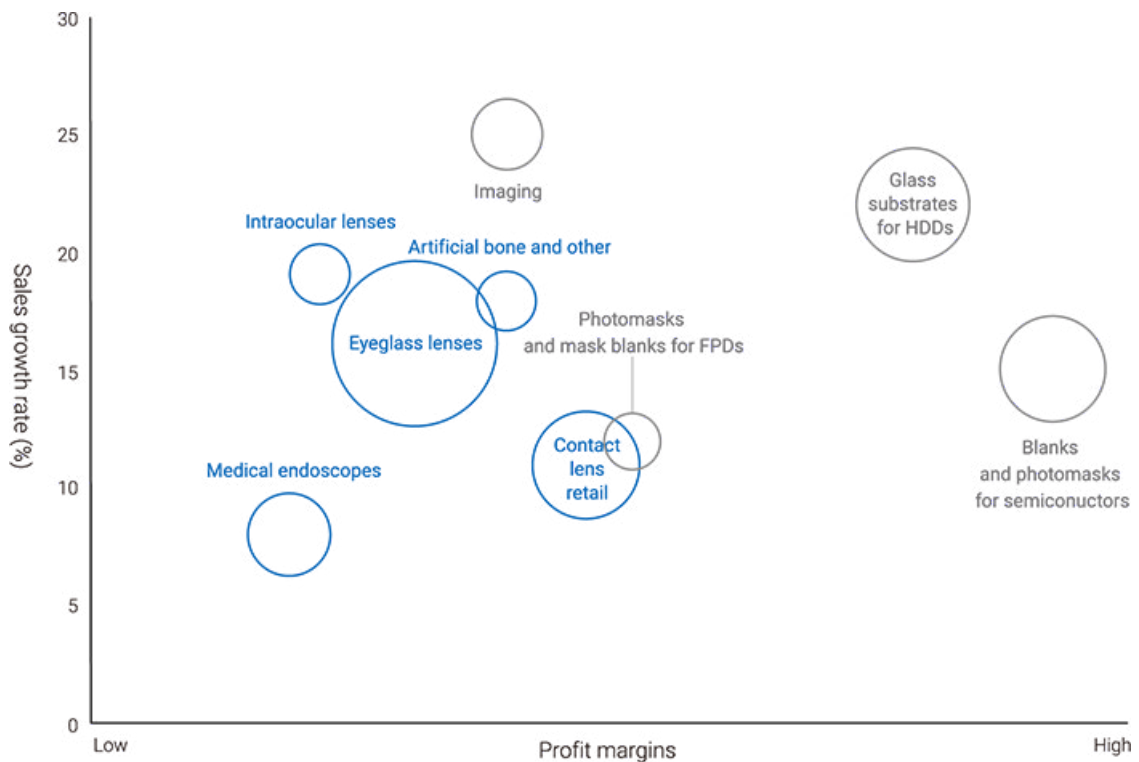
210.7 billion yen

Pretax profit margin 31.9% (up 2.8 percentage points)



Pretax profits increased 32.3% year on year to 210,706 million yen, reaching a record high mainly due to higher profits associated with sales growth.

Product Sales/Profit Margins/Sales Growth Rate



Note: The growth rates of sales are after exclusion of the effects of fluctuations in foreign currency exchange rates.

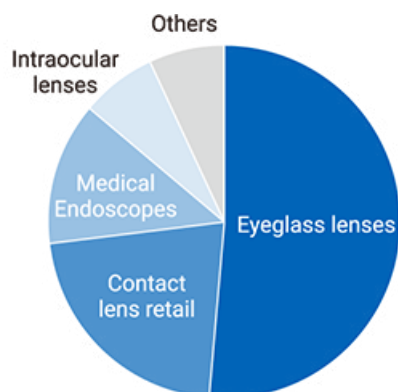
Sales in the Life Care Business

+19.2%

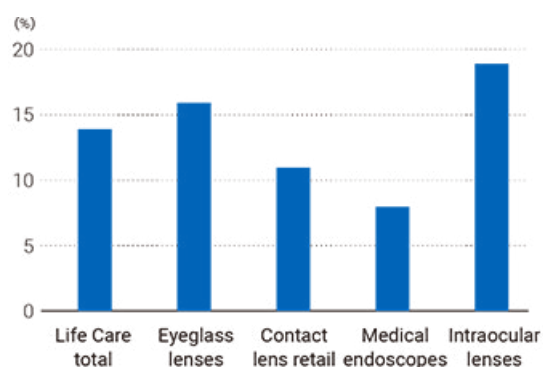
407.5 billion yen

Sales revenue in the Life Care business increased 19.2% year on year to 407,549 million yen. Compared to the previous fiscal year, in which business activities had been impacted by COVID-19 in all businesses, sales revenue soared due to recovery in line with the resumption of economic activities. Also, the growth rate of sales revenue was up 8.7% compared to its pre-COVID level (i.e., fiscal 2019).

Life Care Sales Breakdown



Like-for-Likes* Sales Growth Rate of Products in the Life Care Business



* Year-on-year comparison on the same basis as the previous period, adjusted to eliminate the effect of changes in exchange rates or M&A activities.

Pretax Profits in the Life Care Business

+35.8%

86.3 billion yen

Pretax profit margin 21.2% (up 2.6 percentage points)

Pretax profits in the Life Care business increased 35.8% year on year to 86,269 million yen. Recovery from the COVID-19 pandemic led to a substantial increase in sales revenue, which also translated into higher profits than in the previous fiscal year.

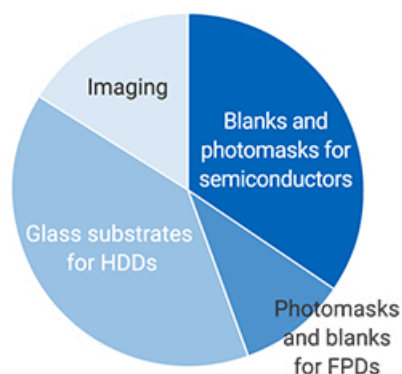
**Sales in the
Information Technology Business**

+23.6%

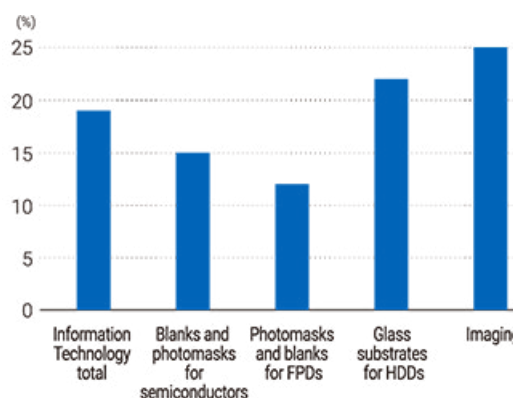
248.4 billion yen

Sales in the Information Technology business increased 23.6% year on year to 248,403 million yen. Sales increased in the Information Technology business as a whole from the previous fiscal year as a result of capturing strong customer demand for mask blanks for EUV lithography and glass substrates for HDDs, combined with the recovery in demand for camera lenses.

**Information Technology Sales
Breakdown**



**Like-for-Like* Sales Growth Rate
of Products in the Information
Technology Business**



* Year-on-year comparison on the same basis as the previous period, adjusted to eliminate the effect of changes in exchange rates or M&A activities.

**Pretax Profits in the
Information Technology Business**

+29.5%

122.9 billion yen

Pretax profit margin 49.5% (up 2.2 percentage points)

Pretax profits increased 29.5% year on year to 122,886 million yen due to the effects of improved product mix stemming from the increase in sales of high-value-added products such as mask blanks for semiconductors for EUV lithography, in addition to the increase in sales revenue in each business.

Financial data is available at the [IR Library on HOYA's website](#).

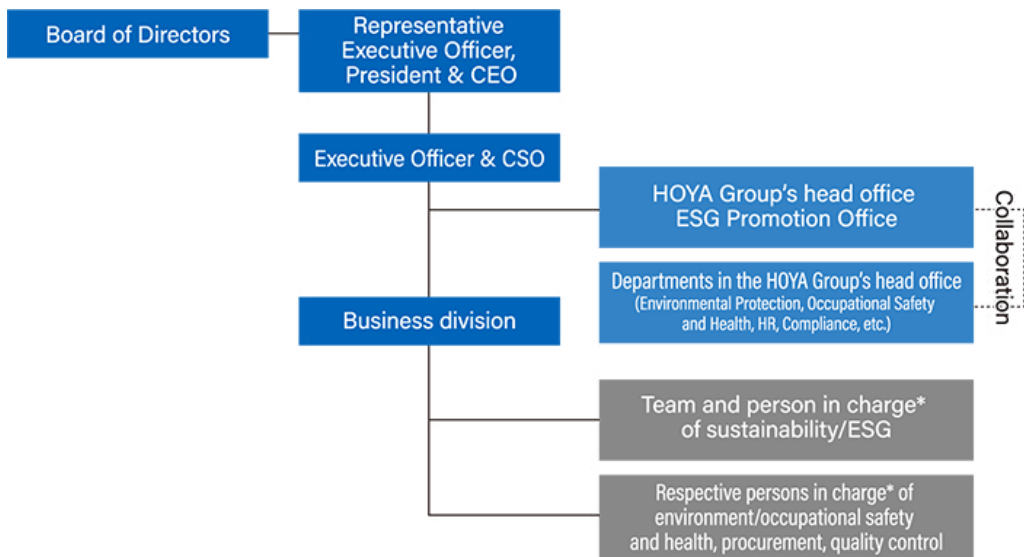
Highlights of Fiscal 2021



ESG

Organizational Structure

The HOYA Group, which had been engaged in activities centered around the ESG Committee headed by the CEO established in August 2019, appointed a Chief Sustainability (ESG) Officer (CSO) and newly established the ESG Promotion Office—a dedicated organization under the CSO—in the HOYA Group’s head office in March 2022, in order to accelerate sustainability/ESG initiatives. We have also developed a structure to further promote ESG activities in the HOYA Group as a whole while collaborating with the ESG Promotion Office at the head office, after setting up in each business division a sustainability/ESG-related department and personnel in charge in a manner suited to each business division.



* Person in charge may have more than one position.

Identification of Material Issues

Having internally discussed and examined matters that contribute to the HOYA Group's medium- to long-term growth (i.e., material issues), we completed the task of identifying the material issues and obtained approval for these issues at the Board of Directors' meeting in September 2021. We will actively promote further efforts for each material issue on a Group-wide basis.

[Click here for details.](#)

HOYA Group's Four Material Issues



Highly Effective and Transparent Corporate Governance

Proportion of Independent Directors

75%

(6 of 8)

Corporate Management Experience of Independent Directors

83%

(5 of 6)

Proportion of Female Directors

25%

(2 of 8)

Proportion of Female Directors and Executive Officers

30%

(3 of 10)

Proportion of Non-Japanese Directors and Executive Officers

10%

(1 of 10)

As of June 30, 2022

HOYA appointed its first independent director in 1995, when corporate governance was barely discussed in Japan. In 2003, the Articles of Incorporation were amended to stipulate that more than half of directors be outside directors. Currently, 75% of HOYA's directors are outside directors, an extremely high level even by global standards. While many companies appoint lawyers, accountants, or academics as outside directors, HOYA's outside directors primarily consist of persons with extensive experience in corporate management, the fields of which range widely from electrical equipment to medical care, food, trading firm and accounting. In view of gender diversity, the number of female directors increased from one to two, and one female was added as an executive officer. On the back of such diversity, lively discussions take place at meetings of the Board of Directors.

Active Role Played by Diverse Human Resources

Proportion of Employees Working in Locations Outside Japan

>90%

Non-Japanese Top Management at Overseas Subsidiaries

>90%

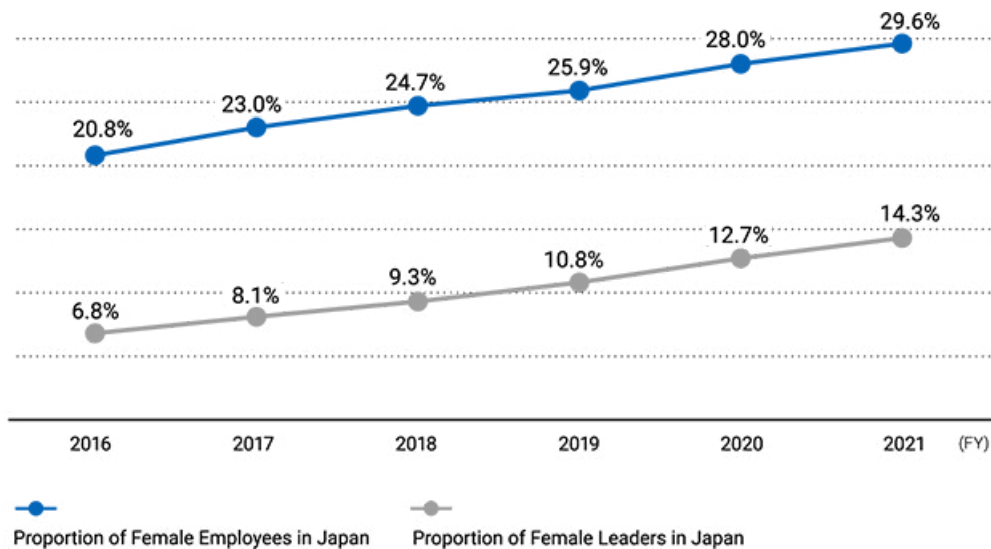
Proportion of Non-Japanese Heads of Business (Business Division CEOs)

64%

At HOYA, which operates diverse businesses on a global scale, over 90% of all employees work in locations outside Japan. In particular, Asia is home to HOYA's major manufacturing centers producing eyeglass lenses, HDD substrates, etc., to which approximately 70% of its employees belong. HOYA is also promoting the appointment of local employees to top management positions at its overseas subsidiaries, and its business divisions headed by non-Japanese nationals (as business division CEO) account for 64%.

HOYA actively recruits diverse personnel of different races, ethnic groups, nationalities, religions, etc., in order to gain access to exceptional global talent and create new ideas and values.

Proportion of Female Employees and Female Leaders in Japan



HOYA is increasing the proportion of female employees and leaders as part of its "Minkatsu" diversity project to create a friendly work environment for everyone. In addition to expanded recruitment and occupational fields for women, HOYA holds career advancement seminars for female employees, and promotes cross-divisional exchange.

Due in part to their effects, the proportion of female employees and leaders has been steadily improving in Japan.

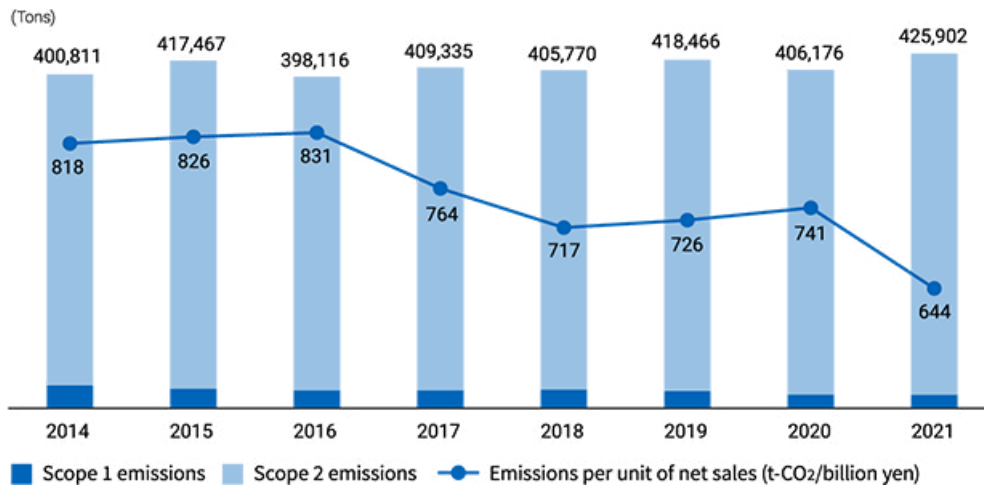
Environmental

Endorsement of TCFD

In November 2021, HOYA declared its support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. Currently, we are working on the task of disclosing information related to climate change in accordance with the TCFD recommendations.

HOYA has been actively engaging in environmental preservation activities as part of its corporate social responsibility in order to pass on to future generations a global environment in better shape than today. In 2021, we identified the reduction of greenhouse gas (CO₂) emissions as one of the material issues of the HOYA Group and have since been discussing and examining activities to further reduce them in greater depth. For details on our activities, [click here](#).




In fiscal 2021, HOYA's CO₂ emissions (Scope 1 and 2 emissions) amounted to 425,902 tons, up 4.9% year on year and up 1.8% compared to its fiscal 2019 level. On the other hand, CO₂ emissions per unit of net sales are on a downtrend. Of note, in order to further accelerate initiatives to reduce greenhouse gas (CO₂) emissions, we have started conducting studies and holding discussions internally on medium- and long-term targets and roadmaps. For fiscal 2022, we are implementing measures tentatively targeted at reducing annual emissions by 1% (compared to the fiscal 2019 level) until our medium- and long-term targets are set.



External Evaluation

Status of Adoption by ESG Indexes

HOYA has been selected as a constituent of the following ESG indexes adopted by the Government Pension Investment Fund (GPIF) of Japan.

	*1  FTSE Blossom Japan Sector Relative Index	*2  2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	 S&P/JPX Carbon Efficient Index
Classification	Overall ESG	S (Empowering women)	E (Climate change)

As of the end of May 2022

Main ESG Rating Status

- MSCI ESG rating: A (upgraded from BBB in 2019)
- Sustainalytics ESG risk rating: Low Risk (upgraded from Medium Risk in 2020)

As of the end of May 2022

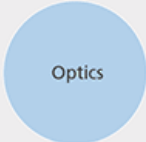

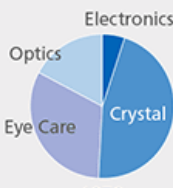
Other External Evaluation

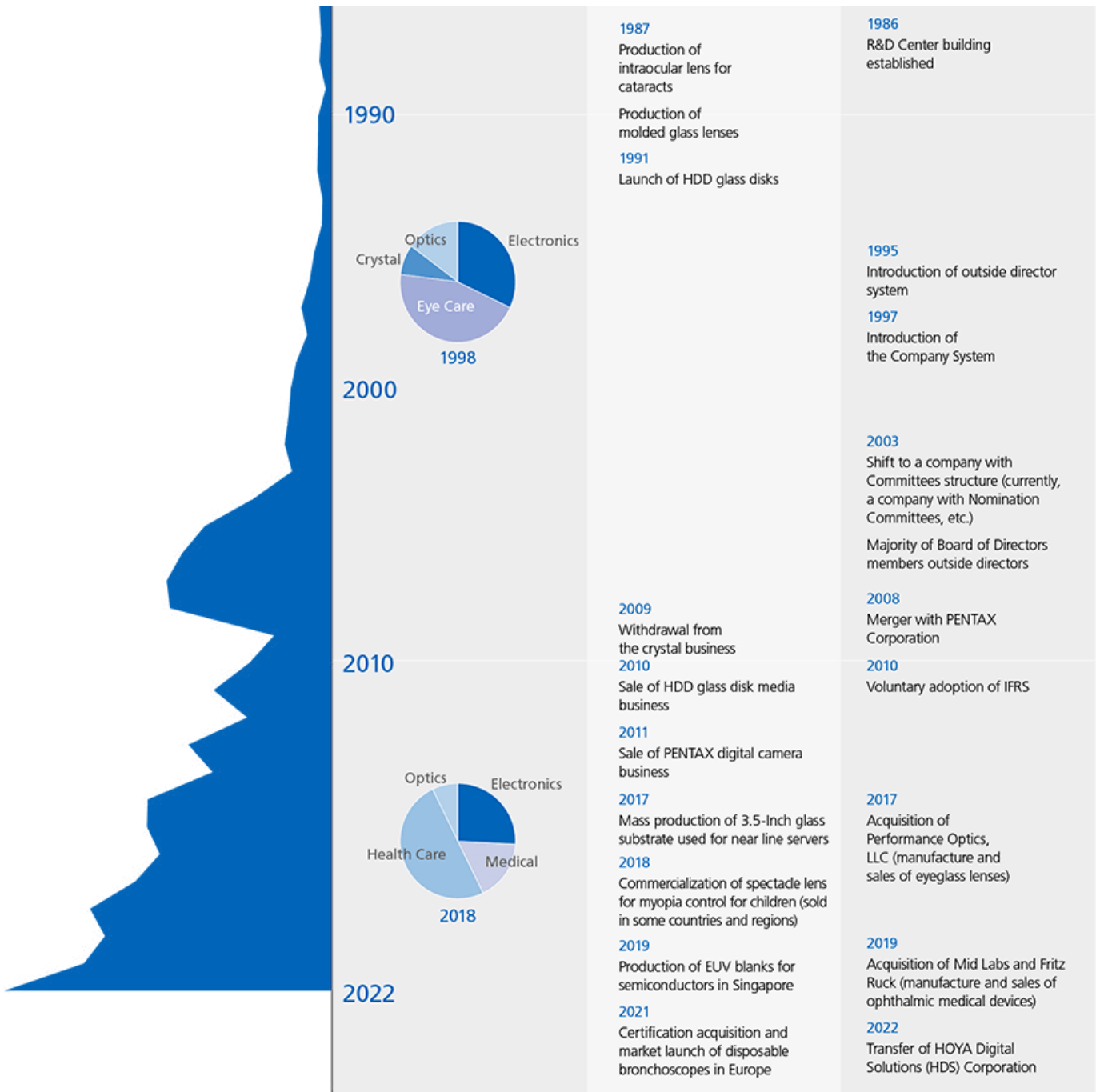
- Selected by GPIF's external asset managers for "integrated report with a high degree of improvement" for two consecutive years
- Certified by the Ministry of Economy, Trade and Industry (METI) as an outstanding health and productivity management organization for six consecutive years
- R&I rating: AA
- Listed at the top of the "Electronics/Precision Instruments" sector among "Most Honored Companies" in *Institutional Investor* magazine

*1 FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that HOYA has qualified for inclusion in the FTSE Blossom Japan Sector Relative Index as a result of independent research. The FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products.

*2 The inclusion of HOYA in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of HOYA by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.

Milestones in Our Growth

Net Income by Fiscal Year	Business Portfolio	Products and Technologies	History
1941	 <p>1941</p>	<p>1941 HOYA founded Production of optical glass</p> <p>1945 Production of crystal stemware</p>	<p>1941 The brothers Shoichi and Shigeru Yamanaka established an optical glass production plant in the city of Hoya, Tokyo (a part of today's Nishi-tokyo).</p>
1950			
1960	 <p>1960</p>	<p>1962 Production of eyeglass lenses</p>	<p>1960 Showa Factory (currently, the Akishima Factory) established Company name changed to Hoya Lens Corporation</p> <p>1961 Listed on the Second Section of the Tokyo Stock Exchange</p>
1970	 <p>1979</p>	<p>1972 Production of contact lenses</p> <p>1974 Production of photomask substrates for semiconductors</p>	<p>1973 Listed on the First Section of the Tokyo Stock Exchange</p>
1980		<p>1983 Production of photomasks for semiconductors</p>	<p>1984 Company name changed to Hoya Corporation</p>





Interview with HOYA's CEO

We are developing new businesses, a key management issue for us, through R&D that extends across the boundaries between businesses, and through M&A activity based on a wide-ranging perspective. In this way, we are building a business portfolio that will generate new growth for the Company.

Eiichiro Ikeda

Director, Representative Executive Officer, President & CEO

Could you tell us how you feel about being appointed CEO, and could you also outline your career to date, and your key achievements? In particular, what do you think were the reasons you were selected as the new CEO?

I had a vague feeling that, if a new CEO was appointed, it would probably be someone from outside the Company, rather than being an internal appointment, so to be honest, when the Nomination Committee got in touch with me I was very surprised.

I majored in Chemistry in university, and when I joined HOYA in April 1992 after graduating, I worked as a process engineer at a department involved in manufacturing magnetic recording media, as part of the Memory Disk (MD) business. In 2010, I was appointed as the head of the business, but it just so happened that at that time this business was sold off to one of our customers. This was the first time that I had been involved in a large-scale business transfer, but we managed to complete it successfully. In September 2010, I was appointed head of the Optical Lens SBU. I realized a substantial improvement in its profitability, which contributed to an improvement in the profitability of the Information Technology business domain as a whole. These achievements were recognized by the Company, and in 2013 I was appointed COO of the Information Technology business. However, at that time the Information Technology business domain was positioned as a cash cow supporting the Life Care business domain, which was seen as a business with high growth potential. As a result, investment in the Information Technology business domain was limited, which had led to a steady decline in sales. Today, the Information Technology business domain is a key pillar of growth for the Company, but back then many people, both outside and within the Company, were dubious about the growth potential of products such as glass substrate for hard disks intended for use with nearline storage, and mask blanks for use in extreme ultraviolet (EUV) lithography. Despite these circumstances, by carefully selecting which business areas to focus on, after taking over as COO I was able to get the Information Technology business back on a path of raising sales revenue and succeeded in improving its profitability. Starting in 2018, I had the experience of running the contact lens business for around two years, which was the first time I had worked in the Life Care business domain, and beginning in 2021 I was simultaneously in charge of research and development at the endoscope business. In this way, rather than just seeing things from the viewpoint of an executive officer, I have had an experience in a wide range of areas within the HOYA Group from a frontline perspective. I think that this wide-ranging experience and record of achievement were viewed positively by the Nomination Committee.

What do you see as being the CEO's most important role? Also, could you explain what things you will keep the same and what you want to change? And what do you see as being the main management issues for HOYA?

Over the course of its long history, which extends back 80 years, HOYA has focused its management resources on those businesses where it is competitive, while withdrawing from or selling off businesses where it is uncompetitive, and in this way has been able to keep strengthening its business portfolio. This effective business portfolio management has been an important strength for HOYA and going forward I consider business portfolio management to be the most important role for HOYA's CEO. In particular, I see the biggest aspect of my mission as being to add businesses to HOYA's portfolio that can serve as drivers of growth over the next 10–20 years. Within the HOYA Group, basically each business operates with a high degree of autonomy but going forward we will need to generate new technologies and products that no individual business can create on its own, and we will be putting in place an R&D framework that extends across the boundaries between businesses. With regard to M&A, up until now we have tended to focus mainly on the Life Care business domain, but in the future, we will be expanding our perspective to also include the Information Technology business domain so that we can identify new business areas with strong growth potential. We will be paying particular attention to semiconductor-related areas, where we can expect to create synergy with our existing business areas.

Since March 2022, we have been making efforts to strengthen our business development, under the direction of Chief Business Development Officer (CBDO) Augustine Yee, who is also HOYA's Chief Legal Officer (CLO). Whereas in the past the Life Care business domain was positioned as the key growth driver, and the Information Technology business domain was positioned as the cash cow, going forward, we will consider the positioning of each individual business and product without regard for which segment it belongs to, and we will allocate management resources to those items which have higher growth potential. It should be noted that our approach to decision-making, whereby decisions are made based on numerical data in relation to profitability and return on investment, will remain unchanged in the future.

Currently, another important management issue for HOYA besides developing businesses with long-term growth potential is the strengthening of environmental, social, and corporate governance (ESG). We have positioned ESG initiatives as being of great importance in relation to the HOYA Group's medium- and long-term purpose. In March 2022, we established a new ESG Promotion Office under the Chief Sustainability (ESG) Officer (CSO), and we are aiming to strengthen our ESG initiatives. Taking the new framework as a basis, going forward, after having set objectives corresponding to the ESG materiality that was specified in September 2021, we will be proceeding with concrete measures in this area.

[For more information about ESG, please read the message from Tomoko Nakagawa, Executive Officer and Chief Sustainability \(ESG\) Officer.](#)

With the negative impact on economic activity and the supply chain disruption that have accompanied the continuing COVID-19 pandemic, together with rising raw materials costs and logistics expenses, Russia's aggression in Ukraine, etc., the level of uncertainty in the global business environment is increasing. What is your thinking on risk management for HOYA going forward?

The real value of business portfolio management lies in the diversification of risk. As the regional breakdown of sales, customer profiles, sensitivity to the business climate and to exchange rate fluctuations, etc. all vary from business to business, effective portfolio management can make it possible to achieve resilience in relation to various types of uncertainty. For example, during the global financial crisis of 2008 that followed the bankruptcy of Lehman Brothers, although HOYA's Information Technology business domain was seriously affected by the crisis, sales performance in the Life Care business domain, which is less vulnerable to fluctuations in the business climate, remained strong. By contrast, when the COVID-19 pandemic began to spread around the world, the Life Care business domain was heavily affected because

of factors such as new regulations imposed in various countries, but the negative impact on the Information Technology business domain was limited, and this contributed toward stability of the HOYA Group as a whole. Going forward, although we can expect to see continued uncertainty due to inflation caused by COVID-19 and by geopolitical factors, and due to supply chain disruption, we will continue to review our existing systems on an ongoing basis and make changes as necessary. With regard to compliance risk, we have put in place a Group-wide system under the direction of the Chief Compliance Officer, who is based in the HOYA Group's head office, and we are implementing more effective compliance risk management.

Could you tell us about your approach to returning profits to shareholders, including share buybacks? Also, do you have a message that you would like to give, in terms of your vision as the new CEO, or areas that you want to focus on?

Regarding cash allocation, our policy of prioritizing investment in areas with growth potential, and returning surplus profits to shareholders, remains unchanged. Our approach of thinking in terms of the total amount of profits to be returned to shareholders, rather than treating share buybacks and dividends separately, also remains the same. In the fiscal year ended March 31, 2022, we increased the year-end dividend from 45 yen to 60 yen, and also implemented share buybacks totaling over 65 billion yen, so the total shareholder return (TSR) came to approximately 100 billion yen.

As I pointed out just now, I see the most important aspect of my mission as HOYA's CEO as being business portfolio management. My intention is that, while promoting the development and acquisition of businesses that can serve as drivers of growth over the long term, we will adjust as necessary with regard to businesses and products where there are doubts about growth potential, and in this way build a business portfolio that can contribute toward the sustainable growth of the HOYA Group.

I am determined that, going forward, we will continue to attach great importance to the HOYA philosophy of emphasizing profitability and making judgments based on objective numerical data, and that we will also manage the Company in a way that returns to the essential aspects of HOYA's purpose. That is to say, by providing solutions relating to people's eyesight and other aspects of their health, and by providing solutions that support the information technology that is vital to contemporary social and economic activity, we will enhance the quality of life (QOL) of people throughout the world. HOYA celebrated the 80th anniversary of its founding in 2021. Over the next 20 years, as we move toward our 100th anniversary, I hope that we will create new markets and pursue innovation with passionate enthusiasm, so as to enhance the QOL of people of all kinds throughout the world and help create a better tomorrow.

A Message from HOYA's CSO

I will be striving to take HOYA's sustainability activities to an even higher level while aiming to both contribute toward the realization of a sustainable society and enhance corporate value over the medium to long term.

Tomoko Nakagawa

Executive Officer, Chief Sustainability (ESG) Officer



The position of Chief Sustainability (ESG) Officer, to which I have been appointed, was created under the new management structure which HOYA adopted on March 1, 2022. At a time when stakeholders' awareness of sustainability or environmental, social, and governance (ESG) is rising, and when sustainability and ESG have become a management issue of growing importance to HOYA, I am eager to take on this challenge and will work to promote sustainability and ESG initiatives in the HOYA Group with the aim of contributing to the realization of a sustainable society and enhancing HOYA's corporate value over the medium to long term.

The first tasks that I undertook as CSO were putting in place relevant internal systems and the formulation of a sustainability policy. In the past, individual business divisions implemented their own social contribution activities and measures to reduce environmental impact. Now, besides formulating a Group-wide sustainability policy, we have also established an ESG Promotion Office, a dedicated organization for promoting ESG-related sharing of best practices and collaboration between business divisions, which is based in the HOYA Group head office. As HOYA has developed a wide range of businesses, ranging from semiconductor components to medical devices, sustainability/ESG initiatives and issues are not necessarily the same in every business. For this reason, each business has established its own sustainability/ESG unit or responsible person in a way that suits that particular business, putting in place the necessary systems. Going forward, the HOYA Group head office will be collaborating with sustainability/ESG managers at each business, sharing and enhancing related know-how, and promoting activities in which the whole Group works together as one.

In May 2022, the formulation of the HOYA Group's sustainability policy was approved by the Board of Directors. Over the 80 years since the Company was founded, HOYA has continued to expand its business areas in line with its corporate philosophy: "Dedicated to innovation in information technology, lifestyle and culture, HOYA envisions a world where all can enjoy the good life, living in harmony with nature." HOYA's mission is to contribute toward enhancing the quality of life of people throughout the world through its products and services and by providing solutions that support eyesight and other aspects of human health, or which support contemporary information technology. Based on this corporate philosophy and approach, we have formulated a policy that incorporates items that are expected to be important for the Company's continued growth over the medium to long term. In the future, besides drawing up strategies and measures based on this policy, we also intend to implement activities aimed at disseminating awareness within the Company, so that employees can be more aware of sustainability in their day-to-day operations.

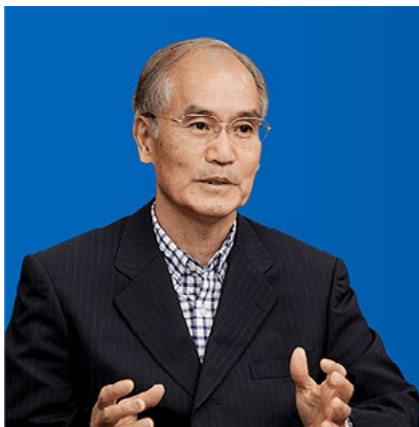
Sustainability Policy

HOYA Group is committed to contributing toward building a sustainable society and aims to enhance our long-term corporate value by implementing our management principles based on our corporate mission in our day-to-day work.

- We will aim to help resolve global social issues through innovation in our businesses.
- We will realize fair and highly transparent corporate management by building a relationship based on trust through consistent dialogue with key stakeholders.
- We will aim to minimize environmental externalities in our business activities to ensure our future generations inherit a healthy global environment in the future.
- We respect the human rights of all people involved in our business activities, including those in our supply chain and will strive to prevent any abuse on human rights.
- We will create a work environment to promote diversity and inclusion with an emphasis on the wellbeing of our employees in the aim of keeping high motivation and moral to create new value.

In line with the revision of Japan's Companies Act in 2003, HOYA transitioned speedily to become a company with Nomination Committee, etc. and restructured its Board of Directors so that independent directors held over half of the seats on the Board, committing itself to management characterized by a high level of objectivity and transparency, with the committee system as its foundation. Going forward, I believe that HOYA will need to adopt an even more proactive approach to environmental (the "E" element of ESG) and social (the "S" element) initiatives, and to related disclosure, with the Board of Directors expected to implement regular monitoring of the content of such activities.

In the future, while strengthening our ongoing dialogue with all stakeholders, we will take HOYA's sustainability/ESG activities to an even higher level, aiming both to contribute to the realization of a sustainable society and to enhance HOYA's corporate value over the medium to long term.



A Message from an Independent Director

While making adjustments to the governance system on a continuous basis, HOYA will be transforming its management by integrating its business growth strategy and ESG strategy.

Mitsudo Urano

Lead Independent Director, Chairperson of the Nomination Committee,
Member of the Compensation Committee, Member of the Audit
Committee

As an independent director, what is your assessment of HOYA's Board of Directors?

The matters handled by the Board of Directors fall into four broad categories. The first of these is matters stipulated by the Companies Act, such as corporate accounts and dividends. The second category is quarterly budget planning, and this is the area where there tends to be the liveliest exchange of views. While all companies review their accounts on a quarterly basis, I am not aware of any other company that performs the quarterly Plan-Do-Check-Act (PDCA) cycle with as much precision or as extensively as HOYA. What is more, although this process is based around a short period of just three months, the medium- and long-term growth strategy is also incorporated into the process, so the independent directors are able to point out issues and make suggestions based on their diverse perspectives. The third category is the business review, in which the directors and executive officers engage in discussion, based not so much on recent performance as on explanations from the division heads responsible for each business area regarding medium- and long-term market forecasts and strategies. Finally, the fourth category is matters relating to business development. Projects both large and small are brought up for discussion by each business, and the directors present their views in an objective manner, making effective use of their own respective skillsets in terms of M&A activity, international business, etc. Whatever the topic being discussed, it is not viewed in a one-sided manner, but rather is examined from multiple perspectives, and assessment is performed rapidly using the PDCA cycle.

Could you tell us about the areas where you feel that HOYA excels, and about any areas where you feel that improvements are needed?

Having had experience at various different companies, I personally feel that where HOYA excels most is in its implementation of business portfolio management that adheres to a management philosophy of aiming to be "a big fish in a small pond." What I also think is marvelous is that HOYA has clear positioning for each business in its portfolio, and consciously characterizes each business as being a "star," "cash cow" or "problem child." As a result, the Company has been able to achieve outstanding financial performance, including capital efficiency, which is very impressive too. With regard to corporate governance also, HOYA was one of the earliest companies in Japan to have independent directors hold more than half of the seats on the board of directors, and to transition to a committee system, and it has continued to be seen as being at the cutting-edge of governance. If one looks more closely at the details of HOYA's corporate governance, it is clear that the diversity of its independent directors, in terms of having management experience in a wide range of industries and having diverse specialist backgrounds, has also contributed to strengthening governance.

Although, as I have just noted, HOYA has received very positive assessments in relation to the governance (G) aspect of ESG, I think that in terms of the environmental (E) and social (S) aspects of ESG, HOYA has only really kept pace with other companies, and may even have lagged behind, and that there is a need for improvement here. As attention has been focused on the areas where HOYA excels, so far it has not received criticism for being weaker in other areas but going forward HOYA will be aiming to speed up its efforts to address these weaknesses. A further point is that HOYA needs to bring its succession planning up to the standards of a global enterprise. In this regard, HOYA is making a painstaking effort to put the necessary framework in place, with the Chief Human Resources Officer (CHRO) playing a central role. As an independent director and member of the Nomination Committee, I think that HOYA should make a steady, concerted effort in this area.

The primary role of an independent director is to exercise oversight over the Company's management. In the future, what areas do you think you will be focusing on?

The most important role of the independent directors is to remove the CEO in the event that anything improper has occurred, so the basic precondition for being an independent director is that you must have the necessary force of character to be able to do that if necessary. As all of HOYA's independent directors have extensive managerial experience, HOYA has the right system in place to allow the CEO to be removed whenever that might prove necessary. Although during the nine years that I have been an independent director at HOYA, the company has received a positive external assessment of its corporate governance system, I have always felt that there is a need for constant adjustment. Although HOYA's corporate governance is outstanding, I have raised the questions of whether it might be a good idea for the Board of Directors to be chaired by an internal director (as representative executive officer, president & CEO), whether it would be practical to introduce an "in-house company" system or a holding company structure, and what the response should be if something were to happen to the CEO. I think that these questions need to be discussed again. While such discussion may lead to the conclusion that things are fine as they are now, I think that it is important to discuss these kinds of topics from multiple different perspectives.

Given your position as an independent director, could you comment on the two management issues that the new CEO is focusing on (i.e., the development of businesses with growth potential and strengthening ESG)?

Regarding the strategy for business development, we are currently engaged in ongoing discussions of this issue with the executive officers. One of the reasons why Mr. Ikeda was selected to become the new CEO was that he was able to outline a clear vision and path for the HOYA Group's growth over the medium and long term. With regard to the Information Technology business domain, HOYA is in the process of firmly adopting a strategy of looking for potential seeds of growth in areas outside its existing businesses, while also realizing business development by making even more effective use of the Company's technological excellence. As regards the Life Care business domain, consideration is being given to expanding the range of business areas with a focus on ophthalmology. Discussion is underway based on expanding the range of HOYA's existing Life Care businesses, such as eyeglass lenses, contact lenses, intraocular lenses, and surgical instruments for eye surgery, new business areas that are closely related to them, and vision-related markets. As an independent director with expertise in the areas of international business development and M&A, I support these moves, and I want HOYA to demonstrate that it still has plenty of potential for growth.

Could you tell us which areas you think HOYA should focus on when promoting ESG?

In the past, I have had the opportunity to examine a wide range of companies, and I have found that when approaching ESG it is not enough to just think “how will this be viewed by the market?” How sincere senior management are about ESG is extremely important, and if this sincerity is lacking, ordinary employees will not be convinced by the ESG message.

The last 10 years or so have seen the emergence, particularly in the United States, of the “benefit corporation” (an enterprise that aims to generate not only economic benefits but also environmental and/or social benefits) concept, a concept that is exemplified by Patagonia, Inc., the outdoor clothing and equipment vendor. This may be the ultimate expression of ESG and can probably be said to be in conformity with the trend away from capitalism that emphasizes shareholders’ interests above all else toward stakeholder capitalism.

A further point is that I believe that, fundamentally speaking, ESG cannot be successful without respect for other living beings and without a perspective that views the world as an integrated system. Over the past 300 years, a single species—mankind—has caused extensive destruction to the global environment and has deprived other species of their right to existence. The fact is that scientific and technological development in human society has brought about a fundamental transformation in global ecosystems. However, I believe that science and technology also have the power to solve this problem. Some people would say that “a profit-oriented organization like a corporation cannot solve the world’s environmental problems,” but as I see it, business enterprises are the organizations that can most effectively address social issues in their own particular fields of expertise. I am convinced that it is actually business enterprises that are the best organizations for realizing a sustainable planet. While HOYA specified its materiality in September 2021, I think that the Company will need to keep adding to and adjusting its materiality. HOYA has a wide range of different businesses, each of which has different material issues, so I see this as being an issue that needs to be discussed at the level of the individual business division.

As Chair of the Nomination Committee, could you explain the reasons behind the selection of the new CEO?

The deciding factor was Mr. Ikeda’s expertise and strong track record across a wide range of different businesses. He has performed outstandingly, not only with regard to technology but also in terms of his ability to read the market and the way he interacts with customers. In particular, although the former CEO Mr. Suzuki unquestionably played a leading role in driving the growth of HOYA’s Information Technology business division, Mr. Ikeda’s contribution was also very substantial.

Something else which can safely be said to be one of Mr. Ikeda’s strengths is his ability to take a wide-ranging view of the HOYA’s business portfolio as a whole, from a perspective that emphasizes technological superiority, by utilizing the experience he has accumulated in overseeing technology development for the HOYA Group as a whole, including the Life Care business domain. A further point I would like to add is that I was very impressed by some of the statements that Mr. Ikeda made while he was serving concurrently as head of HOYA’s contact lens business (the “eyecity” brand). The perceptiveness that Mr. Ikeda demonstrated by pointing out, within a short time after taking over as head of the business, that with the changes in the market environment such as the growth of e-commerce, it was time to reconsider the business strategy (including its future store opening plans), left a deep impression on me. Adding to this his familiarity with HOYA’s management philosophy and with the Company’s mechanisms, I felt that Mr. Ikeda was the ideal choice to become HOYA’s new CEO.

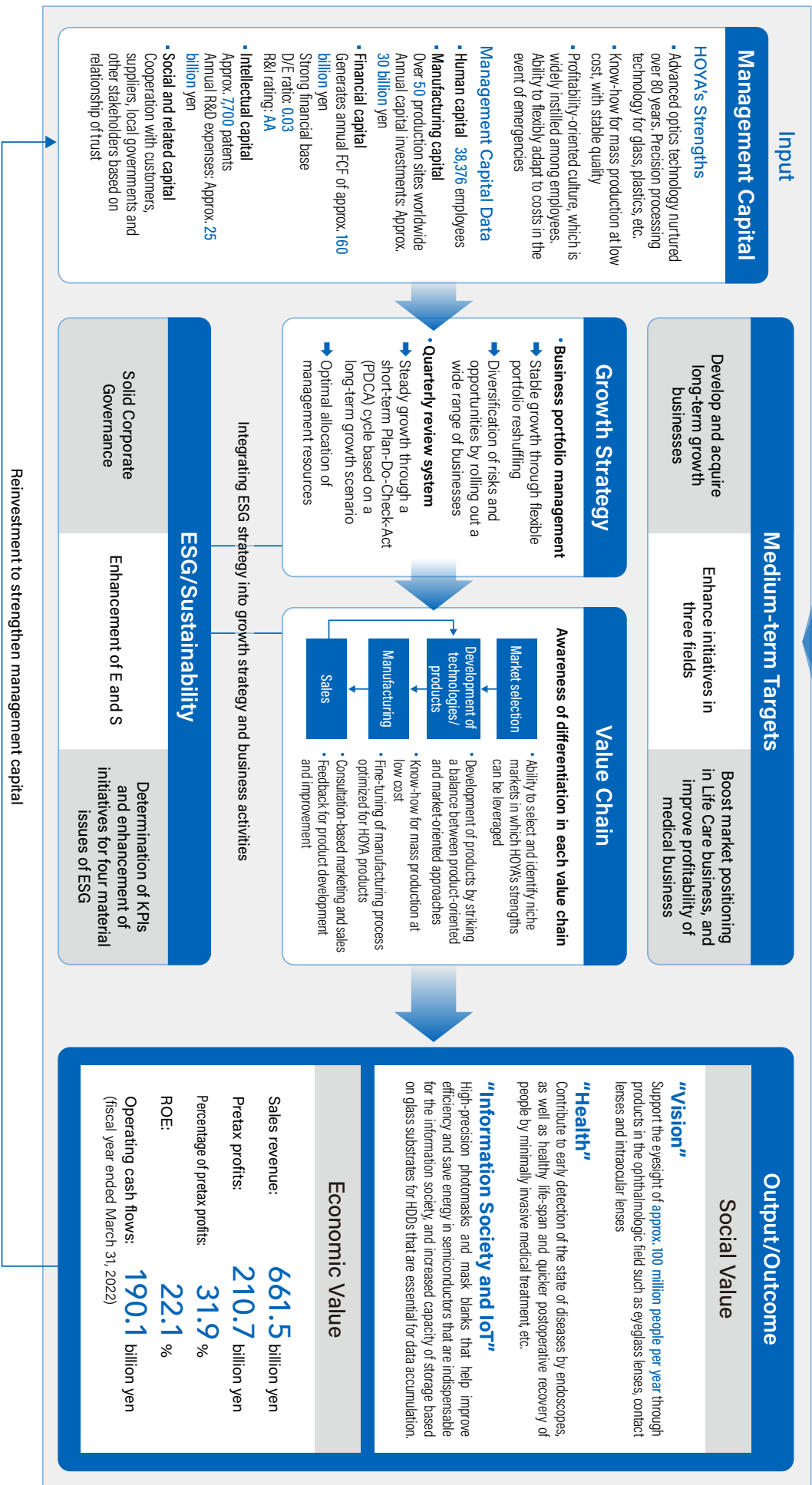
At the most recent General Meeting of Shareholders (held in June 2022), the structure of the Board of Directors was changed, with the addition of a second internal director and a second female independent director. Could you outline the background to this change?

Regarding the increase in the number of internal directors, Mr. Ikeda expressed a desire to have Mr. Ryo Hirooka join the Board. In the past, the Chief Financial Officer (CFO) did serve as a member of the Board, and Mr. Hirooka was already sitting in on every Board meeting, including those at which quarterly budgets were discussed; furthermore, his appointment would not upset the balance between independent directors and internal directors, so we as external directors did not feel that there was anything wrong with this idea, and in fact we thought it was a good suggestion.

With regard to the independent directors, finding suitable female candidates for directorships who possess the necessary insight and experience in relation to governance, business development, and global business has been a long-standing challenge for HOYA. Every year, when compiling a list of potential candidates and exchanging views, we have found that there are relatively few women on active service in Japan who have the necessary experience in business development and business management, and due to the shortage of candidates, we have had to extend the scope of our search to include women working overseas. This year, we invited Ms. Takayo Hasegawa, who is one of very few women in Japan with a high level of expertise in both technology and management, and Ms. Mika Nishimura, who has extensive global business experience, mainly in the United States, to become independent directors.

Finally, do you have a message for the readers of this report?

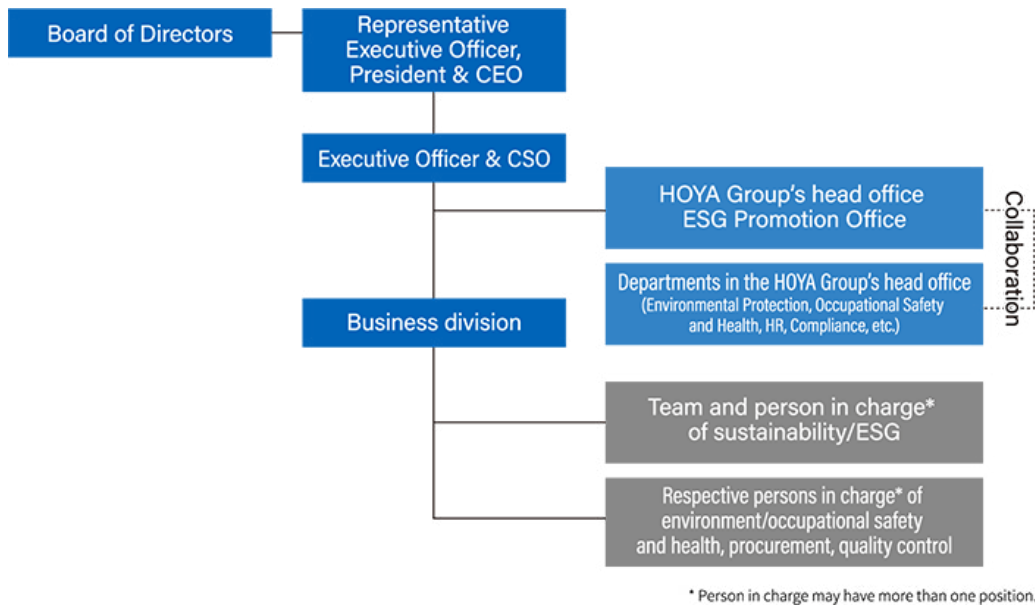
Rather than allowing itself to become complacent, HOYA is implementing managerial reforms so that it can continue to demonstrate outstanding performance in the future and realize sustainable growth. HOYA is currently fine-tuning a market-focused growth strategy for the Information Technology business domain, where the Company has a significant technological advantage, and also for eye care-related businesses, where strong structural growth is anticipated, and I am confident that you will be impressed by these strategies when they are finalized. By integrating the business growth strategy and the ESG strategy, the Company will be managed in a way that contributes toward addressing the social issues highlighted in the United Nations Sustainable Development Goals (SDGs), and we look forward to receiving the continued support of all stakeholders.



HOYA's ESG Approach

Organizational Structure and Policy

The HOYA Group, which had been engaged in environmental, social, and governance (ESG) activities centered around the ESG Committee established in August 2019, appointed a Chief Sustainability (ESG) Officer (CSO) and newly established the ESG Promotion Office—a dedicated organization under the CSO—in the HOYA Group's head office in March 2022, in order to accelerate ESG initiatives. We will promote the HOYA Group's ESG activities in parallel with collaboration between the head office and business divisions, after setting up in each business division a sustainability/ESG-related department and personnel in charge in a manner suited to each business division.



Sustainability Policy

For the purpose of clearly stipulating the HOYA Group's basic stance and policy on sustainability and further promoting sustainability activities, we established the HOYA Group's Sustainability Policy in May 2022.

HOYA Group is committed to contribute towards building a sustainable society and aims to enhance our long-term corporate value by implementing our management principles based on our corporate mission in our day-to-day work.

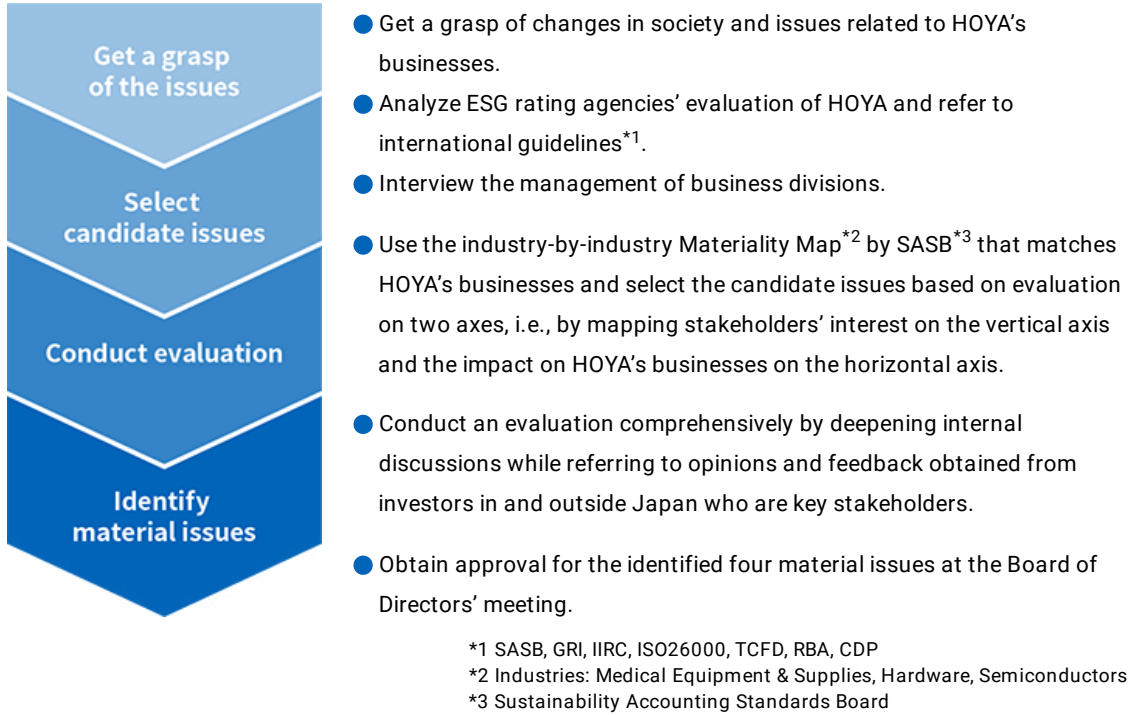
- We will aim to help resolve global social issues through innovation in our businesses.
- We will realize fair and highly transparent corporate management by building a relationship based on trust through consistent dialogue with key stakeholders.
- We will aim to minimize environmental externalities in our business activities to ensure our future generations inherit a healthy global environment in future.
- We respect the human rights of all people involved in our business activities, including those in our supply chain and will strive to prevent any abuse on human rights.
- We will create a work environment to promote diversity and inclusion with an emphasis on the wellbeing of our employees in the aim of keeping high motivation and moral to create new value.

For HOYA's Corporate Mission, Management Principles and Vision, [click here](#).

Material Issues

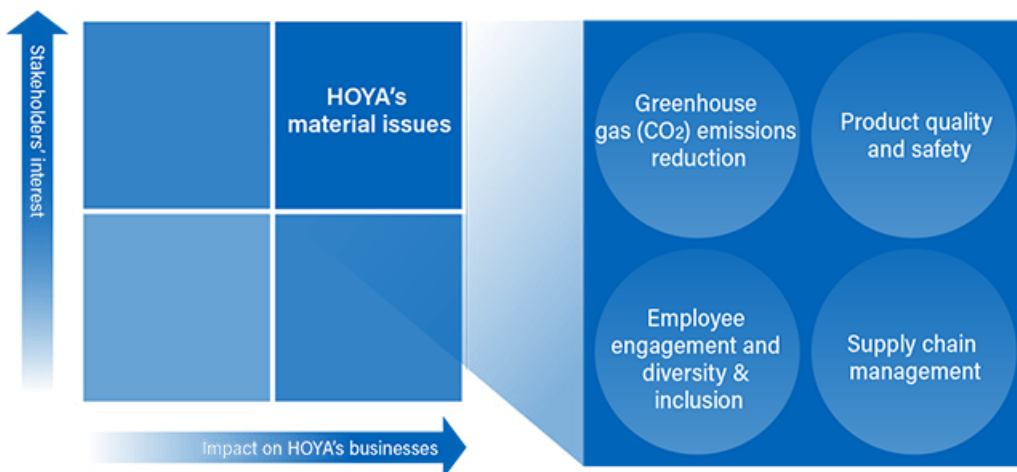
Having internally discussed and examined matters that contribute to the HOYA Group's medium- to long-term growth (i.e., material issues), we identified four material issues with the approval of the Board of Directors in September 2021.

Process of Identifying Material Issues



Identified Material Issues

Four material issues have been identified in HOYA as a result of the above process.








Risks and Opportunities of Material Issues

In consideration of the social issues worldwide and HOYA's business environment, we examined and discussed the following risks and opportunities in the process of selecting material issues.

Material Issue	Risk	Opportunity
Greenhouse gas (CO₂) emissions reduction	<ul style="list-style-type: none"> ● Laws, regulations and industry rules and/or demands from customers might become tougher, and if they are not addressed, it might diminish the competitiveness of HOYA's products/services and/or HOYA's social credibility ● Carbon tax and/or carbon pricing (e.g., emissions trading scheme) might be introduced more widely 	<ul style="list-style-type: none"> ● Electricity-saving production processes lead to cost reduction
Product quality and safety	<ul style="list-style-type: none"> ● If any inadequacy/defect in a product occurs, or if an incident involving noncompliance with laws, regulations or standards arises, it might give rise to costs of recall and/or diminish HOYA's social credibility ● Laws, regulations, standards, etc. related to product quality and safety might become tougher 	<ul style="list-style-type: none"> ● Thorough compliance with laws, regulations, industry rules, etc. and execution of business activities in a sound manner help enhance corporate value
Employee engagement and diversity & inclusion	<ul style="list-style-type: none"> ● Competition to secure highly talented human resources might intensify on a global scale 	<ul style="list-style-type: none"> ● Increase in opportunities for value creation and innovation brought about by securing and developing diverse human resources
Supply chain management	<ul style="list-style-type: none"> ● HOYA might be suspended from trading or its social credibility might be diminished by the impact of violation of laws and regulations and/or infringement of human rights, etc. in the supply chain 	<ul style="list-style-type: none"> ● A stable supply of components being secured and a sustainable production system being established by building a relationship based on trust with suppliers

Approach to and Measures for Material Issues

Material Issue	Approach	Measures	Relevant SDGs
Greenhouse gas (CO₂) emissions reduction	<p>Set a medium- and long-term target for CO₂ emissions reduction and create a roadmap to achieve it</p> <p>Set measures and KPIs to achieve the target and steadily implement the measures and monitor KPIs</p>	<ul style="list-style-type: none"> ● Replace production equipment with units that have high energy efficiency ● Consider and promote the introduction of renewable energy ● Switch lighting to LEDs, promote eco-cars for company vehicles, etc. ● Promote disclosures based on TCFD recommendations 	  
Product quality and safety	<p>Review and improve the product safety and quality management system and operations on an ongoing basis—especially in the Life Care business, which deals in medical products—so that customers can use products more effectively and safely</p>	<ul style="list-style-type: none"> ● Enhance the quality management system on an ongoing basis in response to changes in regulations ● Maintain ISO9001/13485 certification by enhancing internal QMS audit 	
Employee engagement and diversity & inclusion	<p>Aim at creating a workplace environment in which diverse employees can fully demonstrate their capabilities with a sense of fulfillment from work so that employees' growth also translates into HOYA's growth</p>	<ul style="list-style-type: none"> ● Conduct employee engagement surveys and implement measures in response to analyses of survey results ● Promote the "Minkatsu" diversity project to create a work environment in which everyone can play an active role (mainly targeted at workplaces in Japan) 	  

[Supply chain management](#)

Properly manage the supply chain based on the HOYA Supplier Code of Conduct, from the viewpoint of complying with laws and regulations and protecting human rights not only internally but also in the supply chain

- Encourage suppliers to abide by the HOYA Supplier Code of Conduct and obtain their signatures
- Conflict minerals survey



- Measures and targets/indexes for material issues will be additionally set and reviewed in the process of holding discussions and carrying out initiatives in-house.
- As HOYA's businesses are wide-ranging, we will also discuss and examine individual sustainability/ESG issues in each business division on top of the common material issues.

Corporate Governance

Basic Views

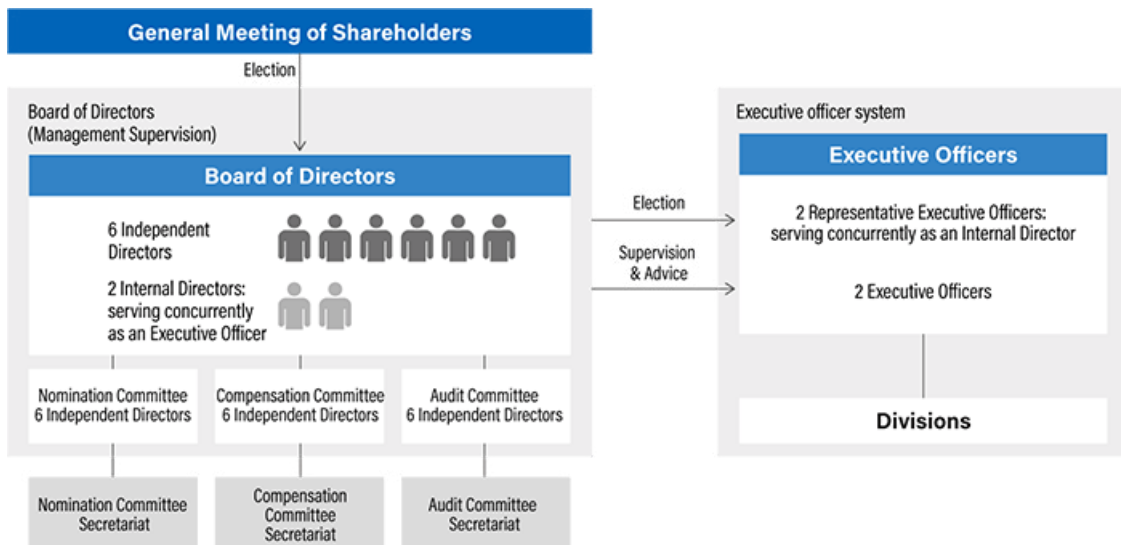
HOYA promotes management with the aim of maximizing its corporate value based on the recognition that corporate governance is a matter of utmost importance for management. As the basis of taking a fair approach to stakeholders, to prevent management from being conducted based solely on in-house logic, we have set forth in the Articles of Incorporation that a majority of directors consist of independent directors, who actively supervise management by executive officers and provide advice in order to improve corporate value from an objective and broad perspective. HOYA also gives executive officers the authority and responsibility for the execution of operations, in order to accelerate decision-making and improve management efficiency.

The Company has established the [HOYA Corporate Governance Guidelines](#) at the meeting of the Board of Directors, and intends to enhance the corporate governance structure and to introduce better governance systems by revising the guidelines.

Structure

HOYA employs a company with Nomination Committee, etc. management system. Under a company with Nomination Committees, etc. management system, by giving executive officers authority to manage business, business decision-making is accelerated. At the same time, three committees—the Nomination Committee, the Compensation Committee, and the Audit Committee—were established, with a majority of the members being independent directors (at HOYA, the committees are composed exclusively of independent directors), to ensure the effectiveness of management supervision by the Board of Directors. Adopting a company with Nomination Committees, etc. management system enables us to clearly separate the execution and supervision of corporate management, whereas this was not possible with the previous company with Auditors system. Through this system, we aim to ensure efficient management and improve the overall soundness and transparency of management.

Corporate Governance Structure (As of the end of June 2022)



Board of Directors

Board of Directors

Our Board of Directors comprises six outside directors and two internal directors, totaling eight directors. In principle, the Board holds 10 regular Board meetings per year. Each meeting of the Board of Directors involves lively discussions and deliberations in a solemn atmosphere, where globally-minded outside directors with a wealth of management experience ask questions and give advice on the execution of operations by executive officers from various angles. The Board of Directors also works to obtain necessary information as appropriate on the developments in significant legal revisions and trends in corporate governance through lectures given by outside experts and other means.

In fiscal 2021, the Board of Directors was comprised of five independent directors—including one female independent director— and one internal director. Board of Directors' meetings were convened nine times, with 100% attendance by all directors.

Based on the Board of Directors Regulations, the Board of Directors not only addresses statutory matters but also approves quarterly budgets and quarterly earnings reports, deliberates on M&A projects and the executive organization, and receives reports on the activity status and medium- to long-term plans of each business division. Self-assessment is conducted annually in the form of a questionnaire survey on the management and effectiveness of the Board of Directors and the three committees; however, due to the change of the CEO in March 2022, their effectiveness was evaluated by a third party, including interviews with directors and executive officers. Due to the timing of the change, the results of this evaluation will be included in the [Corporate Governance Report](#) to be issued at the end of September.

Board Member Profiles



Lead Independent Director,
Chairperson of the Nomination Committee,
Member of the Compensation Committee,
Member of the Audit Committee

Mitsudo Urano

(Born on Mar. 20, 1948)

Number of years in office of the
Director of the Company

9 years

Number of shares of
the Company held

5,000 shares

Number of attendances
to the Board meetings

9/9 times (100%)

- Apr. 1971 Joined Nippon Reizo Kabushiki Kaisha (present Nichirei Corporation)
- Jun. 1999 Director and General Manager, Strategic Planning Division of Nichirei Corporation
- Jun. 2001 Representative Director and President of Nichirei Corporation
- Jan. 2005 Representative Director and President of Nichirei Corporation, and Representative Director and President of Nichirei Foods Inc.
- Apr. 2007 Representative Director and President of Nichirei Corporation, and Director and Chairman of Nichirei Foods Inc.
- Jun. 2007 Representative Director and Chairman of Nichirei Corporation, and Director and Chairman of Nichirei Foods Inc.
- Jun. 2013 Advisor of Nichirei Corporation (retired in March 2018)
- Jun. 2013 Director of the Company (present post)

Important Positions of Other Companies Concurrently Held

Outside Director of Hitachi Transport System, Ltd.

Reason for the Selection for Director

Mr. Urano focused on capital efficiency from the early stage in Nichirei Corporation, a leading Japanese frozen food manufacturer, and developed efficient management through company split-ups and informatization. He particularly has extensive experience and solid achievements on management informatization. In addition to the achievements in Nichirei Corporation, the Company's Nomination Committee expects that he will make a great contribution to enhance management efficiency and transparency through giving advice and proposals on overall company management with his deep insight and extensive experience as management having served as an outside director and outside corporate auditor in other companies listed on the First Section of the Tokyo Stock Exchange.



Independent Director,
Chairperson of the Compensation Committee,
Member of the Nomination Committee,
Member of the Audit Committee

Shuzo Kaihori

(Born on Jan. 31, 1948)

Number of years in office of the
Director of the Company

7 years

Number of shares of
the Company held

1,000 shares

Number of attendances
to the Board meetings

9/9 times (100%)

- Apr. 1973 Joined Yokogawa Electric Works Ltd. (present Yokogawa Electric Corporation)
- Apr. 2005 Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation
- Apr. 2006 Senior Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation
- Jun. 2006 Director and Senior Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation
- Apr. 2007 Representative Director, President and Chief Executive Officer of Yokogawa Electric Corporation
- Apr. 2013 Representative Director, Chairman and Chief Executive Officer of Yokogawa Electric Corporation
- Apr. 2015 Director, Chairman of Yokogawa Electric Corporation
- Jun. 2015 Director of the Company (present post)
- Jun. 2016 Director and Chairman of the Board of Yokogawa Electric Corporation (retired in June 2018)

Important Positions of Other Companies Concurrently Held

Outside Director of Eisai Co., Ltd.

Reason for the Selection for Director

Mr. Kaihori assumed the presidency of Yokogawa Electric Corporation, which operates a test and measurement business and industrial automation and control business, in 2007 when the company faced difficult business conditions, then was committed to turning around the company and achieved a surplus by changing the business model from hardware to software and promoting globalization. The Company's Nomination Committee expects that he will contribute greatly to the Company's management from his performance that he boldly responded to changes in the business environment and achieved results and by giving advice on strengthening of software business, which is a challenge for the Life Care segment, an area expected to grow, based on his extensive experience.



Independent Director,
Chairperson of the Audit Committee,
Member of the Nomination Committee,
Member of the Compensation Committee,
Chairperson of the Healthcare Compliance Committee

Hiroaki Yoshihara

(Born on Feb. 9, 1957)

Number of years in office of the
Director of the Company

4 years

Number of shares of
the Company held

0 shares

Number of attendances
to the Board meetings

9/9 times (100%)

- Nov. 1978 Joined Peat Marwick Mitchell & Co.
- Jul. 1996 National Managing Partner, the Pacific Rim Practice of KPMG LLP
- Oct. 1997 Board Member of KPMG LLP
- Oct. 2003 Vice Chairman and Global Managing Partner of KPMG International (retired in April 2007)
- Jun. 2018 Director of the Company (present post)

Important Positions of Other Companies Concurrently Held

Outside Director of Hitachi, Ltd

Reason for the Selection for Director

Mr. Yoshihara has long-term experience as an expert in finance and accounting as well as management experience gained as Global Managing Partner of an international accounting firm. He also has a track record of participating in the M&A of many companies from a professional standpoint. The Company's Nomination Committee expects that he will contribute to the improvement of the supervisory function of the Board of Directors of the Company and at the same time provide plenty of advice in regard to M&A, an important measure in the Company's business strategy,



Independent Director,
Member of the Nomination Committee,
Member of the Compensation Committee,
Member of the Audit Committee,
Member of the Healthcare Compliance Committee

Yasuyuki Abe

(Born on Apr. 17, 1952)

Number of years in office of the
Director of the Company

1 year

Number of shares of
the Company held

0 shares

Number of attendances
to the Board meetings

7/7 times

- Apr. 1977 Joined Sumitomo Corporation
- Jun. 2002 Representative Director and President of Sumisho Electronics Co., Ltd. (present SCSK Corporation)
- Apr. 2005 Representative Director and President of Sumisho Computer Systems Corporation (present SCSK Corporation)
- Jun. 2009 Representative Director, Managing Executive Officer, General Manager, Financial & Logistics Business Unit of Sumitomo Corporation
- Apr. 2010 Representative Director, Managing Executive Officer, General Manager, New Industry Development & Cross-function Business Unit of Sumitomo Corporation
- Apr. 2011 Representative Director, Senior Managing Executive Officer, General Manager, New Industry Development & Cross-function Business Unit, General Manager, Financial Service Division of Sumitomo Corporation
- Apr. 2013 Representative Director, Senior Managing Executive Officer, General Manager, Corporate Planning & Coordination Group of Sumitomo Corporation
- Jun. 2015 Advisor of Sumitomo Corporation (retired in June 2018)
- Jun. 2021 Director of the Company (present post)

Important Positions of Other Companies Concurrently Held

Advisor of ORANGE AND PARTNERS CO., LTD.
Outside Director of SUBARU CORPORATION

Reason for the Selection for Director

Mr. Abe was primarily engaged in the electric power, machinery, and information fields at Sumitomo Corporation, a general trading company. After being stationed twice in the United States, he served as representative director and president of the company's electronics and information-related subsidiaries. Subsequently, as a representative director of Sumitomo Corporation, he was engaged in the company's financial, logistics and new business development. The Company's Nomination Committee has judged that he will contribute to the Board of Directors of the Company through his wide-ranging experience at the general trading company, his global mindset cultivated over the years of stay in the United States, his business experience nurtured as a representative director and president, and his experience as an independent director gained at other companies after leaving Sumitomo Corporation.



Independent Director,
Member of the Nomination Committee,
Member of the Compensation Committee,
Member of the Audit Committee

Takayo Hasegawa

(Born on Oct. 15, 1959)

Number of years in office of the
Director of the Company

New

Number of shares of
the Company held

0 shares

Number of attendances
to the Board meetings

—

- Apr. 1984 Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD. (present SWCC SHOWA HOLDINGS CO., LTD.)
- Jun. 2005 Deputy Director of Technical Development Center and Manager of Superconducting Project of SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
- Apr. 2006 Director, Director of Technical Development Center of SWCC SHOWA CABLE SYSTEMS CO., LTD.
- Apr. 2010 Managing Director of SWCC SHOWA CABLE SYSTEMS CO., LTD., and Corporate Officer, General Manager of the Technology Planning Office of SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
- Jun. 2013 Director, General Manager of the Technology Planning Office of SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
- Apr. 2017 Director of SWCC SHOWA HOLDINGS CO., LTD.
- Jun. 2018 President and Director of SWCC SHOWA HOLDINGS CO., LTD.
- Apr. 2019 President and Representative Director, Group CEO of SWCC SHOWA HOLDINGS CO., LTD.
- Apr. 2020 President and Representative Director, Chairman of the Board of Director, Group CEO of SWCC SHOWA HOLDINGS CO., LTD. (present post)
- Jun. 2022 Director of the Company (present post)

Important Positions of Other Companies Concurrently Held

President and Representative Director, Chairman of the Board of Director, Group CEO of SWCC SHOWA HOLDINGS CO., LTD.

Reason for the Selection for Director

Ms. Hasegawa was engaged for many years as a researcher in the R&D divisions of the SWCC Group, which was originally established in the electric wire and cable industry and expanded widely into the Energy / Infrastructure, Communications/Industrial Devices, and Electrical Equipment/Components businesses, promoting the technological development of the SWCC Group. Since taking office as the first female President and Representative Director from the R&D divisions in the SWCC Group in 2018, she has implemented rapid reform of governance by dividing the business of SWCC SHOWA HOLDINGS CO., LTD. into segments, helping to ensure stable profitability. The Company's Nomination Committee expects that she will contribute significantly to the Company's management based on her experience as a manager backed by expertise as an engineer and with regard to initiatives for new business and transformation.



Independent Director,
Member of the Nomination Committee,
Member of the Compensation Committee,
Member of the Audit Committee,
Member of the Healthcare Compliance Committee

Mika Nishimura

(Born on Aug. 14, 1963)

Number of years in office of the
Director of the Company

New

Number of shares of
the Company held

0 shares

Number of attendances
to the Board meetings

—

- Jun. 1985 Joined BAIN & COMPANY
- Aug. 1989 Joined LEK PARTNERSHIP
- Jan. 1992 Director, Global Marketing of GUIDANT CORPORATION
- Sep. 1999 Managing Partner of THE BLG GROUP
- Oct. 2002 Vice President International Sales, Operations and Marketing of EV3
- Jan. 2007 Managing Partner of THE BLG GROUP
- Jan. 2011 Operational Partner of GILDE HEALTHCARE PARTNERS (present post)
- Apr. 2011 Vice President, Commercial Development of AUXOGYN (present PROGYNY)
- Nov. 2015 Vice President, Commercialization of NVISION MEDICAL CORPORATION (present BOSTON SCIENTIFIC)
- Jun. 2022 Director of the Company (present post)

Important Positions of Other Companies Concurrently Held

Operational Partner of GILDE HEALTHCARE PARTNERS

Reason for the Selection for Director

Ms. Nishimura has over 30 years of experience in the medical technology sector and was engaged in commercialization strategy on a global scale (50 markets in North America, Europe, the Asia-Pacific region, and Central and South America). Through leadership positions, including Director, Global Marketing, she has been involved in clinical and business strategies and has a proven track record in helping to launch franchises that contribute to stable revenue growth. In addition, her experience as a partner in a life science venture fund has given her a broad global perspective on the latest technologies and companies. Based on her past experience, the Company believes that she will contribute to strengthening the supervisory function, primarily in the life science business, and at the same time provide a great deal of advice on business strategy of the Company.



Director, Representative Executive Officer, President & CEO
Chairperson of the Board of Directors

Eiichiro Ikeda

(Born on Mar. 17, 1970)

Number of years in office of the Director of the Company

New

Number of shares of the Company held

1,400 shares

Number of attendances to the Board meetings

—

- Apr. 1992 Joined the Company
- Sep. 2010 Co-CEO, Memory Disk Division of the Company
- Sep. 2010 Head of Optical Lens of the Company
- Jun. 2013 Executive Officer & Chief Operating Officer (COO) of the Company
- Jun. 2015 Executive Officer & Chief Operating Officer (COO), Information Technology and Chief Technology Officer (CTO) of the Company
- Mar. 2020 Executive Officer & Information Technology and Chief Technology Officer (CTO) of the Company
- Mar. 2022 Representative Executive Officer President & CEO, and Chief Representative of Singapore Branch of the Company (present post)
- Jun. 2022 Director of the Company (present post)

Important Positions of Other Companies Concurrently Held

None

Reason for the Selection for Director

Mr. Ikeda has played an important role in management as Executive Officer & Chief Operating Officer for the Information Technology business and Chief Technology Officer for the entire HOYA Group prior to taking office as Representative Executive Officer, President & CEO in March this year. Since March, he has led the Group as CEO and gives appropriate explanations and reports on strategies based on portfolio management at meetings of the Board of Directors. He also supervises the execution of operations by other Executive Officers and strives to enhance the corporate value of the Group. The Company's Nomination Committee believes that he will contribute to important management matters while fulfilling his accountability to the Board of Directors as a Director of the Company, taking into consideration his past performance as an Executive Officer, so it has nominated him as a new candidate for Director.



Director, Representative Executive Officer & CFO

Ryo Hirooka

(Born on Jan. 14, 1974)

Number of years in office of the Director of the Company

New

Number of shares of the Company held

8,000 shares

Number of attendances to the Board meetings

—

- Apr. 1996 Joined The Sumitomo Trust and Banking Company, Limited (present Sumitomo Mitsui Trust Bank, Limited)
- Sep. 2002 Joined the Company
- Aug. 2004 Financial Manager of HOYA HOLDINGS N.V. (Netherlands)
- Feb. 2007 Director of HOYA HOLDINGS N.V.
- Jul. 2007 Director of HOYA HOLDINGS N.V., and President of HOYA HOLDINGS (Asia) B.V.
- Jul. 2009 Deputy CFO of Netherlands Branch of the Company
- Jun. 2013 Executive Officer & CFO of the Company
- Jun. 2014 Representative Executive Officer & CFO (present post)
- Jun. 2022 Director of the Company (present post)

Important Positions of Other Companies Concurrently Held

None

Reason for the Selection for Director

Mr. Hirooka has been leading the Group's financial strategy as Representative Executive Officer & CFO, implementing proactive and flexible measures with a focus on capital efficiency. For several years, the focus on cash generation, including its efforts to promote cash conversion cycle (CCC) improvements, has been highly regarded by investors. In addition, he has been explaining and reporting financial matters, including financial results, appropriately at meetings of the Board of Directors and results briefing sessions, and has been fulfilling his role as an Executive Officer. The Company's Nomination Committee believes that he will contribute to important management matters while fulfilling his accountability to the Board of Directors as a Director of the Company, taking into consideration his past performance as an Executive Officer, so it has nominated him as a new candidate for Director.

Independent Directors' Skills Matrix

	Corporate Management	Global Business	Finance/ Accounting	IT/ Technology	M&A	Development of Human Resources/ Diversity	Medical
Mitsudo Urano	•	•				•	
Shuzo Kaihori	•	•		•			
Hiroaki Yoshihara	•	•	•	•	•		
Yasuyuki Abe	•	•		•	•		
Takayo Hasegawa	•	•		•		•	
Mika Nishimura		•			•	•	•

Executive Officers

At HOYA, swift execution of operations is conducted by entrusting the authority of the Board of Directors to executive officers within the framework of “a company with Nomination Committee, etc.” Since March 1, 2022, a new structure has been established following the change of CEO. Currently, four persons—namely, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Business Development Officer (CBD0) and Chief Legal Officer (CLO), and Chief Sustainability (ESG) Officer (CSO)—have been nominated by the Nomination Committee as candidates for executive officers and elected at the Board of Directors’ meetings. Each of them oversees the execution of operations in their respective jurisdictions determined by the Board of Directors, and carries out decision-making in a speedy fashion. The executive officers instruct the head office divisions and the respective persons responsible for the business divisions to formulate and implement specific measures based on the management policy determined by the Board of Directors. With respect to all business divisions, Budgetary Business Division Meetings are held every quarter in each business division, with the attendance of all executive officers, where the status of progress relative to the annual plan is checked and deliberations are held on plans for the coming quarter. Authority over day-to-day business operations in each business is largely delegated to the respective persons responsible for the business divisions, who execute the plan approved at the Budgetary Meeting. All four executive officers attend each meeting of the Board of Directors.



**Representative Executive Officer
President & CEO**

Eiichiro Ikeda



Representative Executive Officer & CFO

Ryo Hirooka



**Executive Officer, Chief Business Development Officer (CBD0) and
Chief Legal Officer (CLO)**

Augustine Yee



**Executive Officer
Chief Sustainability (ESG) Officer (CSO)**

Tomoko Nakagawa

Committees

As internal organizations of the Board of Directors, we have the Nomination Committee, Compensation Committee, and Audit Committee; each of which is composed exclusively of independent directors.

Nomination Committee

The Nomination Committee fairly and rigorously selects candidates for directors, ensuring said candidates possess knowledge, expertise, and capabilities suited to HOYA's business environment, based on the "Standard for Election of Candidates for Director," and proposes the candidates to the General Meeting of Shareholders for voting. The Committee also fairly and rigorously selects candidates for executive officers and the representative executive officer, based on the "Standard for Election of Candidates for Executive Officer," and proposes the candidates to the Board of Directors for voting. In cases that meet the criteria for dismissal, the Committee makes decisions to propose the dismissal of directors to the General Meeting of Shareholders and the dismissal of executive officers to the Board of Directors for voting.

The Committee has set out independence criteria for director candidates that are stricter than the rules of the Tokyo Stock Exchange to ensure the effective functioning of independent directors' overseeing executive officers.

The outline of the Standard for Election of Candidates for Director is as follows:

[For both internal and independent director candidates]

- Those with appropriate personalities and insights as director
- Those with no health problems in performing their duties

[For internal director candidates]

- Those with a high level of knowledge and ample experience in our business
- Excellent business decision-making ability and business execution ability

[For independent director candidates]

- Those with extensive experience as business managers
- Or those who are in positions as professionals in law, accounting, finance or similar fields
- Those who are able to participate in at least 75% of the HOYA Group's Board meetings
- **Those who have no significant interests in the HOYA Group and are able to maintain their independence**



■ Independence criteria for independent director candidates

To ensure the independence of candidates for independent directors, candidates must not fall under any of the categories below.

<Those who are related to the HOYA Group>

- Those who previously worked for the HOYA Group
- Those who have a family member (spouse, child or relatives by blood or by affinity within the second degree) who have held the position of director, executive officer, corporate auditor or management employee of the HOYA Group in the past five years

<Major shareholder>

- Those who are major shareholders (10% or more) of the HOYA Group, or those who are directors, executive officers, corporate auditors or employees of companies that are major shareholders of the HOYA Group or those who have a family member who holds a top management position at such companies
- Those who execute operations of a company of which a major shareholder is the HOYA Group

<Those who are related to major business partners>

- Those who are operating directors, executive officers or employees of any important business partner, either for the HOYA Group or the corporate groups which the candidates come from, the sales to which business partner comprises 2% or more of the consolidated net sales of the HOYA Group or the company groups for either of the past three years, or those who have a family member who is a top management of such business partner

<Those who provide professional services (lawyers, certified public accountants, certified tax accountants, patent attorneys, judicial scriveners, etc.)>

- Those who have received remuneration of 5 million yen or more per year or those who have a family member who has received remuneration of 5 million yen or more per year, from the HOYA Group in the past three years
- When the organization that the candidate belongs to, such as a company and association, has received cash, etc. from the HOYA Group, the amount of which exceeds 100 million yen per year or 2% of consolidated net sales of the said organization, whichever is higher

<Donation, etc.>

- When the association or organization which the candidate belongs to as director or operating officer has received donations or grants in the past three years, the amount of which exceeds 10 million yen per year or 30% of the said organization's average annual total costs, whichever is higher, or when the association or organization which the candidate's family member belongs to has received donations or grants equivalent to the aforementioned amount

<Others>

- When directors are exchanged
- When the candidate has any other important interest in the HOYA Group

The Nomination Committee held 12 meetings during fiscal 2021, in which the attendance ratio of all members was 100%. At these meetings, the Committee spent a great deal of time discussing, including with outside experts, the important issue of CEO succession.

Compensation Committee

The objective of the Compensation Committee is to establish a remuneration system that incentivizes directors and executive officers and to contribute to improved financial performance for HOYA by undertaking appropriate evaluations of their performance. The Compensation Committee decides on a remuneration package for each director and executive officer in accordance with the following policies:

The Compensation Committee held 11 meetings during fiscal 2021, in which the attendance ratio of all members was 100%. During these meetings, the Committee held in-depth deliberations, particularly on remuneration under the new executive structure.

● Policy concerning remuneration for Directors

The remuneration of Directors consists of a fixed salary and a medium- and long-term incentive (stock options). The fixed salaries consist of a basic compensation and compensation for being a member or a chairperson of the Nomination, Compensation, or Audit Committee. The compensation levels are set appropriately by taking into consideration such factors as the Company's business environment and the

levels set by other companies as determined by a survey conducted by an outside professional organization.

Furthermore, fixed numbers of stock options are granted to newly appointed and reappointed officers in order that they may hold a common viewpoint with shareholders regarding the share price and share interests with shareholders on a medium- to long-term basis. Stock options become exercisable after a waiting period of approximately one year, in increments of 25% of the granted number of stock options in each subsequent year. Stock options are exercisable for a period of 10 years.

[Composition ratio of compensation for directors]

Fixed salary: Medium- and long-term incentive (stock options) = Approximately 1:0.3–0.6

Note: The ratio of the above medium- and long-term incentive shall fluctuate with changes in the Company's share price and other factors.

From fiscal 2022, Restricted Stock Unit (hereinafter referred to as "RSU") will be introduced in place of stock options. Every year, the basic deliverable number of shares equivalent to fixed remuneration for independent directors will be announced for the target period of three years from the relevant year. After the end of the target period, the basic compensation amount equivalent to the market value of the Company's shares based on the basic deliverable number of shares will be determined. HOYA will grant independent directors a claim for monetary remuneration accounting for 50% of the basic compensation amount. Independent directors will contribute such monetary remuneration claim in kind and receive an allotment of shares, the number of which will be equal to the amount of such monetary remuneration claim divided by the paid-in amount for the Company's shares. In view of securing funds for tax payment, the amount corresponding to the residual basic compensation amount will be paid in cash. HOYA plans to issue RSU for the target period of three fiscal years from fiscal 2023 and subsequent fiscal years as well.

[Future composition ratio of remuneration]

Fixed salary: Medium- and long-term incentive (RSU) = Approximately 1:1

Note: A rough guide assuming that the share price in three years' time is about the same as the share price when the RSU was granted.

● **Policy concerning remuneration for Executive Officers**

The remuneration of Executive Officers consists of a fixed salary, an annual incentive (performance-based bonuses), and a medium- and long-term incentive (Performance Share Unit). For fixed salaries, basic compensation is set appropriately according to the office and responsibility of each Executive Officer (Representative Executive Officer, CFO, etc.) and by taking into consideration such factors as the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization. Other than basic compensation described above, benefits granted to expatriates (such as housing) are also set at appropriate levels in consideration of the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

The annual incentive is determined according to quantitative results and qualitative evaluations and varies within the range roughly from 0% to 200%. As indicators of quantitative results, net sales, profit attributable to owners of the Company, and basic earnings per share (EPS) stated in the Consolidated Financial Statements of the Company have been adopted.

As a medium- and long-term incentive, the Company introduced the Performance Share Unit.

[Composition ratio of Executive Officers' remuneration]

CEO's fixed salary: Annual incentive (performance-based bonus): Medium- and long-term incentive (PSU) = Approximately 1:1:1.25

Other executive officers' fixed salary: Annual incentive (performance-based bonus): Medium- and long-term incentive (PSU) = Approximately 1:1:1

● **Performance Share Unit**

The Company has introduced the Performance Share Unit (PSU) in place of the existing stock option plan since fiscal 2019. The PSU is a system for granting shares at a number that is in proportion to the level of achievement of the predetermined performance conditions. The payment ratio that corresponds to the level of achievement of the performance targets will range from 0% to 200%, based on performance during three fiscal years. Of note, as indicators of performance during three fiscal years, HOYA has selected net sales, earnings per share (EPS) and return on equity (ROE) in the Consolidated Financial Statements, and in fiscal 2022, newly introduced an ESG indicator. The objective of the PSU is to boost the motivation and morale of HOYA's executive officers with respect to medium- to long-term business performance and higher corporate value, and secure highly talented human resources by setting a competitive compensation level.

Under this plan, after determining the basic deliverable number of shares according to the position and responsibilities of each eligible recipient, the Company grants compensation in an amount equivalent to the market price of the Company's shares according to the degree of achievement of the medium- to long-term performance targets shown in the table below.

Basic deliverable number of shares		Medium- to long-term performance targets		
Position/responsibilities	Basic deliverable number of shares	Indicator	Target (consolidated)	Reason for the selection of the indicator
CEO	7,300	X	Net sales	760 billion yen Selected as an indicator to measure growth potential of the HOYA Group in the domestic and overseas markets.
CFO	4,200		Earnings per share (EPS)	560 yen Selected as an indicator to measure growth of the Company from the same perspective as shareholders.
CBDO and CLO	3,400		ROE	20.00% Selected as an indicator to measure whether the Company has generated return on shareholders' investment effectively.
CSO	3,200		ESG indicator	Evaluations by external organizations*2 Status of initiatives on priority ESG themes Selected as an indicator to measure sustainability initiatives from the viewpoint of ESG

*1 The targets above are set in consideration of, among others, the Company's business environment and market consensus and do not constitute the Company's financial forecasts.

*2 Evaluations by three companies, namely, CDP, MSCI and Sustainalytics, will be used. The above are target figures for the three fiscal years from fiscal 2022 to fiscal 2024.

Total amount of remuneration, etc. of Directors and Executive Officers for the fiscal year under review

Classification	Number of payees	Total amount of remuneration, etc.	Total amount of remuneration by type				
			Fixed salary	Performance-based bonuses	Stock options	PSU	
Directors	Independent	6 persons	125 million yen	51 million yen	—	74 million yen	—
	Internal	1 person	24 million yen	14 million yen	—	10 million yen	—
	Total	7 persons	149 million yen	65 million yen	—	84 million yen	—
Executive Officers		5 persons	716 million yen	286 million yen	251 million yen	14 million yen	164 million yen
Total		12 persons	865 million yen	351 million yen	251 million yen	98 million yen	164 million yen

- Notes: 1. At the end of the fiscal year under review, there were six Directors (five Independent Directors and one Internal Director) and four Executive Officers, which are different from the figures presented in the table above because Mr. Hiroshi Suzuki—who had been an Executive Officer at the beginning of the fiscal year—retired as an Executive Officer on March 1, 2022, and one Independent Director who retired at the conclusion of the 83rd Ordinary General Meeting of Shareholders is included.
2. Fixed salary for Executive Officers includes oversea Executive Officers' benefit as expatriate of 108 million yen.
3. Total amount of remuneration, etc. includes the amounts paid to one Executive Officer who assumed office on March 1, 2022.
4. For stock options, the fair value of stock acquisition rights was calculated and amounts to be recorded as expenses for the fiscal year under review are shown in the table above. For Executive Officers, no stock options were newly granted in the fiscal year under review due to the introduction of PSU in place of stock options from fiscal 2019. The table above shows stock options granted in past fiscal years in amounts to be recorded as expenses for the fiscal year under review.
5. For PSU, the table above shows amounts to be recorded as expenses for the fiscal year under review.

Amount of consolidated remuneration for each Director

Chief Executive Officer (CEO)

Name	Executive classification	Total amount	Fixed salary	Performance-based bonuses	Stock options	PSU
Eiichiro Ikeda Representative Executive Officer President & CEO (Previously Executive Officer, Chief Technology Officer (CTO))	Representative Executive Officer	160 million yen	69 million yen	65 million yen	3 million yen	24 million yen
Hiroshi Suzuki Chairperson of the Board of Directors (Previously Representative Executive Officer, President & CEO)	Director	24 million yen	14 million yen	—	10 million yen	—
	Representative Executive Officer	249 million yen	95 million yen	60 million yen	6 million yen	89 million yen

- Notes: 1. Mr. Eiichiro Ikeda was in office as Representative Executive Officer (CEO) from March 1, 2022 to March 31, 2022.
2. Mr. Hiroshi Suzuki was in office as Representative Executive Officer (CEO) from April 1, 2021 to February 28, 2022.

Executive Officers (whose consolidated remuneration, etc. totaled 100 million yen or more during the consolidated fiscal year)

Name	Executive classification	Total amount	Fixed salary	Performance-based bonuses	Stock options	PSU
Ryo Hirooka Representative Executive Officer & CFO	Representative Executive Officer	150 million yen	63 million yen	57 million yen	2 million yen	28 million yen
Augustine Yee Executive Officer, Chief Business Development Officer (CBDO) and Chief Legal Officer (CLO)	Executive Officer	136 million yen	57 million yen	52 million yen	3 million yen	24 million yen

Audit Committee

The Audit Committee formulates the audit policies and audit plans for each fiscal year and verifies financial statements, etc., based on the quarterly reports, year-end reports, and timely reports received from the accounting auditor according to such policies and plans. It also interviews the Audit Department and the Internal Control Department to obtain the results of operational audits, and verifies the soundness, legality, efficiency, etc., of management. All important matters are reported to the Board of Directors, and countermeasures are taken as necessary.

Audit Committee meetings were convened nine times in fiscal 2021, in which the attendance ratio of all members was 100%.

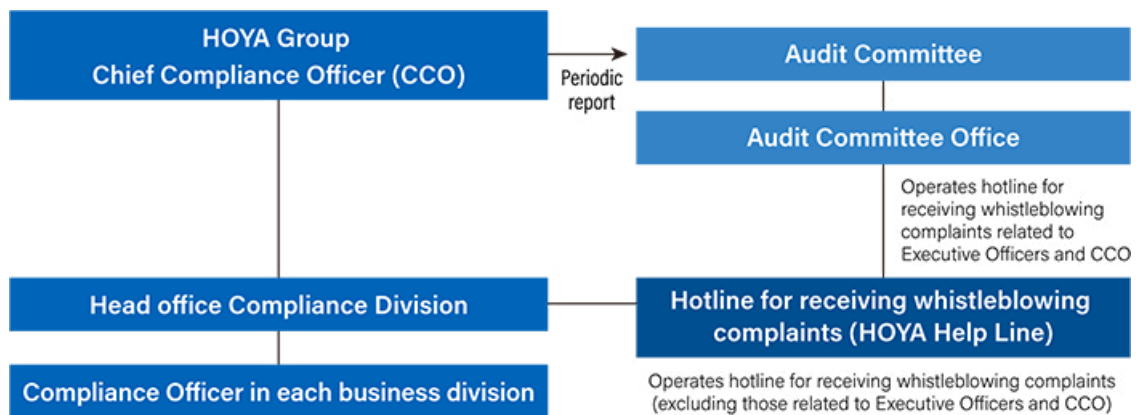
The Committee discussed mainly the following agenda items:

- Agreement on the accounting auditor of the HOYA Group and its remuneration
- Resolution on the audit report of the Audit Committee
- Review reporting from the accounting auditor (five times in total per year)
- Quarterly reporting from the Audit Department and the Help Line

Deliberations during the fiscal year under review also focused on reports from the accounting auditor, the Audit Department, and the Internal Control Department, while providing advice and suggestions to the executive team with regard to any issues that came to light.

HOYA Group Compliance Organization

The HOYA Group has established the Headquarters Compliance Group under the HOYA Group Chief Compliance Officer (CCO), and appointed a Compliance Officer in each business division. In addition, the Headquarters Compliance Group operates a hotline for receiving whistleblowing complaints (HOYA Help Line). However, the Audit Committee is directly in charge of whistleblowing complaints related to Executive Officers and the CCO, who constitute the upper organization of the Compliance Group, and the Audit Committee Office serves as the point of contact for receiving such complaints. The content of and responses to whistleblowing complaints made to the HOYA Help Line are reported by the CCO to the Audit Committee on a regular basis. Of note, any unfair treatment of whistleblowers and persons seeking advice (including any retaliatory measures such as dismissal, salary reduction, personnel transfer and harassment) is prohibited.



Establishment of an employee whistleblowing and consultation system

As part of our internal control systems, the HOYA Group established the HOYA Help Line in 2003 as a whistleblowing and consultation system for the Group. This is a framework that protects whistleblowers when there have been violations of laws, regulations, or the HOYA Code of Conduct so that problems can be known at an early stage and smoothly communicated to top management in an aim to ensure the soundness of the entire Group through quick and appropriate responses to such issues. Information on whistleblowing complaints is also reported to the Audit Committee on a quarterly basis.

We are creating an environment in which advice can be sought easily, including establishing an external point of contact for consultation in each country, accepting whistleblowing complaints and consultation requests 24 hours a day on the Web in multiple languages, making consultation available in the local language, and allowing anonymity of whistleblowers. Having established rules on the operation of the HOYA Help Line in compliance with laws and regulations, we protect whistleblowers by prohibiting any acts that constitute the unfair treatment of whistleblowers and respond to whistleblowing complaints by giving consideration to the confidentiality of information to ensure their anonymity.

In fiscal 2021, there were 180 whistleblowing complaints made to the HOYA Help Line, of which 48% were related to the workplace environment and 30% were related to HOYA's system.

In fiscal 2021, there were no whistleblowing incidents inflicting a serious impact on HOYA's businesses.

Number of Whistleblowing Incidents (Global)

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of whistleblowing incidents	111	105	146	135	180
Percentage of employees*	0.30%	0.27%	0.38%	0.35%	0.49%

* Ratio of whistleblowers to the total number of employees in the country where the whistleblowing and consultation system has been introduced

For our business partners outside the HOYA Group, we have established a point of contact for making inquiries and reports in respect of the HOYA Supplier Code of Conduct. We also investigate and respond to incidents in an appropriate manner in consideration of the protection of the informer and the confidentiality of information.



Point of contact for inquiries and reports related to the HOYA Supplier Code of Conduct:

supplierconduct@hoya.com

HOYA Code of Conduct

HOYA believes that if each and every employee acts fairly with high ethical standards in good faith, not to mention complying with laws and regulations, it will translate into “stakeholders’ trust.” Based on such a view, in 1997 we established the [HOYA Code of Conduct](#), which clearly defines the standards of conduct for each and every employee. We have since repeatedly revised the Code while reflecting the enactment of new laws and regulations and the amendment and abolition of existing ones, as well as changes in society. Also, we check the behavioral guidelines in workplace activities and utilize the Code to raise employees’ awareness as our basic policy for compliance.

Having translated the Code into 27 languages in consideration of the circumstances of HOYA, which operates businesses on a global scale, we are making the Code thoroughly known within the Group by such means as making employees do a read through in the group to which they belong once a year and conducting online education and verification tests. In fiscal 2021, the participation rate in online education and verification tests targeted at all employees in the HOYA Group was 98%.




Prevention of Harassment

We have established the HOYA Group Policies and Guidelines for Measures to Prevent Harassment, which set forth measures and guidelines to prevent harassment, protect the dignity of employees as an individual and prevent workplace disorder and any obstacles to work. Based on the Guidelines as well as laws and regulations in each country, we conduct education and training on harassment prevention measures targeting all employees of the HOYA Group. For managers in Japan, we conduct training on manager-oriented harassment prevention measures. In fiscal 2021, the participation rate in online training and verification tests in Japan (rank-and-file employees and managers) was 97%.

Furthermore, we conduct initiatives to instill and ingrain compliance on an ongoing basis, such as posting information via the intranet and on bulletin boards, etc., and creating awareness-raising pamphlets and posters. From time to time, we post self-check tests (Q&A) on noncompliance incidents that are likely to occur in familiar situations as well as contents for understanding the essence of compliance through in-house case studies via the intranet and on bulletin boards, etc., so that employees can check compliance again when given the opportunity to do so and thereby gain a higher level of awareness.

Environmental

HOYA Group Environmental Philosophy and Fundamental Environmental Policies



HOYA is engaged in environmental protection activities as part of its ESG promotion efforts, in order to protect the global environment to be inherited by the next generation.

The HOYA Group established its “Environmental Philosophy” and “Fundamental Environmental Policies” in 1993, and has since been promoting environmental protection activities targeting all of its business facilities inside and outside Japan.

In 2012, the environmental and occupational safety and health management systems of the individual facilities were reviewed thoroughly in the process of obtaining a global multisite certification for those systems. Since then, the Group has been operating all of its environmental protection and occupational safety and health activities in a globally integrated manner.

In 2022, we updated the “Environmental Philosophy” and “Fundamental Environmental Policies” to proactively address issues surrounding the global environment.

HOYA Group Environmental Philosophy

The HOYA Group pushes forward with its corporate activities focusing on sustainability to preserve the global environment for future generations.

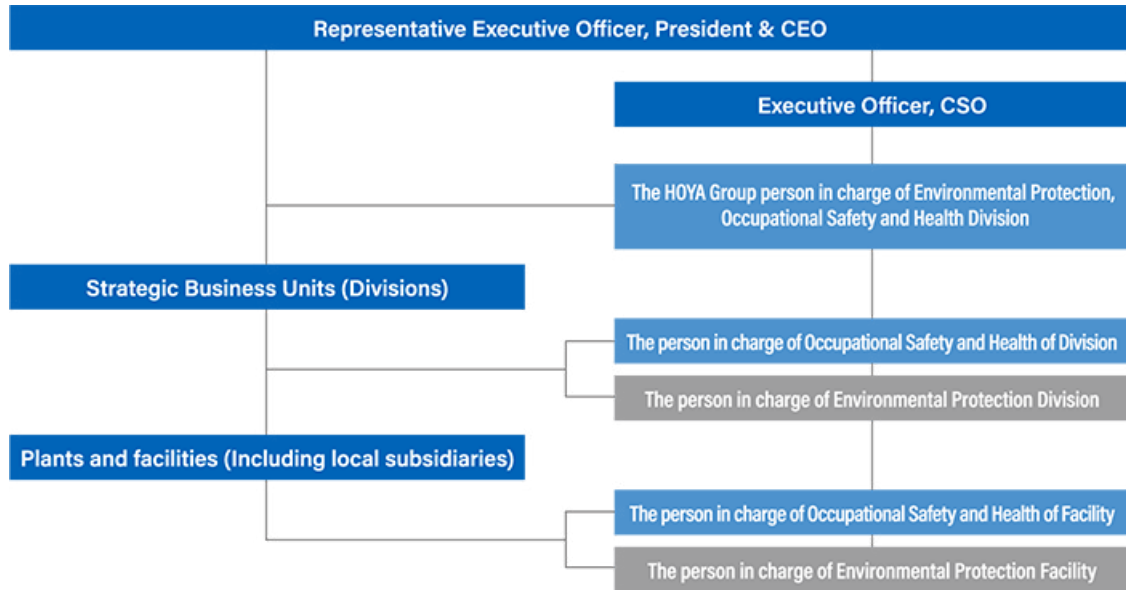
Fundamental Environmental Policies

1. We carry on our corporate activities in harmony between people, society, and nature by recognizing the importance of environmental protection in all our operations.
2. We keep reducing environmental burdens in our corporate activities of product development, manufacture, and sale by complying with the applicable environmental laws and regulations of each country and locality.
3. We set up our structures and targets and carry out our measures and policies systematically in advancing our global environmental protection activities.
4. We pursue our activities designed for prevention of global warming and creation of recycling society by training our consciousness and responsibility on the preservation of the environment.

HOYA Group Environmental Protection and Occupational Safety and Health Organization

In October 2008, the Group’s environmental protection organization and the occupational safety and health organization were merged with each other. Since then, with the new structure supervised by the HOYA Group Director for Environmental Protection, Occupational Safety and Health, the Group has been carrying out smooth and efficient activities of environmental protection and occupational safety and health.

HOYA Group Environmental Protection and Occupational Safety and Health Organization



Structuring of a global management system for its environmental and occupational safety and health management system

The HOYA Group has been building a global management system based on International Organization for Standardization (ISO) 14001 and 45001 for the purpose of promoting environmental protection activities by employees and ensuring the safety and health of employees. In February 2013, the HOYA Group acquired global multisite certification. As of March 31, 2022, 49 sites in 18 countries were certified. Certification has been acquired at 100% of our major production/research and development bases, and certification is also being obtained for newly organized bases one by one.

[Go to the current status of ISO qualification](#)

Environmental

Climate Change

Greenhouse Gas

HOYA Strategy for CO₂ Reduction

The HOYA Group is globally conducting its environmental protection activities, in which attempts are being made to reduce CO₂ emissions by paying special attention to its "energy consumption."

CO₂ Reduction Targets

In order to accelerate initiatives to reduce greenhouse gas (CO₂) emissions, we have started conducting studies and holding discussions internally on the medium- and long-term targets and roadmaps for the HOYA Group. For fiscal 2022, we are implementing measures tentatively targeted at reducing annual emissions by 1% (compared to fiscal 2019 level) until our medium- and long-term targets are set.

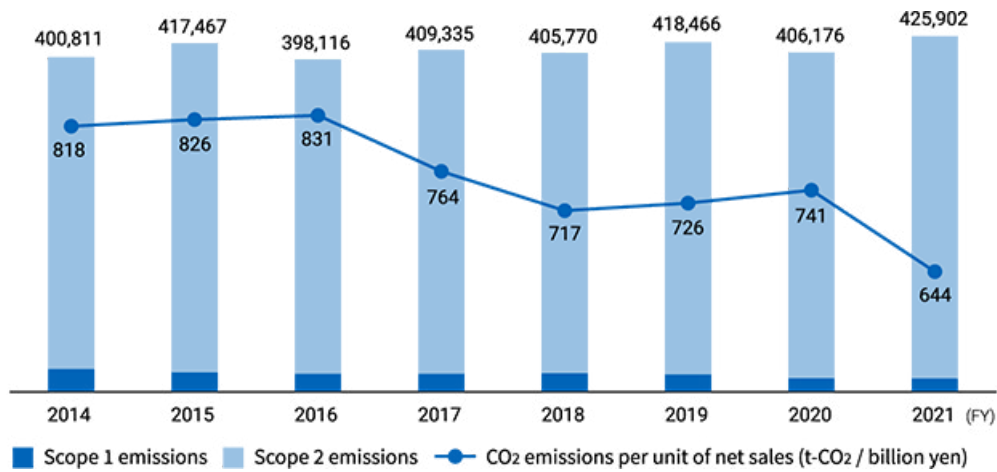
CO₂ Emissions

In fiscal 2021, HOYA's CO₂ emissions (Scope 1 and 2 emissions) amounted to 425,902 tons, up 4.9% year on year and up 1.8% compared to its fiscal 2019 level. On the other hand, CO₂ emissions per unit of net sales are on a downtrend. We will continue to accelerate our initiatives so that we can successfully reduce not only CO₂ emissions per unit of net sales but also total CO₂ emissions.

t-CO ₂ e	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Scope 1 emissions	t-CO ₂	27,374	23,346	21,489	21,466	22,379	20,738	16,374	15,997
Scope 2 emissions	t-CO ₂	373,437	394,121	376,627	387,869	383,391	397,728	389,802	409,905
Total	t-CO ₂	400,811	417,467	398,116	409,335	405,770	418,466	406,176	425,902
CO ₂ emissions per unit of net sales	t-CO ₂ per billion yen	818	826	831	764	717	726	741	644

Note that the CO₂ emissions are calculated, for each of the production bases^{*1}, from the electric power and fuel consumptions as determined by the summation formulas standardized for the whole HOYA Group.

*1 Some of non-production bases are included



Response to the TCFD

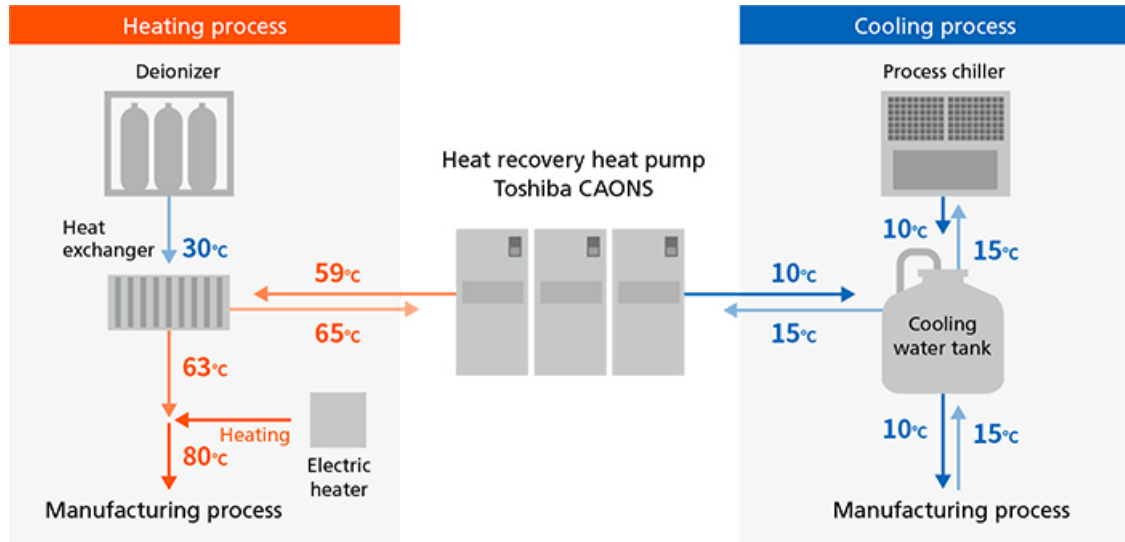
In November 2021, HOYA declared its support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. Currently, we are working on the task of disclosing information related to climate change in accordance with the TCFD recommendations.

Energy saving and power saving activities

At production bases, we are replacing facilities with energy-saving types (such as adopting ice thermal storage systems and high-efficiency transformers), conducting energy-saving activities (such as optimizing the operating hours of boilers and air-conditioning equipment) and promoting roof-greening, etc. We are also endeavoring to suppress CO₂ emissions from non-production bases by such means as introducing casual wear, adjusting the indoor temperature appropriately and implementing efficient lighting in offices.

Examples of energy and power saving initiatives

- Use of the Joint Crediting Mechanism (JCM)
- In 2016, we introduced a heat recovery heat pump at the eyeglass lens plant in Vietnam. It is used to save energy and reduce CO₂ emissions by using the heat that used to be expelled to the outside air when cold heat was supplied as a source of cold heat for the production process and as an auxiliary heat source for heating the water used in the manufacturing process. Before introducing the heat recovery heat pump, we used only electric heaters to obtain the desired temperature.



- At the eyeglass lens plant in Vietnam, one of the existing centrifugal chillers was replaced with a highly efficient inverter centrifugal chiller. By using the new chiller for regular operation and the old one as backup equipment, we achieved a lower introduction cost, improved energy efficiency, and reduced CO₂ emissions at the same time.

- Introduction of renewable energy
Some of our business establishments engaged in the eyeglass lens business—namely, HOYA Vision Care ATC Ramsey in the United States and HOYA LENS DEUTSCHLAND GMBH in Europe—are running on 100% renewable energy. We will continue to promote the introduction of renewable energy on a Group-wide scale.



Environmental

Water

Initiatives to effectively utilize water resources

The HOYA Group endeavors to effectively utilize water resources by reusing water and reducing water usage on a global scale, in accordance with its Fundamental Environmental Policies.

Water usage reduction targets

The HOYA Group has set numerical targets in each of its business segments and manages its progress in achieving the targets.

Water usage

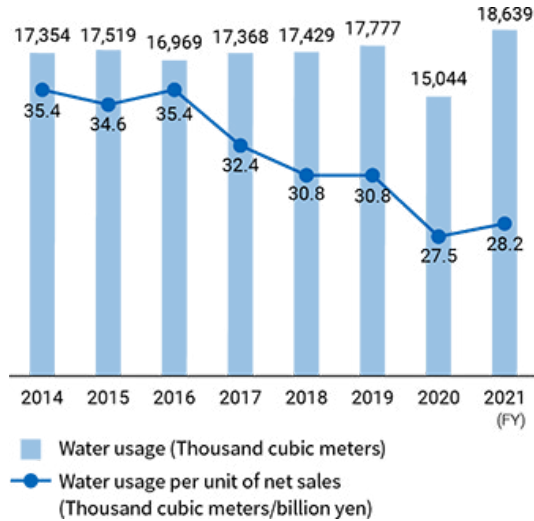
In fiscal 2021, water usage in the HOYA Group was 18,639,000 cubic meters. While both water usage and water usage per unit of net sales both increased from the previous fiscal year due to the recovery from the impact of COVID-19, water usage per unit of net sales decreased from pre-COVID-19 levels. As we have been promoting initiatives to reuse water in recent years, our water reuse ratio has been on an uptrend in the past couple of years. We will continue to make effective use of water resources.

Water usage in the HOYA Group (1,000 cubic meters)

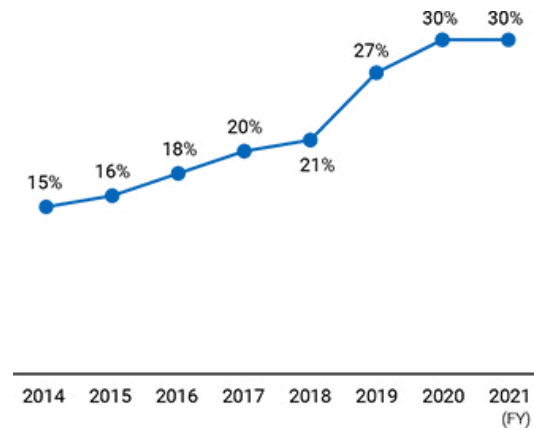
	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Japan	Thousand cubic meters	1,185	1,183	1,098	1,008	1,071	929	886	866
Overseas	Thousand cubic meters	16,169	16,336	15,871	16,360	16,357	16,848	14,158	17,773
Total	Thousand cubic meters	17,354	17,519	16,969	17,368	17,429	17,777	15,044	18,639
Water usage per unit of net sales	Thousand cubic meters per billion yen	35.4	34.6	35.4	32.4	30.8	30.8	27.5	28.2
Water reuse ratio	%	15%	16%	18%	20%	21%	27%	30%	30%

Water usage was calculated targeting production bases, based on the usage of city water, industrial water and groundwater identified by using the data aggregation format shared universally within the HOYA Group.

Water usage



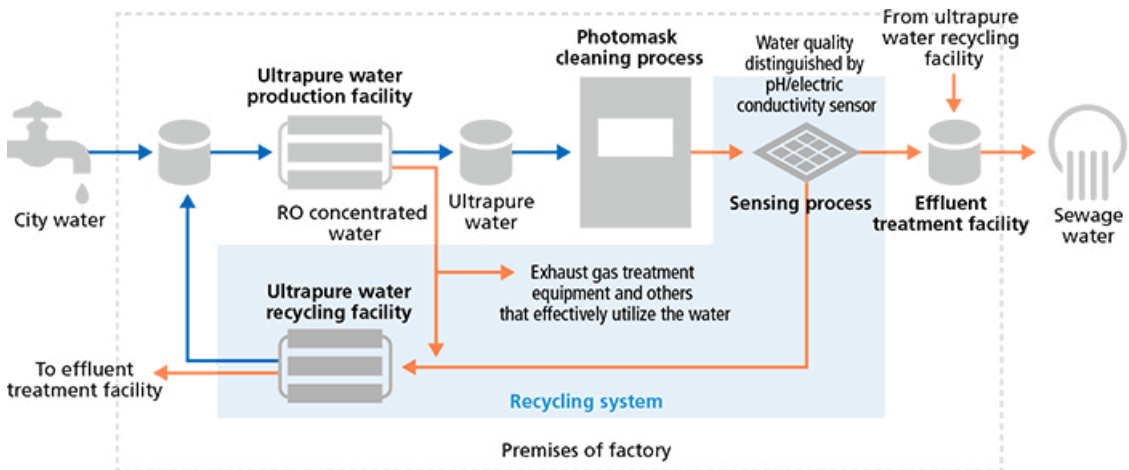
Water reuse ratio



Initiatives to reuse water

Initiatives to effectively utilize water resources are being carried out in each business segment. In the photomask manufacturing process, cleaning is performed by using ultrapure water to remove various chemicals and foreign matter. The used water undergoes a process at an effluent treatment facility to be rendered harmless, some of which is subsequently collected and reused. The ultrapure water recycling facility, which consists of adsorbents and reverse osmosis (RO) membranes, makes it possible to reuse water by removing impurities.

Recycling of ultrapure water in photomask manufacturing process



Environmental

Pollution Control Measures and Waste, etc.

Soil pollution control measures, underground water pollution control measures, and hazardous substance leak control measures

In March 2010, the Group issued the HOYA Group Standard for Environmental Facilities designed to help the Group to prevent any hazardous impact on the environment inside and outside HOYA Group facilities.

Waste reduction and reuse initiatives

In entrusting contracted disposal of factory waste, individual facilities select contractors after carefully checking their business licenses. Also, through consignment contracts with appropriate disposal contractors, the Group promotes the recycling of industrial waste, creation of monetary values out of waste, and reduction of waste emissions.

In order to realize a sustainable, recycling-oriented society, we are recycling wood waste and waste plastics, promoting the reuse of packaging materials, and recycling paper, among others. Our major factories in Japan have achieved zero emissions in terms of industrial waste. Also, our factories outside Japan are holding in-house competitions regarding ideas for recycling waste plastics, using recycled paper of beverage packaging to repair roofs damaged by disasters in cooperation with local volunteer groups and thereby contributing to society and engaging in other initiatives in the form of in-house recycling activities, in addition to turning polluted sludge into valuable substances and reusing photomask cases, among others.



Collection of paper cartons to be recycled into roofing materials

Waste emissions in the HOYA Group (t)

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Japan	Total emissions	2,656	3,462	3,362	3,478	3,144	2,099	2,229	2,295
	Recycling rate	79.0%	60.1%	66.1%	62.6%	65.9%	76.0%	91.0%	90.5%
Overseas	Total emissions	43,992	43,760	49,888	56,354	56,766	56,289	54,281	64,163
	Recycling rate	61.0%	66.5%	66.3%	68.4%	69.1%	76.2%	72.0%	69.9%
Global	Total emissions	46,648	47,222	53,250	59,832	59,911	58,388	56,509	66,458
	Recycling rate	62.0%	66.1%	66.3%	68.1%	68.9%	76.2%	72.8%	70.6%

Chemical substances

Based on the HOYA Group Chemical Substances Management Standard, the HOYA Group as a whole complies with laws and regulations in accordance with the Standard with respect to chemical substances used in business activities, takes countermeasures against their leakage and manages such substances by utilizing Safety Data Sheets (SDSs).

Animal experimentation

There are some cases in which animal experiments need to be conducted to develop some medical products. The HOYA Group has established regulations in each business in consideration of various laws and regulations as well as guidelines established by relevant organizations, and conducts internal screening from the viewpoint of the 3Rs principle on animal experimentation, i.e., Replacement (utilization of alternative methods of experimentation that do not involve the use of animals), Reduction (reduction of the number of animals used) and Refinement (alleviation of pain and suffering caused to animals).

Social

Human Capital



Labor Management

Labor Management

Basic approach

The [HOYA Code of Conduct](#) stipulates the basic guidelines to be complied with when performing operations based on the Corporate Mission and values of the HOYA Group. The Code of Conduct clarifies that basic human rights are to be respected and that all forms of discrimination and harassment in connection to race, nationality, gender, religion, belief, birthplace, age, or disabilities are to be eliminated in all corporate activities. We aim to create a safe and healthy workplace that allows employees to feel secure while they work. The Company will provide equipment, systems, and working conditions so that each and every employee respects and cooperates with each other as the Company strives to create a workplace that is easy to work in.

HOYA Code of Conduct

The HOYA Code of Conduct is guidelines for all officers and employees of the HOYA Group to execute operations in the right way in accordance with the philosophy and values set out in its Corporate Mission and Management Principles. Having translated the HOYA Code of Conduct into 27 languages in consideration of the circumstances of the Company, which operates businesses on a global scale, we are making the Code thoroughly known within the Group by such means as making employees do a read-through in the group to which they belong once a year and conducting online education and verification tests. In fiscal 2021, the participation rate in online training and verification tests targeted at all employees in the Group was 98%.

For information on human rights, please also refer to the [Compliance page](#).

Modern Slavery Statement

In accordance with the UK Modern Slavery Act 2015 legislation, the HOYA Group publishes a statement on the steps it has taken to identify and eradicate slavery and human trafficking within its business and supply chains.

[Modern Slavery Statement \(1,435KB\)](#)

Social

Human Capital

Strategy for Human Resource Development

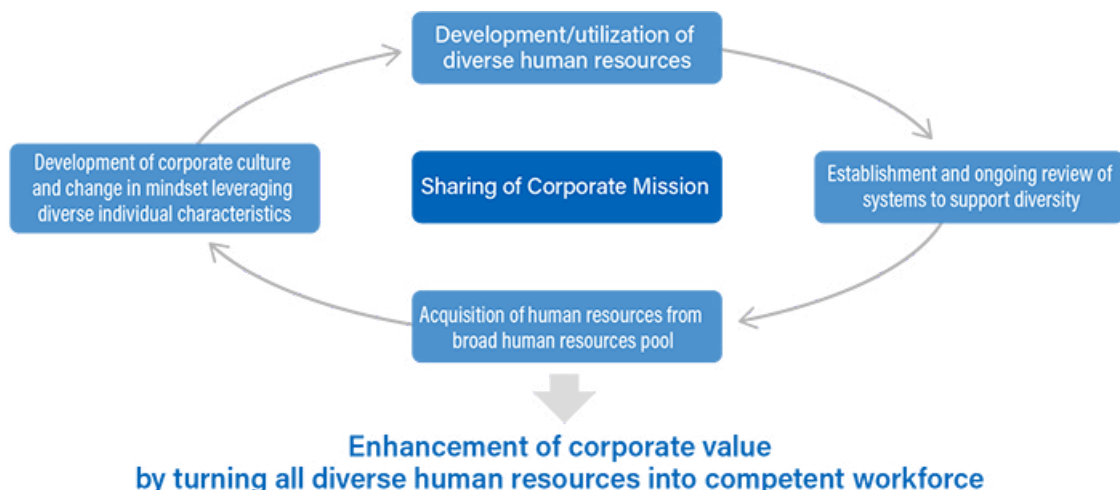
Diversity

Utilizing global human resources

The HOYA Group promotes sales and production at optimal locations on a global scale in diverse businesses. In this context, the diversity of human resources in the Company is our strength as well as our driving force for sustained value creation. HOYA believes that by respecting and accepting diversity and proactively taking advantage of the “differences,” we can flexibly adapt to the ever-changing business environment and meet diversifying customers’ needs, and thereby bring about higher corporate value.

HOYA has long been recruiting personnel based on their individual capabilities, regardless of their nationality, gender, etc. Over 90% of our employees work in locations outside Japan. By proactively promoting talented local employees to top management positions and giving them more opportunities, we have been pursuing the globalization of the Group as a whole, resulting in the percentage of non-Japanese nationals in top management positions at overseas subsidiaries exceeding 90%. Going forward, HOYA will continue to provide equal opportunities to many competent personnel.

As of the end of June 2022, at HOYA Corporation, we have promoted a non-Japanese to the position of executive officer, and non-Japanese nationals account for more than 60% of presidents of key business divisions running businesses globally.



“Minkatsu” Diversity Project

In 2014, we launched the “Minkatsu” diversity project for the purpose of creating a work environment in which each and every employee can feel a sense of fulfillment from work and play an active role by fully demonstrating his/her ability. As part of the “Minkatsu” diversity project, we are working to increase the proportion of female employees and female leaders*.

* Female leaders: Subsectional chief equivalent to or above section and highly skilled professionals

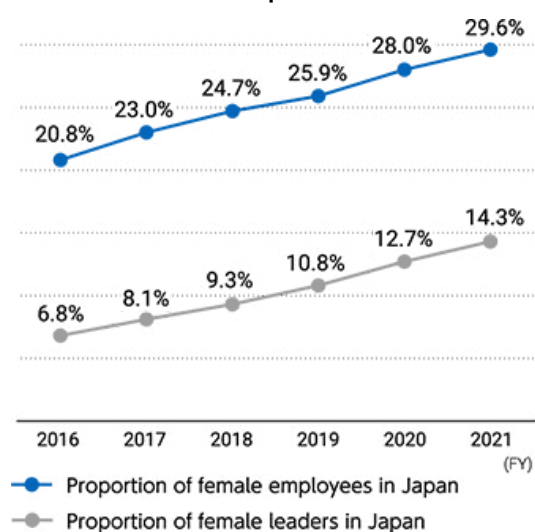
Proportion of Female Employees and of Female Leaders

Proportion of Female Employees	FY2019	FY2020	FY2021
Japan	25.9%	28.0%	29.6%
Overseas	57.4%	55.7%	—*
Group - wide	53.4%	53.0%	—*

Proportion of Female Leaders	FY2019	FY2020	FY2021
Japan	10.8%	12.7%	14.3%
Overseas	27.5%	43.3%	—*
Group - wide	20.2%	34.5%	—*

* Since fiscal 2020, we have been conducting a survey on the proportion of women overseas and on a Group-wide scale, together with the employee engagement survey. In fiscal 2021, no employee engagement survey was conducted; thus, no data was collected. The next survey is slated to be conducted in the fall of 2022.

Proportion of Female Employees and Proportion of Female Leaders in Japan



We do not discriminate based on gender in hiring, promotions, or pay increases, and instead focus on actively employing human resources with highly specialized capabilities and morals. In addition, at HOYA Corporation, two of its directors are women (25.0%), and three of its officers including executive officers are women (30%).

We are promoting “Minkatsu” activities by setting our target at making female leaders and female employees in Japan account for at least 15% and 30%, respectively, by April 2023. The proportion of women is steadily increasing, and going forward, we will continue to engage in initiatives from the viewpoint of expanding the recruitment and occupational fields of women and improving the workplace environment/culture, as well as holding career advancement seminars and cross-divisional exchange meetings targeted at female employees, among others.

Business divisions are making efforts to develop the necessary environment, systems and culture tailored to their respective businesses.

Those related to childcare/nursing care support

- Childcare/nursing care support system (leave of absence, shortened working hours)
- Staggered working hours
- Leave to provide care for children
- Encouraging male employees to take childcare leave, etc.

Those related to workstyle in general

- Flextime system
- Shortened working hours, reduced number of working days
- Challenge leave*
- Second job
- Work from home
- Encouraging employees to proactively take annual leave by setting recommended days for taking annual leave, etc.

* HOYA Corporation has established the challenge leave system for employees that have worked for a set number of consecutive years. A challenge leave of 20 days each is granted when the number of consecutive years worked by employees that work five days a week reached 10 years, 20 years, and 30 years.

By developing an environment in which diverse personnel can play an active role by demonstrating their capabilities and systems that enable workstyles with higher productivity and efficiency, we will strive to strike a balance between realizing the sense of fulfillment from work as well as personal life and enhancing corporate value.

Utilizing people with disabilities

The HOYA Group actively utilizes people with disabilities, for example in the operation of its Ichikawa Challenge Office that supports eco projects.

(Proportion of disabled persons employed in Japan: 2.31% as of March 31, 2022)

Employee Engagement Survey

Based on the belief that “people are our great asset,” we are seeking to create a workplace environment in which diverse employees can demonstrate their respective abilities, take on new challenges and realize their potential.

HOYA periodically conducts an employee engagement survey targeted at all employees in the Group. Through the survey, we listen to employees’ opinions and utilize them to create a better workplace environment.

After conducting a survey in March 2021 (fiscal 2020), we analyzed the results obtained from the survey and then implemented a series of measures by focusing mainly on two fields. (The response rate for the survey conducted in March 2021 was 96%.)

1. Performance Management (Performance Evaluation System)

Through the survey, employees called for greater objectivity and transparency in the performance evaluation system and a higher frequency of talks about career development with their supervisor. In response, we have revamped the HOYA Group’s framework of performance management (performance evaluation system) and started implementing it afresh in fiscal 2022.

Gist of new performance management:

- Determine clearly-defined figures that are expected for performance targets and actions
- Conduct evaluation in a fair and objective manner
- Give periodic and effective feedback for human resource development
- Pay-for-performance

2. Career Development

Employees also demanded more learning and skill development than before. In response, we plan to launch, on a trial basis, an online learning platform for upskilling employees and assisting them in acquiring qualifications in fiscal 2022.

Gist of career development program (online learning platform):

- Re-train employees who support HOYA’s growth strategy
- Spur employees to engage in life-long learning
- Upskill employees by providing on-demand learning content

Going forward, we will continue to listen to employees’ opinions through employee engagement surveys on an ongoing basis and develop an environment in which each and every employee can grow together with HOYA with a sense of fulfillment from work. (The next employee engagement survey is scheduled to be conducted in the fall of 2022.)

Enhancement and development of human resources

Basic approach

At the HOYA Group, we provide a work environment that respects individuality and diversity and promotes the growth of individuals while giving consideration to the safety and health of employees. Furthermore, each and every employee works to improve the knowledge and skills and we provide the innovative value sought by society.

Human resource development

People differ in terms of things such as values, how they live, personality, and individual capabilities. There are also a wide variety of stances toward jobs and ways of working. For this reason, organizational management in the current era needs to provide frameworks that leverage the individuality of employees and allow employees to increase their capabilities in environments that match individual aptitudes. The new ideal employee environment sought by HOYA is one in which all employees can fully exploit their capabilities and contribute to the organization and business through friendly competition.

In response to the wide variety of capacity development needs of employees and in order to learn the specialized knowledge and skills required for the industry, the HOYA Group individually deploys the employee educational programs that are most suitable for each business division and region.

For example, for the Eye Care Company's human resource development and HOYA Electronics Singapore's participation in the Electronic Industry Citizenship Coalition (EICC) Code of Conduct seminar, please refer to [our website](#).

HOYA Prize

The HOYA Prize is an award system that has been established for all employees with the aim of recognizing and rewarding the daily hard work and efforts of employees in order to communicate a spirit of gratitude towards employees that always do their utmost amid a difficult business environment. The award system does not stipulate any detailed standards, but winners are rather decided on by the CEO based on recommendations received from the managers of each business and human resources representatives.



Development and Active Participation of Technical Personnel "Engineers' Report Competition Program"

For the purpose of further boosting the technological capabilities of the HOYA Group as a whole, we convene an "Engineers' Report Competition Program" once a year as a place to announce achievements in technological development and improvement made in business divisions. An award is presented for technical reports and unique technologies that are deemed to be particularly outstanding by executive officers who serve as judges. As the respective staff members in charge of technology in business divisions congregate at the event, it also serves as a place for them to interact with technical personnel of other divisions.



Social

Human Capital

Occupational Safety and Health

HOYA Group's Occupational safety and health activities

The HOYA Group is pushing for the creation of a pleasant workplace environment where every one of the employees can work in good health and safely. For the HOYA Group's philosophy, basic policies and organizational structure related to occupational safety and health, please refer to [HOYA's website](#).

Status of Occupational Accidents

The HOYA Group engages in day-to-day safety and health activities aimed at preventing serious occupational accidents from occurring. We are striving to reduce the risks of occupational accidents occurring by sharing information within the Group and conducting in-house training, internal audits, etc., in addition to assessing risks based on the HOYA Group Risk Management Guidelines for Occupational Safety and Health and engaging in various initiatives for managing chemical substances and assuring the safety of machines and equipment.

	Scope	FY2019	FY2020	FY2021
Number of occupational accidents	Japan	9	9	11
	Overseas	167	181	208
	Group-wide	176	190	219
Lost time injury (LTI) frequency rate *	Japan	0.35	0.37	0.38
Lost time injury (LTI) intensity rate *	Japan	0.001	0.008	0.003

* Reference data: Lost time injury (LTI) frequency rate: 1.31, and Lost time injury (LTI) intensity rate: 0.06 in the manufacturing industry according to the Ministry of Health, Labour and Welfare's fiscal 2021 data

Reduction of risks using risk assessment

All hazardous factors are constantly being checked by risk assessment in accordance with the HOYA Group Risk Management Guidelines for Occupational Safety and Health. As well, effective safety measures are being taken in order of priority for risk reduction.

Strengthening of chemical substances management

Based on the HOYA Group's common index HOYA Group Chemical Substances Management Standard, we are managing chemical substances used in our business activities and working to prevent occupational accidents and diseases caused by chemical substances.

Assurance of Safety of machines and equipment

The safety of machines and equipment is a matter of greater importance in achieving occupational safety. Various measures for the safety of machines and equipment (reduction of risks) are being taken from the design stage according to the HOYA Group Standard for the Safety of Machines and Equipment to prevent machine-related accidents.

OSH Audit (Occupational safety and health)

At all the Group's business facilities inside and outside Japan, the environment and occupational safety and health personnel and specialized staff conduct internal audits periodically. After the audits, they give necessary advice and guidance to respective sections to improve their observance of laws and regulations and performance of occupational safety and health.



Training in HOYA Group safety and health

The facility environment and occupational safety and health personnel conference is held twice a year. The intra-Group consulting program for guidance and training on management systems and risk assessment is held several times a year mainly for the overseas production bases. These are all designed to enhance the performance of the occupational safety and health activities within the HOYA Group.



Social

Human Capital

Health Management

HOYA Group's Health Measures

1. Certification for health and productivity management organizations
2. Countermeasures against infectious diseases
3. Measures to prevent lifestyle diseases and prevent them from increasing in severity
4. Mental health measures
5. Return-to-work support and assistance for work-treatment balance
6. Promotion of women's health
7. Smoking control
8. Overwork prevention and improvement of work-life balance
9. Management of health of Japanese expatriates
10. Improving emergency medical care and first aid responses

For the details of each measure, please refer to [HOYA's website](#).

Certification for health and productivity management organizations

Based on the recognition that "health promotion efforts are business investments," we are committed to health management with the support of the Company and the cooperation of all employees.

Please refer to this [link](#) for the CEO's Health Management Declaration and the seven articles that HOYA Group employees are required to follow. (in Japanese only)

The HOYA Group has been certified for six consecutive years under the Ministry of Economy, Trade and Industry (METI)'s certification program for outstanding health and productivity management organizations since the start of the program in 2017 (as of April 1, 2022).



Improvement of Labor Productivity

The HOYA Group aims to improve each and every employee's well-being, develop a pleasant workplace environment in which he/she can demonstrate his/her capabilities, and implement health measures tailored to health issues, to ultimately eliminate presenteeism*¹ and absenteeism*². In an internal survey conducted in fiscal 2021, neck problems, stiff shoulders, insomnia and lower back pain were identified as health issues that heavily affect presenteeism, so we are working to rectify these issues as a matter of priority. We are

also striving to reduce absenteeism by working on the prevention of cerebral cardiovascular diseases and mental health problems, as well as providing return-to-work support and assisting employees in striking a balance between work and treatment.

*1 Presenteeism: Deterioration in productivity while being present at work due to health problems

*2 Absenteeism: Absence from work due to health problems

Overwork prevention

HOYA has established the HOYA Group Standard for the Prevention of Overwork-related Health Problems, which is in compliance with industrial safety and health laws and regulations, and has implemented it at all HOYA Group companies. Workers with long working hours are required to have an interview with an industrial physician, and a system has been put in place to ensure the person in charge of personnel affairs, the manager, and the industrial physician work together to slash long working hours from the perspectives of both labor management and health management. In addition, as part of workstyle reform, HOYA is strengthening efforts to steadily improve the utilization rate of annual paid leave.

Countermeasures against infectious diseases

Since before the COVID-19 pandemic, HOYA had been proactively working on measures to address the risks of emerging infectious diseases, following the formulation of its “Guidelines on Countermeasures Against New Strains of Influenza and Other Infectious Diseases” based on a scenario of pandemics of new strains of influenza and other emerging infectious diseases. Under the Guidelines, we have established the HOYA Group Influenza/Epidemic Risk Management Team, formulated a business continuity plan, and organized channels for collecting, conveying and sharing information; in addition, we have put in place a framework to enable the stable supply of products, etc. while minimizing health hazards by giving top priority to ensuring the safety of employees, their families, relevant parties and others.

Countermeasures against COVID-19

The respective Crisis Management Teams of the head office and each business promptly collect information and collaborate with each other. In addition, we have summarized such matters as measures to prevent infections in the HOYA Group in the “HOYA Global Post-COVID-19 Work Handbook,” translated it into 21 languages and distributed it to all employees in the Group, with which we conduct education and awareness-raising activities targeted at all employees through e-learning. We conduct an internal audit on employees’ status of adaptation to and compliance with the provisions in the Handbook in an effort to stringently enforce countermeasures against infections. At viable locations inside and outside Japan, we also offered workplace vaccinations against COVID-19 (initial and booster vaccinations) to employees, their families and contractors’ employees who wanted to get vaccinated.

Measures to prevent lifestyle diseases and prevent them from increasing in severity

HOYA is stringently enforcing steps to be taken after medical checkups by industrial physicians and health nurses and striving to make more employees undergo detailed medical examinations and boost the effects of medical treatment. As a health program in collaboration with HOYA’s corporate health insurance association, we are working on implementing specific health checkups and specific health guidance in an efficient and effective manner. Furthermore, we are taking measures to promote fitness habits to not only prevent lifestyle diseases but also to alleviate stiff shoulders/lower back pain and improve the quality of sleep of employees.

Social

Product Safety and Quality

Product Safety Assurance Policy and Structure

Product safety assurance policy

■Legal compliance

Each company in the HOYA Group complies with the standards required of products in Japan and elsewhere around the world. We also comply with laws, regulations, and other standards related to product quality and safety.

■Collecting and responding to product incident information

Each company in the HOYA Group collects information from customers and other sources related to product incidents and/or malfunctions. When necessary, we provide legally mandated reports to regulatory agencies and appropriate information to customers and others. We enact measures to recall products, repair products, in addition to taking other actions regarding any product-related issues.

■Ensuring product safety

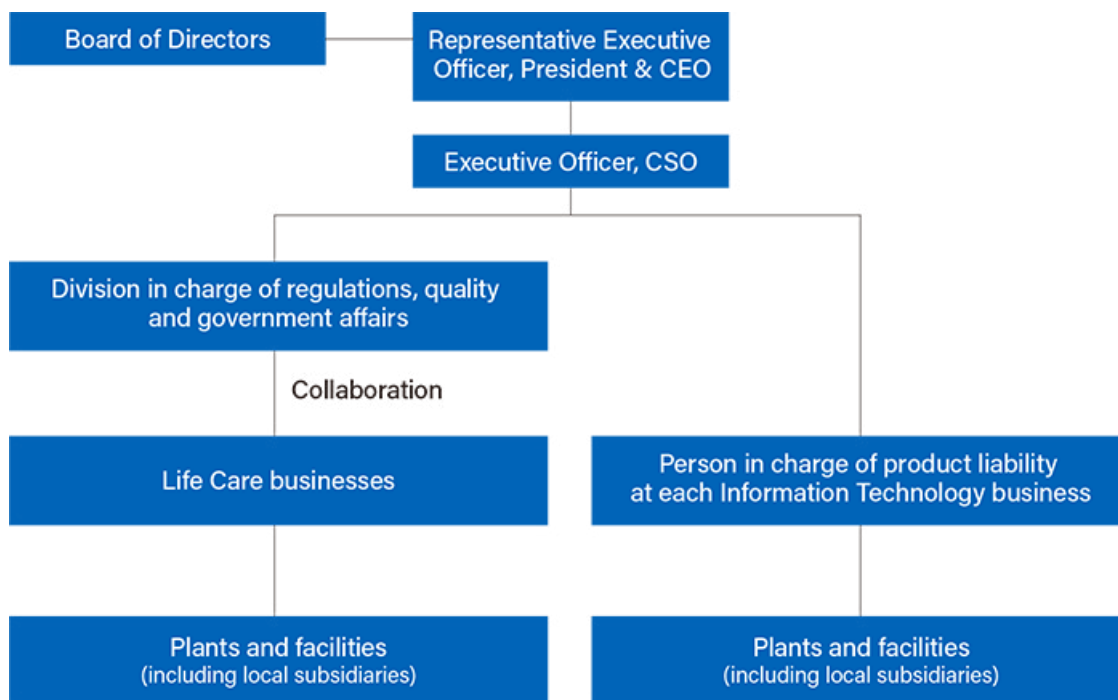
Each company in the HOYA Group provides, where appropriate, user training, up-to-date user guides and documents, product warning labels, and other information for the effective, safe use of our products. We continue to seek opinions from users of our products and reflect this feedback in future products.

■Training and educational systems to improve product safety and quality

Each company in the HOYA Group strives to improve product safety and quality. To accomplish this goal, we conduct ongoing education and training activities. At the same time, each Group company performs reviews and updates to product safety and quality management organizations and systems.

Product safety assurance structure

At the HOYA Group, under the supervision of the executive officer in charge, each business division has product safety assurance functions. For businesses falling under the Life Care segment, which handles medical products, we have established a division in charge of regulations, quality, and government affairs across these businesses.



Quality Management System

The HOYA Group has acquired international quality management system ISO9001 (mainly for the Information Technology business) or ISO13485 (mainly for the Life Care business) focusing on major production bases in each business and is making efforts to improve the safety and quality of its products.

For information on our acquisition status of ISO certification, please refer to [this page](#).

Social

Supply Chain Management



Basic Policy

The HOYA Group operates manufacturing facilities on a global scale and sells products to customers around the world by processing and assembling raw materials and components procured at the facilities in each country.

In order to boost corporate value in a sustainable manner, it is important to maintain product safety and quality at a high level, comply with laws and regulations and protect human rights not only within the Company but also throughout its supply chains. For this purpose, it is imperative to manage supply chains in an appropriate manner. Accordingly, major suppliers are required to sign and comply with the HOYA Supplier Code of Conduct; additionally, key suppliers are visited and examined periodically, and as necessary, provided with assistance to make improvements.

Supplier Code of Conduct

The HOYA Group seeks to apply a high level of legal compliance and ethical practices consistent with its legal and social responsibilities and duty to protect the basic human and worker rights of everyone in the organization.

We have also established the [HOYA Supplier Code of Conduct](#) that applies to all suppliers providing products and services to us. The Code requires our suppliers to adopt the same level of legal compliance and ethical practices as HOYA, and all our suppliers are asked to accept and comply with it before conducting business with HOYA.

Going forward, we will continue to work on suppliers so that we can obtain signatures from all of them. (Signaturerate as at time of the fiscal 2020 survey: Approx. 90%)

Supplier Audits

Key suppliers are audited, either periodically or as necessary, in accordance with the quality assurance system in each business segment.

Responses to Conflict Minerals

With the cooperation of its suppliers, the HOYA Group does not use any minerals sourced from the Democratic Republic of the Congo or its neighboring countries that are defined as conflict minerals in Section 1502 of the U.S. Dodd-Frank Act.

We request suppliers to comply with the HOYA Supplier Code of Conduct that sets out the above policy, and key suppliers to periodically cooperate in our conflict minerals survey* using the Conflict Minerals Reporting Template (CMRT), which is a template provided by the Responsible Minerals Initiative (RMI). Since fiscal 2020, we have been conducting the conflict minerals survey on a Company-wide scale by expanding its scope to include the Life Care business as well, not just the Information Technology business.

We will continue to engage in initiatives with the cooperation of suppliers, including initiatives to identify smelters so that the procurement source of minerals will be limited to smelters that are compliant with the Responsible Minerals Assurance Program (RMAP).

* Minerals subject to the survey: tantalum, tin, gold, tungsten

Conflict Minerals Survey Results and Targets

Starting with the conflict minerals survey completed in fiscal 2021, we have set new targets and are monitoring the survey response rate from suppliers and the number and ratio of smelters compliant with the RMAP to promote initiatives to reduce the risk of conflict minerals. Specifically, we work with suppliers to improve the accuracy of the survey and, in the event of non-response to the survey or failure to confirm RMAP-compliant smelters, we conduct additional surveys and request improvements as necessary.

Fiscal 2021 survey results	Life Care business	Information Technology business	Total	Target
Survey response collection rate	98.4%	99.6%	99.5%	100%
Identified smelters	69	91	160	Ongoing improvement
Number of RMAP-compliant smelters	55	85	140	
Percentage of RMAP-compliant smelters	80%	93%	88%	

Note: The survey is conducted after selecting key suppliers subject to the survey according to the characteristics of each business.

Social

Corporate Citizenship

HOYA's mission is to contribute to improving the quality of life (QOL) of people around the world through its own products and services. We are working to contribute to the resolution of social issues regarding eye care, in which many of our businesses are engaged, from the perspective of supporting "seeing" around the world.

Contributing to Improving Ophthalmic Medical Access in Developing Countries

Aiming to improve ophthalmic medical access in developing countries and to avoid illness and ophthalmic diseases by conducting appropriate testing, diagnostics, and treatment, we have formed partnerships with international and local organizations to promote literacy in ophthalmic treatment and support activities in order to educate eye care professionals and improve their skills.

HOYA Vision Care Company (eyeglass lens business) has partnered with Orbis International, a global nonprofit and nongovernmental organization dedicated to saving eyesight worldwide. Together, HOYA and Orbis support work in communities to help bridge the vision care gap. Through their network, HOYA has supported Orbis in mentoring, training, and inspiring local vision care teams in underserved and rural areas, enabling the fight against preventable blindness in their own communities. Working together to develop the Cybersight digital education platform, which connects vision professionals to training materials from across the world, HOYA and Orbis have a shared vision to prevent avoidable blindness.



Contribution to Ophthalmic Medical Research and Education

The rapid pace of myopia has become a global health issue, and it is said that by 2050 approximately five billion people, roughly half of the world's population, may be affected by nearsightedness.*1



HOYA Vision Care Company entered into a partnership with the International Myopia Institute*2 in March 2022 to promote the prevention, treatment, and management of shortsightedness.

In addition, HOYA Surgical Optics (intraocular lens business) has entered into partnerships with the European School for Advanced Studies in Ophthalmology (ESASO)*3, which supports the education of ophthalmologists around the world. HOYA Surgical Optics has donated surgical devices (equipment and intraocular lenses) to ESASO's facilities in Lugano and Lublin and their clinical application specialists support ESASO's training teams in wet labs with surgeons.

*1 Source: Holden B. A., et al. Global Prevalence of Myopia and High Myopia and Temporal Trends from 2000 through 2050. *Ophthalmology*. 2016 May; 123(5): 1036–1042

*2 International Myopia Institute: A nonprofit organization of experts from around the world, established in 2015, following the WHO-BHVI meeting amid the growing need to take measures against myopia on a global scale.

*3 ESASO: A nonprofit organization supporting education aimed at improving the expertise and skills of ophthalmologists around the world.

Click [here](#) for the website of HOYA Vision Care Company.

Click [here](#) for the website of HOYA Surgical Optics.

Eye-related donations

HOYA Surgical Optics, headquartered in Singapore, has concluded a corporate giving partnership with the Singapore Association of the Visually Handicapped (SAVH), a group that supports people with visual disabilities, and conducts support activities such as donations to this organization. Donations are used for rehabilitation and after-sales care programs for people with visual disabilities.

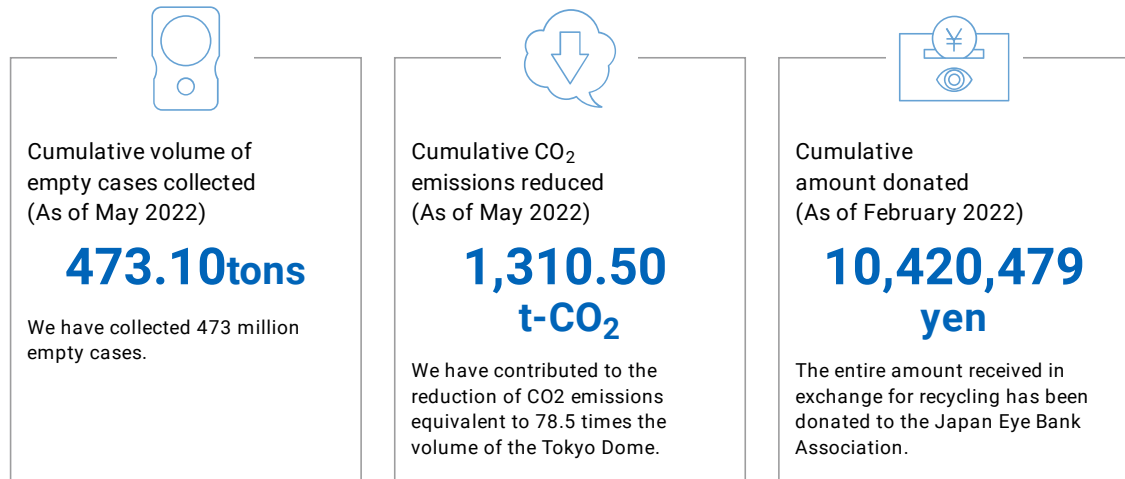
Contact Lens Specialty Store: Eyecity Eco Project

The “Eyecity Eco Project” executed by Eyecity—our chain of contact lens specialty stores—runs a campaign that involves collecting and recycling empty disposable contact lens cases and donating all proceeds from the sale of the empty cases to recycling contractors. We have been carrying out this industry-first initiative on an ongoing basis since 2011, with the aim of contributing to society in three ways: 1) Protecting the environment by recycling empty cases into resources, 2) Providing self-reliance/employment support to disabled persons, and 3) Making donations to the Japan Eye Bank Association.



Japan Eye Bank Association: A nonprofit, public interest corporation established for the purpose of awareness-raising and promotion of corneal transplants and the eye bank so that people in need of a corneal transplant can regain their sight.

Volume Collected and Amount Donated to Date



Humanitarian aid to Ukraine

HOYA Corporation collected donations from employees around the world and delivered them to organizations to support relief efforts for people affected by the conflict in Ukraine. In addition, the Company made a donation to the Japanese Red Cross Society and the Japan Committee for UNICEF.

- Donations from our employees Total amount: 8,592,481 yen (yen translation)
Donated to: Red Cross Society of each country, organizations supporting the humanitarian crisis in Ukraine, etc.
- Donation from HOYA Corporation Total amount: 100,000,000 yen
Donated to: Japanese Red Cross Society 50,000,000 yen
Japan Committee for UNICEF 50,000,000 yen

In addition, HOYA Surgical Optics donated ophthalmic products (including intraocular lenses and ophthalmic viscosurgical devices) through the European Society of Cataract & Refractive Surgeons (ESCRS) to support surgeons in Ukraine.

Life Care Business

Health Care

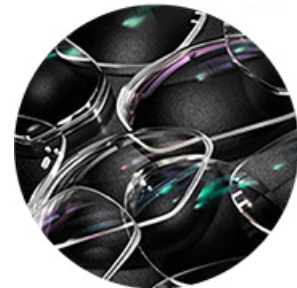
Eyeglass Lenses

► Business Overview

HOYA conducts research and development, manufacturing, and sales of eyeglass lenses.

Our product lineup includes single-vision lenses that possess a single corrective function for each lens; progressive lenses (varifocal lenses) that offer wide visual fields and a seamless transition between near, intermediate, and far distances in a single lens; as well as light-adaptive, photochromic lenses, which darken to a sun tint outdoors and fade back to clear inside.

In terms of sales by region, Europe is the largest market, followed by the Americas and the APAC region. Overseas sales account for approximately 90% of total sales.



► Supply Chain



► Market Conditions

Going forward, demand for eyeglass lenses is expected to continue to increase worldwide, and market growth in the low single digits is expected over the medium to long term. The reasons for this include the global increase in the elderly population, the increase in purchasing power resulting from economic growth in emerging countries, the growing awareness of eye health, and the deterioration of eyesight as people spend more time using digital devices.

With regard to the impact of the new coronavirus, business is normalizing with the progress of vaccinations in various countries and the resumption of economic activities.

As for the conflict in Ukraine, we are operating in Eastern Europe (Russia, Ukraine, and Belarus), and currently our business in Russia is temporarily limited to healthcare-related activities and within the scope of international trade restrictions. In fiscal 2021, revenue from sales of eyeglass products in Eastern Europe accounted for 1% of global revenue.

We provide humanitarian assistance to Ukraine. For more information, please click [here](#).

▶ **HOYA Position and Market Share**

The contribution to global growth varies per region. North America, Europe, and Japan being the mature markets will continue to play a significant role in the overall market; while faster growth is expected from emerging markets from increased availability of vision protection products and growing middle-class populations, such as in the Latin America and Asia-Pacific regions.

HOYA stands at the No. 2 position in the industry, and, in addition to organic growth, has expanded its share of the market through M&A initiatives, including the 2013 acquisition of SEIKO’s eyeglass lens unit, and U.S.-based Performance Optics, LLC. in 2017.

▶ **HOYA Outlook**

Eyeglass lens products account for over 50% of Life Care business sales, and are a growth driver for Life Care business expansion.

We are strengthening sales activities in Asia, with a focus on China, as well as in several growth markets in South America to expand our market share.

Additionally, in the United States, we continue to focus on expanding sales to key accounts and chain stores, on top of the strongly established presence among independent opticians. With these opportunities and focus areas, we aim to achieve low-to-mid single-digit percent growth, which is faster than the market. On top of that, we will also continue to pursue M&A opportunities to boost growth.

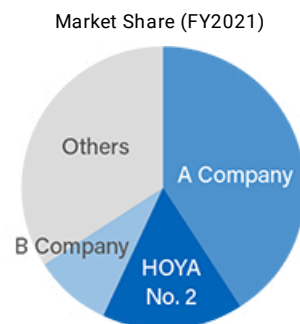
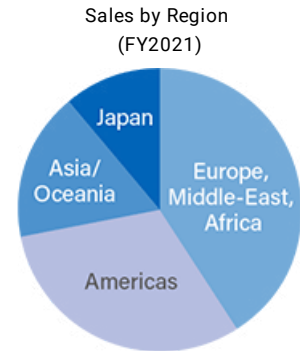
On the production side, we are investing globally to meet growing demand and to diversify our production sites.

The rapid progression of myopia is becoming a global health challenge. An estimated five billion people, or roughly half of the global population, could be affected by shortsightedness by 2050.

Together with the Hong Kong Polytechnic University, HOYA developed “MiYOSMART,” an innovative spectacle lens for myopia control.

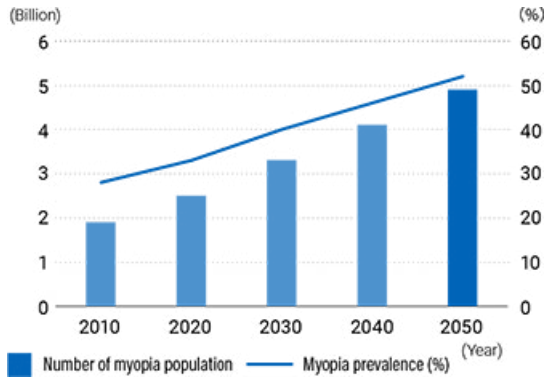
Commercialization of this product started in 2018. MiYOSMART is currently available in several markets, mainly in Asia and Europe, and has been growing rapidly. We plan to gradually obtain approvals and expand our sales footprint.

Note: As of August 2022, MiYOSMART has not received approval in Japan and the United States.



[HOYA estimate on a value basis]

Number of People with Myopia



MiYOSMART



Source: Holden, B. A., et al. Global Prevalence of Myopia and High Myopia and Temporal Trends from 2000 through 2050. *Ophthalmology*. 2016 May; 123(5): 1036–1042

Contact Lens Retail

> Business Overview

In Japan, we are expanding Eyecity outlets, HOYA's contact lens specialty retail store chain.

At Eyecity, we offer consulting and sales, making product recommendations ideally suited to the needs of individual customers, and, leveraging our strength, we provide a wide lineup sourced from major manufacturers throughout the world.



Stores are established in convenient locations, in close proximity to train stations, inside shopping centers, and other areas.

> Market Conditions

The contact lens retail market in Japan temporarily shrank as a result of the reduction in the frequency of contact lens use, due to the increase in Work From Home (WFH) and homeschooling opportunities, the decrease in opportunities to go out and other such factors attributable to the impact of COVID-19. While the COVID-19 infection situation has repeatedly been undergoing a cycle of improvement and deterioration and requires caution, sales have been robust due to increased store traffic. (If any restriction on movement, etc., is imposed going forward, it is expected to have a negative impact.)

As for the market's future outlook, the market is expected to continue expanding going forward, albeit slightly, due to such factors as the increase in contact lens demand stemming from the increasing percentage of nearsightedness among the younger generation and the rising age of contact lens users in association with the growing prevalence of multifocal contact lenses, combined with the rise in the average unit sales price attributable to the increase in sales of high-value-added lenses.

By sales channel, the share of Internet shopping is expected to expand, while the share of the contact lens specialty store channel is expected to be steady.

Sales Composition Ratio by Sales Channel (FY2021)

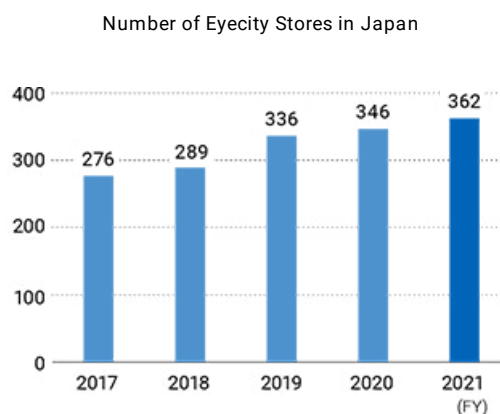
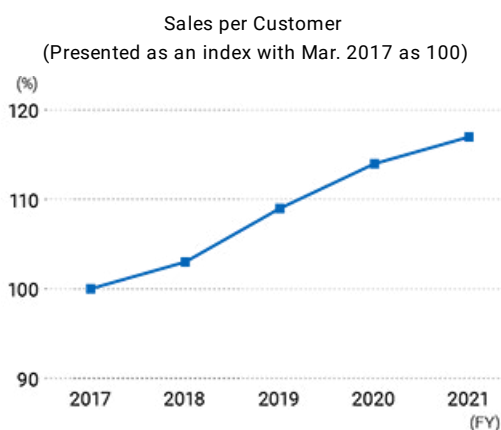


HOYA Market Share at Contact Lens Specialty Stores [HOYA estimate on a value basis]

▶ HOYA Position and Market Share

HOYA holds the top share in the retail channel for sales made through brick-and-mortar stores.

On top of sales growth at existing stores based on, among others, the promotion of high value-added products, we are working to expand sales by opening new stores, including M&A. We also provide online sales services in the form of “Hoshii Toki Bin” (meaning on-demand delivery) and “Otoku Teiki Bin” (meaning money-saving regular delivery) to adapt to Internet shopping, which has been expanding in recent years. These services have been used by many people, especially at the height of the COVID-19 pandemic.



▶ HOYA Outlook

Going forward, HOYA will seek to achieve ongoing sales growth at a rate of around 5% through the growth of sales at existing stores by such means as expanding the sales of high-value-added products and stressing the appeal of delivery services that are in high demand in the market, as well as the opening of new stores, including M&A.

For new stores, HOYA will conduct detailed analyses of an area’s contact lens-wearing population, market growth rate, and competitive situation, and will establish stores mainly in city centers, regional cities, and large shopping centers. We will also strive to increase efficiency by relocating stores within the same marketing area as appropriate. In addition, we will work to accelerate growth by actively exploiting M&A opportunities targeting contact lens specialty stores that have a strong position in their respective local markets.

In response to heightened market demand for Internet shopping, we will highlight the appeal of delivery services that enable consumers to place orders periodically or whenever necessary. We will also look into solutions for Internet shopping channels that are expected to continue growing in terms of share in the future.

Medical

Medical Endoscopes

▶ Business Overview

HOYA conducts research & development, manufacturing, and sales of medical flexible endoscopes used in the examination and treatment of digestive system, ear, nose & throat (ENT), respiratory organ, etc.



▶ Supply Chain



PENTAX
MEDICAL

PENTAX (HOYA)
Endoscope manufacturer



Customer: Medical institution,
joint purchasing organization, agency

▶ Sales by Region

By geographical region, sales in Europe and other overseas markets account for a large portion of total sales.

▶ Market Conditions

Medical expenses are increasing worldwide in line with the aging of society. To keep medical expenses in check, governments in countries across the globe are promoting the early detection of disease and minimally invasive medical procedures.

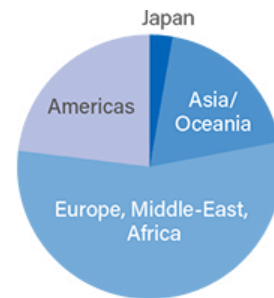
Also, endoscopes are attracting a great deal of attention due to the demand for minimally invasive medical treatment, which does not involve the use of a scalpel on the patient's body and thus minimizes the physical burden on the patient.

The growth of the endoscope market is modest in Japan, the United States, Europe, and other developed countries and regions. However, its growth rate remains high in Asia—especially China—which is at a stage where endoscopes are becoming more prevalent. While our forecast remains unchanged in that the Chinese market is expected to continue serving as the driving force for the global market in the future, Chinese government institutions are promoting policies to give priority to Made-in-China products in the bidding process and medical equipment manufacturers outside China are being required to produce locally in China.

In fiscal 2021, the market continued to grow due to such factors as the recovery in medical institutions' willingness to make investments and the increase in demand after bouncing back from the COVID-19 pandemic. However, the global shortage of electronic components supply has led to a tight supply of endoscopes relative to demand. Although the supply volume of semiconductors is gradually increasing, the situation is unstable.

In the medium/long term, HOYA expects the endoscope equipment market to grow at a rate of around 7% on a global scale.

Sales by Region (FY2021)



PENTAX Medical ONE Pulmo

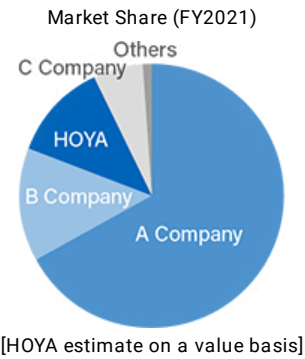
➤ **HOYA Position and Market Share**

HOYA is the second largest group in the industry, with its strengths lying in high image quality, ultrasonic endoscopes, small-diameter endoscopes that strike a balance between image quality, exterior diameter and channel size, and public health-conscious products.

In terms of geographical region, HOYA will strive to achieve growth by enhancing sales activities in Asia and the Americas while securing stable earnings in Europe, which accounts for about 50% of total sales.

In terms of products, we will pursue product differentiation by further developing treatment instruments used in combination with endoscopes as well as disposable endoscopes, while steadily executing initiatives targeted at products for digestive organs, the main battlefield in the flexible endoscope market.

In the field of disposable endoscopes, HOYA's first disposable bronchoscope, "PENTAX Medical ONE Pulmo," obtained CE mark certification in Europe in May 2021. Moving forward, we will expand sales in Europe and obtain approval in other regions. HOYA's strength lies in its ability to propose either conventional endoscopes or disposable endoscopes depending on the purpose and the situation, and in its disposable endoscopes that have also realized high quality, suction power and operability equivalent to conventional endoscopes. Although the presence of disposable endoscopes is not yet strong enough to largely replace conventional endoscopes at this stage, their presence is expected to grow in the medium to long term, so this is regarded as a stepping stone for us.



Intraocular Lenses

➤ **Business Overview**

In this field, we perform research and development, manufacturing, and sales of intraocular lenses (IOLs) for cataract surgeries and ophthalmic medical devices.

With nearly 35 years of experience in designing and producing IOLs, HOYA Surgical Optics' mission is to improve the vision and quality of life for millions of people suffering from cataracts.

A cataract is a condition that becomes more common as we age and is the largest cause of vision loss in people around the world. A cataract is treatable with surgery and it is one of the most performed surgical procedures in the world. A cataract surgery replaces the natural lens that has developed the cataract with a new clear IOL.

The rich HOYA heritage and expertise in developing optical products and technologies coupled with the wealth of knowledge that we have accumulated in developing IOLs and injectors makes us the provider of the world's most trusted fully pre-loaded IOLs* and has allowed us to gain market leadership in the fully pre-loaded IOL category worldwide.

* In a pre-loaded injector, the intraocular lens is pre-installed in the injector, supporting surgeons to perform safer and more reliable surgery.



▶ Supply Chain



▶ Sales by Region

By region, sales in Japan account for approximately half of total sales.

▶ Market Conditions

The market continues to grow roughly 7% per year in the near term, against the backdrop of the global aging population, the spread of medical infrastructure in emerging countries, increasing accessibility to advanced medical technologies, and pent-up demand. On top of that, premium products such as multifocal and deep depth-of-focus types of IOLs are driving market growth.

In fiscal 2021, recovery from the impact of the COVID-19 pandemic has progressed, although there are differences among countries and regions. Going forward, we expect the number of cataract surgeries to recover in Japan, where recovery has been lagging, and the market to return to a growth trajectory.

▶ HOYA Position and Market Share

Driven by the flagship brand, Vivinex™, sales continue to grow at a pace that is above the market. Vivinex™ combines an IOL material that offers unprecedented clarity of vision with multiSert™, our proprietary 4-in-1 injector, which is designed to provide outstanding IOL delivery consistency.

HOYA is steadily increasing its market share and currently holds the global No. 3 position.

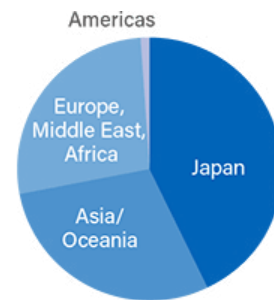
▶ HOYA Outlook

We have further expanded our portfolio with the addition of a family of Trifocal IOLs. This has allowed us to enter the highly profitable segment of presbyopia correcting IOL market. HOYA offers a comprehensive solution to cover any customer need and expectation in the field of cataract surgery.

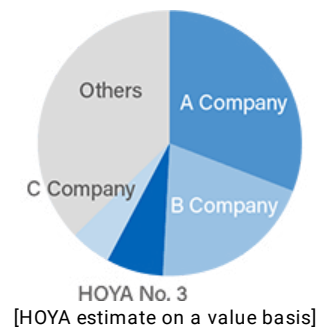
Furthermore, we will expand customer reach by bolstering our sales workforce in regions in which we already have sales bases and entering into new regions one by one, whether directly or indirectly (collaboration with sales agents), in pursuit of higher sales.

In China, where the market is expected to expand in the future, we established a joint venture company with our existing partner and distribution agent GeMax in May 2020, to further increase sales by steadily absorbing demand in China.

Sales Composition of HOYA Surgical Optics by Region (FY2021)



Market Share (FY2021)



Artificial Bones, Metal Orthopedic Implants and Chromatography Media

► Business Overview

HOYA deals in ceramic and metal implants used for filling deficient parts and joining fractured segments of bones, as well as bioceramics used in the development and production of bio-pharmaceutical products and cell culture.

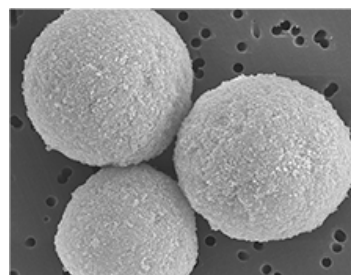
Implants are mainly sold to medical institutions in Japan, while bioceramic chromatography media are sold to pharmaceutical companies and research institutions around the world through distributors.



Bioactive ceramic implant "BIOPEX"



Metal orthopedic implant "HTS Stellar D"



Chromatography media (enlarged image)

► Market Conditions, HOYA Position, and Market Share

The market of implants for neurosurgery/spinal surgery and orthopedic surgery in Japan is expected to grow at a low single-digit rate due to the increasingly aging population. In the market of implants for Neuro-Spine surgery, HOYA is a market leader, having been the first in Japan to manufacture and sell a hydroxyapatite product with more or less the same constituents as a human bone. HOYA entered the market of implants for orthopedic surgery through management integration with Japan Universal Technologies, Inc. in 2012. We are manufacturing and selling metal implants that are optimized to the skeletal structure of Japanese people in terms of shape and size.

The market of separation/purification media (chromatography media) used in the development and production of biopharmaceutical products is expected to grow at a rate of approx. 10% globally in the years ahead, due to the expansion of the biopharmaceuticals market. The media used varies with differences in the separation/purification method; HOYA's spherical ceramic hydroxyapatite media are characterized by their extremely high absorbability of various proteins. HOYA provides the market with a unique product whose strength lies in its superior performance in terms of impurity removal separation in the purification process for biopharmaceutical products.

► HOYA Outlook

We will further accelerate growth by enhancing our product lineup, cultivating new applications and strengthening our marketing capabilities.

In the field of ceramic implants, we will maintain our current position and strive to further expand the market by cultivating new applications, while in the field of metal implants, we will increase our market share by enhancing our product lineup and strengthening our marketing capabilities in an effort to accelerate the growth of implants as a whole. For bioceramic chromatography media, we will not only accelerate the development of products and purification processes in cooperation with our customers and research institutions to meet the diversifying needs for bio-pharmaceutical products such as antibody drugs, vaccines and even gene therapy but also expand our production capacity to meet the growing demand in pursuit of further growth.



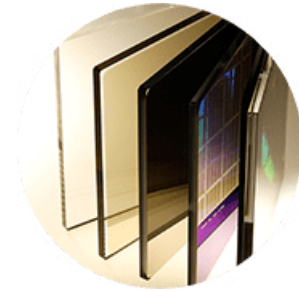
Electronics

Blanks for Semiconductors

➤ **Business Overview**

In this business, we perform research and development, manufacturing, and sales of mask blanks for semiconductors.

Critical in the semiconductor fabrication process, photomasks are the master plates used to transfer a semiconductor’s intricate and complex circuit pattern onto a semiconductor wafer, and mask blanks are the raw material used for photomask manufacturing.



Because photomasks are created for each individual circuit pattern, mask blanks are essential to new products developed by semiconductor manufacturers, foundries, and other HOYA customers, and in the R&D stage of new manufacturing technologies such as those of extreme ultraviolet (EUV) lithography.

➤ **Supply Chain**



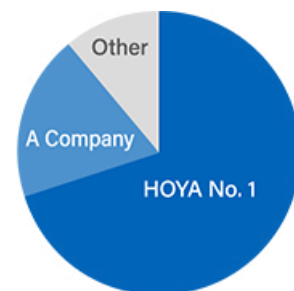
Note: In some cases, product goes via photomask manufacturer

➤ **Market Conditions**

In 2021, the electronics market experienced an increase in shipment of personal computers, smartphones, servers and other major finished products. This led to higher demand for logic devices, memory, analog semiconductors, etc., translating into 26% growth in the semiconductor market overall. In 2022, the semiconductor market is expected to grow by 16%, driven by logic devices, memory, analog semiconductors, etc. (WSTS estimate)

Going forward, the growth of the market for mask blanks is expected to continue, given that semiconductor manufacturers and foundries are briskly conducting research and development activities aimed at the further miniaturization of electronic circuits using extreme ultraviolet (EUV) lithography—a cutting-edge manufacturing

Market Share (Optical)
(FY2021)



[HOYA estimate on a value basis]

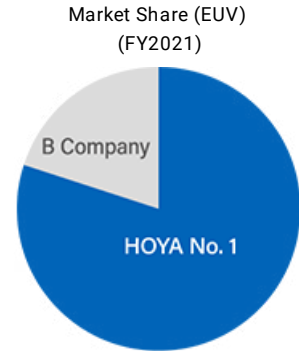
technology—and that customers’ research and development demand is the key driving force for the demand for mask blanks.

➤ **HOYA Position and Market Share**

We have maintained a large share of the market over the long term by leveraging our strength, that is, our position as a leader in boosting semiconductor performance.

Moreover, we have continued to conduct EUV blanks research for nearly 20 years, and have demonstrated a firm presence in this field which has exceptionally high hurdles to clear for entry.

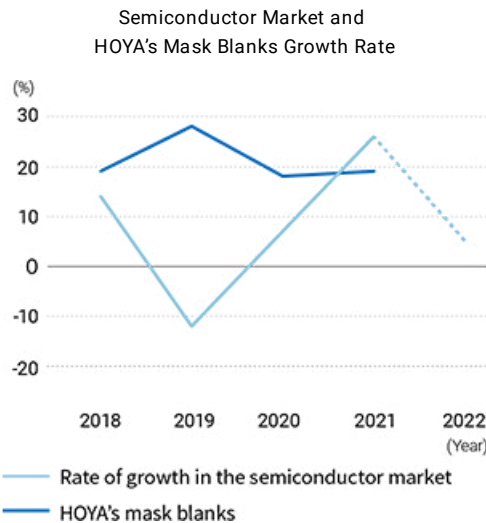
HOYA is enjoying an ever-growing presence as the only manufacturer that has rolled out both EUV and optical (existing non-EUV lithography technology) products.



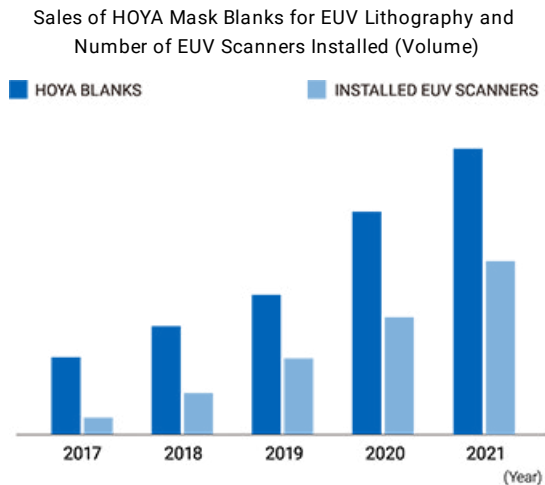
[HOYA estimate on a value basis]

➤ **HOYA Outlook**

Along with the advance of miniaturization in semiconductors, it appears that demand for mask blanks for EUV lithography will continue to be strong in the future.



Reference: WSTS



Mask blank sales are difficult to accurately predict due to the dramatic fluctuations that occur in line with customers’ development speeds, and also because they are not consumables and are not necessarily linked to movements in the semiconductor industry as a whole. However, in regards to products for EUV applications, the cumulative number of EUV lithography machines installed is deemed as one of the indicators of growth of the EUV market.

HOYA expands its manufacturing line as appropriate to meet customer demand. We added a manufacturing line for mask blanks for EUV lithography in 2020 and plan to further expand our production capacity by making additional investments in 2022 and subsequent years. We will continue making investments to expand production in a timely manner to meet the increasing demand in the future.

In the field of High-NA EUV scanners (next-generation EUV scanners), which are slated to be used in production from 2025 onwards in pursuit of further miniaturization, the challenge is to tackle the 3D mask effect, by which the circuit pattern transferred to a semiconductor wafer is deformed as a result of diagonally-incoming light being blocked by the photomask’s absorber. To resolve this, we are carrying out development to make the absorber thinner with our partner in the supply chain of semiconductor production.

Photomasks for FPDs

Business Overview

HOYA conducts research and development, manufacturing, and sales of photomasks used for manufacturing FPDs*1 such as LCD*2 and OLED*3.

When manufacturing FPDs for TVs, smartphones, laptop computers, and other devices, photomasks for FPD manufacturing are used as the master plates to transfer the circuit pattern onto the substrate.

*1 FPD: Flat Panel Display

*2 LCD: Liquid Crystal Display

*3 OLED: Organic Light-Emitting Diode



Supply Chain



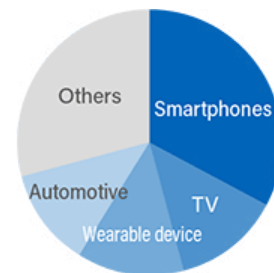
HOYA sources the substrate from raw materials manufacturers, and on that substrate performs polishing, deposition, and resist applications (blanks manufacturing). When the manufacture of the blanks is completed, HOYA conducts circuit pattern drawing, developing, etching, and resist stripping and cleaning, and delivers it to panel manufacturers (photomask manufacturing).

Sales Composition by Application

The ratio of sales by application is stated as follows.

While the ratio of sales of smartphone applications is the highest, in-vehicle, wearable and other new applications are increasing.

Sales Composition by Application (FY2021)



Market Conditions

In fiscal 2021, panel manufacturers briskly engaged in research and development activities aimed at spurring new demand as panel prices settled. This led to higher research and development demand for photomasks, translating into market expansion.

Going forward, the market is expected to grow modestly due to such factors as the increase in demand for photomasks for small- and medium-sized OLEDs used in smartphones, etc. In terms of geographical region, the Chinese market is expected to grow.

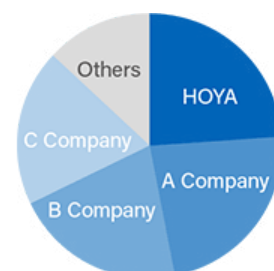
HOYA Position and Market Share

HOYA possesses expertise in high-precision products, and holds the top-class market share.

HOYA Outlook

We will strive for steady business growth focusing on high-precision Gen. 6 products where there are future prospects for growth and on the Chinese market in terms of geographic region.

Market Share (FY2021)



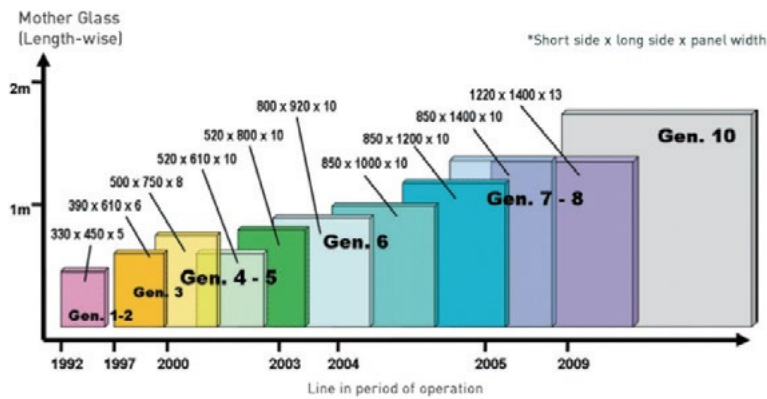
[HOYA estimate on a value basis]

In October 2021, HOYA entered into a merger agreement with the BOE Group—a major panel manufacturer in China—with the aim of enhancing its FPD photomask production capacity in the Chinese market and decided to establish a joint venture company in China.

(The joint venture company will be established after the conclusion of various ancillary contracts and the completion of legal clearance and other procedures in the relevant countries, including China.)

Panel Generations

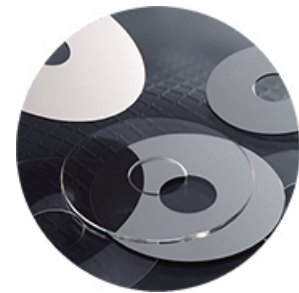
FPD (LCD, OLED, etc.) manufacturing lines are categorized by generation, which corresponds to mother glass size. The size of mother glass has become progressively larger year by year not only because TV screens have become bigger, but also for the purpose of enhancing productivity by increasing the number of panel configurations per sheet. Growth is expected to continue going forward also with respect to small- and medium-sized panels centering on Gen. 6, in which HOYA has an edge, driven mainly by demand for OLEDs for smartphones.



Glass Substrates for HDDs

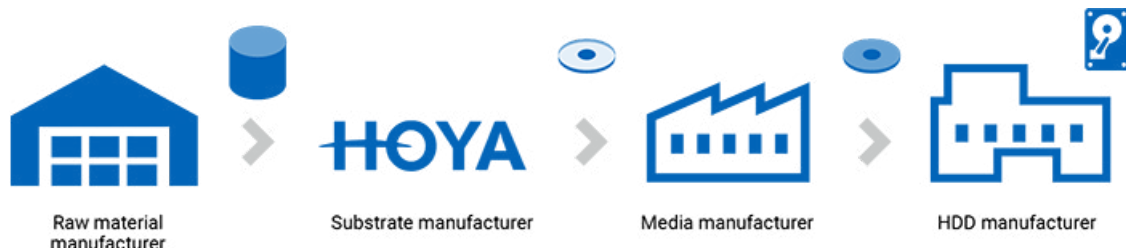
Business Overview

In this area, HOYA conducts research and development, manufacturing, and sales of glass substrates for hard disk drives (HDDs). HDDs are used as internal storage for servers and personal computers, as well as external HDDs for personal computers and TVs.



Since HOYA's full-fledged entry into the market of 3.5-inch substrates for data center servers in 2017, the business has continued to undergo high growth to the extent that it accounted for 60% of the sales of the business segment in terms of amount in fiscal 2021.

Supply Chain



From raw material manufacturers, HOYA sources substrate raw materials, which we process in ways such as making it into a disc shape, enhancing its shock resistance, and polishing. After processing, we deliver this substrate to the media manufacturer where magnetic film is applied, among other film-forming processes, and it undergoes burnishing (final polishing) and other treatments before being shipped. In hard disk manufacturing, the HDD manufacturer assembles the hard disk, head, and other components, tests the completed product, and then ships.

Note: Media production is primarily carried out by HDD manufacturers.

➤ **Finished Products**

HOYA's 3.5-inch substrates are used in nearline (NL) storage used for backup and other purposes, mainly at data centers.

➤ **Market Conditions**

In the 3.5-inch HDD market, NL servers, having a comparatively low access frequency with backup applications, predominantly use HDDs due to their cost advantages over solid state drives (SSDs). Although data center-related investments made by large-scale cloud service vendors fluctuate in the short term, ongoing market expansion is expected in the medium and long term as data generation volumes expand throughout the world.

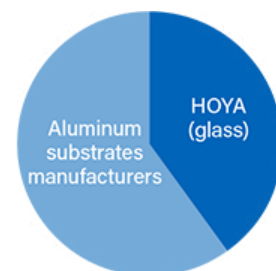
In the fields of laptop computers, external HDDs, and mission-critical servers, the market for 2.5-inch HDDs is shrinking, as they are being replaced by solid state drives (SSDs), which have faster data read/write speeds. In fiscal 2021, the demand for 2.5-inch HDDs was relatively high due to the impact of COVID-19, slowing down market contraction as a whole. This is deemed to have been attributable to the high demand for HDDs and external HDDs for personal computers due to the continuation of high demand for personal computers arising from Work From Home (WFH) and homeschooling, combined with the high demand for HDDs for servers due to the recovery of on-premise expenditures that had plummeted in the previous year.

➤ **HOYA Position and Market Share**

Currently, all 2.5-inch substrates are made of glass. As the sole glass substrate manufacturer in the market, HOYA supports the HDD industry behind the scenes.

In the 3.5-inch substrate segment, products made of aluminum used to completely dominate the market based on their price advantage. However, our glass substrate products are now being adopted for HDDs as they are highly rigid and can increase the number of mounting disks by thinning the disks, and their market share in volume terms has risen to 40%. As the storage capacity of HDDs expands, our market share is also expected to expand.

3.5-Inch Substrate Used for Near Line Servers Market Share (FY2021)



[HOYA estimate on a volume basis]

➤ **HOYA Outlook**

Sales of 3.5-inch substrates are expected growth in line with the continued expansion of the market. In the medium term, growth is expected to accelerate through the acquisition of new customers; we will switch existing manufacturing facilities and utilize the new plant in Laos to meet the increase in demand.

➤ **Potential for Glass Substrates in the 3.5-inch Market**

In response to the expansion of data volume and the storage volume generated worldwide, HDD manufacturers are continually introducing in the market new products with higher data capacity per HDD. The increase in data capacity per HDD has been realized by increasing the recording density or area of the

disk, but, at present, the development of technologies designed to improve recording density is stagnating, and the expansion of the recording area remains key to capacity expansion.

In the 3.5-inch market, the disk material is now mainly aluminum alloy. However, since a further increase in area can be realized by increasing the number of mounting disks by thinning the disks, it is becoming necessary to use glass instead of aluminum alloy as the former has higher rigidity and allows for more thinning.

In the future, if the number of disks mounted in a single HDD increases to 11, the substrate's thickness is expected to become 0.5mm or less, in which case the productivity of aluminum substrates is expected to fall, and from 2024 onwards, substrates for nearline (NL) storage is projected to be in short supply.

In the event that Heat-Assisted Magnetic Recording (HAMR)—a next-generation recording technology for higher recording density—is realized and commercialized, glass substrates with high thermal resistance will be the only option because HAMR requires high temperature in the magnetic film production process (the heatproof temperature of glass is 691 degrees Celsius, whereas that of aluminum alloy is 290 degrees Celsius).

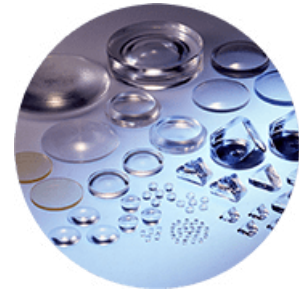
While 2.5-inch substrate products are expected to decrease as more and more HDDs in external HDDs, personal computers and mission-critical servers continue to be replaced with SSDs in the future, we will pursue the growth of the business as a whole by offsetting this with an increase in sales of 3.5-inch substrate products.

Imaging

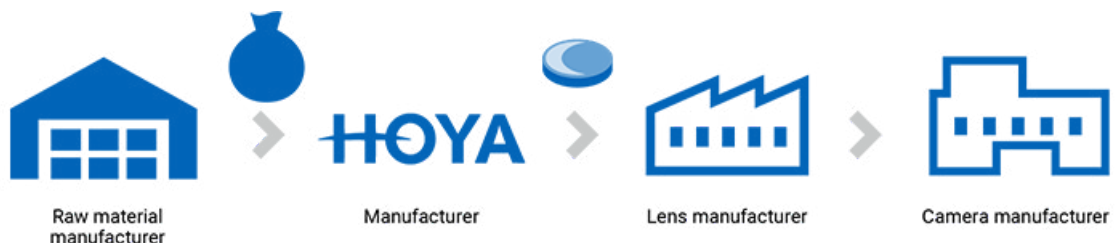
Imaging-related Products (Including optical glass, optical lenses, camera lens units, and lasers)

› Business Overview

In this area, we conduct research and development, manufacturing, and sales of optical lenses for a variety of cameras, as well as for optical glass materials.



› Supply Chain

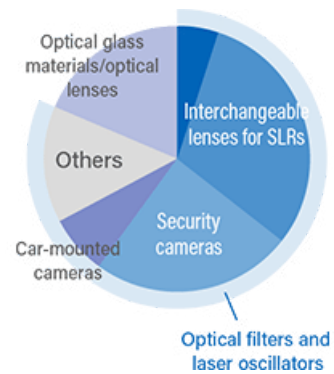


HOYA sources materials from optical glass material manufacturers, conducts compound and solution treatments, manufactures lens materials and lens products, and delivers to lens and camera manufacturers.

▶ **Sales Composition by Application**

The ratio of sales by application is as the right figure. Digital camera-related items for compact digital cameras, interchangeable lenses, etc. that had previously made up the majority of sales are trending down, and now account for approximately 40% of total sales.

Sales Composition by Application (FY2021)



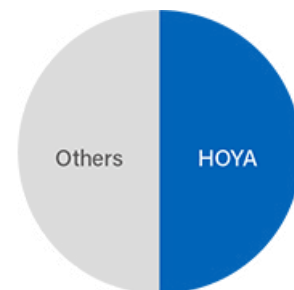
▶ **Market Conditions**

The amount of shipment of interchangeable lenses for single-lens reflex (SLR) cameras and mirrorless cameras substantially increased due to the increase in sales of new products for high-end cameras and the recovery from the previous year when sales had suffered from the impact of COVID-19.

▶ **HOYA Position and Market Share**

From research and development of optical glass composition to manufacturing of finished products of lenses, HOYA takes a consistent approach to its activities while building a structure that makes possible the mass production of an array of products.

Share of Aspherical GMO Lenses (Digital Camera-Related) (FY2020)



HOYA maintains a high market share with its exceptional skills in aspherical glass molded (GMO) lenses.

GMOs are formed by directly pressing optical glass that has been subjected to high temperatures to make it malleable. These are optical lens products that require no polishing, and possess an excellent ability to correct distortions. Enabling a high angle design, the number of lenses used in optical systems can be reduced, and this contributes to compact, lightweight, and highly functional end-product cameras.

[HOYA estimate on a value basis]

▶ **HOYA Outlook**

Applications for interchangeable lenses for SLR cameras are not expected to decrease as drastically as before due to the increase in sales of high-end cameras.

We will steadily expand the sale of optical products for new applications such as car-mounted cameras in an effort to stabilize the business as a whole.

For new applications, we are enhancing our sales activities for the adoption of HOYA products in advanced driver-assistance systems (ADASs), optical zooms for mobile devices and Augmented Reality (AR)/Mixed Reality (MR). In particular, their potential in the market of car-mounted cameras for image recognition in ADASs looks promising; we expect them to make a significant contribution to our business results when the practical application of this technology goes into full swing in a few years' time.