

[TRANSLATION]

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Last Update: Sept. 26, 2022

HOYA CORPORATION

Eiichiro Ikeda, President & CEO

Contact: 03-6911-4820

Securities Code: 7741

<https://www.hoya.com/en/>

The corporate governance of HOYA CORPORATION is described below.

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

1. 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, we have adopted a “company with Nomination Committees, etc.” structure simultaneously with the revision of the Companies Act, which enables us to better distinguish the execution and supervision of management to prevent management from being conducted based solely on in-house logic. We have also set forth in the Articles of Incorporation that the 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.

HOYA has established HOYA Corporate Governance Guidelines at the meeting of the Board of Directors, and intends to enhance corporate governance structure and to introduce better governance systems by revising the guidelines.

HOYA Corporate Governance Guidelines:

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf

[Reasons for Not Implementing Principles of the Corporate Governance Code]

This report is presented in accordance with the Code as it stands after its revision in June 2021.

[Supplementary Principle 3-1-3]

The Company recognizes that generating appropriate profits by effectively utilizing assets entrusted to the Company for corporate management, namely human resources and capital from shareholders, and providing products and services needed throughout the world, as well as working on social issues, such as reducing the environmental load and preventing human rights violations, including in the supply chain, in carrying out corporate activities are important for the continuation of business in the medium to long term, and carries out activities.

Furthermore, the response to climate change is recognized as a significant issue that will influence the Company's medium- to long-term competitiveness, and each business division is currently analyzing such impact. The Company plans to make disclosures in accordance with the TCFD for business divisions where climate change is expected to have a particularly significant impact. The Company announced its agreement with proposals of the TCFD in November 2021.

Human capital

<https://www.hoya.com/en/sustainability/society/hrd/>

Climate change

<https://www.hoya.com/en/sustainability/environment/environment/>

Announced agreement with proposals of the Task Force on Climate-related Financial Disclosures (TCFD)

<https://www.hoya.com/wp-content/uploads/2021/11/00-48-1.pdf>

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4 Cross-Shareholdings]

It is HOYA's policy not to cross-hold shares of other listed companies which is aimed for securing promanagement shareholders and this policy is stated in "HOYA Corporate Governance Guidelines". According to the policy, we do not have such shares. We dispose shares of listed or non-listed companies if meaning of holding those shares become diluted. When exercising the voting rights on shares, we will vote against to proposals which will adversely affect rational for holding the shares and/or to proposal which will adversely affect corporate value.

(HOYA Corporate Governance Guidelines, III-3)

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf

Once a year, the board of directors review each listed share and those non-listed shares with book value of more than 25 mil. yen. The board assess rational and benefit of having these shares compared to disposing those shares. In fiscal 2021, the Company held shares of three listed companies. The Company's Board of Directors decided to sell the shares of two of these because they judged it less significant to keep holding them.

[Principle 1-7 Related Party Transactions]

The Regulations of the Board of Directors stipulate that the Board of Directors should discuss transactions between the company and executives, directors, and major shareholders

Regulations of the Board of Directors

https://www.hoya.com/wp-content/uploads/2022/04/BOD_rule_E_en.pdf

[Supplementary Principle 2-4-1]

The Group has taken the policy of not discriminating on the basis of nationality, gender, age or any other distinguishing characteristic in the hiring and promotion of employees. The ratio of female employees in the HOYA Group as of March 31, 2022, was 53.0% and the ratio of female managers was 34.5%. The ratio of female employees in the HOYA Group companies based in Japan as of March 31, 2022, was 29.6% and the ratio of female managers was 14.3%, which was increase by 1.6% each compared with 28% and 12.7% as of March 31, 2021, respectively.

Furthermore, with regard to the promotion of mid-career hires and foreign employees, foreign employees have been promoted to managerial positions at seven out of the eleven business divisions of the Group based on the previously mentioned policy of not discriminating on the basis of nationality, age or any other distinguishing characteristic. Moreover, by actively promoting excellent human resources on site at overseas subsidiaries to top managerial positions, the overall globalization of the Group progresses, and the ratio of foreign top management at overseas subsidiaries, including overseas subsidiaries with head office functions, has exceeded 90%. Furthermore, 80% of employees at the Group Headquarters in Tokyo are mid-career hires, and 80% of the people responsible for each department in the Head Office are mid-career hires. The diversification of human resources and globalization are advancing under this policy, and the ensuring of diversity will be maintained with this policy going forward.

Respecting Human Rights

https://www.hoya.com/en/sustainability/society/human_rights/

Labor Management

<https://www.hoya.com/en/sustainability/society/labor/>

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

Hoya Group adopts defined-contribution plans for the employees respecting their autonomous decision-making in asset building. Hoya corporation provide e-learning and other education opportunities to these employees.

[Principle 3-1 Full Disclosure]

HOYA considers it important to disclose information that seems to be beneficial to stakeholders, and the company discloses such information actively. Annual activities are described in Integrated Report on the web site.

HOYA Integrated Report 2022

<https://www.hoya.com/ir/2022/en/>

(i) Management Mission and Principles

<https://www.hoya.com/en/company/mission/>

(ii) HOYA Corporate Governance Guidelines

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf

(iii) The Compensation Committee, which consists only of Outside Directors, decides on a remuneration package for each Director or Executive Officer.

<https://www.hoya.com/en/sustainability/governance/committee/>

(iv) The Nomination Committee, which consists only of Outside Directors, selects candidates for Directors and Executive Officers.

<https://www.hoya.com/en/sustainability/governance/committee/>

(v) The reasons for the Nomination Committee's selection of candidates for Directors and candidates for Executive Officers serving also as Directors are explained in reference documents for the notice of a general meeting of shareholders.

<https://www.hoya.com/wp-content/uploads/2022/05/84thAGMNoticeEn.pdf>

[Supplementary Principle 4-1-1 Scope of delegation to management]

The Regulations of the Board of Directors stipulate that many responsibilities regarding the execution of business operations are transferred to Executive Officers. The Board of Directors discusses and makes decisions on important matters related to the direction of business management, the setting of goals and strategic direction and the rights of shareholders.

https://www.hoya.com/wp-content/uploads/2022/04/BOD_rule_E_en.pdf

[Supplementary Principle 4-2-2]

The HOYA Group's materiality, which was proposed by the executive team in September 2021, was approved by HOYA's Board of Directors. The Board of Directors established a Sustainability Policy in May 2022. The Company will continue to monitor our sustainability efforts, including the development of more specific KPIs.

HOYA Group's Materiality

<https://www.hoya.com/en/sustainability/materiality/>

Sustainability Policy

<https://www.hoya.com/en/sustainability/philosophy/>

Personnel policy, engagement surveys, training, etc. is reported to the Board of Directors in a timely manner.

The Company holds 11 businesses with different qualities as its portfolio. The Board of Directors deliberated the changes to the portfolio with a view to the positioning and the future of each business at the meetings, and carried

out monitoring.

The Board of Directors discusses and monitors investments in intellectual property based on reports on research and development in each business division, and in terms of technology and brand value when considering mergers and acquisitions.

[Principle 4-8 Effective Use of Independent Directors]

The Articles of Incorporate state that Outside Directors should account for equal to or more than 50% of the Board of Directors.

https://www.hoya.com/wp-content/uploads/2022/06/AOI_E_en_20220628.pdf

(As of date of last update, there are six Outside Directors and two internal Directors.)

All six Outside Directors are members of all committees (nomination, compensation, audit), and candid opinions, proposals and questions are made not only at the Board of Directors, but at each committee as well.

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf
(HOYA Corporate Governance Guidelines II-2 V-1)

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

HOYA has established Basis for Election of Candidates for Directors set forth by the Nomination Committee.

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf

(HOYA Corporate Governance Guidelines II-3 VII-3)

[Supplementary Principle 4-11-1 Composition of Board]

The Company is a company with Nomination Committees, etc., and six out of the eight members of the Board of Directors are Outside Directors. Accordingly, the Board of Directors of the Company acts as a monitoring board, and as their role is to supervise the executive side of the management, the Company believes that experience in corporate management and insight cultivated from that are important skills for Outside Directors. Furthermore, the Company anticipates advice and supervision from wide-ranging perspectives that are not limited to the industries from which they come. Within corporate management experience, the Company prioritizes insight in matters such as global perspective, finance and accounting, technology, M&A, human resource development/diversity and medical, which the Company deems important.

Skill matrix

<https://www.hoya.com/en/sustainability/governance/skill-matrix/>

[Supplementary Principle 4-11-2 Directors' Concurrent positions held at Other Companies]

The Basis for the Selection of Directors do not limit the number of positions that can be served concurrently by an Outside Director. But a precondition for selection or reappointment is that the percentage of attendance in meetings of the Board of Directors should be at least 75%. As for positions served concurrently by a Director, please refer to reference documents for the notice of a general meeting of shareholders and "Outside Directors" in I, II of this report.

<https://www.hoya.com/wp-content/uploads/2022/05/84thAGMNoticeEn.pdf>

[Supplementary Principle 4-11-3 Board Evaluation]

In the past, the Board of Directors has conducted self-assessment where a survey of the management and effectiveness by the Board of Directors and three committees was conducted by the end of March annually. However, this time, due to the change of the CEO in March 2022, the effectiveness of the Board of Directors and the three committees has been evaluated by a third party, including interviews with Directors and Executive Officers in May 2022.

A summary of the results of the FY2021 evaluation is as follows

The Board of Directors is highly rated as having an appropriate size and composition, with open and active discussions sufficiently conducted from the shareholders' perspective. On the other hand, there is a common understanding that the Board of Directors needs to continue to deepen discussions on important management issues, such as risk management and medium- to long-term strategy formulation, which were cited as issues in the FY2020 evaluation results. The establishment of a CEO succession plan and further strengthening of the internal control system were also mentioned as issues to be addressed.

The Nominating, Compensation, and Audit Committees were evaluated to be of appropriate size and composition, to hold open and active discussions, to exchange information closely with the Board of Directors, and to fully fulfill their expected roles. With regard to the Nominating Committee in particular, it fully fulfilled its mission in the recent CEO change and contributed to the smooth transition of the CEO.

The Board of Directors confirms that efforts to address the issues raised in the FY2021 evaluation results are underway under the new structure that began on March 1, 2022, and will take actions to resolve the issues with the aim of further improving effectiveness.

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf

(HOYA Corporate Governance Guidelines V-3)

[Supplementary Principle 4-14-2 Training Policy]

New Outside Directors receive explanations regarding the company's business and structure before taking office and the Company subsequently continue to explain the company's business at the Board of Directors meetings, facilities tours, etc. to promote understanding of the company's business.

When there is a law revision, etc., lectures by lawyers, etc. are arranged during the Board of Directors meeting and we strive to assist them to acquire knowledge required of Directors also through provision of publications and materials regarding governance and notifications of external workshops.

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf

(HOYA Corporate Governance Guidelines V-7)

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

HOYA shall promote various opportunities for holding dialogues with shareholders in order to comprehend the shareholders' mindset amid an ever-changing management environment.

https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf

(HOYA Corporate Governance Guidelines IV)

Regarding the dialogue with shareholders, the company's CEO, CFO and other Executive Officers also engage in direct dialogue with shareholders within reasonable limits. Furthermore, with regard to the role as a monitoring board, the Lead Independent Director and Outside Directors carry out explanations to investors within a rational scope.

(HOYA Corporate Governance Guidelines IV-1)

Regarding investor relations, mainly the company's CEO, CFO and Executive Officers are involved in the decision-making of the system and policy. IR staff cooperates closely with the staff in corporate planning, general affairs and legal affairs. They cooperate with the financial division regarding account closing and have formed an organic collaboration.

(HOYA Corporate Governance Guidelines IV-2)

The company's CEO and CFO attend quarterly financial result briefings and explain the results. In addition, the company holds business briefing sessions and facility tours as a means to enhance shareholders' understanding of the company. IR staff reports the opinions of shareholders they obtain from meetings, publications, etc. to the Executive Officers as appropriate and to the Board of Directors on a regular basis.

(HOYA Corporate Governance Guidelines IV-3)

The company requires those who directly engage in dialogue with shareholders to concentrate on acquiring knowledge of insider trading restrictions.

The company carries out surveys regarding practical shareholders on a regular basis and utilizes the result for confirming the shareholder ownership structure and examining the relationship with shareholders.

2. Capital Structure

Percentage of Foreign Shareholders	Equal to or more than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned (100)	Ratio of shares held to total number of shares issued (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	619,124	16.95
Custody Bank of Japan, Ltd. (Trust Account)	192,366	5.26
SSBTC Client Omnibus Account (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	114,975	3.14
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	65,177	1.78
DEUTSCHE BANK TRUST COMPANY AMERICAS (Standing proxy: Sumitomo Mitsui Banking Corporation)	64,369	1.76
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd)	56,578	1.54
BNYM AS AGT/CLTS NON TREATY JASDEC (Standing proxy: MUFG Bank, Ltd.)	55,035	1.50
GOVERNMENT OF NORWAY (Standing proxy: CitiBank N.A., Tokyo Branch)	52,023	1.42
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	46,382	1.27
Motoko Yamanaka	43,000	1.17

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	N/A

Supplementary Explanation

1. The status of major shareholders shown above is the current status as of March 31, 2022.
2. The number of shares held is rounded down to the nearest hundred shares.
3. In addition to the above, there are 4,593 thousand shares of treasury stock.
4. Of the above number of shares held, the number of shares related to trust business is as follows.

Name / Company Name	Number of Shares Owned (100)
The Master Trust Bank of Japan, Ltd. (Trust Account)	233,771
Custody Bank of Japan, Ltd. (Trust Account)	92,882

5. Mitsubishi UFJ Financial Group, Inc. and its four joint holders have reported that they hold the following shares as of December 28, 2020 in a report of Possession of Large Volume (change report) made available for public inspection on January 8, 2021, but are not included in the status of major shareholders above because HOYA was unable to confirm the number of shares actually held as of the voting record date.

Name / Company Name	Address	Number of Shares Owned (100)	Percentage of Share Certificates and Other Securities Held
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan	98,091	2.61
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo, Japan	28,530	0.76
First Sentier Investors (Australia) IM Limited	Level 5, Tower Three International Towers Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia	60,139	1.60
First Sentier Investors (Australia) RE Limited	Level 5, Tower Three International Towers Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia	6,805	0.18

6. In a report of Possession of Large Volume (change report) made available for public inspection on November 9, 2020, FMR LLC and one of its joint holders reported that they held the following shares as of October 30, 2020. However, since HOYA was unable to confirm the number of shares actually held by the Company as of the record date for the exercise of voting rights, these shares are not included in the above list of major shareholders.

Name / Company Name	Address	Number of Shares Owned (100)	Percentage of Share Certificates and Other Securities Held
FMR LLC	245 Summer Street Boston, MA 02210, USA	187,908	5.00
National Financial Services LLC	200 Seaport Blvd Boston, MA 02210, USA	179	0.00

7. In a report of Possession of Large Volume (change report) made available for public inspection on April 6, 2020, Sumitomo Mitsui Trust Asset Management Co., Ltd. and two joint holders reported that they held the following shares as of March 31, 2020. However, since the Company is unable to confirm the number of shares actually held by the Company as of the record date for the exercise of voting rights, these shares are not included in the above list of major shareholders.

Name / Company Name	Address	Number of Shares Owned (100)	Percentage of Share Certificates and Other Securities Held
Sumitomo Mitsui Trust Asset Management Co., Ltd.	3-33-1 Shiba, Minato-ku, Tokyo, Japan	128,164	3.39
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo, Japan	61,915	1.64

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Section
Fiscal Year-End	March
Type of Business	Precision Instruments
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	Equal to or more than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

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

N/A

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

N/A

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

1. Organizational Composition and Operation

Organization Form	Company with three Committees (Nomination, Audit and Remuneration)
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chief Executive Officer
Number of Directors	8

[Outside Directors]

Number of Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mitsudo Urano	From another company												
Shuzo Kaihori	From another company								△				
Hiroaki Yoshihara	Others												
Yasuyuki Abe	From another company								△				
Takayo Hasegawa	From another company								○				
Mika Nishimura	From another company												

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/kansayaku

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to

- any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/kansayaku are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination	Compensation	Audit			
Mitsudo Urano	○	○	○	○	There was no transaction in the fiscal year 2021 between Hoya group and Nichirei Group which Mr. Urano is from. Therefore nothing in connection with Mr. Urano exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company	Mr. Urano focused on capital efficiency from the early stage in Nichirei Corporation, a leading Japanese frozen food manufacturer, and developed efficient management through company split-ups and informatization. He particularly has extensive experience and solid achievements on management informatization. The Company's Nomination Committee, in addition to the achievements in Nichirei Corporation, believes that he will make a great contribution to enhance management efficiency and transparency through giving advice and proposals on overall company management with his deep insight and extensive experience as management having served as an outside director and outside corporate auditor in other companies listed on the First Section of the Tokyo Stock Exchange. As described to the left, Mr. Urano meets the criteria for independence set forth by the Company's Nominating Committee and is designated as an independent director in the belief that he will be able to fulfill his role as an outside director from an independent standpoint.

Shuzo Kaihori	○	○	○	○	<p>There were transactions in the fiscal year 2021 between the HOYA Group and Yokogawa Electric Group, which Mr. Kaihori used to work, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party, and nothing in connection with him exists that violates the independence requirements for a Director candidate provided for in the “Basis for Election of Candidates for Directors” set forth by the Nomination Committee of the Company.</p>	<p>Mr. Kaihori assumed the presidency of Yokogawa Electric Corporation, which operates a test and measurement business and industrial automation and control business, in 2007 when the company faced difficult business conditions, then was committed to turning around the company and achieved a surplus by changing the business model from hardware to software and promoting the globalization. The Company’s Nomination Committee has decided that he will contribute greatly to the Company’s management from his performance that he boldly responded to changes in the business environment and achieved results and by giving advice on strengthening of software business, which is a challenge for the Life Care Segment, an area expected to grow, based on his extensive experience. As described to the left, Mr. Kaihori meets the criteria for independence set forth by the Company's Nominating Committee and is designated as an independent director in the belief that he will be able to fulfill his role as an outside director from an independent standpoint.</p>
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Hiroaki Yoshihara	○	○	○	○	<p>Nothing in connection with Mr. Yoshihara exists that violates the independence requirements for a Director candidate provided for in the “Basis for Election of Candidates for Directors” set forth by the Nomination Committee of the Company.</p>	<p>Mr. Yoshihara has long-term experience as an expert in finance and accounting as well as management experience gained as Global Managing Partner of an international accounting firm. He also has a track record of participating in the M&A of many companies from a professional standpoint. The Company’s Nomination Committee has judged that he will contribute to the enhancing the supervisory function of the Board of Directors of the Company and at the same time provide plenty of advice in regard to M&A, an important measure in the Company’s business strategy. As described to the left, Mr. Yoshihara meets the criteria for independence set forth by the Company's Nominating Committee and is designated as an independent director in the belief that he will be able to fulfill his role as an outside director from an independent standpoint.</p>
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Yasuyuki Abe	○	○	○	○	<p>There were transactions in the fiscal year 2021 between the HOYA Group and Sumitomo Corporation, which Mr. Abe comes from, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party, and nothing in connection with him exists that violates the independence requirements for a Director candidate provided for the “Basis for Election of Candidates for Directors” set forth by the Nomination Committee of the Company.</p>	<p>Mr. Abe was primarily engaged in the electric power, machinery, and information fields at Sumitomo Corporation, a general trading company. After stationed twice in the United States, he served as representative director and president of the company’s electronics and information related subsidiaries. Subsequently, as a representative director of Sumitomo Corporation, he was engaged in the company’s financial, logistics and new business development. The Company’s Nomination Committee has judged that he will contribute to the Board of Directors of the Company through his wide-ranging experience at the general trading company, his global mindset cultivated over the years of stay in the United States, his business experience nurtured as a representative director and president, and his experience as an independent director gained at other companies after leaving Sumitomo Corporation. As described to the left, Mr. Abe meets the criteria for independence set forth by the Company’s Nominating Committee and is designated as an independent director in the belief that he will be able to fulfill his role as an outside director from an independent standpoint.</p>
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Takayo Hasegawa	○	○	○	○	<p>There were transactions in the fiscal year 2021 between HOYA Group and SWCC SHOWA HOLDINGS Group, which the candidate works for, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party, and nothing in connection with the candidate exists that violates the independence requirements for a Director candidate provided for in the “Basis for Election of Candidates for Directors” set forth by the Nomination Committee of the Company</p>	<p>Ms. Hasegawa was engaged for many years as a researcher in the R&D divisions of the SWCC Group, which was originally established in the electric wire and cable industry and expanded widely into the Energy/Infrastructure, Communications/Industrial Devices, and Electrical Equipment/Components businesses, promoting the technological development of the SWCC Group. Since taking office as the first female President and Representative Director from the R&D divisions in the SWCC Group in 2018, she has implemented rapid reform of governance by dividing the business of SWCC SHOWA HOLDINGS CO., LTD. into segments, helping to ensure stable profitability. The Company’s Nomination Committee has judged that she will contribute significantly to the Company’s management based on her experience as a manager backed by expertise as an engineer and with regard to initiatives for new business and transformation.</p> <p>As described to the left, Ms. Hasegawa meets the criteria for independence set forth by the Company's Nominating Committee and is designated as an independent director in the belief that she will be able to fulfill his role as an outside director from an independent standpoint.</p>
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Mika Nishimura	○	○	○	○	<p>There were no transactions in the fiscal year 2021 between the HOYA Group and GILDE HEALTHCARE PARTNERS, which the candidate works for, and nothing exists that violates the independence requirements for a Director candidate provided for in the “Basis for Election of Candidates for Directors” set forth by the Nomination Committee of the Company</p>	<p>Ms. Nishimura has over 30 years of experience in the medical technology sector and was engaged in commercialization strategy on a global scale (50 markets in North America, Europe, the Asia-Pacific region, and Central and South America). Through leadership positions, including Director, Global Marketing, she has been involved in clinical and business strategies and has a proven track record in helping to launch franchises that contribute to stable revenue growth. In addition, her experience as a partner in a life science venture fund has given her a broad global perspective on the latest technologies and companies. Based on her past experience, the Company believes that she will contribute to strengthening the supervisory function, primarily in the life science business, and at the same time provide a great deal of advice on business strategy of the Company. As described to the left, Ms. Nishimura meets the criteria for independence set forth by the Company's Nominating Committee and is designated as an independent director in the belief that she will be able to fulfill his role as an outside director from an independent standpoint.</p>
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[Committees]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	6	0	0	6	Outside Director
Remuneration Committee	6	0	0	6	Outside Director
Audit Committee	6	0	0	6	Outside Director

[Executive Officers (Shikkoyaku)]

Number of Executive Officers (Shikkoyaku)	4
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Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Remuneration Committee Member	
Eiichiro Ikeda	Yes	Yes	No	No	No
Ryo Hirooka	Yes	Yes	No	No	No
Augustine Yee	No	No	No	No	No
Tomoko Nakagawa	No	No	No	No	No

[Auditing Structure]

Appointment of Directors and/or Staff to Support the Audit Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Officers (Shikkoyaku)

It is stipulated that the right to appoint or dismiss staff members of the secretariat of the Audit Committee belongs to the Audit Committee.

Cooperation among Audit Committee, Accounting Auditors and Audit Departments

The Audit Department has a duty to examine, from an independent standpoint, whether internal control systems are functioning properly, whether any unlawful acts are occurring, and whether there are matters that need to be improved. The Audit Department performs operational audits of the business divisions and offices on a periodic basis. If problems are found through audits, the Audit Department makes improvement recommendations on the spot to the departments audited, and then reports to the Audit Committee and the Representative Executive Officer. The Internal Control Department leads the assessment activities of the status of development and operation of internal control systems, based on the Basic Plan and Policy for the Assessment of Internal Controls over Financial Reporting, puts together assessment results, and reports to the Executive Officer and the Audit Committee.

The Audit Committee holds several meetings a year with the Accounting Auditor to receive detailed explanations regarding the Accounting Auditor's audit policies and audit plans and other explanations, such as those related to ensuring the proper execution of the Accounting Auditor's duties. At these meetings, the Audit Committee also actively exchanges opinions and information with the Accounting Auditor by, for example, notifying its requests regarding important audit items to the Accounting Auditor. The Audit Committee endeavors to ensure an appropriate and strict execution of accounting audits. In addition, the Audit Committee holds hearings to confirm the state of the audit company's review system and internal controls. Furthermore, the Audit Committee not only receives detailed audit reports regarding the Accounting Auditor's audit methods and audit results but also endeavors to grasp the status of the Accounting Auditor's execution of audits by obtaining audit execution reports on a regular basis. By also verifying with facts learned from reports, etc., provided by the Audit Department and the Internal Control Department, the Audit Committee comprehensively determines the appropriateness of the Accounting Auditor's audits, internal audits, and internal control assessments.

[Independent Directors]

Number of Independent Directors	6
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Matters relating to Independent Directors

At HOYA, all Outside Directors who satisfy qualifications to be Independent Directors are designated as Independent Directors.

[Incentives]

Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	For Executive Officers (Shikkoyaku), there is performance based stock compensation plan (Performance Share Unit, referred as "PSU" in below), which is a performance-linked remuneration system. For Director, there is a non-performance-based stock compensation plan (Restricted Stock Unit, referred as "RSU" in below).
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Supplementary Explanation

Directors' remuneration consists of fixed remuneration and RSU, which delivers shares prescribed in accordance with the period in office as a Director of the Company. Executive Officers'(Shikkoyaku) remuneration consists of fixed remuneration, performance-linked remuneration, and PSUs.

Recipients of Stock Options	N/A
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Supplementary Explanation

N/A

[Remuneration for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Individual Directors' Remuneration	Selected Directors
Disclosure of Individual Executive Officers' (Shikkoyaku) Remuneration	Selected Directors

Supplementary Explanation

CEO's remuneration is disclosed individually regardless of amount.

For other directors and officers, individual remuneration is disclosed in accordance with the ordinance.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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(i) Basic policy

The Company has established the Compensation Committee with the objective of "contributing to improvement of results of the Company by constructing a remuneration system that raises motivation among Directors and Executive Officers and by appraising their performance appropriately". The Compensation Committee is made up of all of 6 Outside Directors who are not Executive Officers of the Company.

With due consideration of necessary information (including the levels set by other companies as determined by a survey conducted by an outside professional organization), the Compensation Committee discusses and finalizes policies for the remuneration of Directors and Executive Officers, and the particulars of remuneration received by Directors and Executive Officers.

(ii) Policy concerning remuneration for Directors

The remuneration of Directors consists of a fixed salary and medium- to long-term incentive (RSU).

The fixed salaries consist of a basic compensation and compensation for being a member or a chairman of the Nomination, Compensation or Audit Committee etc. The compensation levels are set appropriately by taking into consideration such factors as the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

RSU will be granted annually 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. Outside 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, and when recipient retires due to unavoidable reasons such as illness or injury, or heirs of recipients who retire due to death, all of the standard compensation amount will be paid 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 remuneration]

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

(Note) Assuming a share price in three years roughly equivalent to the share price when the RSU was granted.

(iii) 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- to long-term incentive (PSU). For fixed salaries, basic compensation according to the office and responsibility of each Executive Officer (Representative Executive Officer, CFO, etc.) and, in case of expatriates, benefit as expatriate (such as housing) are set appropriately by taking into consideration such factors as the offices and responsibilities, the Company's business environment, and the levels set by other companies as determined by

a survey conducted by an outside professional organization. Performance-based bonuses shall be determined according to quantitative results and qualitative evaluations, and shall range roughly from 0 to 200%. As indicators of quantitative results, sales, profit attributable to owners of the Company, and basic earnings per share (EPS) given on the Consolidated Financial Statements are selected.

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 the performance over three fiscal-year periods. The Company selected the indicators of sales over three fiscal year periods, basic earnings per share (EPS) and ROE given on the Consolidated Financial Statements.

Details of performance-based remuneration for Executive Officers are given in “Outline of performance-based remuneration (annual incentive and medium- to long-term incentive) for Executive Officers” below.

[Composition ratio of remuneration]

CEO	Fixed salary: annual incentive: medium- and long-term incentive (PSU) = Approximately 1:1:1.25
Executive Officers excluding CEO	Fixed salary: annual incentive: medium- and long-term incentive (PSU) = Approximately 1:1:1

(Note) Subject to a 100% achievement rate for all targets and assuming a share price in three years roughly equivalent to the current share price.

[Reference] Outline of performance-based remuneration ((annual incentive and medium- to long-term incentive) for Executive Officers

a. Annual incentive (performance-based bonuses)

Annual incentive (performance-based bonuses) shall be paid based on the following calculation.

Amount of Annual incentive (performance-based bonuses) = base amount (according to the office of each officer) x performance-linked coefficient (linked to quantitative targets)* x 80% + base amount (according to the office of each officer) x performance-linked coefficient (linked to qualitative targets)* x 20%

* Performance-linked coefficient shall range from roughly 0 to 200%.

[Performance-linked coefficient (performance-based bonuses)]

Indicators	Target (consolidated) (JPY)	Actual (consolidated) (JPY)	Reason for selection
Sales (Billions of yen)	606.0	661.5	Selected as an indicator for its measurement of the Group’s degree of growth in domestic and overseas markets.

Profit attributable to owners of the Company (Billions of yen)	134.4	164.5	Selected as an indicator for its measurement of whether the Group's growth is accompanied by solid profits
Basic earnings per share (Yen)	359.71	446.45	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective

(Notes)

1. The qualitative assessment method relevant to an annual incentive (performance-based bonuses) involves assessments of items such as the degree of achievement of budget targets in the division under management, the results of which are deliberated on in the Compensation Committee before a decision is made.
2. The target values in the table above are set taking into consideration such as the Company's business environment, and as such may differ from performance forecasts.

b. Medium- to long-term incentive (PSU)

Every year, the Company announces basic deliverable numbers of shares according to the office and responsibility of each Executive Officer and medium- to long-term performance targets for a three-year period from that year. After the end of the period in question, the Company determines, for each Executive Officer, a basic compensation amount which is the market value of the Company's shares for the basic deliverable number of shares multiplied by a coefficient representing the degree of achievement of medium- to long-term performance targets. The Company shall pay the Executive Officer 50% of the basic compensation amount as claims for monetary remuneration. Executive Officers shall invest the monetary claims in kind and shall be granted a number of Company shares, which is equal to the amount of monetary claim 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, Executive Officers not residing within Japan and the heirs of Executive Officers who died during their tenure shall receive the entire basic compensation amount in cash.

Also, the Company plans to issue PSU for periods of three fiscal years starting from the following fiscal year, and continuing thereafter. Below is a table illustrating this system.

[Performance-linked coefficient (PSU)]

Fiscal 2019 allocation (target period: fiscal year ended March 2020 to fiscal year ended March 2022)

Indicators	Target (consolidated)(B JPY)	Actual (consolidated)(B JPY)	Reason for selection
Sales (Billions of yen)	630.0	595.3	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Basic earnings per share (Yen)	390	362	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.
ROE	20.0%	19.7%	Measures whether earnings have been efficiently obtained as compared with the amount of shareholder investment

Fiscal 2020 allocation (target period: fiscal year ended March 2021 to fiscal year ending March 2023)

Indicators	Target (consolidated)(B JPY)	Actual (consolidated)(B JPY)	Reason for selection
Sales (Billions of yen)	610.0	-	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Basic earnings per share (Yen)	350	-	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.
ROE	18.0%	-	Measures whether earnings have been efficiently obtained as compared with the amount of shareholder investment

Fiscal 2021 allocation (target period: fiscal year ended March 2022 to fiscal year ending March 2024)

Indicators	Target (consolidated)	Actual (consolidated)	Reason for selection
Sales (Billions of yen)	670.0	-	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Basic earnings per share (Yen)	430	-	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.
ROE	19.0%	-	Measures whether earnings have been efficiently obtained as compared with the amount of shareholder investment

Fiscal 2022 allocation (target period: fiscal year ended March 2023 to fiscal year ending March 2025)

Indicators	Target (consolidated)	Actual (consolidated)	Reason for selection
Sales (Billions of yen)	760.0	-	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Basic earnings per share (Yen)	560	-	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.
ROE	20.0%	-	Measures whether earnings have been efficiently obtained as compared with the amount of shareholder investment
ESG Indicators	Evaluation by external organization * Status of initiatives on ESG important to the Company	-	Set as an indicator for its measurement of sustainability efforts from an ESG perspective.

* Ratings from by CDP, MSCI, and Sustainalytics will be used.

Summary of Organization and Procedures for Determining the Amount of Remuneration, etc. for Directors and Executive Officers or the Policy for Determining the Method of Calculating the Amount of Remuneration, etc.

The policy regarding the determination of the amount of remuneration, etc. for Directors and Executive officers or the method of calculation thereof is determined by the Compensation Committee. The Compensation Committee determines the details of compensation for each individual director and executive officer based on the determined policy, and performance targets for performance-linked compensation are determined after deliberation with reference to the Company's business environment, market consensus, and other factors.

[Supporting System for Outside Directors]

To support the operations of the three committees, a secretariat is established for each committee.

[Situation of Persons Retired from Position of President/CEO,etc.]

N/A

[Other matters]

We abolished the adviser (SODANYAKU) system as of the end of March 2018.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Business Execution

Having the structure of a “company with Nomination Committees, etc.,” the authority of the HOYA Board of Directors is entrusted to Executive Officers, enabling swift execution of business. As of July 1, 2022, four persons - namely, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Business Development Officer and Chief Legal Officer (CBDO & CLO) and Chief Sustainability Officer (CSO) were nominated by the Nomination Committee as candidates for Executive Officers and elected at the meeting of the Board of Directors. 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 Group Headquarters and the person responsible for the business divisions to establish and carry out specific measures based on the management policy determined by the Board of Directors. Budgetary Business Division Meetings are held every quarter in each business division, with attendance by all Executive Officers. At these meetings, each division’s progress is checked vis-a-vis the annual plan and deliberations are held on plans for the coming quarter. Business operations in each business division are largely delegated to the manager responsible for the business division, who carries out the action plan approved at the Budgetary Meeting. In addition to CEO, CFO, CBDO&CLO and CSO also attend each meeting of the Board of Directors.

(2) Roles and functions of Outside Directors

The important roles of Outside Directors at HOYA are to supervise management from a fair perspective and from the position of shareholders, and to actively discuss important management matters at the Board of Directors meetings in a capacity that has no conflict of interest with general shareholders. As for their functions, the Compensation Committee, the Nomination Committee, and the Audit Committee all are comprised of Outside Directors, and Outside Directors are expected to supervise and evaluate Executive Officers through these committees. Furthermore, as more than half of the members of the Board of Directors are Outside Directors, Outside Directors are expected to be able to, when necessary, vote down proposals made by Executive Officers.

(3) Board of Directors

The Company’s Board of Directors, in which Independent Directors comprise the majority of Board members. The Company’s Board of Directors convene regular Board meetings 10 times a year as a general rule. Each meeting of the Board of Directors involves lively discussions and deliberations in a solemn atmosphere, with globally-minded Independent Directors with a wealth of management experience supervising the execution of operations by Executive Officers and providing them with inquiries and advice from various angles. The Board of Directors also works to obtain information as necessary on trends in legal changes and corporate governance by holding lectures by outside experts and through other means. In fiscal year 2021, the Board of Directors meetings were convened 9 times, with 100% attendance by all the Directors. Based on the Board of Director Regulations, the Board of Directors addresses statutory matters, approves quarterly budgets, approves quarterly earnings reports, deliberates on M&A, deliberates on the executive organization, and receives reports on the current status and medium- to long- term plans of each business division. As of July 1, 2022, the Company’s Board of Directors consists of six Outside Directors and two Internal Directors, including two female Outside Directors.

(4) Audit and Oversight

The Audit Committee, on which all Independent Directors (6 Independent Directors as of July 1, 2022) hold a seat,

formulates the audit policies and audit plans for each fiscal year, and verifies financial statements, etc. based on the quarterly reports and year-end reports received from the Accounting Auditor according to such policies and plans.

It also interviews the Audit 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 9 times in fiscal year 2021, with 100% attendance by each member. Deliberations during the fiscal year 2021 focused on reports from the Accounting Auditor and Audit Department, while providing advice and suggestions to the executive team with regard to the issues that came to light.

The details are as described above in “Auditing Structure.”

From fiscal year ended March 2009, Deloitte Touche Tohmatsu LLC have been executing the Companies Act audit and Financial Instruments and Exchange Act audit of the HOYA Group.

In the fiscal year ended March 2022, the following certified public accountants performed audit operations.

(Deloitte Touche Tohmatsu LLC Tokyo office)

Designated Unlimited Liability Engagement Partner: Koichi Kuse

Designated Unlimited Liability Engagement Partner: Takuya Sumita

Designated Unlimited Liability Engagement Partner: Osamu Hattori

Deloitte Touche Tohmatsu has a mechanism to prevent any of its engagement partners from being involved in accounting audits of HOYA for more than a specified length of time.

In addition, a total of 26 partners and professional staff (7 certified public accountants, 7 persons who have passed the Certified Public Accountants Examination, etc., and 12 others) are involved in audits of HOYA.

(5) Nomination of Director and Executive Officer Candidates

The Nomination Committee, on which all Independent Directors (6 Independent Directors as of July 1, 2022) have a seat, fairly and rigorously selects candidates for Directors (ensuring said candidates possess knowledge, expertise, and capabilities suited to HOYA’s business environment), based on the “Basis for Election of Candidates for Directors,” and proposes the candidates to the General Meeting of Shareholders for voting. The Committee also fairly and rigorously selects candidates (with knowledge, expertise, and capabilities suited to HOYA’s business environment) for Executive Officers and the Representative Executive Officer, based on the “Standard for Election of Candidates for Executive Officer,” and proposes the candidates to the Board of Directors for voting. In cases that meet the criteria for dismissal, the Committee makes decisions to propose the dismissal of Directors to the General Meeting of Shareholders and the dismissal of Executive Officers to the Board of Directors for voting. The Committee sets out the criteria for independence of candidates for Directors, which is stricter than the rules by Tokyo Stock Exchange so that a function of overseeing Executive Officers required to Independent Directors is secured.

Outline of matters that violate requirements for independence of candidates for Independent Director

<Those who related to HOYA Group>

- Those who previously worked for 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 top management in the past five years

<Major shareholders>

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

<Those who related to big business partners>

- Those who are operating directors, executive officers or employees of any important business partner, either for 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 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 have received remuneration of 5 million yen or more per year, from 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 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 HOYA Group

Nomination Committee meetings were convened 12 times in the fiscal year ended March 31, 2022 with 100% attendance by all committee members. During the fiscal year under review, the Nomination Committee spent a great deal of time discussing the Nomination Committee's important issue of CEO change, including with outside experts.

(6) Remuneration decisions

The details are as described above in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

Compensation Committee meetings were convened 11 times in fiscal year 2021 with 100% attendance by all committee members. Deliberations during the fiscal year under review paid particular attention to remuneration in the new executive organization.

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3. Reasons for Adoption of Current Corporate Governance System

Hoya employs a “Company with a Nominating Committee, etc.” management system. Under the “Company with a Nominating Committee, etc.” management system, by giving Executive officers authority to manage business, business decision makings are accelerated. At the same time, three committees – the Nomination Committee, the Compensation Committee and the Audit Committee – are 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 the “Company with a Nominating Committee, etc.” management system enables us more clearly separate the execution and supervision of corporate management, whereas this was not possible with the previous “company with corporate auditors” system. Through this system, we aim to ensure efficient management and improve the overall soundness and transparency of management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	For the convenience of shareholders, HOYA aims to send out the notice of a general shareholder meeting as early as possible, this year, the convocation notice for the 84 th General Meeting of Shareholders was sent out on May 31, 2022, and, prior to sending the notice, posted the notice on its website on May 26.
Allowing Electronic Exercise of Voting Rights	Shareholders are able to exercise their voting rights over the Internet by accessing the voting website designated by HOYA via their computer or smartphone.
Participation in Electronic Voting Platform	HOYA is endeavoring to improve the convenience of shareholders by posting the Japanese and English versions of the notice of a general meeting of shareholders on the electronic voting platform operated by Investor Communications Japan (ICJ). Domestic and overseas institutional investors who have applied for the use of the platform in advance are able to directly read and examine the content of proposals etc. submitted to the general meeting.
Providing Convocation Notice in English	HOYA posts the English version of the notice of a general meeting of shareholders early on its website. In addition, HOYA posts the English version of the notice on the electronic voting platform.
Other	<p>Hoya is making efforts to provide easy-to-understand information by using color, images and graphs in the shareholders-meeting notice. The notice also includes information on Independent Directors.</p> <p>In addition, HOYA has increased the transparency of executive remuneration by disclosing in the notice the individual amounts of remuneration paid to the CEO and Executive Officers whose remuneration exceeds 100 million yen. To help shareholders understand more about the company, HOYA has introduced a system that enables shareholders to view the shareholders-meeting notice on their smartphone and tablet.</p> <p>HOYA livestreamed the General Meeting of shareholders through internet so that the shareholders could watch the proceedings from their homes etc.</p>

2. **IR Activities**

	Supplementary Explanations	Explanation by Representative Officer
Preparation and Publication of Disclosure Policy	HOYA has created a disclosure policy and posted it on its website.	
Regular Investor Briefings for Analysts and Institutional Investors	When quarterly financial results are announced, the CEO himself attends a briefing session and explains the details of business results.	Yes
Regular Investor Briefings for Overseas Investors	The Representative Executive Officer regularly holds meetings with overseas investors several times a year to explain the details of business results, etc.	Yes
Posting of IR Materials on Website	HOYA discloses investor relations-related information, including information on quarterly financial results, in a timely manner. HOYA does not post videos in which the Representative Executive Officer provides explanations, but the company posts text documents that show explanations provided by the Representative Executive Officer and questions and answers at briefing sessions.	
Establishment of Department and/or Manager in Charge of IR	HOYA has a position exclusively in charge of investor relations within the Corporate Communication Department.	

3. **Measures to Ensure Due Respect for Stakeholders**

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Management Principles stipulates that stakeholders, including society, customers, shareholders, and individuals, should be respected. Specific conduct guidelines are stipulated in the HOYA Business Conduct Guidelines, which was formulated based on the Management Principles and which should be followed by the HOYA Group's employees.
Implementation of Environmental Activities, CSR Activities etc.	HOYA has employees who are exclusively in charge of environmental conservation activities. HOYA is promoting environmental conservation efforts as a good corporate citizen. HOYA identified ESG Materiality and Sustainability Policy so as to contribute towards building a sustainable society and aims to enhance our long-term corporate values by implementing our management principles based on our corporate mission in our day-to-day work

Development of Policies on Information Provision to Stakeholders	As a policy for information provision, HOYA has established the Information Disclosure Policy.
Other	<p>HOYA is promoting global management of business and endeavoring to build a system where employees can work with passion. Employees are not judged on the basis of nationality, gender, educational background, race, thought and beliefs, and other attributes. HOYA asks and evaluates employees based on what they are capable of doing in business. HOYA assigns employees to appropriate workplaces to ensure that they can play active roles.</p> <p>HOYA has two female Outside Directors and one female executive officer. Still, the number of female leaders (women who hold section manager or higher positions) in HOYA Group in Japan is still limited, with their ratio only 14.3% (as of March 31, 2022). However, as the above-said policy describes, HOYA will continue to make efforts to create a flexible work environment, and a fair and clear performance- based evaluation system, aiming to enable employees to play active roles, whoever, regardless of their gender, demonstrate their competencies.</p>

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

HOYA's Board of Directors has resolved to adopt the following internal control system.

1) System for Ensuring Adequacy of Operations

Contents of the resolutions the Board of Directors of the Company made with regard to internal control systems set out in (b) and (e) of first item, first paragraph, Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act are as follows:

On July 16, 2021, the Company decided to establish a Headquarters Compliance Group under the supervision of the HOYA Group Chief Compliance Officer (CCO), as well as a Compliance Officer in each business division. In addition, due to an organizational change effective March 1, 2022, the hotline for receiving internal reporting (HOYA Help Line), which had previously been operated under the Audit Committee, was transferred to the Compliance Group as part of the above-mentioned headquarters compliance organization and is now operated under the Compliance Group. However, the Audit Committee remains in direct control of internal reporting concerning Executive Officers and CCO, which make up the upper organization of the Compliance Group, and the Audit Committee Office continues to serve as the point for receiving such reporting. In addition, reports to the hotline for receiving internal reporting (HOYA Help Line) and responses to such reports will continue to be reported to the Audit Committee on a regular basis.

Notes are provided separately for any changes made during the fiscal year with respect to the details of the resolutions of the Board of Directors of the Company regarding the internal control system and the outline of its operation status described below.

(1) Matters required for ensuring the adequacy of operations

(i) Systems concerning the storage and management of information about the execution of duties by Executive Officers

Efforts shall be made to adequately store and manage important matters, including documents, records and minutes relating to applications for approval within the HOYA Group, in accordance with laws, regulations and other standards.

(ii) Regulations and other systems concerning the management of the risk of loss of the HOYA Group

Each business division (including the subsidiaries operating inside the respective business division) and organization shall try to identify and manage risks, and shall aim for improvements as the occasion demands, taking into consideration the instructions, etc. of the Internal Audit Department.

If a serious crisis occurs, a crisis management headquarters shall be swiftly established under the direct management of the CEO, and efforts shall be focused on response, and settlement of the situation.

(iii) Systems for ensuring the efficiency of duty performance by Executive Officers of the Company and each business division

Each division shall carry out its operations according to the annual plan and the quarterly budget adopted at meetings of the Board of Directors. The HOYA Group shall ensure the efficiency of Group management by evaluating the levels of target achievement every quarter and working to make improvements as the occasion demands.

Executive Officers shall be timely and precise in performing their duties based on the decision-making system for their execution of duties, which covers their standards for approving important matters.

Efficient procurement of funds shall be conducted in accordance with a common cash management system shared by the HOYA Group.

Efficient accounting management shall be carried out in accordance with a common accounting management system shared by the HOYA Group.

(iv) Systems for ensuring compliance with laws, regulations and the Articles of Incorporation of the way duties are performed by Executive Officers of the Company, Directors etc. of subsidiaries, and employees of the HOYA Group

The HOYA Business Conduct Guidelines shall be established to guide the conduct of all Group members based on the Group's Corporate Mission and Management Principles.

A Group Headquarters Compliance Group under the supervision of the HOYA Group Chief Compliance Officer (CCO) shall be established as well as a Compliance Officer in each business division to establish the abovementioned HOYA Business Conduct Guidelines, provisions related to legal compliance and to provide training. (*Since July 16, 2021)

The Headquarters Compliance Group shall establish a department for receiving internal reporting (HOYA Help Line), and this department shall serve as a point to receive reporting of conduct, etc. that is in violation of the HOYA Business Conduct Guidelines, laws and regulations, the Company's Articles of Incorporation, internal regulations or socially accepted conventions, or to provide advice thereof (excluding those related to Executive Officers and CCO). The contents of reports to the department for receiving internal reporting and the response to such reports shall be reported to the Audit Committee on a regular basis. Any unfair treatment of the person reporting or the person seeking advice (including any retaliatory measures such as dismissal, salary reduction, transfer, or harassment) is also prohibited. (*since March 1, 2022)

(v) Systems for reporting matters concerning performance of duties of employees of the HOYA Group and Directors, etc. of the Company's subsidiaries

The performance of duties for each business division shall be reported at the regularly held Budgetary Meetings. As provided for by the internal rules of the HOYA Group, each business division (including the subsidiaries operating inside the respective business division) shall obtain the approval of the Group Headquarters for the matters stipulated

by the rules and report the occurrence of important matters to the Group Headquarters and the Company's Executive Officers.

[Operation Status]

In the fiscal year, decisions were made on important matters in businesses and Group Headquarters in accordance with the Rule of HOYA Group headquarters approval process based on the above policies from perspectives of improving efficiency and value of the entire HOYA Group.

At the Budgetary Meetings held quarterly, risks and opportunities in each business environment were discussed, policies and measures were developed and results thereof were verified, and these were reported to the Board of Directors.

The HOYA Business Conduct Guidelines, which is a code of ethics based on HOYA's Corporate Mission and Management Principles, were posted on the Group's portal site with printed copies distributed to employees who have difficulty accessing the portal site for all employees of the HOYA Group to understand the Group's mission and compliance policies and to act accordingly in everyday life. Employees annually undergo training on the HOYA Business Conduct Guidelines at their respective workplaces to increase understanding thereof and to affirm their intention to act accordingly.

Executive Officers reported to the Chairperson of the Audit Committee, after confirming the Guidelines.

The HOYA Help Line, which receives reports and consultation requests from employees of the HOYA Group, has been established since 2003. If there is any act that violates laws and regulations or the HOYA Business Conduct Guidelines, the HOYA Help Line, while protecting the informer, deals with it quickly and appropriately, recognizing the problem early and making the relevant organization to exert a self-corrective function, and responds to it to ensure the soundness of the Group as a whole. Up to the end of the consolidated fiscal year ended March 2022, the system was introduced into Japan, North America (U.S. and Canada), Thailand, the European region, Philippines, Singapore, Australia, Malaysia, Korea, Vietnam, Brazil, Taiwan, South Africa and India, and a portion of it is operated in conformity with business customs and laws and regulations of the country or region.

The contents of reports to the HOYA Help Line and the response to such reports were reported to the Audit Committee on a regular basis.

(2) Important matters in the execution of duties by the Audit Committee

(i) Matters concerning Directors and employees assisting the Audit Committee in its duties

The Audit Committee Office shall be established to assist the Audit Committee in its duties.

(ii) Matters concerning independence from the Executive Officers of Directors and employees stated in the above item and matters on securing effectiveness of instructions to Directors, etc. stated in the above item

The Audit Committee has the power to appoint and dismiss staff members of the Audit Committee Office.

Executive Officers shall not give directions to staff members of the Audit Committee Office.

(iii) Systems required for reports to the Audit Committee by Executive Officers and employees of the Company, systems required for reports to the Audit Committee by Executive Officers and employees, etc. of subsidiaries, and systems required to ensure a person who reports to the Audit Committee does not receive unfair treatment

The Board of Directors Regulations was amended to require reporting of all important matters to the Board of Directors, where Independent Directors comprise the majority of Board members. As a result, reports to the Board of Directors began to cover all important matters. For this reason, no special stipulations are established regarding matters that need to be reported to the Audit Committee.

The person responsible for the management of each respective business division shall swiftly report information being stored or managed in each organization inside the HOYA Group including subsidiaries operating within the business division as requested by the Audit Committee or the Internal Audit Department.

A department for receiving internal reporting (HOYA Help Line) shall be established under the Audit Committee,

and this department shall serve as a point to receive reporting of conduct, etc. that is in violation of laws and regulations, the Company's Articles of Incorporation, internal regulations or socially accepted conventions, or to provide advice thereof. Any unfair treatment of the person reporting or the person seeking advice (including any retaliatory measures such as dismissal, salary reduction, transfer, or harassment) is prohibited. (*until February 28, 2022)

A contact point for receiving internal reporting concerning Executive Officers and the CCO shall be established in the Audit Committee Office to receive reports from within the HOYA Group regarding violations of laws and regulations, the Company's Articles of Incorporation, internal regulations, and socially accepted conventions, or to provide advice thereof. Any unfair treatment (including any retaliatory measures such as dismissal, reduction in salary, transfer, harassment, etc.) of the person reporting or the person seeking advice is also prohibited. (*since March 1, 2022)

(iv) Matters regarding procedures for advanced payment or reimbursement of costs arising through execution of duties at Audit Committee, or other costs or obligations arising through execution of other duties for members of the Audit Committee

Concerning claims for costs arising through execution of duties at the Audit Committee for members of the Audit Committee, when there are claims from each member of the Audit Committee, appropriate processing of relevant costs or obligations will be performed expeditiously under deliberation by departments and divisions concerned, except in cases when the costs relating to the relevant claims were not necessary for the execution of the relevant duties.

(v) Other systems to ensure the effectiveness of audits by the Audit Committee

The Internal Audit Department shall conduct audits focusing on onsite audits of each place of business inside the HOYA Group, including subsidiaries, according to the audit policies and plans adopted by the Audit Committee and based on the cost budget to implement them, and shall report to the Audit Committee as the occasion demands. The rules of the Audit Committee stipulate the details and ensure the effectiveness thereof.

[Operation Status]

The Audit Committee Office has been established to assist the Audit Committee in its duties. The Internal Audit Department has been established under the Audit Committee Office, and staff members have been assigned thereto. The Audit Committee Office and Internal Audit Department are organizations fully independent from the executive department.

The Internal Audit Department conducted audits of each business place of the HOYA Group, including overseas subsidiaries, according to the audit policies and plans adopted by the Audit Committee and based on the cost budget to implement them.

Moreover, persons in charge of internal audits are assigned to each division, separately from the Internal Audit Department, and carry out internal audits within each division. The Internal Audit Department provides the Audit Committee with reports on content of audits carried out by the persons in charge of internal audits assigned to each division.

The Internal Audit Department endeavors to expand areas subject to audit and increase the frequency of audits, in cooperation with the persons in charge of internal audits assigned to each division.

The Audit Committee received regular reports on the status of audit implementation and the contents of reports to the HOYA Help Line and the responses thereto, and provided advice as necessary.

(3) System for ensuring reliability of financial reporting

The HOYA Group shall establish and manage a system of internal controls for financial reporting and build a system for evaluating its financial reporting to ensure the reliability of its financial reporting and valid, appropriate submission of internal control reports as prescribed in the Financial Instruments and Exchange Act.

[Operation Status]

The department in charge of internal controls placed in the Group Headquarters conducted hearing of reports from each business division's manager responsible for supervising the establishment and operation of the respective division's internal control system. These were conducted on a regular basis on matters concerning confirmation of the PDCA cycle of the respective system, and on an as-needed basis on matters concerning any change in systems or environments, understanding of any problem or issue, or occurrence of any event that may cast doubt on effectiveness of any internal control system. The results of the aforementioned were reported to the CFO, who is responsible for supervising internal controls, and the CEO, who is ultimately responsible for the Audit Committee and internal controls.

2) Basic Policy for Eliminating Antisocial Forces

A meeting of the Board of Directors resolved to adopt the following basic policy for the elimination of antisocial forces. We shall have no association whatsoever with antisocial forces, and deal with undue claims made by such forces resolutely as an organization in cooperation with specialized external agencies.

[Operation Status]

Preventive measures, including a credit investigation at the time of conclusion of a transaction agreement and steps taken in the agreement, have been taken. The Company has assigned persons in charge to the Group Headquarters and made them known as the point of contact in case of any problem throughout the Company and established a system through which it can respond as an organization, strengthening linkage with the police and lawyers.

2. **Basic Views on Eliminating Anti-Social Forces**

A meeting of the Board of Directors resolved to adopt the following basic policy for the elimination of antisocial forces.

We shall have no association whatsoever with antisocial forces, and deal with undue claims made by such forces resolutely as an organization in cooperation with specialized external agencies.

V. **Other**

1. **Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	N/A
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Supplementary Explanation

2. **Other Matters Concerning to Corporate Governance System**

The state of HOYA's in-house system regarding the timely disclosure of corporate information is as follows.

1. HOYA developed the Information Disclosure Policy in February 2008 which was approved by the Board of Directors. HOYA, as a company, is endeavoring to strengthen the in-house system by educating employees about the importance of the management and timely disclosure of information.

2. Regarding disclosure, the Corporate Communication Department is in charge of information regarding decisions made and facts that have occurred, and the Finance Department handles information regarding financial results.

These sections exhaustively collect information from each of the divisions within the Company, strictly manage such information complying with the timely disclosure rules and other relevant laws and regulations, and create materials containing information that is accurate and clear and sufficient as materials for investment decisions.

3. After officially approved by the Company the created materials are disclosed at an appropriate time, paying attention to fairness among investors.

4. In any of the above cases, the Corporate Communication Department exclusively handles the disclosure of information to the Tokyo Stock Exchange. In addition, HOYA has set up a position in charge of investorrelations and public relations for the HOYA Group within the Corporate Communication Department , which handles inquiries from outside parties