

HOYA's ESG Approach

ESG and Sustainability Governance Framework

Governance

HOYA is organized as a company with Nomination Committee, etc. As such, the Board of Directors functions as a monitoring board, supervising the executive side and deliberating and deciding on materialities in management policy Group-wide. To secure management supervisory functions and ensure their objectivity, in fiscal 2023 the Company established a framework in which five of seven directors are outside directors. In addition to individuals with a global mindset and a wealth of management experience, the outside directors are made up of individuals with backgrounds in personnel development and diversity from a sustainability and ESG standpoints, and with management experience of important decision making in climate change.

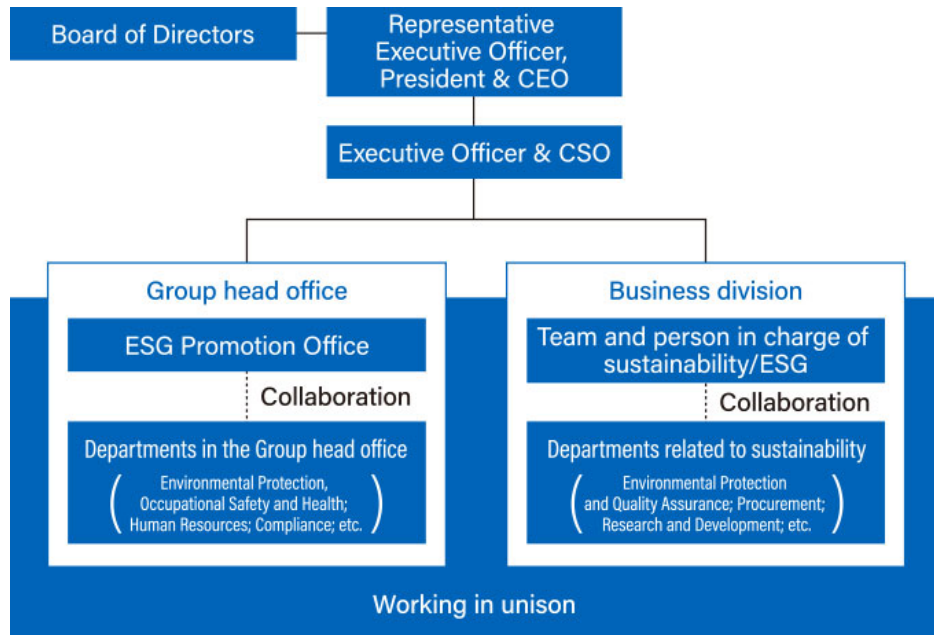
The Group's basic sustainability policies, including climate change countermeasures, materiality, and important measures such as TCFD and RE100 are disclosed through deliberation and decision-making procedures by the Board of Directors. In addition, the Board of Directors receives regular reports on issues related to sustainability, including responses to climate change, from the Chief Sustainability Officer (twice a year in fiscal 2023), and monitors progress. The Board of Directors receives reports on climate change responses in each business division during business reviews at Board of Directors meetings and provides advice from multiple perspectives. Similarly, the Group CHRO reports regularly to the Board of Directors regarding personnel measures across the HOYA Group, and the Group CCO reports regularly to the Board of Directors on compliance (once a year in fiscal 2023).

At HOYA, we conduct business operations through a divisional management approach facilitated by portfolio management. As such, each business division's specific policies on responding to sustainability-related issues, including climate change and human capital, are reflected in the management strategy, management plan and annual budget of each business, to be approved and decided by the Board of Directors. Additionally, each business division's head (division president) appoints a sustainability/ESG team within their division. Under the direction of the division head, the division's KPIs, aligned with the Group's goals, are set in consultation with the CSO. The division then implements measures to achieve these established KPIs.

In fiscal 2022, ESG indicators were incorporated into the Performance Share Unit (PSU), serving as a medium-to long-term incentive in executive officers' remuneration. Targets are set according to evaluations by outside organizations and the status of efforts on key ESG themes, including climate change and human capital. In fiscal 2023, to enhance the effectiveness of these indicators, important KPIs among the key ESG-related targets set by each business division, such as renewable-energy usage rate, were added to the criteria for annual incentives of the presidents of each business division.

Risk management

The HOYA Group's head office appoints persons responsible for functions considered a significant risk to the Company, including compliance, response to pharmaceutical regulations, cybersecurity, and safety/hygiene. The responsible persons in the head office regularly monitor the activities of the business divisions concerning their respective duties and report to the executive officers on the recognition and response status of significant risks. Based on these reports, the risks faced by our Group are presented to and deliberated by the Board of Directors.



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.

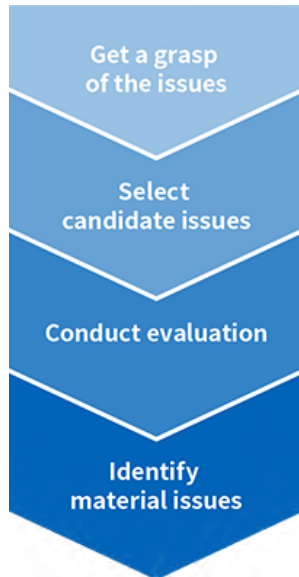
- We will aim to help resolve global social issues through innovation in our businesses.
- We will realize fair and highly transparent corporate management by building a relationship based on trust through consistent dialogue with key stakeholders.
- We will aim to minimize environmental externalities 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



- Get a grasp of changes in society and issues related to HOYA's businesses.
- Analyze ESG rating agencies' evaluation of HOYA and refer to international guidelines^{*1}.
- Interview the management of business divisions.
- Use the industry-by-industry Materiality Map^{*2} by SASB^{*3} that matches HOYA's businesses and select the candidate issues based on evaluation on two axes, i.e., by mapping stakeholders' interest on the vertical axis and the impact on HOYA's businesses on the horizontal axis.
- Conduct an evaluation comprehensively by deepening internal discussions while referring to opinions and feedback obtained from investors in and outside Japan who are key stakeholders.
- Obtain approval for the identified four material issues at the Board of Directors' meeting.

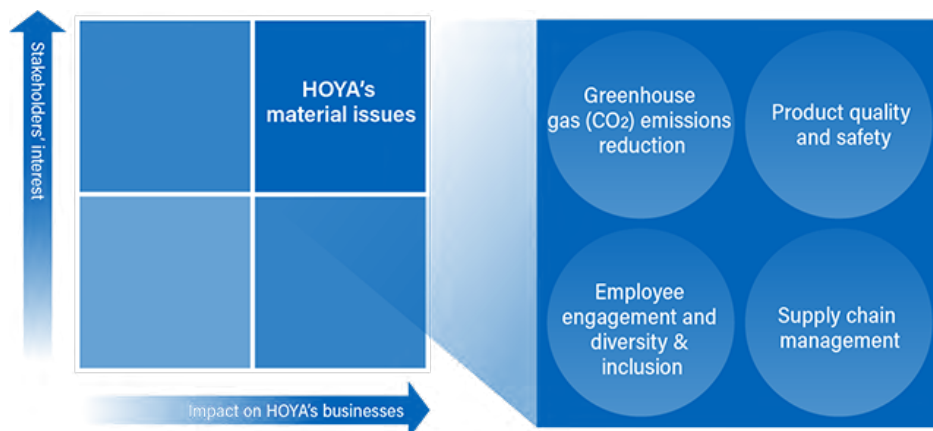
*1. SASB, GRI, IIRC, ISO26000, TCFD, RBA, CDP

*2. Industries: Medical Equipment & Supplies, Hardware, Semiconductors

*3. Sustainability Accounting Standards Board

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
<u>Greenhouse gas (CO₂) emissions reduction</u>	<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
<u>Product quality and safety</u>	<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
<u>Employee engagement and diversity & inclusion</u>	<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
<u>Supply chain management</u>	<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
<p>Greenhouse gas (CO₂) emissions reduction</p> <p>Scope 1+2 reduction targets: 60% reduction by fiscal year 2030 100% reduction by fiscal year 2040 (compared to the base year of fiscal 2021)</p>	<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 	  
<p>Product quality and safety</p> <p>Main future initiatives: In particular, the Life Care business will continue to strive to improve its management and in-house education systems as well as implement thorough quality control through product risk management, such as compliance with ISO 14971.</p>	<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 	
<p>Employee engagement and diversity & inclusion</p> <p>Targets: Domestic ratio of female employees—Achieve 32% by fiscal 2025 Domestic ratio of female managers—Achieve 18% by fiscal 2025</p>	<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

Major future initiatives: Update the HOYA Supplier Code of Conduct in fiscal 2024. Going forward, establish a due diligence policy and survey/encourage suppliers from the perspectives of human rights and the environment.

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 set targets and implement measures for individual sustainability/ESG issues in each business division on top of the common material issues.

Corporate Governance

Basic views

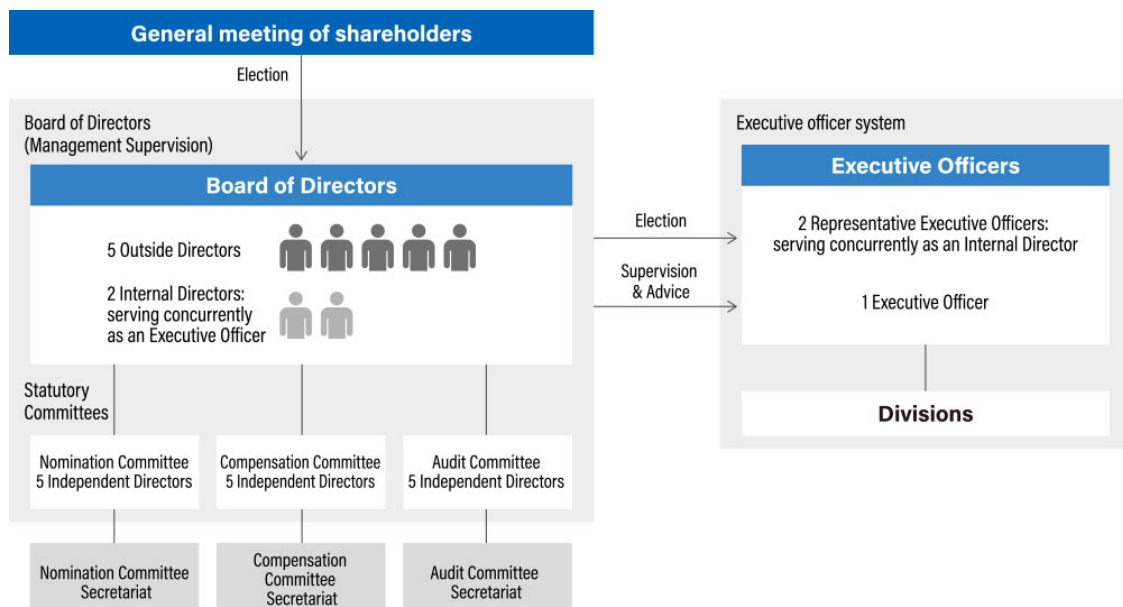
HOYA promotes management with the aim of maximizing its corporate value based on the recognition that corporate governance is a matter of utmost importance for management. As the basis of taking a fair approach to stakeholders, to prevent management from being conducted based solely on in-house logic, we have set forth in the Articles of Incorporation that a majority of directors consist of outside 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 Committee, etc. management system, by giving executive officers authority to manage business, business decision-making is accelerated. At the same time, three statutory committees—the Nomination Committee, the Compensation Committee, and the Audit Committee—were established, with a majority of the members being outside directors (at HOYA, the committees are composed exclusively of outside directors), to ensure the effectiveness of management supervision by the Board of Directors. Adopting a company with Nomination Committee, 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. Also, because HOYA has businesses that handle medical equipment, a voluntary Healthcare Compliance Committee is established consisting of three outside directors with knowledge of medical fields to monitor these businesses' regulatory compliance.

Corporate Governance Structure (As of June 27, 2024)



Board of Directors

Board of Directors

Our Board of Directors comprises five outside directors and two internal directors, totaling seven directors (as of June 30, 2024). 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 2023, the Board of Directors was comprised of five independent directors, including two female independent directors, and two internal directors. Board of Directors' meetings were convened 10 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 reviews the medium- to long-term business portfolio, 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. Once a year, the members of the Board of Directors and the three committees are asked to evaluate themselves through a survey on their operations and effectiveness. A summary of the results of the evaluations for fiscal 2023 is as follows:

Based on a common understanding of the importance of the Board of Directors being composed of appropriate members and to fulfil its function of monitoring and supervising execution, the Board of Directors is highly regarded as having improved its operational aspects, with open and active discussions under appropriate agenda setting by the chairperson. The Nomination Committee, Compensation Committee, and Audit Committee are also highly regarded as having adequate discussions with appropriate numbers and compositions of members. With regard to the matters identified as key issues in the evaluations of the effectiveness of the Board of Directors in fiscal 2022, (namely(1) more detailed discussion of key management issues, including discussion on medium- to long-term strategy, (2) more detailed discussion of formation of a CEO succession plan, and (3) more detailed discussion of risks associated with issues of sustainability), it is assessed that certain measures have been taken but that further efforts are needed. Particularly with regard to (1), the Board of Directors is expected to have more detailed discussion on the medium- to long-term growth strategy and the direction of the Company's overall portfolio."

In order to discuss each issue, the Company will continue to examine and improve the operation of the Board of Directors, communication among directors and between directors and executive officers, and the composition of the Board of Directors. It will thus aim to further improve the effectiveness of the Board of Directors.

Board Member Profiles



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

Hiroaki Yoshihara

(Born on Feb. 9, 1957)

[Number of years in office of the
Director of the Company]

6 years

[Number of shares of the
Company held]

0 Share

[Number of attendances to the
board meetings]

10/10 times (100%)



Independent Director,
Chairperson 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]

3 years

[Number of shares of the
Company held]

0 share

[Number of attendances to the
board meetings]

10/10 times (100%)



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]

2 years

[Number of shares of the
Company held]

0 share

[Number of attendances to the
board meetings]

10/10 times (100%)



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

Mika Nishimura

(Born on Aug. 14, 1963)

[Number of years in office of the
Director of the Company]

2 years

[Number of shares of the
Company held]

0 share

[Number of attendances to the
board meetings]

10/10 times (100%)



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

Mototsugu Sato

(Born on Oct. 17, 1956)

[Number of years in office of the
Director of the Company]

1 year

[Number of shares of the
Company held]

0 share

[Number of attendances to the
board meetings]

10/10 times (100%)



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]

2 years

[Number of shares of the
Company held]

2,900 shares

[Number of attendances to the
board meetings]

10/10 times (100%)



Director, Representative Executive Officer & CFO

Ryo Hirooka

(Born on Jan. 14, 1974)

[Number of years in office of the
Director of the Company]

2 years

[Number of shares of the
Company held]

9,700 shares

[Number of attendances to the
board meetings]

10/10 times (100%)

Please see [the website](#) for further details.

Independent Directors' Skills Matrix

Skill items	Definition	Reason for selection	Yoshihara	Abe	Hasegawa	Nishimura	Sato
Corporate management	Knowledge and experience regarding company management and corresponding corporate governance	To sustain improvement in business performance and growth, and thereby enhance the corporate value	●	●	●		●
Global business	Knowledge and experience necessary for global management and relevant business development	To promote management respecting diverse cultures and customs in each region	●	●	●	●	●
Finance/ accounting	Knowledge and experience in the finance/accounting domain	To achieve financial targets and increase transparency to stakeholders	●				●
Related industries/ businesses	Knowledge and experience regarding industries and businesses associated with the Company's businesses	To promote management based on an understanding of industry trends, regulations, and technologies	●	●	●	●	
M&A	Knowledge and experience in M&A in general, such as due diligence and formulation of integration plans	To promote the Group's growth strategy through the implementation of strategic M&A	●	●		●	●
Sustainability/ ESG	Knowledge and understanding of trends in the sustainability/ESG area, and relevant experience	To promote sustainable management to realize a sustainable society, and thereby enhance the corporate value in the medium to long term	●	●	●	●	●
Risk management	Knowledge and experience in the risk management domain, including legal compliance, and supply chain/quality control/IT security	To continue to provide products and services stably and steadily to the society	●	●	●	●	●
Human resource development	Knowledge and experience regarding the human resources domain, such as cultivation of human resources and leadership development	To promote management focusing on human capital	●		●	●	●

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.” Three persons—namely, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Sustainability (ESG) Officer—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. The CEO, CFO and CSO all attend each meeting of the Board of Directors.



Representative Executive Officer
President & CEO

Eiichiro Ikeda



Representative Executive Officer & CFO

Ryo Hirooka



Executive Officer
Chief Sustainability (ESG) Officer (CSO)

Tomoko Nakagawa

Please see [the website](#) for further details.

Committees

As internal organizations of the Board of Directors, we have the Nomination Committee, Compensation Committee, Audit Committee, and Healthcare Compliance Committee, each of which is composed exclusively of outside 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 officers, 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 outside directors' overseeing executive officers. The outline of the Standard for Election of Candidates for Director is as follows:

[For both internal and outside 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 outside 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 outside director candidates

To ensure the independence of candidates for outside 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 six meetings during fiscal 2023, in which the attendance ratio of all members was 100%. At these meetings, the Committee deliberated in particular on executive succession plans.

Compensation Committee

The objective of the Compensation Committee is to establish a remuneration system that incentivizes directors and executive officers according to their roles 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 eight meetings during fiscal 2023, in which the attendance ratio of all members was 100%. During these meetings, the Committee held in-depth deliberations, particularly on the composition and level of compensation for directors and executives and linking incentives to targets.

■ Policy concerning remuneration for directors

The remuneration of directors consists of a fixed salary and a medium- to long-term incentive. 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, the levels set by other companies as determined by a survey conducted by an outside professional organization, and the positions and responsibilities of each director. As a medium- to long-term incentive, the Company has introduced the Restricted Stock Unit (RSU), which delivers shares prescribed in accordance with the period employed as an outside director of the Company. The RSU will be granted annually in order for directors to share a common viewpoint with shareholders regarding the share price and to share interests with shareholders on a medium- to long-term basis. Every year, the Company announces a basic deliverable number of shares equivalent to fixed remuneration to outside directors for a three-year period from that year. After the end of the period in question, the Company determines, for each outside director, a basic compensation amount which is the market value of the Company's shares for the basic deliverable number of shares. The Company will pay to the outside directors 50% of the basic compensation amount as claims for monetary remuneration. Independent directors shall invest the monetary claims in kind and shall be granted a number of Company shares, which is equal to the amount of monetary claims in question divided by paid-in amount per Company share. From the viewpoint of ensuring payment of tax, the Company shall pay the remainder of the basic compensation amount in cash. However, the heirs of outside directors who died during their tenure and outside directors who retire due to injury or illness shall receive the entire basic compensation amount in cash. Also, the Company plans to issue RSU for periods of three years starting from the following fiscal year, and continuing thereafter.

[Composition ratio of compensation for directors]

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

Notes: 1. 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.

2. Clawback and malus clauses:

In the following cases, clawback and malus clauses shall be set forth, whereby the unpaid portion of the compensation under the RSU shall be reduced or disallowed, and a claim for return of all or part of such paid portion shall be made.

- (1) The case in which the recipient resigns for personal reasons, for whatever reason
- (2) The case in which the recipient is dismissed as a director of the Company
- (3) The case in which Board of Directors resolves to revise the financial statements as a result of material accounting error or fraud
- (4) The case in which an unlawful act, such as significant negligence of duties or violation of laws and regulations, a breach of the internal rules of HOYA Group, or a significant breach of contract, during the director's term of office, is revealed.

In fiscal 2023, the Compensation Committee deliberated on appropriate composition and levels of remuneration, taking into consideration basic policies, the Company's business environment, and levels, positions and responsibilities at other companies as discovered in surveys by outside specialist organizations. The Compensation Committee determined the remuneration for each director, based on the judgement that remuneration levels were composed in accordance with Company policy and appropriate for directors' positions and responsibilities. As such, the Compensation Committee further judged that the details of remuneration of individual directors in the fiscal year under review were in accordance with Company policy.

■ 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 (PSU)). For fixed salaries, basic compensation is set appropriately according to the office and responsibility of each Executive Officer (Representative Executive Officer, CFO, etc.) and benefits granted to expatriates in connection to their overseas postings (such as housing) are 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. Since 2003, the Company has abolished retirement benefits for executive officers, but in exceptional cases, severance pay may be paid as a condition at the time of retirement, as determined by the Compensation Committee. The amount of severance pay and other details will be determined on a holistic basis by the Compensation Committee on a case-by-case basis,

taking into consideration the position, reason for leaving the position, and other factors.

The performance-based bonus 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 are selected.

[Composition ratio of executive officers' compensation]

CEO

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

Notes: 1. A rough guide assuming all targets are met 100% and that the share price in three years' time is about the same as the share price when the PSU was granted.

2. Clawback and malus clauses:

In the following cases, clawback and malus clauses shall be set forth, whereby the unpaid portion of the compensation under the PSU shall be reduced or disallowed, and a claim for return of all or part of such paid portion shall be made.

- (1) The case in which the recipient resigns for personal reasons, for whatever reason
- (2) The case in which the recipient is dismissed as an executive officer of the Company
- (3) The case in which Board of Directors resolves to revise the financial statements as a result of material accounting error or fraud
- (4) The case in which an unlawful act, such as significant negligence of duties or violation of laws and regulations, a breach of the internal rules of HOYA Group, or a significant breach of contract, during the Executive Officer's term of office, is revealed.

■ 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. Furthermore, in fiscal 2022, an ESG indicator was newly introduced as a non-financial 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

Position/ responsibilities	Basic deliverable number of shares
CEO	7,300
CFO	3,400
CSO	2,500



Medium- to long-term performance targets

Indicator	Target (consolidated)	Weight	Reason for the selection of the indicator
Net sales	830 billion yen	25%	Selected as an indicator to measure growth potential of the HOYA Group in the domestic and overseas markets
Earnings per share (EPS)	570 yen	25%	Selected as an indicator to measure growth of the Company from the same perspective as shareholders
ROE	20.0%	25%	Selected as an indicator to measure whether the Company has generated return on shareholders' investment effectively
ESG indicator	IT governance (50%), promotion of diversity in management (30%), and expansion of learning opportunities for employees (20%) were selected as individual indicators ^{*2}		Selected as indicators to measure the initiatives relating to sustainability from an ESG standpoint

*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 The above are target figures for the three fiscal years from fiscal 2024 to fiscal 2026.

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	RSU	
Directors	Independent	7 persons	115 million yen	77 million yen	—	(3) million yen	—	41 million yen
	Internal	2 persons	10 million yen	10 million yen	—	—	—	—
	Total	9 persons	125 million yen	87 million yen	—	(3) million yen	—	41 million yen
Executive Officers		4 persons	613 million yen	242 million yen	212 million yen	—	159 million yen	—
Total		13 persons	738 million yen	328 million yen	212 million yen	(3) million yen	159 million yen	41 million yen

Notes:1. At the end of the fiscal year under review, there were seven directors (five independent directors and two internal directors) and three executive officers (two are concurrently directors). These are different from the figures presented in the table above because one internal director and two independent directors who retired at the conclusion of the 85th Ordinary General Meeting of Shareholders are included.

2. Fixed salary for executive officers includes overseas executive officers' benefit as expatriate of 47 million yen.

3. 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. Also, for independent directors, from fiscal 2022 RSU is introduced in place of stock options. Although no stock options were granted in fiscal 2023, the table above shows stock options granted in past fiscal years in amounts to be recorded as expenses for the fiscal year under review. Also, share remuneration expenses for internal directors are reversed.

4. For PSU, the table above shows amounts to be recorded as expenses for the fiscal year under review. Share remuneration expenses for internal directors are reversed.

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	Director	5 million yen	5 million yen	—	—	—
Representative Executive Officer President & CEO	Representative Executive Officer	322 million yen	120 million yen	99 million yen	—	102 million yen

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	Director	5 million yen	5 million yen	—	—	—
Representative Executive Officer & CFO	Representative Executive Officer	199 million yen	66 million yen	64 million yen	—	69 million yen
Tomoko Nakagawa	Executive Officer	124 million yen	40 million yen	49 million yen	—	35 million yen
Executive Officer, Chief Sustainability (ESG) Officer (CSO)						

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 2023. The attendance ratio for 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

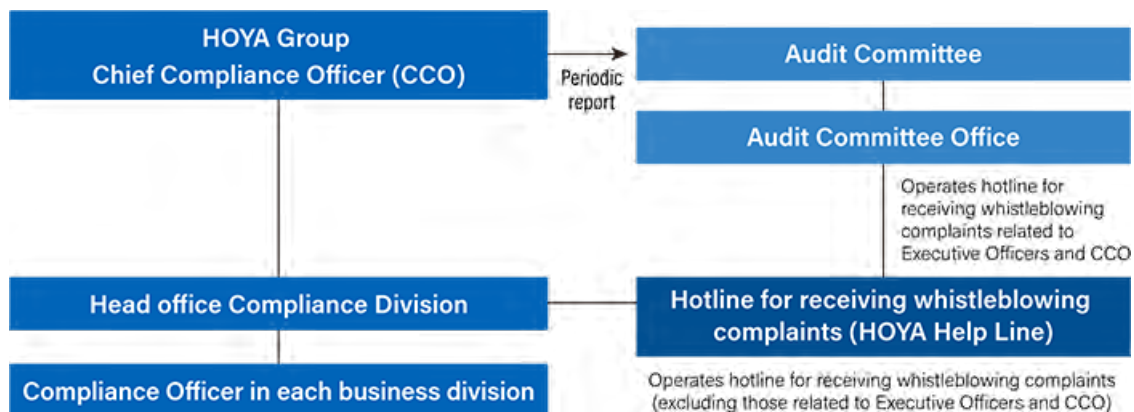
Deliberations during the fiscal year under review also focused on reports from the accounting auditor and the Audit Department, while providing advice and suggestions to the executive team with regard to any issues that came to light. In addition, independent directors, who are members of the Audit Committee, were presented with opportunities to visit production plants and inspect the front lines to exchange opinions, make recommendations, and offer advice.

Healthcare Compliance Committee

The HOYA Group established the Healthcare Compliance Committee with the objective of obtaining thorough compliance with laws, ordinances, standards and norms, both in Japan and overseas, required of healthcare products. Composed of three outside directors who are knowledgeable about the healthcare field, the Healthcare Compliance Committee conducts monitoring of the status of the relevant business divisions' responses to regulations and other matters. The Healthcare Compliance Committee met nine times in fiscal 2023. The Committee received reports from each business division in charge of regulatory affairs and offered proposals and advice while obtaining advice as necessary from specialists with expert knowledge of the laws and ordinances in each country with respect to healthcare products.

HOYA Group Compliance Organization

The HOYA Group has established the Head Office Compliance Division under the HOYA Group Chief Compliance Officer (CCO), and appointed a Compliance Officer in each business division. In addition, the Head Office Compliance Division 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 Division, 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.



HOYA Help Line: Employee whistleblowing and consultation system

As part of its compliance system, the HOYA Group established the HOYA Help Line in 2003 as a service for receiving Group-internal and external whistleblowing reports and requests for advice. This is a framework to accept whistleblowing reports from inside and outside the Group, including the employees of business partners for early identification of problems when there have been violations of laws, regulations, or the HOYA Global Code of Conduct and smooth communication to top management while protecting whistleblowers. The aim is to ensure the soundness of the entire Group through quick and appropriate responses to such issues. In addition, information on whistleblowing complaints is also reported by the CCO to the Audit Committee on a quarterly basis.

We are creating an environment in which advice can be sought easily, including 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 escalations by giving consideration to the confidentiality of information to ensure whistleblowers' anonymity.

In fiscal 2023, there were 280 whistleblowing complaints made to the Global HOYA Help Line, of which 67% were related to the workplace environment and 12% were related to HOYA's system.

In addition, since fiscal 2023, cases of harassment received by Human Resources Division have also been shared with the Compliance Division to strengthen measures and training.

In fiscal 2023, there were no whistleblowing incidents inflicting a serious impact on HOYA's businesses.

Number of Whistleblowing Incidents (Global)

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of whistleblowing incidents	146	135	180	170	280
Percentage of employees*	0.38%	0.35%	0.49%	0.39%	0.66%

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

In addition, a separate contact point has been set up for whistleblowing on 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.

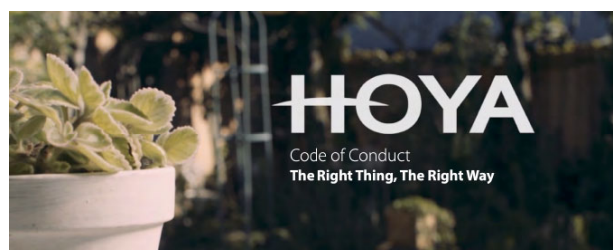
Point of contact for inquiries and reports related to the HOYA Supplier Code of Conduct:

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 2023, 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.

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, 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 its environmental protection, 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.

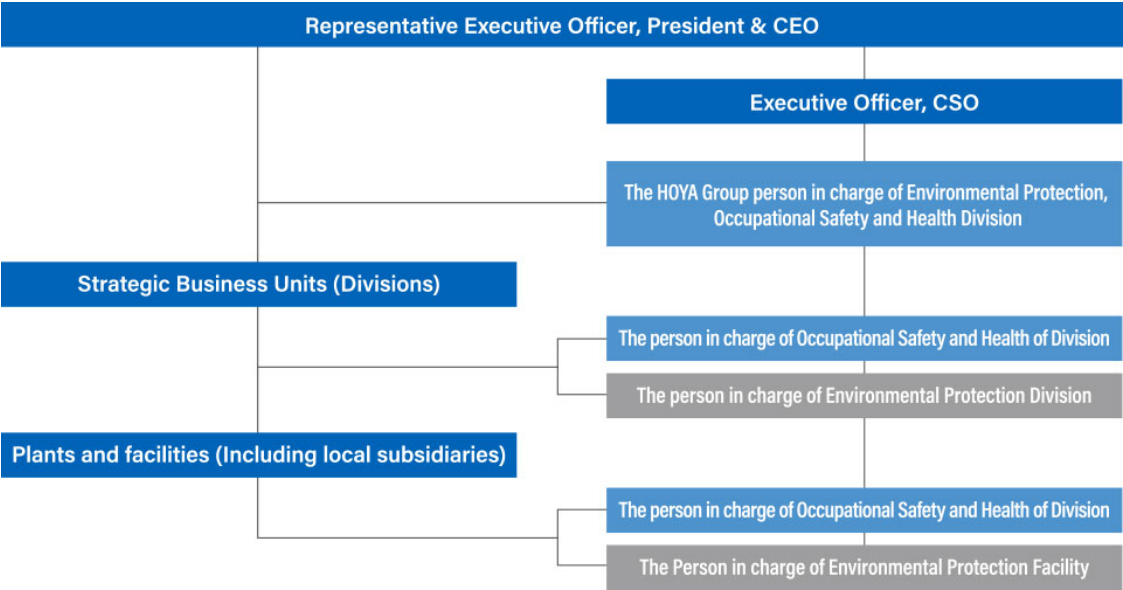
Fundamental Environmental Policies

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 ISO (International Organization for Standardization) 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, 2024, 47 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



Response to Climate Change

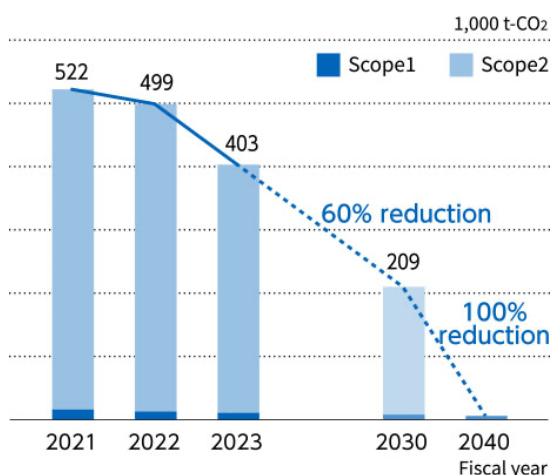
In 2021, the HOYA Group identified four material issues. Among these, the entire Group is tackling “reduction of greenhouse gases” as a top-priority issue. In December 2021, the Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD). Pursuant to this announcement, in April 2023, the Group began disclosing information based on the TCFD Declaration, strengthening its response to risks associated with climate change. In February 2023, the Group joined RE100, an international environmental initiative aimed at achieving 100% sourcing of renewable energy for all energy consumed in business activities. The HOYA Group aims to reach this milestone by fiscal 2040 and is accelerating its efforts toward that end.



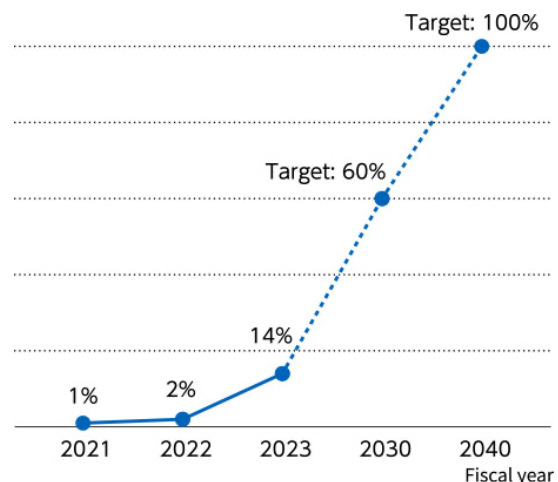
Medium- to long-term Targets and Results

Over 90% of the HOYA Group’s greenhouse-gas emissions (total of Scope 1 and Scope 2) are in Scope 2; the majority of these are indirect emissions arising from purchased electrical power. By aggressively advancing the transition to electricity from renewable sources that do not emit greenhouse gases, the Group is effectively slashing CO₂ emissions. The Group is targeting complete transition to renewables (renewable-energy usage rate of 100%) by fiscal 2040, with an interim target of 60% renewable-energy usage rate by fiscal 2030. In line with the Company’s goals, each business division is developing and implementing medium- to long-term roadmaps for the introduction of renewable energy and CO₂ reduction measures. The entire Group is working together to achieve these objectives.

CO₂ Emissions



Renewable-energy usage rate



*1 Since fiscal 2021, greenhouse gas emissions (Scope 1 and Scope 2, energy consumption) have been verified by a third party through limited-assurance operations. In the course of the verification process, the method of calculation and coefficient used to calculate CO₂ were revised, resulting in correction of the figures disclosed in February 2023. The Group expects to receive third-party verification of the fiscal 2023 results within the current year.

*2 From fiscal 2023, estimates for smaller sites for which actual data have not been collected are included in the total (about 4% of the total).

*3 The Group is considering offsets using carbon credits for the residual emissions after maximum reduction efforts are made for Scope 1.

For data on Scope 1 and Scope 2 results, please refer to the Environment page of the [ESG Databook](#).

Introduction of Renewable Energy

The HOYA Group is moving forward with switching to renewable energy at each production and sales site. In fiscal 2023, the number of production sites with solar panels increased to four from one, and the Group is also accelerating conversion to purchase of renewable energy by reviewing electrical-power agreements and using energy attribute certificates, focusing on countries in which renewables are readily available. The Vision Care Division has achieved virtually 100% renewable energy use at the Matsushima Plant and all other domestic production sites in Japan and several production sites in Europe (Hungary, Germany, and Italy). In addition, all Eye City contact lens stores (including offices) and HOYA Global head office (Japan) have already achieved 100% renewable-energy usage, by means of non-fossil-fuel certificates from FIT. We will place more importance on the perspective of introducing renewable energy power with additionality and will actively promote initiatives to achieve the goal.



Solar panels installed at HOYA Optical Technology (Weihai) Co., Ltd. (annual generating capacity: 1,300 MWh; reduction in annual CO₂ emissions: about 800 t-CO₂)



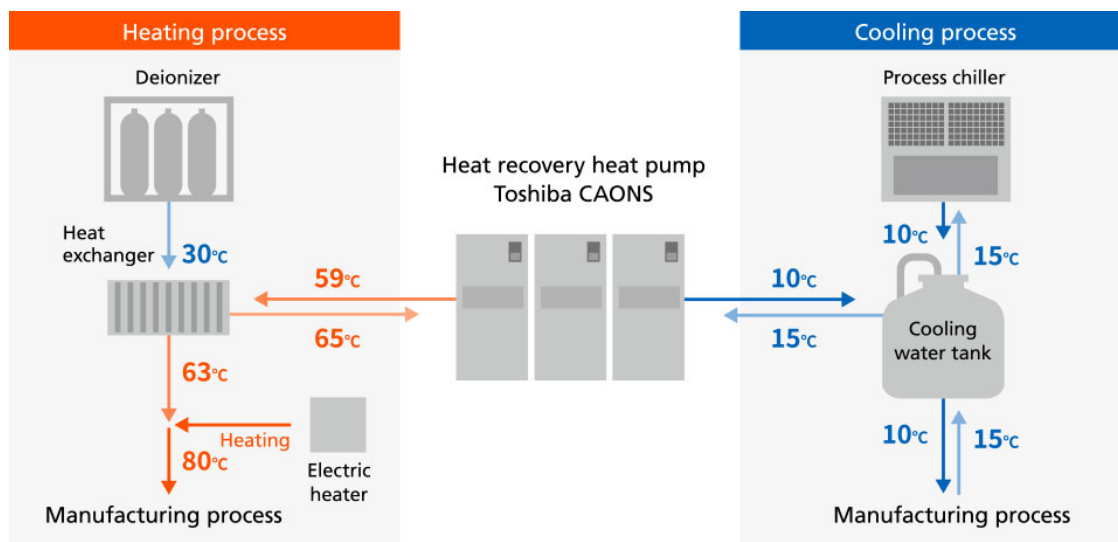
Solar panels installed at HOYA LAMPUN LTD. (Annual generating capacity: about 2,200 MWh; Annual CO₂ reduction volume: about 1,000 t-CO₂)

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/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.

Scope 3

The HOYA Group started to calculate Scope 3 emissions in fiscal 2023 as a first step to reduce CO₂ emissions in the entire supply chain. First, all relevant categories were calculated for the first two business divisions based on fiscal 2022 data, then categories that were major sources of emissions were identified and company-wide calculations were performed for the major categories.

In the future, we will expand the scope of data collection to include calculation of all relevant categories, improve the efficiency of data collection work and measurement accuracy, and promote engagement with related companies in the supply chain to contribute to a sustainable society and reduce emissions. We also aim to obtain SBT (Science Based Target) certification as we move forward with Scope 3 reduction initiatives.

Scope 3 Category		1,000t-CO ₂
C1	Purchased goods and services	567
C2	Capital goods	18
C3	Fuel and energy related activities (not included in scope 1 or 2)	67
C4	Upstream transportation	49
C5	Waste generated in operations	13

Scope of calculation

- Businesses in scope: Global data for 12 major businesses and the head office
- Only mass-production plants are in scope for the Vision Care Division (eyeglass lenses)
- Upstream transportation of C4 is calculated for procurement logistics regardless of whether the HOYA Group is the consigner.

Scenario Analysis Based on the TCFD Declaration

From fiscal 2022, the HOYA Group began scenario analysis based on the TCFD recommendations. In the first year, the Group focused on plants in Thailand and Vietnam that are its main production sites for two business divisions, eyeglass lenses and glass substrates for HDDs, as these operations have high CO₂ emissions (high power consumption). Two scenarios were drawn up with fiscal 2030 as the middle of the timeline: one in which global temperatures increase by 4°C, another in which they increase by 1.5°C. In fiscal 2023, the scope of analysis was widened to include the Optics Division (optical lenses). The combined CO₂ emissions of these three business divisions account for 88% of the HOYA Group's total CO₂ emissions. We also conducted a risk assessment of all our production sites with respect to physical risk (flooding), which we consider to be a key climate change risk. The HOYA Group will continue to conduct regular reviews in response to changes in the external environment, reflecting the results of scenario analysis in its business activities and advancing responses to risks and opportunity. In this way the Group will enhance its resilience to climate change. For details, please refer to [“TCFD Disclosure.”](#)

Examples of risks and opportunities in the eyeglass lenses business division (excerpt from moderate or higher risks)

	Description	Response
Transition risks	<ul style="list-style-type: none"> • Delays in responding to consumers' heightened awareness of climate change results in lost market share and/or declining sales. • Action on climate change and climate-related disclosure have been added to factors customers use to select suppliers. Delay in responding results in lost customers and/or declining sales. • Inadequate response to environmental issues such as reduction of CO₂ emissions and water recycling causes loss of reputation and/or declining sales. 	<ul style="list-style-type: none"> • Consideration of listing CO₂ emissions on product packaging • Revision of marketing strategy: Reduction of impact from climate change through product innovation; enhanced dissemination of information • Regular reporting to customers and other external stakeholders regarding progress on ESG • Expansion of disclosure related to climate change, such as TCFD or the Carbon Disclosure Project (CDP)
Physical risks	Infectious-disease outbreaks made possible by unusual weather disrupt production activities and supply chains or trigger lockdowns and other restrictions on activity, causing the optometrist shops that are the Group's customers to restrict hours of operation, thereby reducing demand.	<ul style="list-style-type: none"> • Drafting and updating of BCPs for Group plants • Geographical diversification of production sites
	Unusual weather causes stagnation in production or sales activities; flooding causes inundation or destruction of production sites.	<ul style="list-style-type: none"> • Geographical diversification of production sites and advancement of measures against water damage • Drafting of BCPs to secure/safeguard materials, inventories, etc.
Opportunities	As demand for low-carbon products grows, early success in product development leads to increased sales.	<ul style="list-style-type: none"> • Listing of carbon footprints • Incorporation of determination to reduce environmental impact into product development strategy • Coordination with material producers
	As demand grows for products that are easy to recycle/reuse, early success in product development leads to increased sales.	<ul style="list-style-type: none"> • Formation of a product strategy focused on a recycling-oriented society through collaboration with suppliers and customers
	The Group streamlines production processes using DX, etc.	<ul style="list-style-type: none"> • Reduction of CO₂ emissions and related costs by improving production efficiency • Investment in DX and DX training
	Drafting of BCPs, use of in-house production sites and diversification of suppliers	<ul style="list-style-type: none"> • Introduction of and training in BCPs • Refurbishment of each plant, geographical diversification of production sites, etc.

Examples of risks and opportunities in the Optical Glass Business Division (excerpt from moderate or higher risks)

	Description	Response
Physical risks	Delays in deliveries and reduced production volume due to stoppages of operations at raw material suppliers caused by extreme weather and natural disasters	Securing inventory (especially for critical materials for which procurement sources are limited)
		Securing multiple suppliers for critical materials
	Production activities and supply chain disruptions caused by outbreaks of infectious diseases triggered by extreme weather conditions, and a decline in demand due to a downturn in the operation of factories by customers	Formulation/update of BCP for our factories
		Establishment of production backup systems at other sites
	Stagnation of production and sales activities due to extreme weather conditions, and the submersion or destruction of production sites due to flooding	Promote production backup systems at other sites and measures against flood at each site
		Formulate BCP including securing materials and inventory

Risk Management

The HOYA Group continually monitors conditions related to climate change. If conditions change significantly, the head office TCFD Project, which includes members of the ESG Promotion Office, the Corporate Communication Department and the Environmental Safety and Hygiene Department, works with business divisions to review risks. Under the general supervision of the persons responsible for each business, the appropriate segments of each business division (Production Division, Retail Development Department, Purchasing Department, etc.) coordinate and conduct their responses.

With respect to risk related to changes in the operating environment due to climate change (transition risks), based on scenario analysis, the sustainability/ESG teams and persons responsible in the business divisions in each country work with segments related to sustainability, such as environmental, quality-assurance, purchasing and other segments, to draft and implement responses appropriate to their respective business divisions.

Flooding risk assessment

Increased and severe natural disasters, outbreaks of infectious diseases, and water shortages due to climate change may affect not only our own operations but also those of our supply chain, including raw material procurement and the production and sales activities of our customers. The HOYA Group assesses flood risk and water stress risk at production sites by using the Aqueduct Water Risk Atlas tool developed by the World Resources Institute (WRI), an international environmental NGO, and by conducting interviews at production sites. In order to conduct efficient corporate operations from a global perspective, the Group promotes management decision-making, R&D, production, and sales in optimal locations, and in particular, its production sites are located mainly in Southeast Asia. The results of the risk assessment showed that the flood risk was relatively high for production sites in Southeast Asia, including Vietnam, Thailand, and Indonesia. Sites identified as high risk collaborate with the Environment, Health and Safety Department at the head office to formulate countermeasures and implement them as priorities.

Countermeasures against flooding

Based on the experience of flood damage at the Vision Care Thailand production site in 2011, we are promoting the establishment and periodic review of flood countermeasures and business continuity plans (BCP) at each production site, as well as the development and training of systems to ensure the safety of employees.

We are also working to reduce risk by decentralizing our production sites to areas with relatively low risk of flooding and securing appropriate inventories in case of supply chain disruptions.

Infection control measures

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 BCP, 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.

Indicators and Targets

Indicators used to evaluate climate-related risks and opportunities include Scope 1 and Scope 2 greenhouse gas emissions and share of renewables in energy used in business activities.

Targets for introduction of renewable energy

- Transition to 60% of electricity used in business activities to renewable energy sources by fiscal 2030
- Transition to 100% of electricity used in business activities to renewable energy sources by fiscal 2040

CO₂emission reduction targets (Scope 1 and Scope 2)

- 60% reduction of CO₂ emissions by fiscal 2030 (compared with fiscal 2021)
- 100% elimination of CO₂ emissions by fiscal 2040 (compared with fiscal 2021)

Biodiversity

The HOYA Group works actively to support and protect biodiversity. Based on its Environmental Philosophy and Fundamental Environmental Policies, the Group scrupulously conducts appropriate management of water use, wastewater, waste materials and chemical substances, as well as cleanup activities in the regions in which its production sites are located, in Japan and overseas. In August 2022, the HOYA Group began participating in the JAL Carbon Offset Program*. Through this program, the Group offsets the CO₂ it emits on business flights to or from Japan on JAL with carbon credits purchased from the Southern



Afforestation area in Vietnam

Cardamom and Amazon Rainforest Conservation Projects. Preserving the rainforest provides vital regional protection, as it not only preserves a “carbon sink” that absorbs CO₂ but also protects wildlife, supports biodiversity, and supports the livelihoods of local residents. By purchasing these carbon credits, the HOYA Group supports this project. In fiscal 2023, the Group purchased credits equivalent to some 152 tons of CO₂. In addition, linking efforts to protect biodiversity with employee health promotion programs, we are planting trees in Southeast Asia in a program where the number of trees planted matches the total number of steps taken by all participants. In partnership with the Japan International Forestry Promotion and Cooperation Center, the HOYA Group has been planting and caring for trees in planting areas in Vietnam as well as providing technical education on afforestation to local residents. In fiscal 2023, Group employees contributed to the planting of 1.4 ha of trees (approximately 9,000 trees).

*This carbon project is verified through the Verified Carbon Standard (VCS).

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 is working to reduce water consumption by setting targets for each business division, taking into consideration the water consumption status of each business unit. In order to further accelerate these efforts, the HOYA Group has set water targets for the Group. We are working to review production processes and improve the water reuse rate by setting individual targets and creating roadmaps, focusing on sites with large water intake volumes and sites with high water stress risk.

HOYA Group water consumption
(water intake volume) per-unit
target:

16% reduction in water intake per number of products produced* by fiscal 2030
(versus the base year of fiscal 2021). However, we will endeavor to keep total
water intake volume below the base year level.

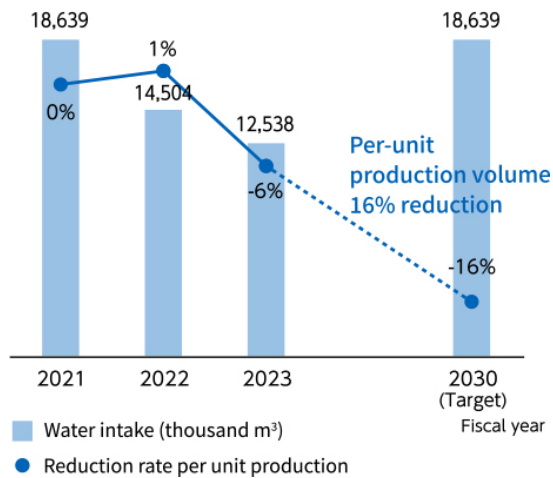
* Number of products produced based on an internally established conversion method to combine operations manufacturing different products

Water stress assessment

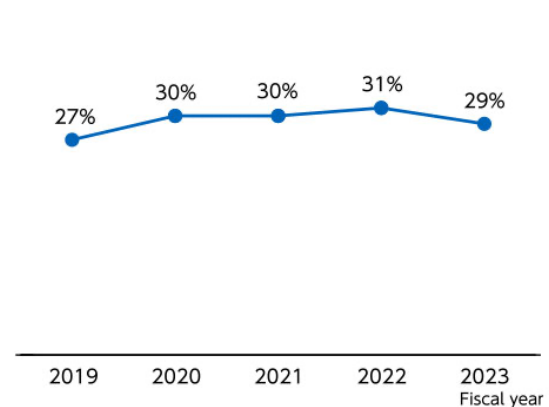
Water is one of the important resources in the production activities of the HOYA Group, and in particular, the MD Division (HDD glass substrates) and VC Division (eyeglass lenses) use a large amount of water in their production processes. Based on our basic environmental policy, the HOYA Group is striving to make effective use of water resources by promoting the reuse of water and reduction of water usage on a global basis. Water stress risk was assessed for each production site using the Aqueduct Water Risk Atlas. Sites identified as high risk collaborate with the Environment, Health and Safety Department at the head office to formulate countermeasures such as reducing water consumption and focus on implementing these measures.

Water intake

Water intake



Water reuse ratio



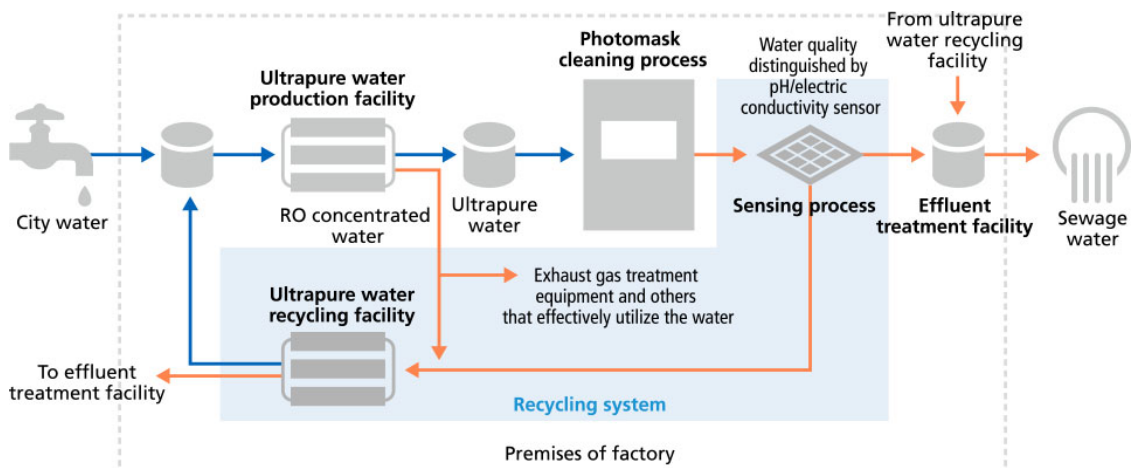
Water intake volume is calculated based on the amount of municipal water, industrial water, and groundwater used at production sites using the HOYA Group's common compilation form.

Water intake volume in fiscal 2022 and fiscal 2023 have been reduced due to production adjustments in some operations in response to a temporary decrease in customer demand. We assume that total water intake volume will trend upward in the future. The Group will continue its initiatives to achieve the target of water intake per unit of production, while keeping the total volume of water intake below the base year level.

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 the 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.



Collection of paper cartons to be recycled into roofing materials

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.

Waste emissions in the HOYA Group (t)

		FY2019	FY2020	FY2021	FY2022	FY2023
Japan	Total emissions (t)	2,099	2,229	2,295	2,250	1,712
	Recycling rate	76.0%	91.0%	90.5%	79.9%	96.7%
Overseas	Total emissions (t)	56,289	54,281	64,185	46,977	38,851
	Recycling rate	76.2%	72.0%	69.9%	70.3%	79.3%
Global	Total emissions (t)	58,388	56,509	66,480	49,228	40,563
	Recycling rate	76.2%	72.8%	70.6%	70.7%	80.1%

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



Respecting Human rights

Respecting human rights

Basic approach

The HOYA Group respects the human rights of all officers and employees of the HOYA Group and all stakeholders involved in the business activities of the Group. The Group advances efforts on human rights in accordance with the UN Guiding Principles on Business and Human Rights.

HOYA Global Code of Conduct

The [HOYA Global 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, and that child labor, forced labor and human trafficking are prohibited. 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.

The HOYA Group takes rigorous measures to ensure Group-wide understanding of its stance on human rights. The Group translates the Code into 27 languages in view of the status of its global operations, conducts e-learning once a year for all Group employees and tests participants to ensure that they understand the content. We also conduct internal audits to confirm that the procedures described above are followed. Confirmation notices regarding strict compliance with the Code of Conduct for all Group employees were submitted with a 98% submission rate in fiscal 2023.

HOYA Group Human Rights Policy

In October 2022, with the approval of the Board of Directors, the HOYA Group established the [HOYA Group Human Rights Policy](#) spelling out the Group's stance on respect for human rights in accordance with the Group's Corporate Mission and Management Principles. The policy includes in its scope all of its partnerships with stakeholders and commits the HOYA Group to complying with a number of international principles and guidelines, including the UN International Bill of Human Rights, the International Labour Organization (ILO)'s ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business & Human Rights (UNGPs), and the 10 Principles of the UN Global Compact.

Based on the Human Rights Policy, the Group puts its respect for human rights into practice by five means:

- Conducting due diligence on human rights
- Relief measures
- Dialogue with stakeholders
- Awareness-raising activities and education
- Disclosure

The Policy on Human Rights is published on the HOYA Group website in Japanese and English and all stakeholders are made aware of it.

Framework for Promoting Response on Human Rights

Under the authority of the Chief Sustainability (ESG) Officer (CSO), the ESG Promotion Office at Group head office coordinates with the Compliance Department, Legal Department, Personnel Department, and other related departments in the head office, proposing policies and plans for the entire Group on human rights and confirming progress in a timely manner. In addition, the Chief Compliance Officer (CCO) oversees an organizational framework for managing compliance risk globally. The CCO responds to the full range of compliance issues, including labor-related compliance, human rights-related issues such as consumers' (patients') rights to be safe and informed, protection of privacy and management of personal information, and corruption and bribery. On a regular basis, the CCO reports its activities and progress to the Board of Directors and reflects feedback from the Board of Directors in activities.

Due Diligence on Human Rights

Identifying Human Rights Issues (Negative Impacts)

To assess human rights risks in its value chain, the HOYA Group selected four divisions and obtained professional opinions from outside experts on each of them. Selected for the details of their operations in fiscal 2022 and other factors, the four divisions are the Eyeglass Lens Division, the Medical Endoscope Division, Semiconductor Mask Blank Division, and the HDD Glass Substrate Division. The Group also referred to outside data on international compacts and guidelines^{*1} related to human rights, industry attributes, country risks and so forth, as well as results of hearings with business divisions and other related departments in Group head office. Through these efforts, the Group discovered and categorized potential issues and risks on human rights for each stakeholder.

*1 These include the UN International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the 10 Principles of the UN Global Compact, and OECD Guidelines for Multinational Enterprises.

Identification of Human Rights Issues for Each Stakeholder

As a result of the human rights risk assessment, the Group identified potential human rights issues related to each stakeholder in our value chain. In addition to continuing efforts to enhance understanding of the Codes of Conduct and educational and training measures to prevent harassment, in fiscal 2023 the Group began formulating a due diligence policy that will establish basic concepts and frameworks for identifying and assessing negative impacts on human rights, as well as mechanisms to prevent, mitigate, halt, or minimize such negative impacts. Under this policy, we plan to transition the supplier management responses that each business division has been undertaking independently to a group-wide initiative. In addition to human rights, we will conduct due diligence related to the environment. As part of this process, we plan to implement questionnaire surveys on potential human rights issues relevant to each of the identified stakeholders.

Potential Human Rights Issues Identified for Each Stakeholder

Rights area/issue		Stakeholder				
		HOYA employees (Manufacturing)	HOYA employees (Non-manufacturing)	Suppliers	Consumers/ patients	Regional communities
Labor compliance	Elimination of discrimination	✓	✓	✓		
	Harassment	✓	✓	✓		
	Gender	✓	✓	✓		
	Occupational health and safety	✓		✓		
	Excessive or unreasonable work hours			✓		
	Insufficient or unpaid wages	✓		✓		
	Child labor			✓		
	Forced labor	✓		✓		
	Rights of migrant and foreign laborers			✓		
	Access to legal relief	✓	✓	✓	✓	
	Consumer safety and right to know				✓	
	Protection of privacy and management of personal information	✓	✓		✓	
	Human rights issues related to the environment and climate change					✓
	Bribery and corruption	✓	✓	✓		✓

Corrective and Complaint Processing Mechanisms

As part of its compliance system, in 2003, the HOYA Group launched the HOYA Help Line, a service for receiving Group-internal and external whistleblowing reports and requests for advice. This is a framework to accept whistleblowing reports from inside and outside the Group, including the employees of business partners for early identification of problems when there have been violations of laws, regulations, or the HOYA Global Code of Conduct and smooth communication to top management while protecting whistleblowers. The aim is to ensure the soundness of the global Group through quick and appropriate responses to such issues. In addition, information on whistleblowing complaints is also reported by the CCO to the Audit Committee on a quarterly basis.

We are creating an environment in which advice can be sought easily, including 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 escalations by giving consideration to the confidentiality of information to ensure whistleblowers' anonymity.

In fiscal 2023, there were 280 whistleblowing complaints made to the HOYA Help Line, of which 67% were related to the workplace environment and 12% were queries related to HOYA's rules and the like.

In addition, since fiscal 2023, cases of harassment received by Human Resources Division have also been shared with the Compliance Division to strengthen measures and training.

In fiscal 2023, there were no whistleblowing incidents inflicting a serious impact on HOYA's businesses.

In addition, a separate contact point has been set up for whistleblowing on 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.

For details please see [“Compliance.”](#)

Employee Education and Training

Once a year, the HOYA Group conducts e-learning and tests all Group employees on their knowledge of the HOYA Global Code of Conduct, ensuring thorough circulation of information within the Group. On harassment, the Group has formulated the HOYA Group Policy and Guidelines on Measures to Prevent Harassment. This document discloses measures and policies to prevent harassment, protect respect for each employee as an individual, and prevent disruptions to workplace discipline and barriers to work. Based on these Guidelines and the laws and ordinances of each country, the Group provides all Group employees with education and training on measures to prevent harassment; in Japan, this training is tailored to each level of management. In fiscal 2023, 89% of employees in Japan underwent training on measures to prevent harassment and were tested on their knowledge of the subject.

Supply Chain Measures

The HOYA Group asks all of the business partners who supply it with products and services to maintain the same level of compliance and ethical conduct that the Group does. With this aim in mind, the Group prepared the HOYA Supplier Code of Conduct. All suppliers are required to accept, sign and comply with this Code of Conduct. The HOYA Supplier Code of Conduct calls on all suppliers to prohibit forced labor, child labor, discrimination, harassment, corruption and bribery, and to uphold the principles of freedom of association and right to collective bargaining and secure occupational health and safety. To ensure responsible mineral procurement, the Group conducts surveys on conflict minerals and sets targets for suppliers' rate of response to the survey and the number and percentage of smelters that are compliant with the Responsible Minerals Assurance Process (RMAP). On the basis of these targets, the Group monitors results and promotes efforts to reduce risk associated with conflict minerals.

For details please see [“Supply Chain Management.”](#)

Measures to Ensure the Safety of Consumers (Including Patients)

To strengthen its product safety management system, the HOYA Group must ensure rigorous compliance with the standards required of healthcare products in Japan and overseas, laws and ordinances governing product quality and safety, and other norms. For this purpose, in fiscal 2022, the Group launched the Healthcare Compliance Committee, composed of independent directors. The Group obtains objective advice from these independent directors and, when needed, from experts versed in the laws and ordinances of particular countries, as it carries out activities to secure product safety, led by an officer responsible for regulatory compliance.

For details please see [“Product Safety Assurance Policy and Structure.”](#)

Protecting Privacy and Managing Personal Information

The HOYA Global Code of Conduct declares the Group's respect for individuals' right to protection of privacy and stipulates prudent management of personal information. To prevent information leaks by improving HOYA Group employees' security mindset, the Group provides cybersecurity training on a regular basis, using e-learning. In 2022 the Group adopted a basic policy for the handling of personal numbers and specified personal information and made clear its stance of strict compliance with related laws and guidelines. In these ways the HOYA Group is working to prevent problems related to the handling of personal information.

Grappling with Bribery and Corruption

Based on the HOYA Global Code of Conduct, in 2021, the HOYA Group moved to strengthen measures to prevent bribery and corruption by instituting the [Anti-Bribery and Anti-Corruption Policy](#). This policy establishes rules for preventing bribery and corruption and stipulates measures such as formation of an internal management framework and provision of training. The Group is also continuing to provide employees with education on these issues.

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

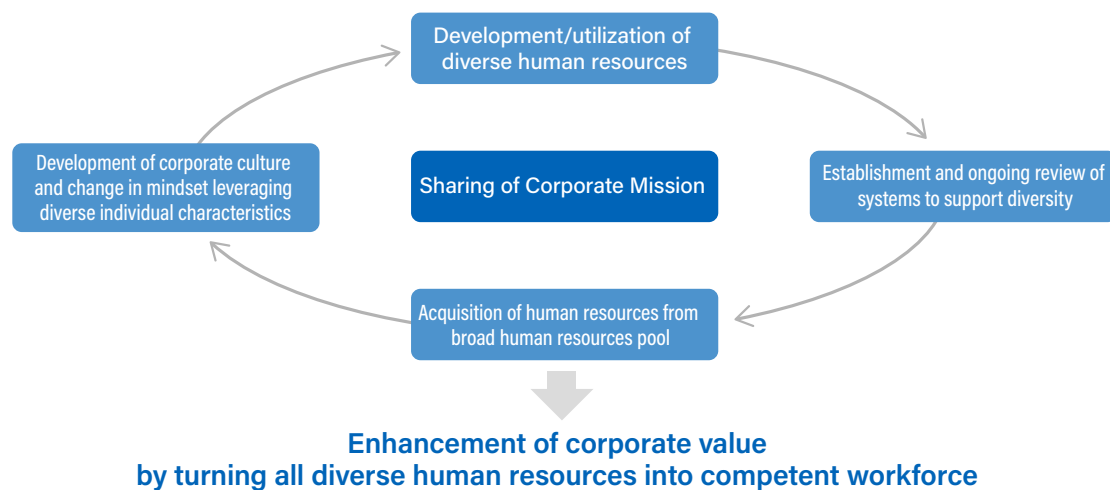
Human Capital Strategy

The HOYA Group recognizes that its people are an asset of the highest priority. Its personnel strategy is to prevail over its competition by continuously investing in personnel.

With its diverse operations worldwide, the HOYA Group advances by producing in the best locations for production and selling in the best locations for sales. The Group also recognizes that the diversity of its people is its strength and the wellspring of its continuous creation of value. Based on this understanding, and in accordance with its basic philosophy and values, the Group has translated the HOYA Global Code of Conduct into 27 languages, circulating it thoroughly throughout the Group, to set forth the fundamental policies with which Group employees must strictly comply in the course of their operations. This unified understanding of HOYA values is the bond that unites the HOYA Group's diverse personnel.

Respect for individuals is one of the Group's basic principles of management. The HOYA Group is expending maximum efforts to support employees in achieving freedom and fulfillment, by expanding opportunities to pursue maximum autonomy and creativity and securing a safe and supportive work environment.

One of the HOYA Group's key policies for sustainability is that it strives to foster an environment in which diverse personnel can play active roles in creating new value, with emphasis on employees' wellbeing. While intensifying competition for talented personnel is a risk factor for the Group, the Group believes that securing and developing a diverse workforce increases opportunities for value-creating innovation. For this reason, the HOYA Group ranks "employee engagement, diversity and inclusion" as one of its vital issues.



Diversity

Utilizing Global Human Resources

With its diverse operations worldwide, the HOYA Group advances globally by producing in the best locations for production and selling in the best locations for sales. Recognizing that the diversity of its people is a strength for this strategy, the HOYA Group hires on the basis of individual capability, not nationality, gender, or similar distinctions.

Over 90% of Group employees are assigned to posts outside Japan. By actively promoting outstanding local personnel and increasing opportunities for them to excel, the Group is driving its globalization forward. As a result, approximately 90% of overseas Group companies are headed by non-Japanese persons. Moreover as of June 30, 2024, approximately half of the Group's main business divisions entrust the management of global operations to non-Japanese division presidents. HOYA will continue to provide many talented individuals with opportunities to shine.

“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

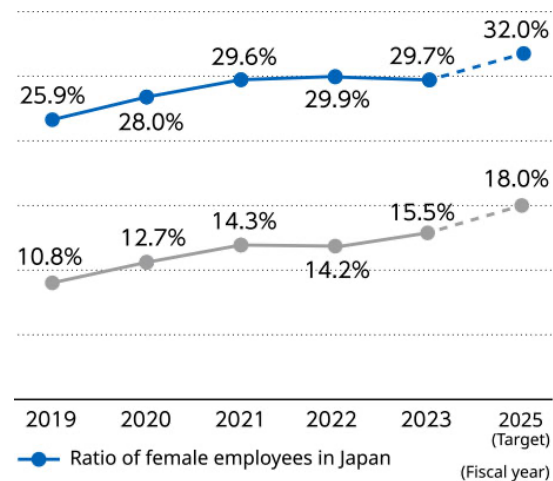
Proportion of Female Employees and of Female Leaders

Proportion of Female Employees	FY2021	FY2022	FY2023
Japan	29.6%	29.9%	29.7%
Overseas	—	54.6%	51.1%
Group-wide	—	52.0%	48.9%

Proportion of Female Leaders	FY2021	FY2022	FY2023
Japan	14.3%	14.2%	15.5%
Overseas	—	41.6%	41.0%
Group-wide	—	35.9%	35.7%

Note: Calculations for Japan are based on data from a March 2024 survey on “Minkatsu.” Calculations for other countries are based on data from a March 2024 engagement survey.

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 seven directors are women (28.6%), and three of its officers including executive officers are women (37.5%).

Our “Minkatsu” activities set targets to have female leaders and female employees in Japan account for at least 18% and 32%, respectively, by the end of fiscal 2025. To achieve these goals, we continue to engage proactively in initiatives to eliminate the mindset of assigning duties based on gender, create well-planned educational programs and provide opportunities for women in management roles, and recruit female managers from outside.

Creating Supportive Workplace Environments and Cultures

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

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.

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, 2024)

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. The survey has been implemented three times since 2020, and the next survey is scheduled during fiscal 2024. After analyzing the results of this and previous surveys, the Group implemented a series of measures, focusing on the fields of talent management and career development. The survey results were also discussed at the individual-workplace level, to identify points for improvement leading to meaningful plans of action.

1. Performance Management (Performance Evaluation System)

To encourage employees to make the most of their abilities, it is essential that the HOYA Group build a framework for fair and objective evaluation of their results. For this purpose, we have revamped the HOYA Group’s framework of performance management (performance evaluation system) and started implementing it as a global common framework in fiscal 2022. The system introduces 360° evaluation to ensure that results of performance evaluation are reflected in remuneration and provides an environment for regular and effective feedback on personnel training.

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

Providing employees with ample opportunities to update their knowledge continuously and pursue reskilling is vital in supporting enterprise competitiveness. To ensure employees of these opportunities, the HOYA Group is introducing an on-demand learning platform, supporting the career development needs of the employees who support HOYA's growth strategy.

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.

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.



“ESG Award” Program to recognize ESG activities

The HOYA Group has established the “ESG Award,” an internal award program to recognize ESG activities, with the aim of sharing knowledge across business boundaries and further advancing ESG activities within the Group. The award recognizes ESG initiatives that contribute to sustainable growth over the medium to long term, such as those to reduce environmental impact, promote diversity, and instill ESG awareness within the Group, as well as contributions toward solving environmental and social issues through HOYA’s products and services. We will continue to increase employee motivation and engagement through award programs that encourage involvement in ESG activities, thereby leading to enhanced corporate value.

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 safety. 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	FY2020	FY2021	FY2022	FY2023 ^{*1}
Number of occupational accidents	Japan	9	11	14	18
	Overseas	181	208	180	157
	Group-wide	190	219	194	175
Lost time injury (LTI) frequency rate ^{*2}	Japan	0.37	0.38	0.37	0.47
Lost time injury (LTI) intensity rate ^{*2}	Japan	0.008	0.003	0.001	0.001

^{*1} Survey period: 2023 calendar year

^{*2} Reference data: Lost time injury (LTI) frequency rate: 1.29, Lost time injury (LTI) intensity rate: 0.08 in the manufacturing industry according to Ministry of Health, Labour and Welfare's fiscal 2023 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 companies 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 seven 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, 2024).



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 begun 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 BCP, 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.

During the COVID-19 pandemic, we created an infection control handbook in 21 languages, conducted e-learning programs, and conducted internal audits of the adaptation of and compliance with the information in the handbook. We endeavor to ensure stable business continuity by thoroughly implementing infection control measures.

Supporting Mental Health

The Group has established the HOYA Group Mental Healthcare Guidelines, which specify in-house counseling services, support for return to the workplace, and educational programs. Informed by these Guidelines, the Group works hard to prevent damage to health from stress-related illness and to detect and respond to such issues at an early stage. The Group is making special efforts to provide instruction on mental health management, led by industrial physicians, and to deepen employees' understanding of mental healthcare. A framework has been set in place to ensure sufficient care of each line by managers and to clarify the roles of managers, persons responsible for personnel matters, and industrial physicians, ensuring effective liaison among them. In annual stress checks, the HOYA Group is actively providing one-on-one guidance for high-stress sufferers by industrial physicians, feedback of results from organizational analysis, and activities to improve the organizational environment.

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, through health programs and using a smartphone app that ranks users on number of steps taken. Our aim is not only to prevent lifestyle diseases but also to alleviate stiff shoulders/lower back pain and improve the quality of sleep of employees. This measure is intended not only for health promotion, but also as a social contribution activity, in which we are planting trees in Southeast Asia in a program where the number of trees planted is linked to the total number of steps taken by all participants. In addition to raising employees' health awareness, the program is also helping to foster their awareness of ESG.

みんなで歩いて社会貢献！

社員の総歩数に連動して、植林活動などの社会貢献活動を実施します。



Forestation area in Vietnam

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 and repair products, in addition to taking other actions regarding any product-related issues.

■ Ensuring product safety

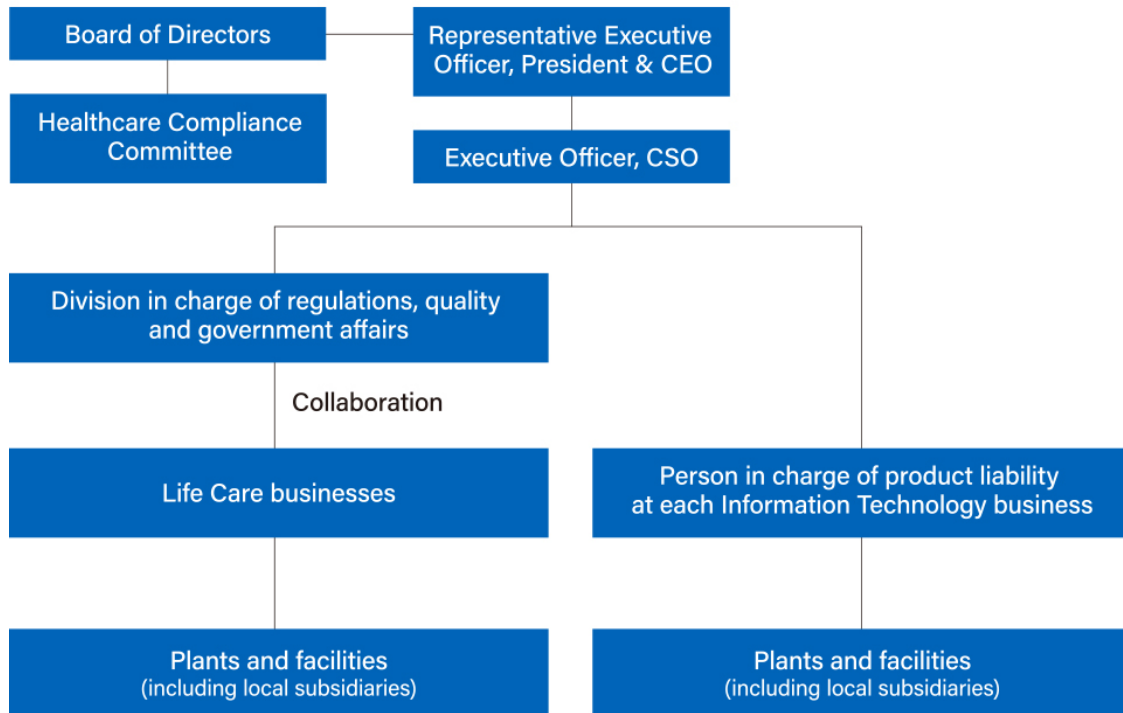
Each company in the HOYA Group provides, where appropriate, user training, up-to-date user guides and documents, product warning labels, and other information for the effective, safe use of our products. We continue to seek opinions from users of our products and reflect this feedback in future products.

■ 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 healthcare and medical products, we have established a division at the head office in charge of regulations, quality, and government affairs across these businesses.



■ Quality management system for healthcare and medical products

In the operation of our divisions that manufacture and sell healthcare and medical products, we implement a quality management system based on ISO 13485 to ensure quality control. Additionally, the Division in charge of regulations, quality and government affairs oversees the appropriateness and effectiveness of the quality and safety of healthcare and medical products in each division, in accordance with the Japanese Pharmaceutical Affairs Law, European and U.S. laws and regulations, and risk management systems. The HOYA Group continuously reviews and improves its management systems, monitoring organizations, and internal training programs as needed.

■ Healthcare Compliance Committee

The HOYA Group established the Healthcare Compliance Committee with the objective of obtaining the thorough compliance with laws, ordinances, standards and norms, both in Japan and overseas, required of healthcare products. Composed of three independent directors who are knowledgeable about the healthcare field, the Healthcare Compliance Committee conducts monitoring of the status of the relevant business divisions' responses to regulations and other matters. Obtaining advice as necessary from specialists with expert knowledge of the laws and ordinances in each country with respect to healthcare products, each member of the Healthcare Compliance Committee offers proposals and advice to each business division for whose regulatory response he or she is responsible.

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.

	ISO9001	ISO14001	ISO45001	ISO13485
Number of ISO certified sites	34	47	44	53
Uptake rate*	100%	90%	86%	–

*Refers to the percentage of production sites eligible for certification that have completed certification. For information on our acquisition status of ISO certification, please refer to [this page](#).

Social

Supply Chain Management



Basic Policy

The HOYA Group has global manufacturing bases in locations suitable for each of its businesses and sells products to customers around the world by processing and assembling raw materials and components efficiently 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.

HOYA 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.
(Signature rate as at time of 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.

Responsible Mineral Procurement

Conflict Minerals Survey

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).

Furthermore, in response to growing global concern about human rights and other issues, we have also begun to conduct a survey on cobalt and mica, which are minerals from conflict and high-risk areas. As a first step, we are confirming whether cobalt and mica are used in products within the HOYA Group, and we plan to conduct a more detailed survey in the future. We will continue to collaborate with our suppliers to improve the accuracy of our surveys and promote initiatives to reduce risks associated with conflict minerals.

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

Conflict Minerals Survey Results and Targets

In fiscal 2023, based on the results of the previous fiscal year's conflict minerals survey, we proceeded with follow-up surveys on suppliers that had not yet responded to the survey on 3TG^{*1} and on smelters that could not be confirmed as RMAP-compliant. As a result, the number of RMAP-compliant smelters increased, bringing the ratio to almost 100%.

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

	FY2021	FY2022	Target
Survey response collection rate ^{*2}	99.6%	99.0%	100%
Identified smelters ^{*3}	160	150	—
Number of RMAP-compliant smelters ^{*3}	140	147	—
Percentage of RMAP-compliant smelters	88%	98%	Ongoing improvement

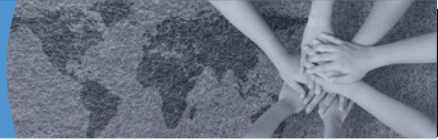
*1 Tantalum, tin, gold, tungsten

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

*3 Some smelters are also included in the fiscal 2021 survey.

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.



In April 2023, the Orbis Flying Eye Hospital visited Japan for the first time for a joint event held with HOYA at Kansai International Airport. The participants included the CSO of HOYA, people involved in eye-related Life Care businesses such as the HOYA Vision Care Company, Eye Care Division (contact lenses), and IOL Division (intraocular lenses), as well as ophthalmology store owners invited by HOYA. The event provided an opportunity for participants to deepen their understanding of Orbis' worldwide activities to support ophthalmic treatment using an airplane. Click [here](#) for a video of the event.

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.

Donations

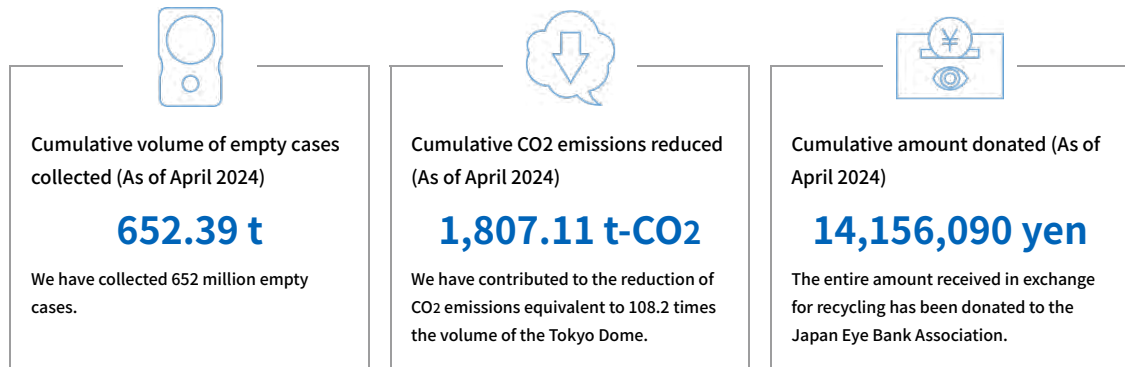
HOYA Surgical Optics, headquartered in Singapore, has concluded a corporate giving partnership with the Singapore Association of the Visually Handicapped (SAVH), a group that supports people with visual disabilities, and conducts support activities such as donations to this organization. Donations are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

The “Eyecity Eco Project” executed by Eyecity

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 2010, 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. This year marks the 14th year of this project.



Volume Collected and Amount Donated to Date



A portion of the collected used contact lens cases are recycled as part of the materials used in the Jetstream Ocean Plastic ballpoint pen developed and sold by Mitsubishi Pencil Company, Ltd. This pen uses post-consumer* plastic recycled from ocean plastic waste collected in Japan and used disposable contact lens cases for its barrel. This eco-friendly ballpoint pen is the first product in the stationery industry to have obtained Eco Mark certification in Eco Mark Product Category No. 164: Products made from recycled ocean plastic waste. It embodies the hope that those who use it will be inspired to take a greater interest in environmental consciousness.

*Post-consumer refers to material or product that has been used as a product and then discarded.

