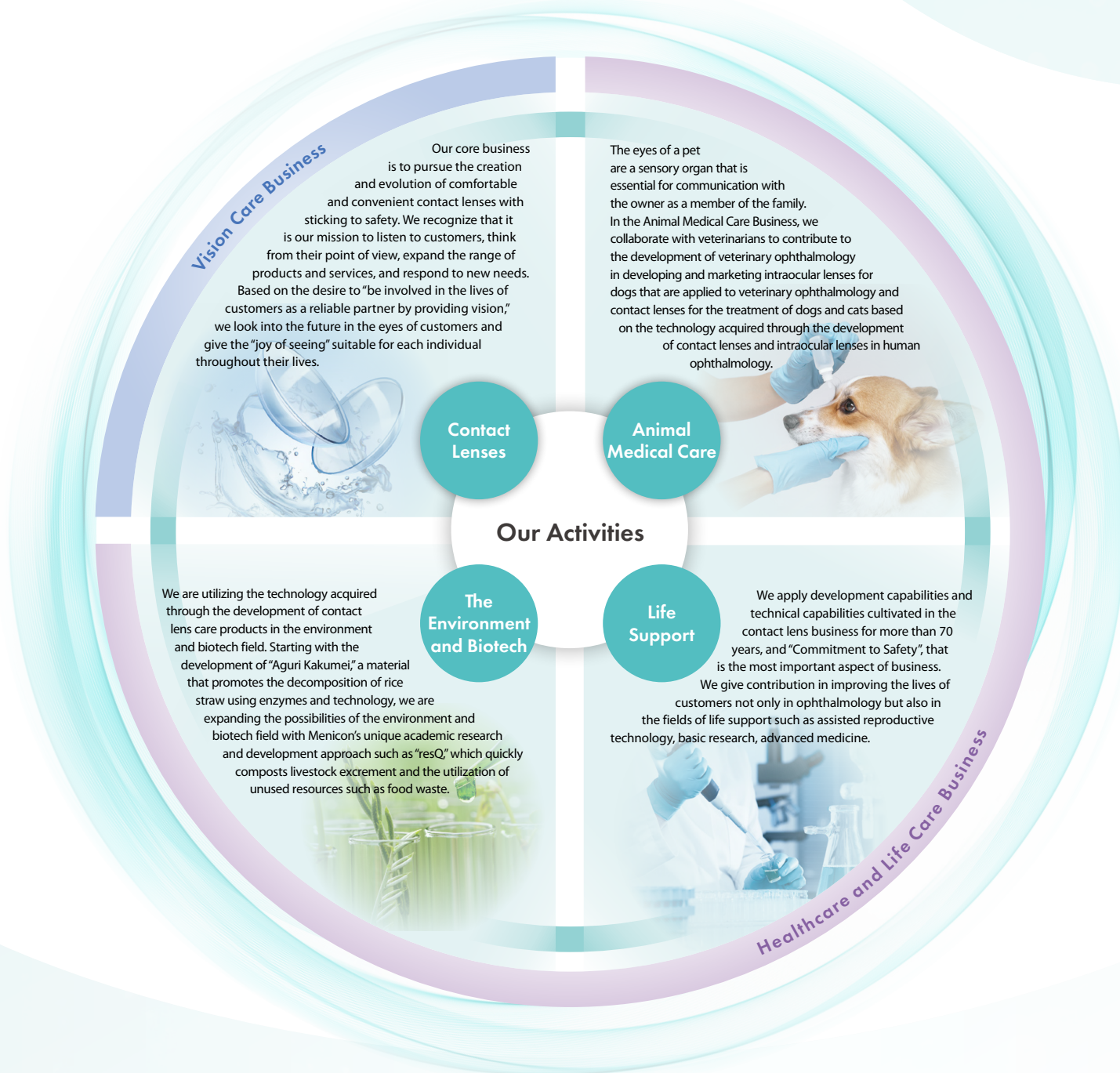


Menicon
SUSTAINABILITY REPORT
2023



Corporate Slogan

Contributing to society by providing superior visual correction.

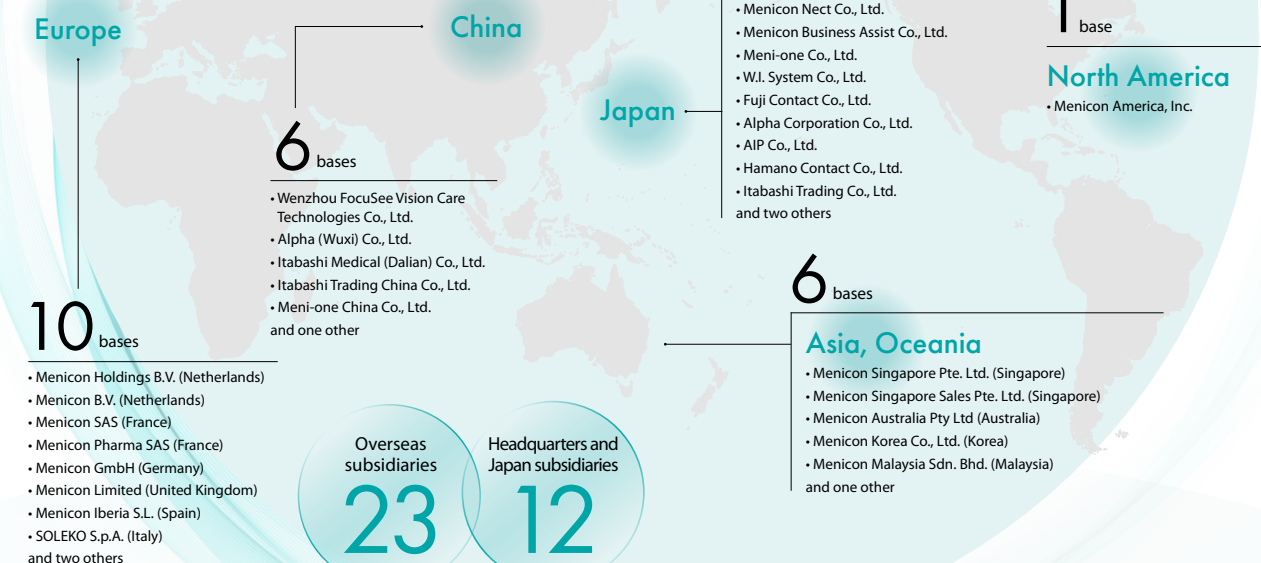


Corporate Information (as of March 31, 2023)

Company name	Menicon Co., Ltd.	Capital	JPY 5.487 billion
Headquarters	21-19 Aoi 3, Naka-ku, Nagoya, 460-0006 Japan	Employees	4,056 (consolidated), 1,637 (non-consolidated)
Founded	February 1951	Number of offices	Research laboratories and plants: 5 Logistics centers: 5 Customer centers: 3 Training centers: 4 Sales offices: 17 Direct sales stores: 55
Established	July 1957		
Representatives	Hiddenari Tanaka, Chairman and CEO Koji Kawaura, President and COO (as of April 1, 2023)		

Global Network

The Group consists of Menicon Co., Ltd. and 34 domestic and overseas subsidiaries selling products in more than 80 countries and regions around the world.



Editorial Policy

We aim to achieve a sustainable society by harmonizing people, society, and the global environment, and providing products and services that are useful to society. This report describes our corporate philosophy and policies as well as main activities in FY2022 in order to communicate Menicon's approach and initiatives for sustainability to a wide range of stakeholders. Latest information not contained in this report and more detailed information on individual activities can be found on website.

<https://www.menicon.com/corporate/aboutus/sdg/>

We publish an integrated report that provides an overview of Menicon's management and strategies, as well as what kind of value we will create over the medium to long term to achieve sustainable growth. Click below link to view the integrated report.

<https://www.menicon.com/corporate/ir/#annual-report-integrated-report>

Covered Organizations

References to organizations covered by this report are as follows. Any differences in scope are listed separately.

- Company (non-consolidated): Menicon Co., Ltd.
- Group (consolidated): Menicon Co., Ltd. and domestic and overseas subsidiaries
- Group in Japan: Menicon Co., Ltd. and domestic subsidiaries

Referenced Guidelines

- The GRI Sustainability Reporting Standard 2016/2018/2020/2021
- Ministry of the Environment, "Environmental Reporting Guidelines (2018 edition)"

Covered Period

FY2022 (April 1, 2022 to March 31, 2023)
Includes some reports outside the covered period.

Published

October 2023 (Last report published October 2022 / Next report scheduled for September 2024)

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田中英成
Hidenari Tanaka
Chairman and CEO

川浦康嗣
Koji Kawaura
President and COO

We pledge to conduct sustainability initiatives across all businesses and contribute to achieving a healthy and spiritually rich society under the new organizational structure

Aiming for further corporate growth by fulfilling each of our roles

-- In April 2023, Menicon Group embarked on a new journey as it transitioned to a management system with two representative executive officers. Please tell us more about your vision for the future.

Tanaka: When I was appointed President in 2000, our company faced difficult circumstances, impacted by factors like foreign companies entering the Japanese market. We devoted ourselves to reorganizing and expanding the business through many efforts, including replacing executive positions and developing services like the contact lens subscription, "MELS Plan". However, after serving as President for over 20 years, I have come to the conclusion that it was time to nurture the next generation to succeed my role.

For the further growth of the Group, it is essential that we grow businesses not only within Japan but also overseas, and do so with a sustainable perspective. In FY2022, we reviewed

the Sustainability Activity Policy and materiality. As a result, we redetermined various issues that exist beyond domestic matters, like the environment and human rights. In order to pursue further business expansion under these circumstances, I decided to entrust the position of President to Kawaura, given his wide range of experiences on the global stage. As for myself, I will be overseeing the Group's overall management as Chairman.

Kawaura: Since joining the company, I have been fortunate enough to participate in a variety of projects, including those involving businesses overseas. Utilizing these experiences, I will lead the Group's overall business operations to achieve the medium-term management plan. Additionally, I will direct individual initiatives with regards to materiality we've identified, like strengthening our supply chain and conducting human rights due diligence, to advance our global strategy.

Furthermore, we will tackle the universal issue of worsening climate change and conduct measures to reduce carbon emissions. Starting FY2023, we will begin calculations of GHG emissions across the entirety of the Group's supply chain, both upstream and downstream (Scope 3). We will determine the

amount of the GHG emitted through business activities. Based on the calculation results, we have begun preparations to set reduction targets and formulate climate change policies starting in FY2023.

Tanaka: We will also focus efforts around human resource development of younger employees. By creating more opportunities for communication, such as sharing the Group's history with new graduate employees, I hope to further spread the Management Principles and grow a sense of solidarity within the company. Another focus of ours is creating a lively work environment for employees.

Deepening regional communication through the opening of the new office building

-- How would each of you describe Menicon Group's social role?

Kawaura: One of our social roles is to construct a sustainable business foundation. I believe a key element of this mission will be human resource development. Upon discussing with younger employees, I gained a newfound appreciation for their diverse ideas and distinct thought processes. It showed just how different their background is from my generation. At the same time, there were moments that I felt they could better assert their own thoughts and opinions. From the company's perspective, it would be such a waste for their ideas to go unnoticed. If we can leverage their uniqueness and offer opportunities for growth through human resource development, I believe there is plenty of potential for new innovations. Furthermore, with the expansion of overseas businesses, we plan to conduct closer communication with overseas subsidiaries. Another task is the assertive addition of foreign-born employees into management.

Tanaka: My hope is to fulfill our Group's social role from the standpoint of "culture and regional revitalization." In April 2023, we opened the "Menicon Theater Aoi Building". While this building houses office space, we also included a café and theater in hopes that visitors feel closer to culture, which we believe to include not only history, but also education and



entertainment. The café has been utilized by many locals and has acted as a hub for positive communication with nearby residents. I regularly use this café as well, and it fills me with joy to see so many people gather at this space. I look forward to taking feedback from local residents and utilizing them for the growth of employees.

Another example of regional revitalization can be seen in activities regarding the "Kurumamichi Shopping Street" nearby the Headquarters. The development of the new office building was a part of these efforts. Its opening will gather many people as an "individual" location, which will then spread to the "entire" street, and hopefully, can eventually contribute to the city of Nagoya as a whole. We will continue working alongside local residents to build the community and promote local culture.

Widely contributing to society through the succession of unwavering principles from initiation

-- In closing, what message do you have for the Menicon's stakeholders?

Kawaura: The Group conducts business with the use of plastic, as seen in contact lenses, packaging, and throughout manufacturing process. While we only use a small amount of plastic, we have made efforts across the entire business to review the environmental impact and reduce use of plastic and recycle packaging. In addition to these existing efforts, we will further bring stakeholders information on materiality and visualize the progress for their review.

Tanaka: Ever since the Founder and Chairman Emeritus Kyoichi Tanaka succeeded in develop Japan's first corneal contact lens in 1951, the Company has repeatedly innovated creations and tackled challenges under its unwavering original identity. This conviction is reflective of the Management Principles and will be passed down to each generation of employees, even as the company's President changes. We will continue pursuing the "End User First" policy with the benefits of end users as the top priority, and work in unity for customers as we contribute to achieving a healthy and spiritually rich society.



Sustainability Management

Management Principles

Values

To take up the bold challenge of accomplishing what no one else has, by creating new values from nothing.

–Creation–

–Originality–

–Challenge–

Mission The enterprise we want to be

To use technology and human resources developed through contact lenses to continue to provide the world with products and services needed by society as a creative specialist company.

Vision The dream that we want to achieve

To be the number one, the paramount enterprise respected and loved by all stakeholders.

Our Mission to Stakeholders

To End Users

As a pioneering company, to utilize our superior technology to provide the joy of sight and living to our customers, thereby improving their satisfaction; to be regarded by "End Users" as a company they want to continue to use in the future.

To Industry Participants

To boost satisfaction among outside researchers, clients, business partners, and other collaborators by contributing proactively to the growth of the industry as a corporate leader, and to be regarded by all other members of the industry as a "Partner" with which they want to continue to do business in the future.

To Our Employees

To heighten employee satisfaction by providing a rewarding work environment that permits self-actualization as a company respectful of individuals, and to be regarded by all employees as an enterprise where they want to continue working as "Family".

To Our Shareholders

To increase shareholder satisfaction through an unwavering spirit of legal compliance and robust corporate performance as a company respectful of morality, and be regarded by all shareholders as an enterprise they want to continue to back as "Supporters" in the future.

To Society

To show respect to all living things and the environment and to all cultures and histories as a global citizen, to enhance satisfaction among all members of society, and to be an enterprise regarded as a "Good Neighbor" by all living things.

In FY2022, we as a Group reviewed the Sustainability Policy and materiality, as well as restructured the Sustainability Promotion System, in order to contribute to the solution of social issues through providing products and services that contribute to society. Under this strengthened system, we will strive to achieve the goal of our sustainability activities to "achieve a healthy and spiritually rich society".

Our Vision

To achieve a healthy and spiritually rich society

Sustainability Policy

The Menicon Group's Mission is to continue to provide the world with products and services required by society. Harmony with the global environment and society is essential for achieving this mission over the long term. The Menicon Group plans to create new value in response to global environmental and social issues, and contribute to the development of society through the business.

1. We aim to achieve a sustainable society by harmonizing people, society, and the global environment, and providing products and services that are useful to society.
2. We shall consider all living beings and the global environment, and act proactively to protect and preserve them.
3. We will respect the culture and history of each country and region, and contribute to the development of a rich life and society.
4. We will respect the individuality of employees and work to cultivate human resources by developing a working environment that allows them to achieve their potential.
5. We will comply with social rules such as domestic and international laws and regulations, to constantly improve corporate ethics, and carry out sustainable business activities.
6. By communicating broadly and deeply with stakeholders, we aim to be a company that is loved by society.

Materiality

Business (financial and manufacturing capital)	Providing a lifestyle that stimulates the five senses
Environmental/Society (natural and social capital)	Reducing impact on the global environment
	Contributing to a happy society
Management Infrastructure (human/intellectual/social capital)	Building a corporate infrastructure that will last 100 years

Details of materiality

➔ P.07-08

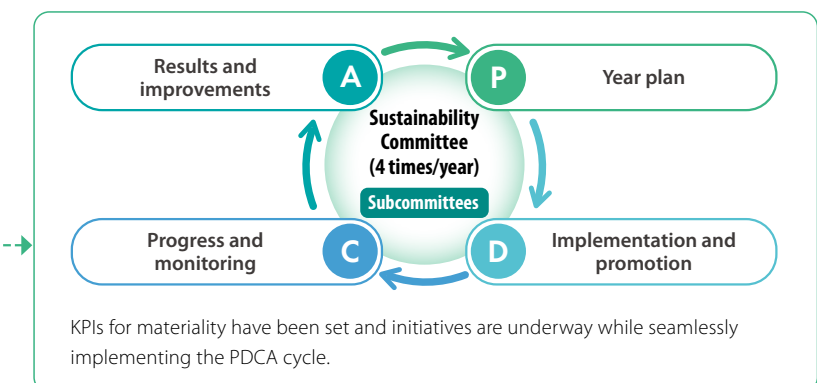
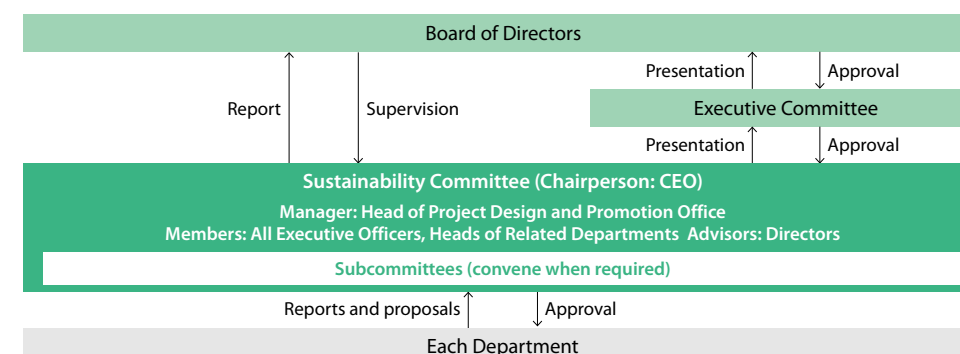
Progress of initiatives for materiality

➔ P.13-28

Sustainability Promotion System

The Sustainability Committee, which has the central function of promoting sustainability of the Group, is composed of all executive officers and heads of related departments. The committee holds regular meetings (four times a year) to consider the progress of materiality, matters to be considered by each subcommittee, and future directions. Based on the Group's Sustainability Policy, four materialities were identified in FY2022 from among business, environment/society, and the management foundation. Approval was then obtained from the Board of Directors to commence initiatives.

Sustainability Promotion System



Menicon's Materiality

Through our business, we have defined and worked on important issues since FY2017 in order to contribute to the comfortable lifestyle for customers and achieve a better society.
In FY2022, we identified new materiality in order to further accelerate these efforts and improve medium- to long-term corporate value.

New materiality

In FY2022, new materialities were identified under the Sustainability Policy from the following categories: Business, Environment/ Society, and Management Infrastructure. Each important issue was allocated themes for its initiatives, and we are conducting corporate activities in order “to achieve a healthy and spiritually rich society.”

To achieve a healthy and spiritually rich society

Business (financial and manufacturing capital)

- Providing a lifestyle that stimulates the five senses

Environmental/ Society (natural and social capital)

- Reducing impact on the global environment
- Contributing to a happy society

Management Infrastructure (human/intellectual/social capital)

- Building a corporate infrastructure that will last 100 years

How we identify materiality

STEP
01

Identify social issues

Extract social issues by referring to evaluation items listed in international sustainability guidelines

Referenced Guidelines

- International Integrated Reporting Framework
- GRI standards
- SASB standards
- Global risk reports
- 10 Principles of the United Nations Global Compact

STEP
02

Identify social issues

Evaluate individual social issues through a questionnaire survey based on the two axes of “importance to the Company” and “importance to stakeholders,” grasp risks and opportunities in relation to value chain, and identify each issue’s level of priority.

Risks and Opportunities
Across Value Chain >
P.09-10

STEP
03

Confirm relevance and identify initiative themes

Confirm the relationship between the prioritized social issues and Management Principles, Vision 2030, medium-term management plan, and extract the initiative themes

STEP
04

Identify materiality

Identify materiality and initiative themes through discussions with executive officers

STEP
05

Approve materiality

Deliberate and approve within Sustainability Committee and report to Board of Directors

Review and promote materiality

In FY2022, we identified materiality and determined initiative themes for each issue. In FY2023, we plan to establish KPIs for these activities.

The progress of materiality will be deliberated and considered at each subcommittee, and will be reported to the Sustainability Committee. Furthermore, upon reviewing and considering the reported results/activities, it will undergo another report to the Board of Directors. We will update the materiality as necessary based on factors such as changes in the social environment while referencing guidelines, etc.

Overview of materiality

Materiality	Initiative Theme	Initiative Progress	
		● : Sustainability Report	● : Integrated Report
Business (financial and manufacturing capital)	Providing a lifestyle that stimulates the five senses	● P.13-14	Safe and secure product service
		● P.21-22	Healthcare and Life Care Business
Environmental/ Society (natural and social capital)	Reducing impact on the global environment	● P.15-16 ● P.35-36	Tackling climate change
		● P.16 ● P.35	Sustainable resource consumption
	Contributing to a happy society	● P.17	Local community involvement
Management Infrastructure (human/intellectual/ social capital)	Pursuit of customer safety, security, and trust Thorough quality management	● P.18	Safe and secure quality management
		● P.21-23	Human capital
	Strengthening research and development infrastructure and functions	● P.19-20	Research and development
		● P.24	Supply chain management
	Promoting sustainable procurement	● P.25	Respect for human rights
	Respect for human rights	● P.27 ● P.30	Compliance
	Anti-corruption	● P.28 ● P.29	Risk management
	Building a corporate infrastructure that will last 100 years		

Risks and Opportunities Across Value Chain

The Group provides various products and services, mainly contact lenses, to numerous customers around the globe.

In identification of materiality, we determined the risks and opportunities for each of the major social issues in the entire value chain — from procurement to disposal and recycling— and their impact on the Group.

		Upstream	Company			Downstream		
		Procurement	Research and development	Manufacture	Dissemination of sales information	Usage	Disposal and recycling	
		We build sound relationships with suppliers and procure high-quality, environmentally friendly materials to provide safe and comfortable products and services.	We are working on an integrated system for basic research, where specialists in each field develop from materials, and commercialization research, in which new materials are processed, commercialized, and mass-produced.	The manufacturing department works closely with the research department to independently develop and operate a production line that matches materials. In order to maintain safe and secure quality, production is conducted under a strict quality management system.	While maintaining a system where each sales company can share knowledge and experience and promote joint sales, and an environment where customer service and purchases can be made online, we also maintain a face-to-face detailed sales system to meet the diverse needs of customers.	In addition to expanding the “MELS Plan” service, which allows customers to use high-quality products under better conditions, we have set up various consultation desks to respond to questions and concerns about usage, etc., for correct and safe use.	We are making efforts to raise awareness of proper disposal of contact lenses and recycling of lens cases. At the same time, we are also working to reduce the amount of plastic used in cases and reuse plastic waste materials produced in the manufacturing process and reuse them in packaging.	
Main social issues	Environment	Climate Change	● Damages to factories and stores due to natural disasters, increasingly difficult management of materials and products due to rising temperatures					
			● Unstable supply network due to natural disasters		● Stricter regulations to reduce carbon emissions and its resulting increase in costs			● Damages to domestic locations due to natural disasters, unstable distribution network
	Resource circulation				● Decreased impact from electricity costs and insufficient supply of electricity as a result of integrating facilities using renewable energy			
		● Increased costs and limitations surrounding the production/use of plastic for contact cases and packaging						
Society			● Transition of materials (including recycling), technological reform such as improving manufacturing processes					
					● Limited operations due to low water supply, tighter enforcement of drainage regulations	● Expanding the market for 1DAY, which do not require lens care products		
	Increase in the myopic population			● Recycling and reuse of materials, cost reductions due to less usage	● Creating brand value as an environmentally-conscious company			
				● Insufficient contact lens supply for contact lens wearers				
		● Creation of new fields with myopia control, development of myopia management business						
Globalization of supply chains	● Care and concern for the work environments of origin countries		● Care and concern for the work environments of outsourcing companies		● Strengthening relations with business partners			
	● Advancement of supplier management responsibility							
Respect for human rights	● Strengthening relations with business partners							
	● Generation of friction due to differences in perception within and outside the Company caused by uniform thinking			● Damage to brand image due to slow response to human rights and diversity measures				
Governance	Strict compliance	● Response to globalization, flexible system operation inclusive of diversity						
		● Loss of social trust in the event of an information leakage, negative impact on the system due to cyber attacks						
		● Occurrence of inappropriate transactions due to expansion of business partners						
		● Acquiring public trust through complete legal compliance as a manufacturer/distributor of highly controlled medical devices						
<div>Integrating in materiality</div> <p>Determined risks and opportunities have been integrated into the identified materiality and its initiative themes in alignment with the Sustainability Policy, after reviews of their relations to the Management Principles, Vision 2030, and medium-term management plan.</p> <div><div></div>..... Integrate into materiality regarding the environment and society</div> <div><div></div>..... Integrate into materiality regarding the business</div> <div><div></div>..... Integrate into materiality regarding management infrastructure</div>								

Characteristics

For a more creative work style

Work Style Reform Project: "Smart Creation"

In April 2018, we launched the "Smart Creation Project". This project is composed entirely of employees, and was created to achieve a work environment that would allow us to practice the Management Principles. The name "Smart Creation" refers to initiatives that help us shift towards a smarter, more creative jobs and work style.

The highest priority of this project is to "create a fun and meaningful workplace, where employees long to stay and are proud to work at." With this mission in mind, we conducted office reform at various locations, mainly focusing on renovations, and completed construction of the new office building. This article features our work environment efforts and its resulting effects.



VOICE

A work environment to practice the Management Principles

Kousuke Kishigami, Procurement Department (General Affairs Department at time of launch)

Before conducting Smart Creation measures, there was a common issue across all offices, where employees were too occupied with fixed work duties and going to and from different locations to find time for creative planning work. Given these circumstances, we made efforts to improve productivity and realize a meaningful workplace by conducting measures to shift towards smarter, more creative jobs and work style that allows employees to practice the Management Principles.

In fact, renovations and workplace reform resulted in improved employee satisfaction, and we received feedback like one that stated that "Increased efficiency through web meetings has allowed us to spend more time on creative planning tasks." The project was completed in March 2023, but we aim for the effects of Smart Creation to continue moving forward, and hope that employees have high aspirations and can be bold in their determinations of what work is worth their time. In this more comfortable environment, we anticipate the realization of a fun and meaningful workplace, where we can practice the Management Principles and employees long to stay and are proud to work at.



April 2023
Opening
of Headquarters
West Building



April 2018
Project Launch



Research and Development Center

Renovation Period November 2018 to December 2021

Issues

- The building contained only essential functions and did not include elements that would stimulate creative thinking
- Not an ideal environment for today's research and development due to its initial establishment as an experiment laboratory fit for research at the time of its completion in 1995

Main Efforts

- Create a layout with plenty of space to generate open communication and accidental innovation
- Create an environment that strengthens functional research work and improves safety in the laboratory building

Effects of Environment Reform

We conducted an employee survey regarding the twelve knowledge creation activities as defined in the SECI Model, which is the basis for the Ministry of Economy, Trade and Industry (METI)-promoted "Creative Office". Compared to pre-renovation, all questions showed improvement ranging from 8-49%, and scored especially higher in the categories "mutual stimulation" and "proposal of ideas." Based on these results, we anticipate the R&D Center to show higher levels of creativity, and that it will lead to revolutionary product developments in the future.

After completing renovations, we created a new project team within the center, which is currently conducting many initiatives, such as considerations on how to utilize the reborn facility and how to utilize the facility to boost employee creativity.



Open Space "Hidamari Spot"

Seki Plant

Renovation Period First Floor: April to May 2019 Second Floor: August to October 2021

Issues

- No system in place to welcome factory visitors (such as exhibits on company/factory history and related equipment)
- Enclosure and walls hide the facility, resulting in a closed-off, uninviting environment

Main Efforts

- Renovate and construct new facilities and equipment for comfortability, to stimulate communication among employees, and to promote creation of new ideas
- Create a system to welcome factory visitors and an environment to disseminate information

Effects of Environment Reform

After renovation, we conducted a factory-wide survey and over half responded that they were "Satisfied" or "Somewhat satisfied" with the results, showing factory employees' positive feedback. There were many who shared positive opinions, like one that stated that renovations actually "led to increased motivation," and we are beginning to see its effects. Additionally, the hall and office, which were formerly dark and closed off, were reborn to add glass enclosures for visibility and allowed free access for employee interactions. We will continue further improving employee engagement by encouraging more effective use of facilities/equipment with increased comfort and efficiency.



Hall on the first floor, which features our company history



Lounge on the second floor, which connects the office and hall

Menicon Theatre Aoi Building (New Headquarters: "West Building")

Construction Period September 2021 to January 2023

Issues

- Many employees still see companies as a place that binds them both in time and place

Main Efforts

- Introduce a floor concept and adopt a layout that allows employees to select seats according to their work plans
- Introduce the latest air conditioning system, heat-blocking system, sound system, and lighting system
- Construct a theater and café open to local residents and contribute to vitalization of local communities

Effects of Building Opening

Our office floors have introduced a work style that does not pose any restraints on time or place, through the use of IT technologies (such as online meetings). Moving forward, we will utilize employee surveys to realize a company in which employees "long to stay and are proud to work at." Additionally, we will advance the functionality of the building's theater and café as a local landmark to become a location beloved by local residents.



"Muru-on Cafe" (First Floor)



"Aoi's Bench" (First Floor, Theater Lobby)



Office Floor

Business (financial and manufacturing capital)

We will contribute to society by making proposals suitable for various circumstances and life stages to make people's lives more prosperous and happier through products and services that focus on safety and security, and by expanding our business domain that satisfies the five senses.



Providing a lifestyle that stimulates the five senses

Our Mindset

With user benefits as the top priority, we will not only strive to provide convenient and safe contact lenses, but will also utilize knowledge and technology to conduct new businesses that appeal to the five senses, aiming to ultimately realize an enriched society.

Initiative themes for materiality

- Developing products and services with a focus on safety and security
- Strengthening efforts for management of myopia

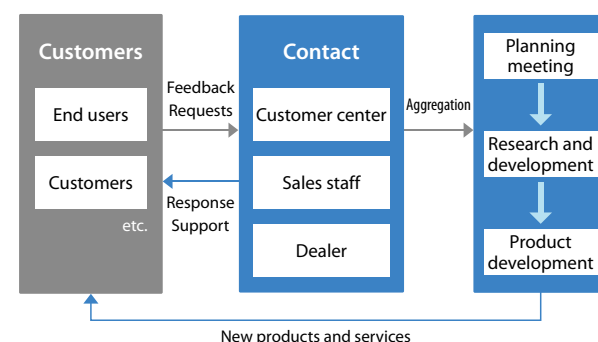
Safe and secure product service

System for reflecting customer feedback

In the Group, we collect feedback from end users and business partners by three contact points: sales, dealers, and customer centers. We understand and analyze their needs, and work hard to utilize them in developing safer, higher-quality products and improving our services.

In recent years, with the growth of the colored contact lens market, we have seen an expansion in the age range of customers. There is a growing need for customers "to continue using colored contacts as they mature and their vision change". In February 2023, our colored contact lens series, the "2 Week Menicon Rei", newly welcomed bifocal lenses, in addition to its existing myopia and hyperopia lenses. We will continue bringing customers a new proposition to "Miru" through products and services that match the needs and lifestyles of individual customers.

• Flow of reflecting customer needs



For the safety of our customers

Thorough in-store visual examinations and promote understanding

As contact lenses are highly controlled medical devices, it is important to see an ophthalmologist when purchasing them. In recent years, it has become more convenient to purchase contact lenses through the internet or general stores. However, eye problems may occur if an ophthalmologist is not consulted. Especially in the case of colored contact lenses, severe optimal impairment due to improper handling has become a social issue.

Group dealers ensure that customers see an ophthalmologist before making a purchase. We also provide phone/online consultations prior to purchasing at "Menicon Miru", as well as in-store reservation services for the convenience of customers and to promote in-store purchases. At our stores, we make efforts to educate customers on the importance of optimal checkups and disseminate accurate information for customers to continue using contact lenses comfortably and safely.

Maintaining eye health through MELS Plan

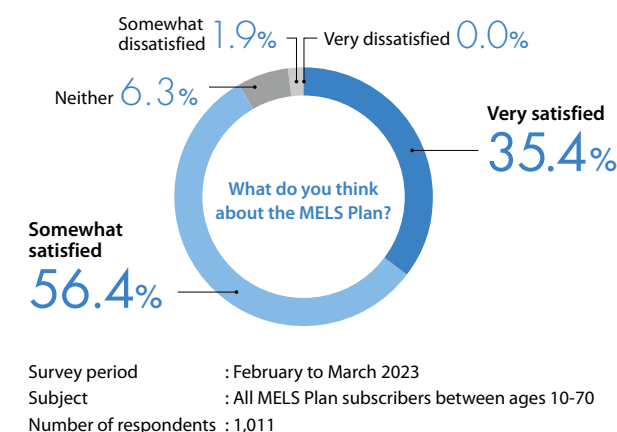
In the late 1990s, as the market shifted from the conventional method of using a single pair of contact lenses long-term to using disposable contact lenses, we saw a growth in reports of eye infections due to improper wear of lenses exceeding their expiration date. To put the eye health of customers first, in July 2001, Menicon launched the subscription service "MELS Plan", in which customers could use new lenses in instances of lens

damage, contamination, and troubles to prevent them from continuing usage of insufficient lenses. Marking over 20 years since its launch, we have provided not only safety, but also a selection of contact lenses fit for the unique lifestyles of our customers, such as switching prescription strength in accordance with changes during customers' growth and switching to colored contact lenses or bifocal lenses.

• History of MELS Plan

- 2001 • Nationwide launch of a subscription concept that aims for the prolonged usage of safe and high-quality lenses!
- 2004 Number of subscribers exceeds half a million!
- 2010 • Acquisition of the "Children's Association Recommended Mark" by the National Federation of Children's Associations Accredited as a service safe for use by children
- 2013 Number of subscribers exceeds one million!
 - Launch of "Magic"
- 2021 Responding to customer needs
 - Launch of "Club Menicon app"
- 2023 Responding to customer needs
 - Launch of colored contact lenses, the "2 Week Menicon Rei Multifocal"

• MELS Plan Customer Satisfaction Survey Results



Supplier Training

We have developed the "Menicon Academy" to provide

healthcare professionals with useful information for medical care and support training for staff development. In order to create a facility where patients can be treated with peace of mind, we hold training sessions to deepen knowledge about contact lenses, which are highly controlled medical devices, as well as regular training and study sessions to improve hospitality skills for attending patients. In addition to conventional group training, we also offer on-demand delivery and online events regardless of location or time.

Responsible marketing and sales

We conduct marketing and sales in adherence with "The Promotion Code of the Medical Device Industry," the "Transparency Guidelines for the Medical Device Industry and its Relationships with Medical Institutions and Other Organizations," and "Appropriate Advertisement Guidelines for Medical Devices" of The Japan Federation of Medical Devices Associations (JFMDA).

Guidelines on relationships with medical institutions and other organizations

<https://www.menicon.co.jp/company/info/guidelines/>
 (In Japanese only)

The Japan Federation of Medical Devices Associations (JFMDA), "Promotion Code of the Medical Device Industry" and others

<https://www.jfmda.gr.jp/en/promotioncode/>

Initiatives for management of myopia

It has been pointed out that high myopia can increase the risk of developing eye diseases such as retinal detachment and glaucoma in the future. The myopic population is increasing worldwide and has become a major social issue. The number continues to increase, especially in East Asia, and it is estimated* that about half of the world's population will be myopic by 2050. In Japan, the population of myopic patients are becoming younger, and MEXI's School Health Statistical Research of 2021 reported that the percentage of "individuals with a naked vision of 1.0 or below" is 36.87% in elementary school, 60.66% in middle school, and 70.81% in high school (released by MEXI in November 2022).

In FY2018, the Group began full-scale efforts to manage myopia. We are progressing development of orthokeratology lenses to wear while asleep to correct cornea shape and improve eyesight overnight, as well as overseas development of the "Menicon Bloom™" Myopia Control Management System. We will continue to pursue the ideal form of the myopia management market, and work together as a Group to fulfill the responsibilities as a leading company.

*Reference: Holden BA et al. Ophthalmology, 2016 May; 123 (5): 1036-1042

Environmental/Society (natural and social capital)

Through environmentally conscious business activities, we will reduce environmental impact for the conservation of nature, invigorate local communities and promote the arts/culture/sports, and aim to realize a happy society.

Reducing impact on the global environment

Menicon Environmental Declaration

We at Menicon wish for “Bright Eyes Forever” and looking to the future of the earth, we want to be “A global company that is kind to people, animals, and the environment.” And we dream that the technology and wisdom we have developed can give back to all of the earth, and the entire Group will take up the challenge.

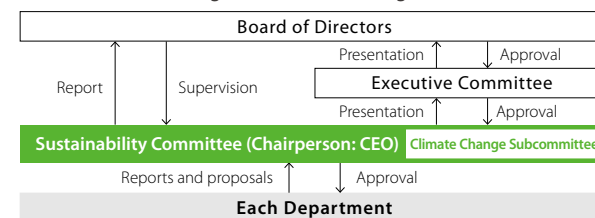
Initiative themes for materiality

- Promoting efforts to combat climate change
- Using renewable energy
- Effective use of reusable resources
- Improving the efficiency of raw material use and reducing waste
- Appropriate management of drainage/toxic substances and pollution prevention

Environmental Management

Our environmental management system is led by the Sustainability Committee, chaired by the Chairman and CEO, and plays a central role in promoting environmental initiatives and reporting them to the Board of Directors. Important risks and issues are brought to the Board of Directors for discussion and improvement through the Executive Committee.

Environmental Management Structure Diagram



Tackling climate change

Promoting decarbonization and energy saving

The Group has established an organization to discuss and review sustainability issues thoroughly including climate change, and in July 2022, we announced support for the TCFD Recommendations. We began calculations of GHG emissions in FY2022, calculating back to FY2020 to derive totals of Scope 1-2 of the Group, as well as totals of Scope 3 of Menicon. Based on the calculation results, we have begun preparations to set reduction targets and formulate climate change policies starting in FY2023.

We are working with a goal to reduce energy consumption by an average of 1% or more per year over a five-year period. In FY2022, we installed solar panels to the roof of the Kakamigahara Plant. We also made efforts like introducing energy-saving equipment to production lines to contribute to reducing energy consumption.

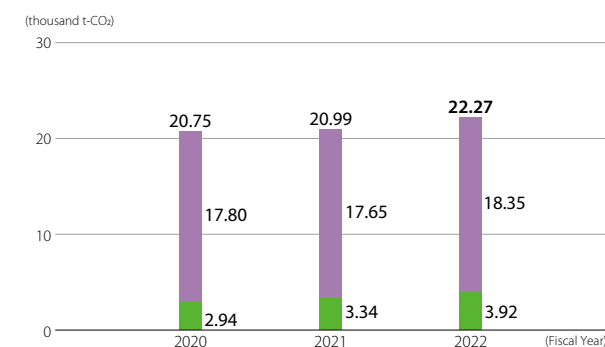
Initiatives related to climate change

<https://www.menicon.com/corporate/aboutus/tcfdrrecommendations>

ESG data > Amount of energy used

GHG Emissions (Scope 1 and 2)

■ Scope1 ■ Scope2 (consolidated)



GHG emissions (Scope 3) (non-consolidated)

(thousand t-CO₂)

	FY2021	FY2022
Scope3 (indirect emissions other than Scope 1 and 2)	110.30	103.75
Category 1 Purchased goods and services	80.69	74.00
Category 2 Capital goods	17.65	14.66
Category 3 Fuel- and energy-related activities not included in Scope 1 or 2	1.89	1.99
Category 4 Upstream transportation and distribution	5.04	6.30
Category 5 Waste generated in operations	0.26	0.22
Category 6 Business travel	0.49	1.61
Category 7 Employee commuting	0.52	0.54
Category 11 Use of sold products	0.92	1.45
Category 12 Disposal of sold products	2.80	2.94

Initiatives at the Kakamigahara Plant

As part of efforts to realize a decarbonized society, we installed solar panel equipment to the roof of the Kakamigahara Plant and introduced a system of contribution-type corporate PPA (in-house power generation support service) that uses generated renewable energy within the facility. In a donation-type corporate PPA, the PPA operator installs solar panels on the land of the company that will use the service and the generated electricity can be purchased and used by the company. The initiative also incorporates donations to NPOs and other organizations that promote activities to achieve the SDGs. The installing company can select the recipients of donations, and together with Menicon, the Kakamigahara Plant donates to the NPO Environmental Relations (Present Tree in Hida-Takayama), who conducts forestation and planting activities.

Sustainable resource consumption

Initiatives in the resource cycle of plastic

At the Seki Plant and Kakamigahara Plant, plastics used within the facilities are utilized by recycling companies as materials for various plastic products. At the Singapore Plant, approximately 40% of plastic after use is reused as raw material in secondary packaging, and secondary packaging for the daily disposable contact lenses “Magic” is produced by reusing the plastic used in the manufacturing process.

Environmentally conscious products (expansion of environmental business)

In the environment and biotech business, enzymes and technologies produced by a new species of bacteria discovered during the lens care products development process are used in products that solve various environmental issues. Sales in the environment and biotech business increased to reach 460 million JPY in FY2022, growing 2.6 times compared to FY2017.

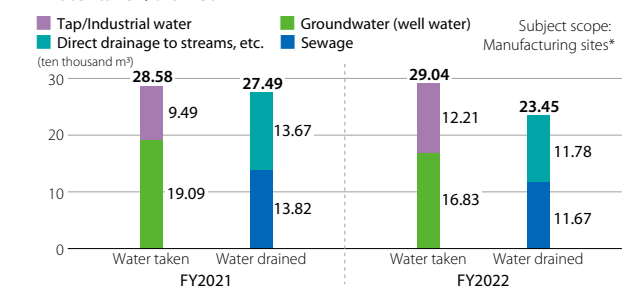
Integrated Report P.22 >

Initiatives in water resources

We use a lot of water resources in the manufacturing process for contact lenses. As it is a highly controlled medical device, water used to manufacture contact lenses cannot be reused, and waste water resulting from the process is responsibly drained in accordance with government standards. The Kakamigahara Plant, established in 2015, has adopted a pure water production device that can save 50% more water compared to the conventional system. At the Seki Plant, we make

effective use of water resources by utilizing some of the water discharged during the production process of soft contact lenses as waste water for toilets in the plant.

Water taken/drained



* Menicon Co., Ltd., Menicon Nect Co., Ltd., Alpha Corporation, Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., Wenzhou FocuSee Vision Care Technologies Co., Ltd. (drainage only)

Management of toxic substances

Menicon has entered into a Pollution Prevention Agreement with Seki City, where the Seki Plant is located, and Sakahogi Town, where Kiso River, which the water is drained into, flows. We have set routine examinations and discharge standards for toxic substances, and specialists examine the water quality every two months. We have confirmed that this aligns with the standards of the agreement.

On the other hand, with regard to atmospheric emissions, we transitioned from fuel oil boilers to gas boilers (which do not qualify as smoke facilities) in 2014, and it is not subject to the Pollution Prevention Agreement.

Environmental/Society (natural and social capital)

Contributing to a happy society

Policies

- Aim to contribute to a happy society for all people, including citizens we do not directly approach in business activities, in addition to stakeholders like clients
- Looking towards maximizing effects, assertively promote collaboration with organizations of other fields (including companies, local governments, NPO/NGOs, educational institutions, etc.)

Initiative themes for materiality

- Revitalizing local communities
- Promoting arts, culture, and sports

Local community involvement

Under our policy to contribute to a happy society, the Group will make efforts to solve social issues through establishing the following focus areas: 1) The arts and culture, 2) Sports, 3) Local communities, and 4) Education. Additionally, through efforts to solve social issues, we will lead to the growth of employees (gain broad perspective and a bird's eye view, Originality/Creation/Challenge, curiosity, and compassion).

Revitalization of Kurumamichi Shopping Street

Kurumamichi Shopping Street is located near our Headquarters. Aiming for the revitalization of the shopping street, in FY2022, we held the "Miru Park". This is an experiential educational exhibition that features information on the eyes, as well as its importance. We also invited local residents to an open house of the new office, as well as distributions of non-smoking merchandise on the 22nd of each month as we clean the Headquarters area, strengthening local collaboration to promote non-smoking.



Menicon Cup

We wanted to convey "the wonder of seeing" through the sport of soccer, which is considered to be "fought with sharp eyesight," and to do this, we specially sponsored the "Menicon Cup Japan Club Youth Soccer East-West Competition (U-15)"



since 1995. For its 28th tournament in 2022, to minimize the impact of the Covid-19 infection, thorough infection control measures were implemented two weeks prior to the convention, including temperature and physical condition control of staff. In addition, in order to reduce contact opportunities, activities such as the digitalization of pamphlets and promotion of increased web viewership were implemented.

Menicon Super Concerts

To deliver "the wonder of seeing" to many people, we hold the "Menicon Super Concert" every year so that visitors can feel the ambience of hall and energetic feeling of leader and enjoy it with their own eyes.

In FY2022, the digest performance of Opera "Tomorrow's Eyes --Another Future--" was held in Miyazaki Prefecture for the first time. We carefully prepared Covid-19 prevention measures for the safety and comfort of visiting customers. The stage was produced to evoke empathy for the many customers visiting for the first time and resulted in success.

* "Tomorrow's Eyes" is Akira Miyagawa's first newly written opera, which was performed in Tokyo in 2013 and Nagoya in 2015. This opera is based on the life of Kyoichi Tanaka, our Founding Chairman. By asking the question "what is it to see?", it approaches the roots of the human heart and conveys the essence of living life to the fullest.



Management Infrastructure (human/intellectual/social capital)



In order to achieve the sustainable management that the Group is aiming for, it is necessary to strengthen the corporate infrastructure. We aim to achieve a sustainable corporate infrastructure by pursuing customer safety, security, and trust, creating a comfortable working environment for employees, developing human resources, strengthening relationships with business partners, and holding human rights in high regard.

Building a corporate infrastructure that will last 100 years

Safe and secure quality management

Safety Philosophy Charter and Quality Policy

The Group has established the "Safety Philosophy Charter" to place customer safety as the top priority. Additionally, in order to continuously maintain and improve the Quality Management System (quality MS), we have defined quality policies appropriate to each of the Group companies responsible for major production processes.



<https://www.menicon.co.jp/company/philosophy/safety/> (In Japanese only)

Initiative themes for materiality

- Pursuit of customer safety, security, and trust
- Thorough quality management

Quality management of products

Quality Management System

Menicon and its subsidiaries responsible for major production processes have acquired the international certification of standards for the quality MS of medical devices, the ISO 13485/EN ISO 13485. Each company has constructed its own quality management system. Additionally, the Quality Assurance Department conducts annual quality audits to ensure thorough supervision of the quality assurance system. Management reviews are held by executive members twice a year to ensure that the quality MS remains appropriate, reasonable, and effective. Through these reviews, we evaluate the quality MS operation status by quality audits, continuously evaluate products based on customer feedback and risk management, as well as assess the need for quality MS changes, and strive to continuously improve the quality MS. Also, in order to maintain and improve quality of products, quality assurance members from each company meet regularly to hold international quality assurance meetings.

● Certification acquisition status

Obtained by three domestic and seven overseas companies, ISO 13485 is a quality management system standard based on ISO 9001 with additional requirements specific to medical devices. In addition to acquiring the CE marking required for sales of medical devices in Europe, Menicon has acquired MDSAP certification, which proves that we comply with regulatory requirements in the medical device market in five countries including the United States. Thanks to these certifications, we are able to sell products

in many countries around the world, including in Europe and the United States. We have also worked to respond immediately to Europe's Medical Device Regulation (MDR), which was reinforced from the former standard of "directive" to "regulation," and acquired MDR certification for contact lenses and lens care products by March 2023. We are currently working to acquire MDR certification for other covered products as well.

● The Group's acquisition status of ISO 13485/EN ISO 13485

Japan	Menicon Co., Ltd. Headquarters*1, *2 Menicon Nect Co., Ltd. Alpha Corporation Co., Ltd.
Overseas	Menicon B.V.*2 (Netherlands) Menicon SAS (France) Menicon Pharma SAS*2 (France) Menicon Limited*2 (UK) SOLEKO S.p.A.*2 (Italy) Menicon Singapore Pte. Ltd. (Singapore) Wenzhou FocuSee Vision Care Technologies Co., Ltd. (China)

*1 Acquired MDSAP *2 Acquired CE mark certification

Product safety and quality risk management

Products manufactured within the Group undergo inspections to test its quality and safety based on the quality MS and standards.

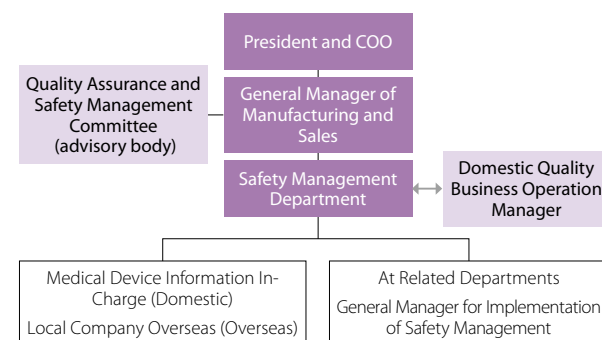
We also conduct annual reviews of product safety and quality risks based on evaluations/analysis of quality-related information of each product, such as quality of materials, quality inspections, and complaints from customers. Additionally, in the event of serious health hazards, the Quality Assurance Department will respond swiftly to direct related departments and arrive at a plan to review/reduce risks. We strive to ensure initiatives to maintain and improve our product safety/quality.

Management Infrastructure (human/intellectual/social capital)

Product Safety Management

In order for customers to be able to use products with reassurance of its safety, we have appointed a General Manager for Implementation of Safety Management within necessary departments, such as development, pharmaceuticals, and sales, and are conducting safety management measures post-marketing. We are also constructing safety management structures that can swiftly communicate information overseas, as well.

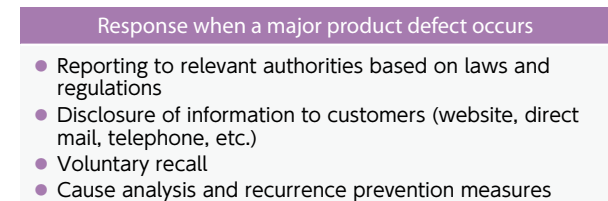
• Safety management structure diagram (Headquarters)



Response when a major product defect occurs

In case of severe product defects, we have created a structure centered around the Quality Assurance Department that can conduct swift and appropriate measures in accordance with regulations and government directions. In the event of serious health hazards, we report to the relevant authorities in accordance with the laws and regulations of each country.

In FY2022, we conducted a voluntary recall of contact lenses under the manufacturing/sales responsibility of a subsidiary, Alpha Corporation. This response was conducted in close collaboration within the Group.



ESG data > Product safety

• Fundamental research

In order to deepen scientific understanding of the materials, optics, and safety of contact lenses, we conduct fundamental research on diverse and various fields such as chemistry, optics, and biology. For example, with the Clinical Laboratory at the center, we conduct research on areas such as the health of eyes and reaction between lenses and eyes to obtain new knowledge that leads to the improvement of comfort and vision correction. Results of our fundamental research is utilized in our high-quality and revolutionary product development.

• Product research and development

In product research and development, we verify how to process and develop products using new materials tested and synthesized within fundamental research. Especially in order to achieve our largest task of mass production, we continue to collaborate with the manufacturing department with trial and error. Prototype lenses undergo safety evaluations and are then clinically evaluated at university hospitals and medical institutions. Evaluation results are immediately reported to the research and manufacturing departments to incorporate into creating even more improved products.

Management structure of intellectual properties

We strive to secure strategic intellectual property that supports business from a medium- to long-term perspective and conduct appropriate maintenance and management of intellectual property. We are also working to create intellectual property that contributes highly to society through collaborations with development/business partners.

Additionally, the Group possesses manufacturing and distribution departments with an abundant accumulation of know-how. Strict measures are in place to secure the confidentiality of this know-how and prevent any leakage of information.

Regard for intellectual property of other companies and the elimination of infringement

The Group respects the intellectual property rights of other companies and believe any issues relating to this matter is of high importance that could compromise the competitiveness of products. Thus, we conduct thorough research of other companies' intellectual property, and a specialized department plans and executes IP strategies such as patent infringement prevention, acquiring/granting licenses, etc. Additionally, any intellectual property of special note are responded to under the collaboration of the research and development department and business departments, and related activities are reported to executive officers for their supervision and advice.

Furthermore, in cases of infringement of the Group's intellectual property rights by a third party, we conduct responsible measures as the user. We believe we can contribute to solving social issues consistently in the mid- to long-term by preventing any copying of our strategic products or technologies.

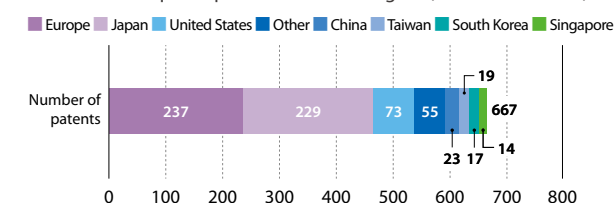
Intellectual property

Intellectual property like patents and trademarks are management resources important to the execution of the Group's business, and are the source of competitiveness. We will continue efforts to build intellectual strength that supports products/technologies and strengthen intellectual strategy, contributing to solving social issues through assertive utilization of intellectual properties and maximizing corporate value.

Status of intellectual properties

The Group focuses on international applications, and strategically submits applications to Japan, Europe, United States, and China. The vision care business makes up roughly 80% of patent applications, and the healthcare and life care business is also conducting assertive application activities. Each business constructs its own portfolio under the intellectual property strategy.

• Number of acquired patents based on region (As of March 2023)



Research and development/Intellectual property

Basic mindset

Research and development activities within the Group are conducted under the following basic policies: 1) Develop trustworthy products with safety as the top priority, and 2) Develop original products ahead of the curve as a creative development company.

Initiative themes for materiality

- Strengthening research and development infrastructure and functions

Research and development fields

The Group has continuously developed unique contact lenses unlike any other, in pursuit of safety and comfort while attending to the needs of customers. We will continue research and

development in the following areas in order to provide products that bring new value to the market.

Main research and development areas	Initiative
Improve performance of contact lenses	Improvement of comfort, myopia correction effects, and adaptability through technology and special knowledge in areas such as material sciences, optics technologies, and manufacturing processes
Construct more efficient mass production structures	Design and development of molds and lines
Management of myopia	Clarify effects and evidence of orthokeratology lenses in collaboration with medical institutions
Development with a focus on sustainability	<ul style="list-style-type: none"> • Develop environmentally friendly materials and cases • Implement energy-saving manufacturing processes

Research and development system

The Group conducts research and development mainly at the R&D Center for contact lens materials, the Techno Station for production technologies, and the Clinical Laboratory for evaluation of the validity of products and its safety in relation to eyes. We collaborate closely among production technologies and

manufacturing to achieve an in-house research and development structure that handles everything from original materials to manufacturing methods. We also gather specialists of various fields to each location to conduct strategic management of intellectual property together with research and development.

Management Infrastructure (human/intellectual/social capital)

Human capital

Basic mindset regarding human resources

We are working to create a corporate culture that encourages the bold, challenging spirit and independence of each individual, in order to generate new value. Menicon will not only create an environment where individuals can work actively and be themselves, but will also enhance its systems to support self-growth. We will create a future of mutual growth among humans and companies with the power of diverse individuals.

Initiative themes for materiality

- Human resource development and diversity
- Creating a comfortable working environment for employees and improving employee satisfaction

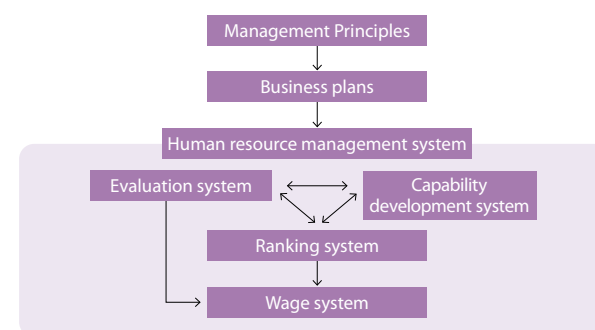
Human resource management system

The human resource management system is deployed from business plans, which is grounded on the Management Principles. Its aim is to ensure that each and every employee can perform to the best of their ability through the proper operation of the human resource management system. We will work to spread the important values of "Creation," "Originality," and "Challenge" through these efforts, and create an opportunity for all employees to work positively and with understanding.

Overview of human resource management system

Given the Company's diverse human talent, we revised the resource management system in FY2012 from the former seniority system to a structure that includes inter-working systems on ranking, wage, evaluation, and capability development. Due to these changes, we are able to maintain stable wages while dramatically changing job grading based on performance value.

• Overview



Human resources strategy

At the Group, we believe "people" are the key to achieving the materiality of "Building a corporate infrastructure that will last 100 years." The focal points of the Group's human resource strategy are: "Human resource development," "human resource recruitment," and "health management."

Human resource development

● Capability development policies

The individual growth of employees is the growth of the Company. Through capability development system, we aim to support initiatives to achieve "Creation," "Originality," and "Challenge," and spread this culture as a way to boost the Company's competitiveness. The capability development system exists for the simultaneous realization of "corporate growth" and "employee growth."

● Three Pillars of Human Resource Development

We define the three pillars of human resource development as "General Training," "Specialist Training," and "Practical Training." By focusing on these education areas and conducting them as designed, we will lead to the improvement of sustainable corporate value and create a sustainable corporate foundation.

In FY2022, the total annual training hours for General Training, etc. were 12,586 hours, and the average total training hours per employee of the company were 8.8 hours and the training investment was JPY 57,260.



● Fair evaluations

Our human resource management system is structured to ensure that each and every employee can perform to the best of their ability and work positively with understanding through the proper operation of the human resource management system. Individual abilities are properly evaluated through personnel evaluations online, and issues and expectations for the following fiscal year are also clarified. Evaluation results are appropriately

communicated from leaders to each individual for their future growth. Evaluation standards and process are open to employees at all times in effort to organize fair and transparent evaluations.

Human resources recruitment

Recruitment of diverse talent

Each fiscal year, the Group formulates a recruitment plan in line with its business plans and hires all positions without regard of nationality or gender. Looking towards the achievement of Vision 2030, we are working to strengthen recruitment of global human resources and manufacturing talent. For new graduate recruitment of FY2022, we conducted a one-day work experience for students to become familiar with the Group's technologies, production, and research abilities. In FY2023, we will host more sessions and add more content to strengthen new graduate recruitment.

Performance of diverse talent

● Promotion of female employees

In accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, we have formulated and announced an action plan for the period from April 1, 2020 to March 31, 2024, with the aim to create a company where women can fully demonstrate their individuality and abilities.

With regards to the goal to reach a ratio of 20.0% in female leadership roles (including store managers and assistant managers) as of March 31, 2024, the status is at 11.5% as of March 31, 2023. In order to achieve targets, we are creating an environment in which female employees can play more active roles through annual training for the promotion of women's activities, as well as harassment prevention education, and support career development through the career consultation service for women held every year.

[ESG data >](#) [Employee information](#) [Diversity](#)

Health Management

Menicon Declaration on Health Management

As a company that respects people, we aim to enhance employee satisfaction by creating a rewarding work environment that enables employees to achieve their own goals. We consider the mental and physical health of employees and aim to be a company where all employees want to continue working as a "family."

● Certified as 2023 Health and Productivity Management Organization

We have worked to improve work productivity and satisfaction through the development of a workplace environment that promotes employees' mental and physical health and communication, and have been certified as a "2023 Health and Productivity Management Organization."



Further promotion of Health Management

Menicon aims to be an outstanding company in terms of employee health. We intend to do this by increasing levels of employee satisfaction through a work environment where employees can achieve their goals with a sense of purpose, and by implementing initiatives that take into consideration the mental and physical well-being of employees. We will also conduct initiatives outside of the Group, assertively disseminating information throughout society and focusing on the following three measures in order to contribute to the health of all stakeholders:

1. Creation of a good work environment

We will aim to boost work productivity and employee satisfaction through organizing a comfortable work environment.

2. Promotion of health initiatives

We will work to understand the health status of employees and conduct necessary measures based on periodic employee satisfaction surveys, stress checks, etc.

3. Disclosing of information

We will widely spread the Group's knowledge on health risks such as smoking towards society.

Creation of a good work environment

● Environment improvement

We are working to boost work productivity and employee satisfaction through improving a work environment that harmonizes work and personal life with consideration of the physical and mental health of employees and promoting communication among employees.

[Characteristics P.11 >](#)

● Work-life balance

In order to create a work environment comfortable for all employees, we have incorporated measures like the flex-time system, establishment of remote work, exclusive work area system, and the career return system, which allows for re-entry of the company given certain conditions.

We have also introduced a system of shorter working hours for employees with childcare responsibilities as well as a system of caregiver leave that exceed the standards of the Act on Childcare Leave and Caregiver Leave. Another measure is the "childcare support period," which allows for up to five consecutive days of paid leave during childcare leave that is typically unpaid. We have worked to spread awareness of these measures, which has helped to increase the number of male employees that take childcare leave, and in FY2022, the acquisition rate of childcare leave in the domestic Group was 100% among women and 53.1% among men.

[ESG data >](#) [Labor practices](#)

Promotion of health initiatives

● Conducting regular health checkups

All employees receive regular health checkups every year, and we

Management Infrastructure (human/intellectual/social capital)

have maintained 100% completion of checkups as a company. We also conduct recommendations of doctor's appointments to employees with health risks. Additionally, within the health insurance association, we support checkup fees for dependents on top of the insured individual.

● Mental health measures

The Company conducts annual stress checks subject to all employees. In FY2022, the respondent rate was 95.2%. For employees that have shown high stress levels, we recommend individual appointments with doctors, and these appointments are reviewed by occupational health physicians and are used to correct the workplace environment, etc. For employees on leave due to mental illness, we offer support for them to return based on the "return-to-work support program." New managers undergo mental health training for the improvement of mental health literacy.

● Establishment of consultation hotline

We have established an external consultation service for employees which is available in person, online, or by phone, to discuss anything from work, to health and medical topics, to childcare and nursing care.

Disclosing of information

There are numerous reports on the effects of smoking has on one's health, and eyes are no exception. As a company that involves in the eyes, we work not only to promote non-smoking, but also to spread the health management information we've accumulated over the years for the health maintenance/ advancement of employees, customers, and all stakeholders.

Employees surveys

Once a year, we conduct an engagement survey among all employees, including contract workers, etc. The survey is conducted from two perspectives: work engagement, which measures positive work attitudes, and employee engagement, which measures employees' attachment and trust towards the company.

FY2022 Engagement Survey

Subject respondents: Our employees, vocational staff, contract employees, part-time employees
Survey results*: Work engagement: 50.5 (50.4), Employee engagement: 49.1 (49.0)

*Figures shown in deviation, figures in parentheses represent last FY figures

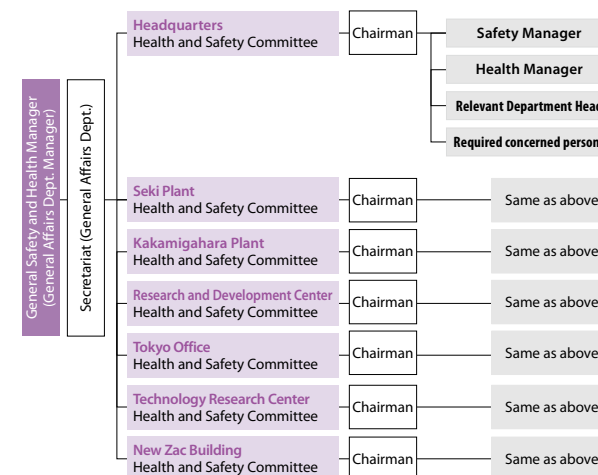
Occupational health and safety

● Health and safety management system

Our health and safety management system is constructed so that each office can define its own policies and goals as fit for their operations, as safety risks differ at each location. Progress

of goals and initiatives at each location are reviewed by the General Safety and Health Manager, which is then reported to executives. Executives supervise and monitor whether the goals and initiatives are functioning effectively.

• Health and safety management system



● Occupational Safety Policy, Goals, and Results

Research and Development Center

Basic policy: To actively promote safety and health activities and establish a safe and healthy work environment
Goals : No occupational accidents. To maintain a safe working environment

FY2022 Results

Zero lost worktime accidents and zero accidents not accompanied by lost worktime

Seki Plant, Kakamigahara Plant, and Institute of Technology

Basic Policy: Smoothly promote safety measures and prevent the occurrence of occupational accidents and health defects before they occur.

Goals : 1) Zero incidents of employee leave due to occupational accidents, 2) Zero incidents of occupational diseases, 3) 100% completion rate of regular health checkups, 4) Complete improvements of safety patrol instructions within one month

FY2022 Results

1) Zero lost worktime accidents, three cases of accidents not accompanied by lost worktime, 2) One case of occupational illness, 3) 100% completion rate of regular health checkups, 4) Identified possible risks within safety patrol activities and executed improvements within one month.

ESG data > Occupational health and safety

At other locations (including Headquarters), we maintain a basic policy to "ensure the safety and health of employees at the workplace and promote to create a comfortable workplace," and in FY2022, we achieved the targets of zero incidents of employee leave due to occupational accidents and 100% completion rate of regular health checkups.

Supply chain management

Sustainability procurement policy

In order to continue providing the world with products and services required by society, Menicon Group has established the sustainability procurement policy. We will share the contents of policy with stakeholders, construct fair and just business relations, and contribute to realizing a sustainable society.

 <https://www.menicon.com/corporate/aboutus/policy/>

Initiative themes for materiality

● Promoting sustainable procurement

Revision of sustainability procurement policy

In March 2023, we approved revisions for the sustainability procurement policy and conducted its execution. Formerly, the procurement policy consisted of the two categories of "procurement department policies" and the "CSR procurement standards," but we have revised them to integrate into one policy called the "Sustainable Procurement Policy". Moving forward, we will share information within each of the Group companies as well as business partners, and plan to establish "Sustainability Procurement Guidelines" to offer details on policy content in FY2023.

Management system

In accordance with the quality management system, we have created a procurement procedure and conduct operation management following its instructions.

With regards to business partners, we manage transactions by classifying them into six categories. When beginning a new partnership, we conduct quality evaluations as necessary and determine the validity of starting business activities. For business partners with a prolonged partnership, the Procurement Department requests the Purchasing Department to conduct evaluations of the business partner, and once every year, the Procurement Department determines the validity of continuing business activities.

Raw materials are mainly procured from domestic trading companies or manufacturers. Especially concerning main raw materials, we provide forecasts and work to ensure stable procurement. Regarding raw material procurement at overseas subsidiaries, we conduct independent management at each subsidiary, and the delivery/quality of purchased goods are managed by each subsidiary's Purchasing Department.

Supply chain risk management

When conducting business with a new company that has yet to acquire ISO certification and is considered to pose high risks

in quality, we work to ensure quality by requiring the company to establish a quality review system in advance and conduct regular internal and external quality audits. As for suppliers of raw materials that are considered to pose high human rights and environmental risks, we conducted interviews in FY2022 to confirm that there are no problems. In FY2023, in order to conduct human rights and environmental risk management across supply chain, we have requested Group companies and business partners to reduce related risks and plan to conduct risk screening among main 100 business partners (equivalent to 95% of total procurement costs) based on the planned "sustainability procurement guideline". As a result, we will conduct meetings starting FY2024 to collaborate and find a solution for business partners assumed to pose high risks.

Strengthening BCP in procurement

We are strengthening relationships with raw material suppliers and others to ensure stable delivery of products to users. In raw material procurement, we are preparing to respond in the event of a contingency by allowing procurement from multiple suppliers.

Collaboration with suppliers

MenioClub

Since FY2013, we have been holding "MenioClub" once a year with the participation of major suppliers. This is an opportunity for executive officers and suppliers to actively exchange ideas, helping to stimulate the industry as a whole. We plan to disseminate the revised "Sustainable Procurement Policy" when the next meeting is held in FY2023.

Technical meetings

Roughly three times a year, we hold technical meetings between Technology Department and suppliers to select key raw materials to deepen mutual understanding with suppliers. Meetings are attended by the three parties of Menicon, trading companies, and makers, and we discuss items like the quality of new products we aim to conduct business for in the future.

Management Infrastructure (human/intellectual/social capital)

Respect for human rights

Menicon Group Human Rights Policy

Menicon Group has established a human rights policy and conducts initiatives to promote human rights based on the International Bill of Human Rights (Global Human Rights Declaration and International Code of Human Rights), Declaration by the International Labor Organization on the basic principles and rights of labor, and the United Nations Guiding Principles on Business and Human Rights.

 <https://www.menicon.com/corporate/aboutus/policy/>

Initiative themes for materiality

- Respect for human rights

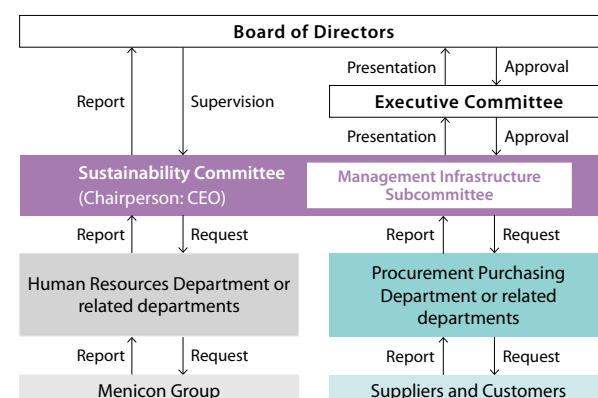
Establishing human rights policies

In January 2023, "Menicon Group Human Rights Policy" was established and approved by the Sustainability Committee, which is chaired by the Chairman and CEO. This policy can be viewed on website. Starting March 2023, we posted an English version of the policy in an effort to share with stakeholders.

Promotion structure

Activities for the promotion of human rights advancement is mainly conducted by the management infrastructure subcommittee, which is composed by the Human Resources Department, Procurement Department, and Sustainability Committee secretariat. Meetings are held regularly in order to establish strategies and review activity progress. The subcommittee reports the progress status of activities to the Sustainability Committee, which is then further escalated to the Board of Directors as necessary. Additionally, issues that pose a significant impact on management are approved by the Executive Board/Board of Directors as we work to resolve them.

• Promotion structure



Initiatives on human rights enlightenment

In order to spread "Menicon Group Human Rights Policy" and improve human rights awareness, we plan to amplify education on human rights within compliance trainings. We also plan to create opportunities for all employees of the Group to discuss the significance of human rights and promote understanding of the human rights policy through the International Business Head Office. In order to help each and every employee see human rights as a close issue, we will conduct regular training throughout the Group and aim to put its lessons into practice.

• Human rights training conducted in FY2022 (non-consolidated)

Subject	Theme/Main contents	Number of sessions (times)	Participation rate (%)
All employees	Compliance education (Harassment)	1	100%
New managers	New manager training (Harassment)	1	100%
New employees	New employee training (Harassment)	1	100%
Applicants	Career design training	1	100%

Human Rights Due Diligence Initiatives

The Group launched its human rights due diligence initiatives in FY2022. The due diligence process involves (1) Commitment (2) Assessment (3) Remediation and Relief, and (4) Reporting and Information Disclosure. As part of commitment in the first step of the process, we formulated the human rights policy in FY2022. In FY2023, we plan to conduct a human rights risk survey for domestic employees and the supply chain as part of the assessment step. Next, we will execute rectification/relief by conducting measures to reduce issues among identified risks and disclose information on a regular basis.

[Supply chain risk management P.24 >](#)

Governance

One of basic policies is to carry out corporate activities with the aim of being a company that is respected and loved by all stakeholders, including shareholders, investors, customers and employees. To achieve this, we will work to realize good corporate governance by positioning sound corporate management that is fair, transparent, and trusted by stakeholders as a materiality.

Corporate Governance

Basic Policies Concerning Corporate Governance

(Preface) Our aim is to create the best corporate governance in order to achieve sustainable growth, increase long-term corporate value, and contribute to all stakeholders, and therefore, we have established these basic policies based on the board of directors' vote. If we revise these basic policies in the future, we will announce the details in a timely and appropriate manner.

Basic Policies Concerning Corporate Governance (Full Document)

 <https://www.menicon.co.jp/company/images/ir/governance/governance.pdf> (In Japanese only)

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Summary of Corporate Governance System

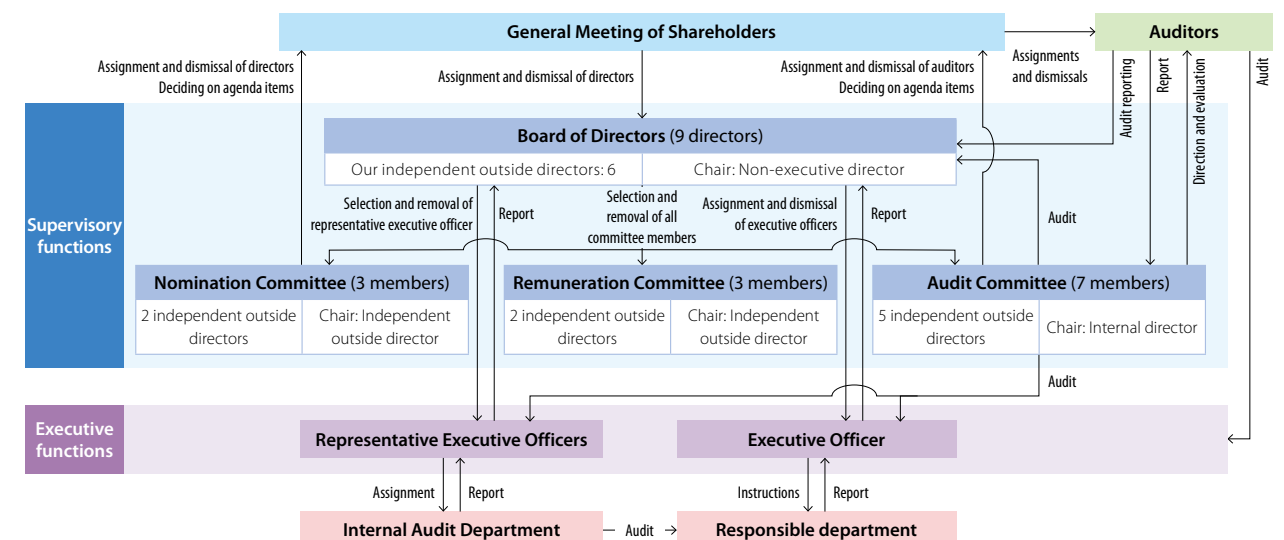
Management and execution system consists of nine directors (including six outside directors) and six executive officers (including one concurrent director) (as of June 26, 2023). Outside directors supervise and provide advice for the management performed by executive officers, from an objective, big-picture point of view that aims to enhance the corporate value of the company.

The supervision structure for business execution and management is such that the Board of Directors, which is composed of the directors elected in a general meeting of shareholders, supervises major decision-making processes, oversees the execution of professional duties of the executive officers, and monitors business operations. The executive officers appointed by

the Board of Directors are able to execute business in a prompt and efficient manner with their enhanced authority for each process.

To ensure independence, the members of each committee (Nomination Committee, Remuneration Committee, Audit Committee) are selected by the Board of Directors, and the majority of the members are outside directors. In addition, the Nominating Committee and the Compensation Committee may not concurrently serve as directors executing the processes of the Company or its subsidiaries, and the Audit Committee may not concurrently serve as senior executive officers, operating officers, employees or directors executing the processes of the Company or its subsidiaries.

• Corporate Governance System Diagram (As of June 26, 2023)



Governance

Compliance

Basic Compliance Policy

The Group ensures that all employees comply with all social rules, including domestic and foreign laws and regulations, and makes constant efforts to improve its corporate ethics to conduct business activities that enable sustainable growth. “Basic Compliance Policy” has been established to serve as guidelines.

 www.menicon.com/corporate/aboutus/policy

Initiative themes for materiality

- Anti-corruption

Compliance System

In April 2006, the Company established a CSR Committee (now the Sustainability Committee) to promote CSR activities and strengthen internal control functions. The committee strives to reduce various business risks by developing internal controls, managing risks affecting group management, and establishing a compliance system from the perspectives of legal compliance and corporate ethics.

Whistleblowing System

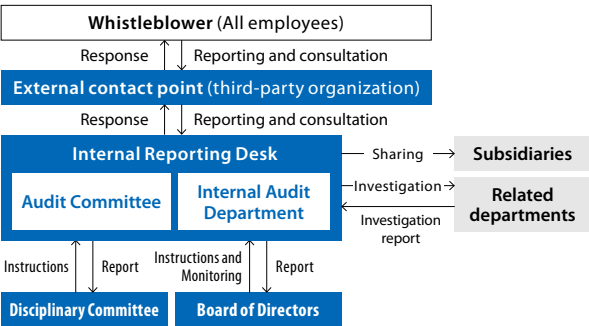
The Group has introduced an whistleblowing system for the purpose of prevention, early detection, and correction of misconduct by employees and officers, and have set up “Menicon Group Whistleblowing Hotline” outside the company (a specialized third-party organization). In order to protect whistleblowers, we have established internal regulations that allows anonymous reporting to ensure that whistleblowers will not be adversely affected because of their reporting.

The Group conducts factual investigations in a fair, impartial and sincere manner, while giving due consideration to the protection of whistleblowers and confidentiality. If the results of the investigation confirm that misconduct has occurred, the matter is handled appropriately in accordance with employment regulations.

Menicon Group Whistleblowing Hotline

- **Subjects:** All Group employees (Employees, contract employees, part-time workers, etc.)
- **Response items:** Matters that may violate the Basic Compliance Policy (fraud, anti-competitive behavior, corruption/bribery, harassment, etc.)
- **Contact method:** Online (open 24 hours), Phone (Mon-Fri: 12-21PM, Weekends/Holidays: 9AM-17PM), Sealed letters
- **Language:** Japanese, English, Chinese, Dutch, French, German, Italian

Menicon Group Whistleblowing Hotline



Actual number of whistleblower cases (consolidated)

	FY2019	FY2020	FY2021	FY2022
Reporting and consultation (number of cases)	25	20	32	29

* There were no reports that had a significant impact on management over the years shown

Prevention of Corruption and Bribery

In order to conduct fair and transparent corporate activities in accordance with “Basic Compliance Policy”, the Group strives to build highly transparent relations by prohibiting all the Group employees from engaging in any behavior that could be suspected of corruption or bribery with all business partners, including public servants and government-related agency officials. In addition, we strive to prevent corruption and bribery by clearly stating in work rules and regulations, as well as in procurement and purchase management rules and procurement purchasing manual for suppliers, that we do not accept any benefits such as improper gifts of money or goods. Employees who receive or have received entertainment, etc. from interested parties (trading companies, advertising agencies, customers, etc.) are required to report to the relevant head office, office, or business manager by way of “Entertainment Acceptance Report” through the office organization.

In FY2022, there were no cases of suspected corruption or bribery, and no employees were disciplined, penalized, or fined for corruption or bribery.

Spreading Awareness of Internal Compliance

The Group formulates and implements company-wide compliance training for all employees every year with the aim of raising employee awareness of compliance and preventing violations of laws, regulations, etc.

In addition, the Company strives to maintain and improve compliance within the Group by posting an electronic version of “Compliance Guide”, produced independently for the Company

and its domestic subsidiaries, on the intranet, and by preparing compliance regulations for overseas subsidiaries.

Compliance education results in FY2022

- Frequency: 6 times
- Themes: Harassment education, personal data protection, etc.
- Method: e-learning
- Subject participants: All employees of the Company and domestic subsidiaries
- Attendance rate: 100%

Risk management

Basic Approach to Risk Management

The Group has established a risk management system and procedures and ensures their operation in order to avoid or reduce losses, etc., preserve company assets, ensure the safety of stakeholders and ensure the stable continuation of the business. Additionally, in order to reduce risks of information leakage, we have established the Menicon Group Information Security Policy and Privacy Policy.

Menicon Group Information Security Policy

 <https://www.menicon.com/corporate/aboutus/policy>

Personal Information Protection Policy

 www.menicon.com/corporate/privacy/

Initiative themes for materiality

- Strengthening cybersecurity measures

Risk Management Structure

The Company has established a Sustainability Committee (formerly CSR Committee), with the President and COO responsible for risk management, to promote risk management company-wide, to share information necessary for risk management etc. In addition, “Quality Assurance and Safety Management Committee”, “PLD Committee”, “Personal Information Protection Committee” and “Menicon Fair Trade Management Committee” have been established to manage risks in various areas.

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Information Security

Information Security Management Structure

We have established an information security management organization that oversees information security for the Group, as well as an in-house information security organization and administrator at each subsidiary to promote information security measures. In instances of information leakage, the team will respond in accordance with “CSIRT response procedures.”

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Initiatives to Protect Personal Information

Based on the Group’s “Privacy Policy”, we appropriately use, manage, and protect personal information entrusted to us by customers and everyone involved with the Group. In addition to complying with the GDPR (EU General Data Protection Regulation), we have also established “Menicon Group Personal Data Protection Regulations” to ensure that subsidiaries have the same level of personal data protection as we do. Furthermore, in order to ensure that services and those of Group sales companies can be used with peace of mind, we have acquired “Privacy Mark”, provide regular training for all employees, and have posted information on website for inquiries regarding personal information.

We are happy to report that there were no incidents related to personal information in FY2022.

Personal information inquiries

 www.menicon.co.jp/company/ask/ (In Japanese only)

Cyber security measures

In FY2022, we enhanced security features on all employees’ computers. In addition, we will continue to take measures to eliminate phishing/fake e-mails received within the company and improve security of e-mail attachments.