



MENICON
SUSTAINABILITY REPORT
2022

Corporate Principles

Contributing to society by providing superior visual correction.

Our Activities

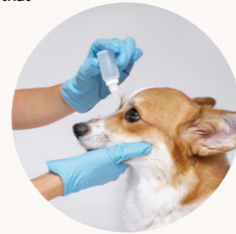
• Contact Lens Business •

Our core business is to pursue the creation and evolution of comfortable and convenient contact lenses with sticking to safety. We recognize that it is our mission to listen to our customers, think from their point of view, expand the range of products and services, and respond to new needs. Based on the desire to "be involved in the lives of our customers as a reliable partner by providing vision," we look into the future in the eyes of our customers and give the "joy of seeing" suitable for each individual throughout their lives.



• Animal Medical Care Business •

The eyes of a pet are a sensory organ that is essential for communication with the owner as a member of the family. In this business, we collaborate with veterinarians to contribute to the development of veterinary ophthalmology in developing and marketing intraocular lenses for dogs that are applied to veterinary ophthalmology and contact lenses for the treatment of dogs and cats based on the technology acquired through the development of contact lenses and intraocular lenses in human ophthalmology.



• Environmental and Bioscience •

We are utilizing the technology acquired through the development of contact lens care products in the environmental and bioscience field. Starting with the development of "Aguri Kakumei," a material that promotes the decomposition of rice straw using enzymes and technology, we are expanding the possibilities of the environmental and bioscience with Menicon's unique academic research and development approach such as "resQ45," which quickly composts livestock excrement and the utilization of unused resources such as food waste.



• Life Science Business •

We apply our development capabilities and technical capabilities cultivated in the contact lens business for more than 70 years, and our "Commitment to Safety," that is the most important aspect of our business. We give our contribution in improving the lives of customers not only in ophthalmology but also in the fields of life science such as assisted reproductive technology, basic research, advanced medicine.



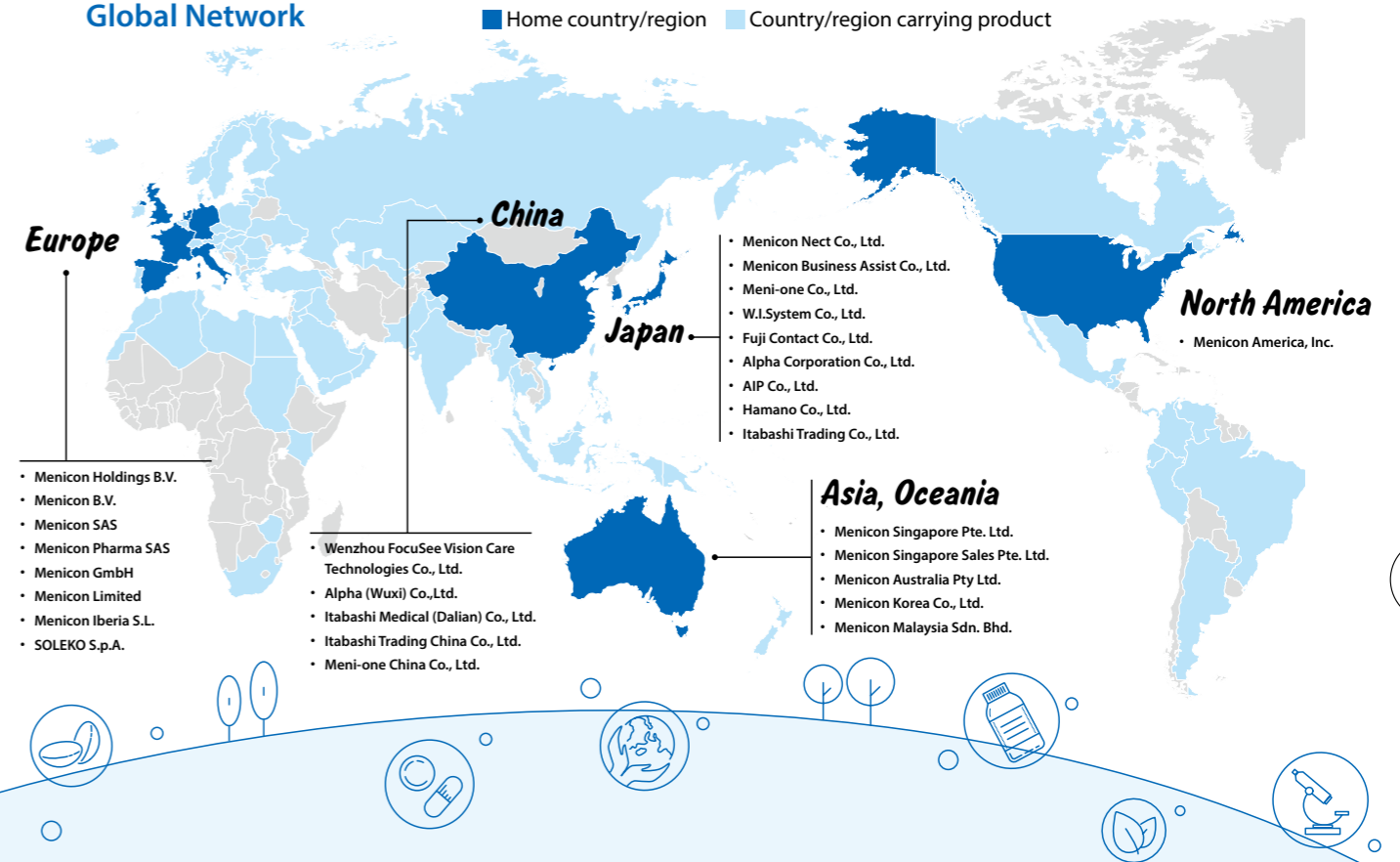
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Corporate Profile (As of March 31, 2022)

Company name	Menicon Co., Ltd.	Capital	JPY 5.462 billion
Headquarters	3-21-19, Aoi, Naka-ku, Nagoya, 460-0006 Japan	Employees	3,908 (consolidated) and 1,577 (non-consolidated)
Initiation	February 1951	Number of offices	Research Laboratories and Plants: 5 Customer centers: 3 Sales offices: 17
Established	July 1957	Logistics centers:	5
Representative	Hidenari Tanaka, President and CEO	Training centers:	5
		Direct sales stores:	55

Global Network



Editorial Policy

Menicon aims 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 FY 2021 in order to communicate Menicon's approach and initiatives for sustainability to a wide range of stakeholders. This report does not cover the latest information and more detailed information on individual activities is found on our 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>

Subject Organization

The description in this report is classified according to the following criteria.

- Company: Menicon Co., Ltd. (non-consolidated)
- Our group: Menicon Co., Ltd. and domestic and overseas subsidiaries (consolidated)

Referenced Guidelines

- GRI Sustainability Reporting Standard 2016/2018/2019/2020
- Ministry of the Environment "Environmental Reporting Guidelines (2018 edition)"

Scope Period

FY 2021 (April 1, 2021 to March 31, 2022)
Includes some reports outside the target period.

Issued Date

October 2022 (Last report published on August 2021 / Next report on September 2023)

Menicon's Mission

By connecting value from development to after use, we will continue to take on the challenge of creating a sustainable society

Our Value Chain and Stakeholders



We continue our pursuit to develop new contact lenses



We put effort into developing human resources with solid technique



We will offer best for your eyes

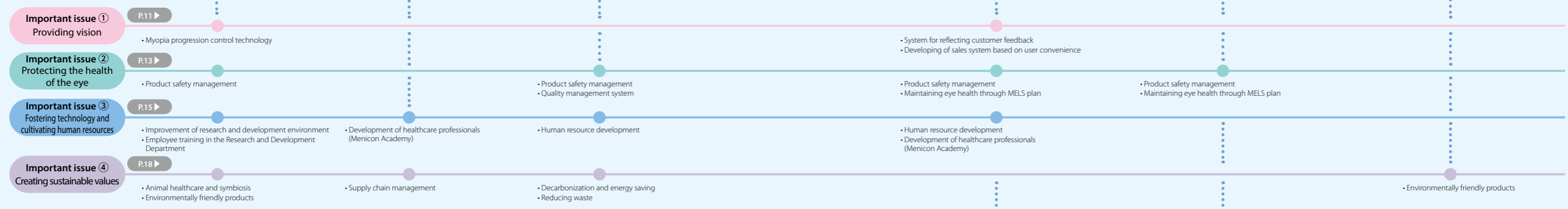


Comfortable and convenient Contact lenses



Menicon's Value Chain	R&D	Procurement	Manufacture	Dissemination of Sales Information	Use	Disposal/Recycle
Menicon's activities from product R&D to disposal and recycling	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.	We build sound relationships with our suppliers and procure high-quality, environmentally friendly materials to provide safe and comfortable products and services.	While the manufacturing department works closely with the research department, we independently develop and operate a production line that matches the material, and create from the material and production technology.	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 our customers.	In addition to expanding the "MELS Plan" service, which allows you 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.	While striving to dispose of the lens properly and raise awareness of the separation of the case, we are working to reduce the amount of plastic used in the case and to reuse plastic waste materials produced in the manufacturing process for packaging.
	P.11 ▶	P.20 ▶	P.13 ▶	P.12 ▶	P.14 ▶	P.19 ▶
	Related Stakeholders: To End Users, To Our Employees	Related Stakeholders: To Industry Participants, To Society	Related Stakeholders: To End Users, To Industry Participants, To Our Employees	Related Stakeholders: To End Users, To Industry Participants, To Our Employees	Related Stakeholders: To End Users	Related Stakeholders: To End Users, To Industry Participants
	Related SDGs: 3, 9, 12, 13	Related SDGs: 12, 13	Related SDGs: 7, 8, 12, 13	Related SDGs: 4, 8, 12	Related SDGs: 12	Related SDGs: 12, 14
Social issues/ Business issues and background	<ul style="list-style-type: none"> Global increase in myopia population Creating products and services that meet the diversification of customer needs Creating innovative products using new materials Molding and line designing that can achieve mass production 	<ul style="list-style-type: none"> Growing importance of fair, equitable and transparent transactions Sustainable procurement activities that maintain product supply even in emergencies Globalization of supply chains CSR procurement that considers the environment and human rights 	<ul style="list-style-type: none"> Reducing GHG emissions and environmental load in the manufacturing process Decrease in working population due to low birthrate and aging population Developing human resources with advanced skills and inheriting knowledge and skills 	<ul style="list-style-type: none"> Sharing a wide range of knowledge and know-how among dealers and sales companies Responding to the diversification of customer lifestyles Developing a safe sales system to deal with infectious diseases One to One communication 	<ul style="list-style-type: none"> Countermeasures against eye and body disorders caused by the use of contact lenses that do not fit the eyes properly Increasing visual impairment and eye disorders due to improper use Contact lens users starting at younger age (mainly myopia) Increase in eye disorders due to increased digital use 	<ul style="list-style-type: none"> Tight remaining capacity at final disposal facilities Marine pollution due to improper management of plastic waste Environmental impact generated by the disposal of lens case and packaging Effective use of limited resources (resource depletion)

Four Important Issues and Countermeasures





Top Message

Contributing to achievement of a sustainable society by pursuing "End User First," which has remained unchanged since our foundation.

Director
President and CEO

田中英成

Role as a Pioneer of Contact Lens

Since our founder Kyoichi Tanaka succeeded in developing Japan's first corneal contact lens in 1951, we have been a pioneer in contact lenses and continued to provide safe and secure products and services that pursue an "End User First" approach, focusing on the contact lens business. In addition, we develop environmentally friendly products and apply the technology we have acquired through the research and development of contact lenses to various products, including those that contribute to resource recycling and regional industry. We have been promoting activities that can contribute to reducing environmental impact and achieving the SDGs through our business activities.

In addition to the growth of our overseas business, we were able to achieve a record-high profit in FY 2021, making the contribution of a steady recovery in demand for contact lenses and care products from the COVID-19 pandemic. Under the slogan of a "New Vision of 'Miru' for the World," we have launched a new medium-term management plan, "Vision 2030," aiming to create business that satisfies people's "five senses" and we will continue to provide the joy of sight through safe and secure products and services.

Since our foundation, we have adhered to the stance of "end-user first," considering the customers who use our products first, and we have focused on protecting the health of our customers' eyes. In addition to the contact lens flat-rate membership system "MELS Plan," which celebrated its 20th anniversary in July 2021, we have the products and services that embody an "End User First" approach, such as the "SMART TOUCH" package, which can be removed without touching the inner surface of the lens and can be attached cleanly and easily. We will continue to strive to develop products and services with an "End User First" attitude. In addition, we are utilizing the technology acquired through the development of contact lens care products in the environmental and bioscience. We have been selling products such as "Aguri Kakumei," a material that promotes the decomposition of rice straw using enzymes, and "resQ45," an eco-friendly composting promotion system. We recently succeeded in converting grape pomace, which is generated in the wine manufacturing process, into powder and regenerate it as animal feed. We will continue to use our technology to promote the effective use of various unused resources, and we will also strive to recycle resources and contribute to regional industry.

Growth of Each and Every Employee means Growth of the Company

In the management principles, our group upholds the value of "To take up the bold challenge of accomplishing what no one else has, by creating new values from nothing," and at the same time, we consider "Our Employees" to be important stakeholders in our Mission (The enterprise we want to be). While respecting the human rights of our employees, we will seek to increase employee satisfaction and seek to improve the driving force to engage in business activities as the entire Menicon group by developing a working environment in which employees have job satisfaction, establishing and operating personnel and education systems and benefit programs, and promoting health management in which the company is actively involved in employee disease prevention. In addition to opening the "Menicon Business College (MBC)," an open selection-type leader development program for our employees, we offer a variety of human resource development programs based on the belief that the growth of each and every employee is the growth of the company. Moreover, it is important for employees to understand and respect art and culture in conducting business activities, and we believe that the development of art and culture will lead to economic development in various ways. We hold Menicon Super Concerts and open a hall and gallery in the north building of our headquarters to carry out activities that can be enjoyed by everyone in the community, but only humans can enjoy the culture, and if we can find new added value in it, and we will be able to seize great business opportunities. In addition, from the perspective of human resource development, we provide opportunities for employees to come into close contact with art, culture, and sports, such as participating in various arts and culture activities as volunteer. We expect that this will increase the ability of our employees to draw out their own knowledge of arts and culture and their sensibility, and that it will lead to the creation of groundbreaking ideas in the business scene.

Strengthening Infrastructure to Contribute to Achieve a Sustainable Society

In recent years, companies are naturally required to tackle global issues such as SDGs and Green Transformation (GX). In particular, the SDGs show how the world development should have progressed by 2030. Instead of predicting the future as an extension of what we can do now, we need to think backwards from what we should be in the future and think about what we should do now. The group understands the direction of the SDGs, grasps the current situation and issues of the group, and solves social issues through our core business. In order to further promote sustainability activities, we revised the "CSR Policy" to the "Sustainability Policy," changed the name



of the "CSR Committee" to the "Sustainability Committee," and established a system for actively discussing sustainability issues in April 2022. In addition, we have identified new, important issues of the group, and the Sustainability Committee is discussing policies and responses to these important issues. We identified issues separately in "business," "environment/society," and "management infrastructure" by emphasizing not only the importance of our group but also the importance of our stakeholders to achieve a healthy and spiritually rich society. We will unwaveringly and steadily work to achieve the important issues and strengthen sustainability management in the future. In addition, through our global social contribution and environmentally friendly corporate activities, we will continue to be seen as a company that people around the world need, in the medium-term management plan "Vision 2030" started in FY 2021, as well. In addition to discussing responses to climate change issues in the Sustainability Committee, we have begun scenario analysis and identified risks and opportunities to formulate strategies to increase resilience against climate change. Identified risks are managed in accordance with risk management procedures. In addition, we have been calculating our own greenhouse gas emissions (Scope 1 + 2) since FY 2020, and are also proceeding with the calculation of greenhouse gas emissions (Scope 3) in the upstream and downstream of the supply chain as an indicator. Our group will contribute to society broadly by "providing better eyesight," focusing on contact lenses and care products, and will promote sustainability activities that pursue "End User First," and contribute to achieve a sustainable society.

Sustainability Management

We recognize that it is our group's mission to make people's lives more prosperous and full of smiles, and we have been working on it by providing products and services that contribute to society. In light of the recent situation where global issues are becoming more serious, we will review our sustainability policy, improve our sustainability promotion system, and review our important issues in FY 2022 to contribute more to achieving sustainability and SDGs. With a more strengthened system, we will strive to achieve our goal of a healthy and enriched society.



Values 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 our 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	To Industry Participants	To Our Employees	To Our Shareholders	To Society
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 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 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 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 back as supporters in the future.	To show respect to all living things and the environment and to all 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.

Sustainability Activity Policy

Our Vision

To achieve a healthy and enriched 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.

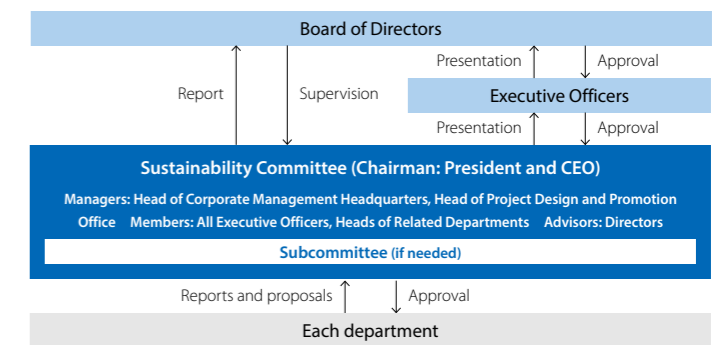
The Menicon Group plans to create new value in response to global environmental and social issues, and contribute to the development of society through the business.

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 our employees and work to cultivate human resources by developing a working environment that allows them to achieve self-actualization.
5. We will comply with social rules such as domestic and international laws and regulations, constantly improve its 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.

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, holds regular meetings (four times a year) to consider the progress of important issues, matters to be considered by each subcommittee, and future directions. The committee regularly shares the progress of sustainability activities with the Board of Directors to put it to use in management.

Sustainability Promotion System Chart



Important issues

Through our business, we have defined and are working on four important issues in order to contribute to the comfortable lifestyle for our customers and achieve a better society. We have identified new important issues in order to further accelerate these efforts and improve corporate value over the medium to long term in FY 2022.

Four important issues (until FY2021)

- Important Issues 1 **Providing vision**
- Important Issues 2 **Protecting the health of the eye**
- Important Issues 3 **Fostering technology and cultivating human resources**
- Important Issues 4 **Creating sustainable values**

How to identify new important issues

STEP 1	Identification of social issues	Extract social issues by referring to evaluation items such as international sustainability guidelines (GRI, SASB, SDGs)
STEP 2	Identification of social issues	Evaluate and prioritize individual social issues through a questionnaire survey of department heads using the two axes of "importance of our company" and "importance of our stakeholders."
STEP 3	Confirmation of relevance and identification of main theme	Confirm the relationship between the prioritized social issues and management principles, Vision2030, medium-term management plan, and extract the main themes
STEP 4	Identification of important issues	Identify important issues and main themes through discussions with executive officers
STEP 5	Identification of important issues Approval	Deliberation and approval by the Sustainability Committee

New Important Issues

To achieve a healthy and spiritually rich society		
Business (Financial and manufacturing capital)	Providing a lifestyle that stimulates the five senses	We will contribute to society by making proposals suitable for various circumstances and life stages to make people's lives more prosperous and full of smiles through products and services that focus on safety and security, and by expanding our business domain that satisfies the five senses.
Environmental/Society (Natural and social capital)	Reducing the burden on the global environment	We will promote measures to reduce the burden on the environment in order to address climate change, use raw materials more efficiently, reduce waste, and conserve natural capital through corporate activities that take the global environment into consideration.
	Contributing to a society full of smiles	We aim to revitalize local communities and promote the arts, culture, and sports, and achieve a society where everyone is full of smiles through our global social contribution activities.
Management infrastructure (Human/intellectual/ social capital)	Building a corporate infrastructure that will last 100 years	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 respecting for human rights.

Characteristics



Responsible consumption and production

The theme of SDGs goal 12 is the responsibility of all people to act responsibly to protect the global environment and human health, not only to producers but also to end users.

WHY?

What is going on in the world?

In recent years, the "waste problem" generated from our lives is threatening the global environment and ecosystem. For example, food loss in Japan amounts to approximately 6 million tons per year. In addition, large amounts of greenhouse gases are generated when disposing this food waste.

HOW TO APPROACH

What we can do

Technology acquired through the manufacturing and development of contact lenses and care products, are our strengths. Utilizing this in various business fields, we are focusing on developing solutions where limited resources are recycled instead of wasting. The plastics used in various things are also used in the contact lenses we manufacture. In addition to fulfilling the producer's responsibility to reduce plastic waste, we are promoting involvement-type sustainability by utilizing our B to C business format and calling on end users to reduce plastic waste through our website and customer service.

OUR GOAL

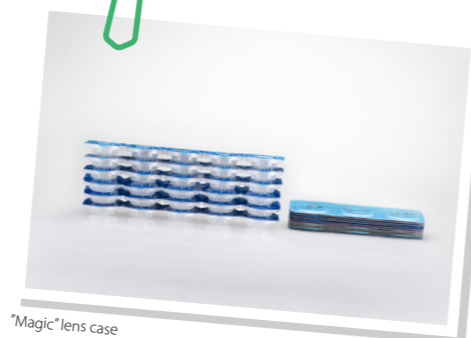
To a better world

Making public awareness is the key to solve environmental issues, for example waste problem. We will create a society where it is natural for end users to choose environmentally friendly products, and provide products that can fully meet such needs.

The plastic problem that only a contact lens manufacturer can address

Not only the contact lens but also its case is made of plastic, and plastic is an indispensable part of our group. However, creatures mistakenly prey on plastic waste that has flowed into the sea without being properly disposed of, and there are frequent situations where it can even take lives.

As a responsible producer, we actively reuse plastics, work to reduce waste, and promote the development of environmentally friendly products. At plants in Japan, the plastics used in the manufacturing process of lenses and lens cases are reused by external recycling companies as raw materials for various plastic products. The recycling rate in FY 2021 was 65%. The daily disposable contact lens "Magic" produced at the Singapore Plant reduces the amount of plastic used in the lens case by 80% compared to our conventional products. Approximately 40% of the used plastics are reused as a raw material for the secondary packaging. Approximately 40% of the used plastics are reused as a raw material for the secondary packaging. The remaining approximately 60% is handed over to recycling companies. In addition, all secondary packaging is produced by reusing plastics used in the manufacturing process.



"Magic" lens case



Contributing to recycling resources and regional revitalization by turning things that would otherwise be discarded into valuable resources

Food waste generated during the manufacturing and provision of products and services is not only an environmental issue, but also a major issue of economic burden placed on companies for waste disposal. We have established and put into practical use, technologies that turn waste that would normally be discarded into valuable resources, and are working to reduce environmental impact and promote economic development.

We have developed a resource recycling solution in which coffee grounds are fermented with lactic acid to make cattle feed, and discarded boiled eggs are effectively used as feed for fish and pig farming using dry powder technology. Developing these efforts, we succeeded in converting the grape pomace generated at wine plants into animal feed. It is said that the amount of pomace produced in Yamanashi Prefecture, which produces a lot of wine, is about 3,000 tons a year, including red and white wine, and there was dire need for a solution to this. It has been reported * that adding grape pomace powder, which contains a large amount of polyphenols, to trout feed increases the "umami" and "richness," as well as reduces disease. Currently, it is used as feed for the Yamanashi Prefecture brand trout "Kai Salmon Red," contributing to regional revitalization.

*From Yamanashi Prefectural Fisheries Technology Center test research report



Grape pomace used for animal feed

Applying technology developed from research to remove stains from lenses



Environmental & Bioscience Division
Akishi Fujiwara

The production of animal feed from grape pomace started with a technical support request from a partner with whom we were involved in another business. We recycle it into feed for trout utilizing our powder drying technology. In the future, we will continue to seek ways to help wineries and continue to work on resource recycling. In addition to pomace, in the environmental and bioscience business, the fermentation technology and drying technology developed from research to remove stains from lenses are being used to effectively utilize various unused resources.

1

Providing vision

We will continue to propose and provide optimal vision and comfortable lifestyles for people of all ages.



Providing vision that meets the needs of society and customers

Contributing to solving social issues with contact lenses

The group firmly grasps social issues and the needs of stakeholders, including customers, and is working to provide optimal vision to a wide range of people, transcending national,

regional, generational and other boundaries. Recently, the group has been focusing on (1) expanding orthokeratology lenses that can suppress the progression of myopia and (2) expanding the sales system to meet the needs of end users.

TOPIC

Suppressing the progression of myopia with orthokeratology lenses that correct the shape of the cornea during sleep



Background (social issues)

It has been pointed out that if the progression of myopia is excessive, the risk of developing eye diseases such as retinal detachment and glaucoma may increase in the future, but the myopic population is increasing worldwide and has become a major social issue. The number continues to increase, mainly in East Asia, and it is estimated * that about half of the world's population will be myopic by 2050. In Japan, the young population is especially suffering from myopic issues. According to the FY 2020 School Health Statistics Survey released by the Ministry of Education, Culture, Sports, Science and Technology in July 2021, the percentage of "persons with naked vision of less than 1.0" was 37.52% in elementary schools, 58.29% in junior high schools, and 63.17% in high schools. Compared to the results of the FY 2010 survey, the number has increased by about 5% in elementary and junior high schools, and by 12% in high schools. In China, where vision loss among young people is becoming an issue in the same way as in Japan, suppressing the myopic population is one of the national strategies, and the research into controlling the progression of myopia is being actively conducted.

*Brien Holden Vision Institute Ophthalmology, May 2016 Volume 123, Issue 5, Pages 1036-1042

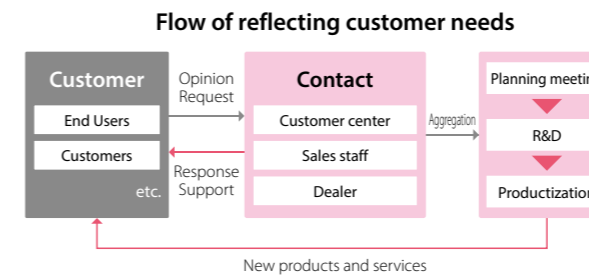
Solution overview

In FY 2018, the group began full-scale efforts to suppress the progression of myopia. One of those is the orthokeratology lens (Ortho-K). Ortho-K is a hard contact lens with a special design on the inside of the lens and is worn during sleep to correct the shape of the cornea, improving vision without surgery. Currently, people in Japan are still less aware of "myopia progression suppression." On the other hand, overseas manufacturers are steadily acquiring approval for suppressing the progression of myopia, and it can be said that this is the dawn of the era of myopia progression suppression. In 2019, the group began introducing the myopia progression reduction system "Menicon Bloom™" in the Netherlands, and since March 2022, it has been expanded to seven countries: the United Kingdom, France, Spain, Italy, Austria, Australia, and Singapore. We will continue to pursue the ideal form of the myopia progression control market, and work together as a group to fulfill our responsibilities as a leading company.

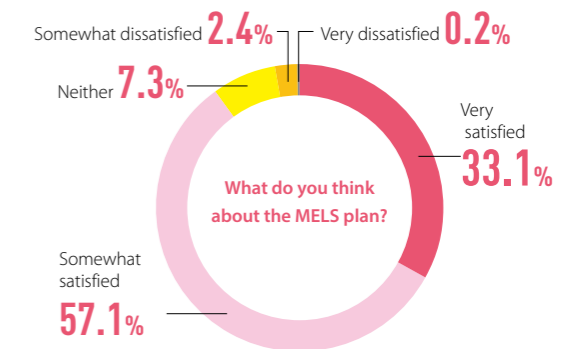
Response to Customer Needs

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.



MELS Plan Customer Satisfaction Survey Results



Survey period : February to March 2022
 Subject : Men, women, girls, and boys between the ages of 10 to 70 who are MELS plan members
 No. of responses : 1,046 people

For Purchasing with Peace of Mind

Publishing infection prevention measures video

In addition to asking for pre-visit telephone consultations and reservation to visit the store, we ask for your cooperation in wearing masks and disinfecting hands when visiting. We introduce these infectious disease prevention measures implemented at the store in the video to ensure customers can visit the group store "Miru" with peace of mind. The video is available on the "Shop Navi" website of our group store "Miru," and we are taking preventive measures against infectious diseases on a daily basis.

Menicon Miru Website Measures to prevent the spread of COVID-19



Video "For customers to visit the store with peace of mind"

Developing of sales system based on user convenience

Based on the concept of "End User First," our group dealers are expanding sales and delivery services to provide end-users with safety and convenience.

Expanded sales and delivery services

Virtual Contact Lens Shop "Menicon AR Shop"

The "Menicon AR Shop" has been released on the website for customers who wish to shorten their stay at the store or avoid face-to-face situations. Customers can confirm their own interests and questions about contact lenses in augmented reality (AR) that is close to a real store.

WEB sales system "ClickMiru"

By registering the contents of the prescription prescribed by the ophthalmologist with the handling facility, it is a sales system that allows customers to purchase contact lenses on the contact lens comprehensive service site operated by the company within the expiration date of the prescription and deliver them to a designated destination without the need to visit a store.

MELS plan direct delivery service "mutan"

In addition to picking up contact lenses at affiliated facilities, this is a regular delivery service for MELS Plan members that delivers the lenses to specified destinations within the validity period of the ophthalmologist's prescription.

Delivery service in lockers for receiving only

For customers of "Menicon Miru," we have started a product delivery service using the "PUDO station" locker for receiving at some stores, and we plan to expand the eligible stores in the future. In addition, the Menicon Miru store in Shizuoka has installed and started operating their own lockers at the store.

*Open type delivery locker of Packcity Japan Co., Ltd.

2

Protecting the health of the eye

As a manufacturer of highly managed medical devices, we have the responsibility of keeping the eyes safe, comfortable, and clean.



Ensuring Product Quality and Safety

Quality Policy

We will enhance customer satisfaction by offering superior technology that provides the joy of sight and the joy of living.

Safety Philosophy Charter

Premium Safety ~ Aiming for "safety" beyond that ~

We, Menicon, are manufacturer of highly managed medical devices.

That's why we must give top priority to the "safety" of the customers' eyes when creating contact lenses.

At Menicon, the concept of "safety" is "safety that can only be achieved by setting higher standards ahead of the times and continuing to take on the challenge of exceeding them." We believe that by continuing to focus on this "safety" earnestly, we will be able to share surprises and excitement with the customers.

At Menicon, we will make every effort to establish and evolve a system that consistently pursues "safety" in all corporate activities, from research and development to production, distribution, and sales activities. We believe that this is the social responsibility of companies involved in medical care. This is also the "eye responsibility."

Moreover, our challenges at Menicon do not end there. Each of us has dreams and pride as an evangelist who preaches "safety," and we will continue to boldly take on challenges even in areas that seem impossible in order to create a new "safety."
This is Menicon's "Safety Philosophy."

Quality Management System

Based on our "Safety Philosophy Charter" and corporate principles, with an aim to ensure quality and increase customer

satisfaction, we have acquired the ISO13485/EN13485, the international standard for quality management system (hereinafter referred to as quality MS) of medical devices at not only the headquarters, but also the group subsidiaries. ISO13485 is a quality management system standard based on ISO9001 with additional requirements specific to medical devices. In addition, we have acquired the CE mark, which proves that we meet the EU safety standards and MDSAP certification, which proves that we comply with the regulatory requirements in the medical device market in five countries including the United States, and we sell our products in Europe, the United States and other countries around the world.

Internal audits and management reviews are held (semiannually) to ensure that the quality MS remains appropriate, reasonable and effective. Through these reviews, we 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 our quality MS. Also, in order to maintain and improve the quality of our group's products, quality assurance members from each company meet regularly to hold international quality assurance meetings.

Menicon Group ISO13485/EN13485

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)

^{*1} Acquired MDSAP
^{*2} Acquired CE mark certification

Product Safety Management

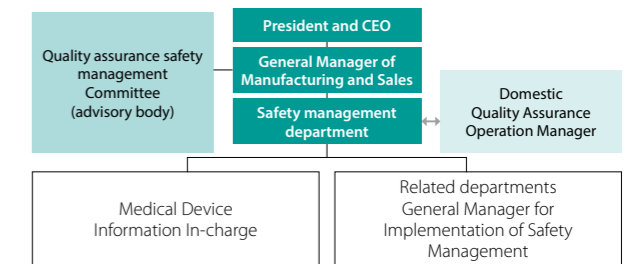
The group gives top priority to eye safety from the development of materials for contact lenses and care products to the use of products and takes various measures in each process so that customers can use our products with peace of mind.

In addition, we appoint a general manager for implementation of safety management in departments such as development, pharmaceutical affairs, and sales to conduct post-marketing safety management operations.

For example, in the sales department, we certify salespeople who have received prescribed training and passed our in-house examination as "Medical Device Information Representative (MDIR)," and continue to provide training them once a year.

In order to achieve a high level of safety management, all safety management implementation departments conduct regular self-inspections once a year.

Structure Diagram



Response to Major Product Defects

In case of major product defect, we have a system under which, prompt and appropriate measures are taken under the leadership of the President and CEO.

We implemented a voluntary recall in FY 2021. We respond appropriately and promptly according to the laws and administrative guidance.

In addition, if any serious health hazard occurs, we report to the relevant authorities in accordance with the laws and regulations of each country.

Response when a major product defect occurs

- Reporting to relevant authorities based on laws and regulations
- Disclosure of information to customers (website, direct mail, telephone, etc.)
- Voluntary recall
- Cause analysis and recurrence prevention measures
- Details of number of cases of occurred health hazards for which defects/side effects were reported

P.26 ▶ Details of the number of cases of health hazards for which defects/side effects were reported

Maintaining eye health through MELS plan

MELS Plan, which was created with a big change in the times, celebrated its 20th anniversary since the service started. In the latter half of the 1990s, the disposable contact lenses from overseas leading manufacturers began to dominate the market. An era of "Conventional contact lenses, in which one lens is used for a long time", changed to an era of "Disposable contact lenses". At the same time, there have been a series of reports of corneal infections among contact lens users due to the increased use of inappropriate lenses that do not meet their expiration dates. Hence, we pointed out an importance of public awareness to properly use the contact lenses.

MELS Plan was launched in July 2001 as a monthly, member-only service that allows customers to continue to feel secure in using high-quality lenses. Considering the safety of our customers as our number one priority, we have adopted a "Subscription" concept that allows you to replace the lenses with new ones in case of trouble such as scratches, dirt etc., on the lenses. You can wear the lenses safely and hygienically by using them properly. Since the service started, we have focused on understanding and realizing customer needs and have enriched our product lineup.

- 2001 Year • Overcoming various barriers and starting all over Japan!

- 2004 Year **Number of members exceeded half a million!**

- 2010 Year • Acquisition of the "Children's Association Recommended Mark" by the National Federation of Children's Associations and certified service that children can use with peace of mind.

- 2013 Year • Introducing "Magic"
Number of members exceeded one million!

- 2018 Year 🧐🧐🧐 **Responding to the customer needs**
• Introduced "Four Seasons" hard contact lenses to be replaced every 3 months

- 2021 Year 🧐🧐🧐 **Responding to the customer needs**
• "Club Menicon app" launched

3

Fostering technology and cultivating human resources

Inheritance of "Skills" and "Knowledge" that support manufacturing.
We will guide the future with a goal that will not fade in the flow of time.



(2) the ability to handle high value-added products, and (3) the ability to utilize acquired knowledge and skills. Nearly 600 employees appear for an examination every year, which consists of three levels, based on the basic content of "Elements," "Super," and "Hyper." Successful candidates of "Super" and "Hyper" have their qualifications displayed on their business cards so that others can recognize them as contact lens professionals. In 2016, we introduced BAL*2, a qualification system for non-academic fields, such as the history and culture of manufacturing. Together with PAL, we aim to foster a "true champions of safety philosophy."

*1 Abbreviation of Menicon Products Adviser License System
*2 Abbreviation of Menicon Brand Adviser License System

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 the 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.

● Improvement of research and development environment

Approximately 25 years have passed since the establishment of our general research institute. Each floor has been completely redesigned in order to achieve sustainable innovation while responding to changes in the environment. Under the concept of the renovation of "Switch" - "Switch on" - "Switch flexibly," we created a space where ideas can be switched according to the phase of research and work, and realized an "exciting" space for imagining a new future.

Through this renovation, we aim to establish a state-of-the-art R&D system from both the soft aspects of how researchers work and the hard aspects of laboratories and facilities, and aim to further improve the creativity of researchers and speed up the development, with the aim of developing products full of new value.

● Employee training in the Research and Development Department

In the R&D department, we focus on developing human resources who can make use of their knowledge not only in the field they are responsible for, but also in a wide range of other fields, so that human resources with a variety of experiences can play an active role.

After a six-week training program for new employees organized by the Human Resources Dept., new employees undergo another two-week training program in which they learn the roles of each department from the person in charge in order to acquire the minimum knowledge required for research and development. Through this training, employees not only learn the roles of each department, but also learn the actual duties they will be performing at their assigned sites to ensure a smooth transition into their work.

After being assigned to a new department, the staff members take a basic R&D course to foster the basic knowledge necessary for the development of contact lenses and their introduction to the market.

This course enables researchers to learn about the overall picture of contact lens development while gaining a more detailed understanding of the work of not only the department to which they are assigned, but of the R&D department as a whole. Furthermore, we are building a system that enables job rotation, leading to an interest in other fields of work.

Menicon Business College

The Menicon Group offers the Menicon Business College (MBC) to nurture the next generation of leaders. MBC courses are held for one year, and participants are recruited from within the Group every year and selected through examinations.

The curriculum for the first term (April to September) is designed in such a way that students can acquire a wide range of knowledge and skills. In addition to lectures on management in general, the program includes lectures by division heads and group work to cultivate practical skills, as well as lectures by outside instructors to deepen their knowledge of the outside world. The lectures are open to the public so that employees other than students can attend, and several lectures are held during the second semester (October to March).

The second semester focuses on completing a final thesis that will serve as a proposal for our Company in the future. In addition, the program includes lectures by President Tanaka, events such as a tour of the Menicon Nect Gujo Plant and the Nagoya Logistics Center, and a calligraphy class, all of which are designed to make up a fruitful six months in preparation for graduation in March. In addition to passing the final thesis, students are also required to obtain a TOEIC score of 600, a level 3 bookkeeping certificate, and a level 3 salesperson qualification as graduation requirements.



State of MBC class

Menicon Academy

We have developed the Menicon Academy to provide healthcare professionals with useful information for medical care and support for staff development. In order to create a facility where patients

Human Resource Development

Basic Approach to Human Resource Development

Based on the belief that the growth of each employee is the growth of the company, we have established a capability development system and continuously support our employees so that they can embody our management philosophy of "Creation," "Originality," and "Challenge" At the same time, we are improving the workplace environment to create creative work styles that enable everyone to play an active role. By enhancing our skill development system and improving the workplace environment, we will also increase the company's competitiveness.

● Human Resource Development System

The skills development system offers four programs to our employees: Training by job rank, Education for selected groups, and Support for personal development led by the Human Resources Dept., as well as Department-specific training conducted by each business unit and department. In FY2021, the total annual training hours were 12,370 hours, and the average total training hours per employee of the Company were 8.6 hours and the training investment was JPY 17,266.

Capability Development System



Training by department
Support for the acquisition of knowledge and skills necessary by department and by job category

Capability Development System Structure

Program	Contents	FY 2021 Number of participants
Training by job rank (Subject employees)	Systematic acquisition of the abilities required by the Company, depending on the years of employment and job ranks, regardless of job category	146
Training for selected groups (Open application program)	Systematic development of human resources who can take charge of future management and promote global expansion	119
Support for personal development (all employees)	Support for learning according to the interests of each employee, such as language, culture and education, through the provision of financial aid	188

● Various Educational Systems

Advisor qualification system

Since 2002, we have introduced our own contact lens advisor qualification system, "PAL"¹. We are striving to develop human resources with the following three skills: (1) the ability to correctly and reliably communicate the quality of products to customers,



A plate engraved with the names of those who passed the "Hyper" test is displayed in Gallery Menio on the 1st floor of the North Building of the headquarters

Creation of Rewarding Workplaces

Occupational Health and Safety

Occupational Safety Policy

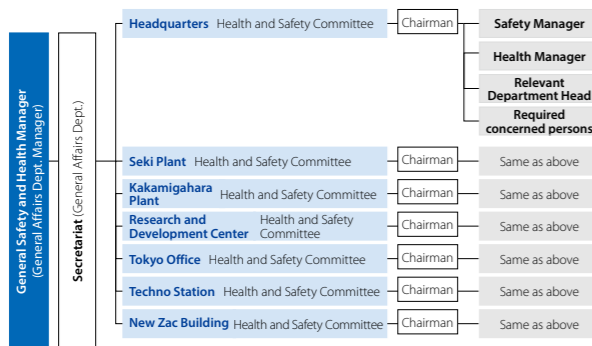
Research and development center

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

Seki Plant, Kakamigahara Plant, and Institute of Technology

Aim : Occurrence of occupational accidents resulting in absence from work 0 cases
 Incidence of occupational diseases 0 cases
 Regular health checkup 100%
 Completion of improvements of safety patrol instructions within one month

Management system



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 our employees and aim to be a company where all employees want to continue working as a "family."

Certified as a Health and Productivity Management Organization 2022



With the President and Representative Executive Officer in charge of health management, we have set "Smart Creation" as the slogan for work style reform, and 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 an "2022 Health and Productivity Management Organization."

Diversity

In order to create a comfortable working environment for all employees, we have implemented a flextime system, established new telework rules, designed offices that facilitate communication, established a better shorter working hours system for childcare and available holidays for childcare and nursing than the standard stipulated in the Child Care and Family Care Leave Act. We are also developing a support system to match the diversified lifestyles of employees. We have introduced a limited work area system that allows employees to work in a limited work area, and a career return system that allows employees to rejoin the Company under certain conditions if they are forced to resign due to family reasons. We are promoting systematic employment of people with disabilities to support their participation in society through work, and are working to create a workplace environment in which they can demonstrate their abilities to the fullest. As of June 1, 2021, our employment rate of persons with disabilities is 2.23%.

Initiatives at the Seki Plant

The percentage of female employees is higher than at other business sites, and women play an active role. In 2018, we established a working group to promote women's activities and have been working to create an environment where both men and women can and want to continue working. We have created manuals to facilitate access to internal systems that can be utilized during the child-rearing period and held life career training sessions for households raising children, and many female employees have returned to work after taking childcare leave following the birth of their children.

Creating a Smart and Creative Work Style

As a work style to practice the company's management principles of "Creation," "Originality," and "Challenge," Menicon works to realize a smarter and more creative work style under the slogan "Smart Creation." As part of this initiative, we renovated the headquarters and R&D Center, and rearranged the floor layout of our operation hubs and plants based on the operations and functions. The office adopted the free address system to create a space with stimulated active communications beyond departments and to generate more creative ideas and new values. We also revised the layout of experimental equipment and zoning in the laboratories at the R&D Center to improve safety and efficiency, and to facilitate the transmittance of technologies and know-how by creating an open environment. In addition, we have introduced telework so that work can be done even during the COVID-19 pandemic. We have also established internal regulations and developed systems to create an environment where telework can be used even after we get through the COVID-19 crisis.

Four Important Issues

4

Creating sustainable values

With the contact lens business at its core,
we will step into new fields and create the next level of corporate value.



Healthcare and Life care

Animal Healthcare and Symbiosis

Based on the idea of "being a global company that is friendly to humans, animals, and the environment," as stated in the Menicon Environmental Declaration, we are working on the medicines for animals by supporting ophthalmic treatment for animals based on the technology cultivated in the field of human ophthalmology. In April 2021, we launched a new business "&D" that supports "Dog's happiness" aiming for the coexistence of humans and dogs. Also, as a part of the "&D" initiative, we are preparing to open "&HAUS," a shelter for dogs whose owners are unable to keep them due to illness or other reasons, to provide them a comfortable life. In addition to medicines for animals, we are promoting activities to spread and improve animal welfare and solve social issues surrounding animals.

& D Providing Service

1 Supporting a safe and comfortable life with your dog

Insurance for emergencies, 24-hour veterinary consultation, etc.

2 Class for how to live with a dog

Delivery of video content of a training class and a class for handmade medicinal meals for dogs

3 Future insurance for dogs

&HAUS accepts the lifelong care of a pet dog when an owner is unable to keep the dog due to illness, disaster, overseas transfer, etc.

4 Dog insurance

Pet insurance covers the treatment and hospitalization costs for a dog

& HAUS

This is a facility to take care of dogs based on the idea of "Shelter Medicine," which reexamines the way animals are protected from a veterinary point of view. As a part of a project of effective utilization of closed schools by Ministry of Education, Culture, Sports, Science and Technology, we will utilize closed schools in Kasama City, Ibaraki Prefecture.



Closed school renovated for & HAUS



Lounge (image)

Supporting Eye Health of Helper Dog

Since its establishment in 2003, Meni-one Co., Ltd., one of our group companies, has provided ophthalmic examination equipment for health examination of helper dogs and continues to cooperate in maintaining and training the health of helper dogs. In FY 2021, we supported ophthalmic examination of guide dog candidates for the Japan Lighthouse Guide Dog Training Center (Kawachi-gun, Osaka Prefecture).



State of inspection

Environment

● Design of Sustainable Value in the Environment Field

In order to create sustainable value in the environmental field, our group aims to contribute to solving social issues under the Menicon Environmental Declaration.

Menicon Declaration on Environment

Our activities at Menicon are based on the 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.

● Environmental Management

Our environmental management system is led by the Sustainability Committee, chaired by the President and Representative Executive Officer, 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.

● Decarbonization and Energy Saving

In August 2022, the group announced support for the TCFD recommendations. We consider climate change to be an important issue in our activities thinking about the global environment.

As one of our initiatives for decarbonization, we have installed 550 solar panels on the roof of Menicon B.V.'s Emmen plant in Netherlands, which can supply 150 MWh of electricity annually, providing 6% of the energy required to operate the plant. Moreover, we use heat pumps to store cold water from well in the winter and use it to cool the building in the summer. This leads to a reduction in CO₂ emissions.

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 FY 2021, we could not achieve our target for the first time ever, since we implemented ventilation to prevent the spread of novel COVID-19, expanded the Kakamigahara plant, and energy consumption was increased due to the expansion of the production line. In order to achieve future targets, we are taking initiatives such as installing solar panels at existing plants.

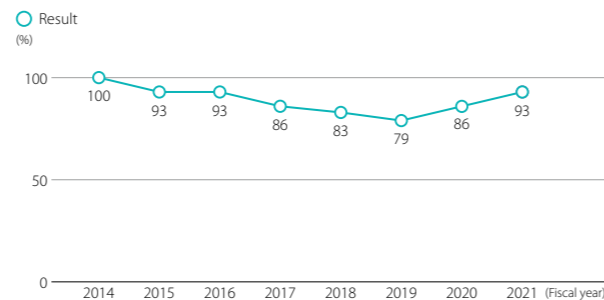
GHG emission

	Result in FY 2020	Result in FY 2021
Scope 1+2	20,748 t-CO ₂	20,981 t-CO ₂
Scope 1	2,943 t-CO ₂	3,335 t-CO ₂
Scope 2	17,804 t-CO ₂	17,645 t-CO ₂

* Boundary is our company and Group companies

Changes in basic units related to the use of our company's energy

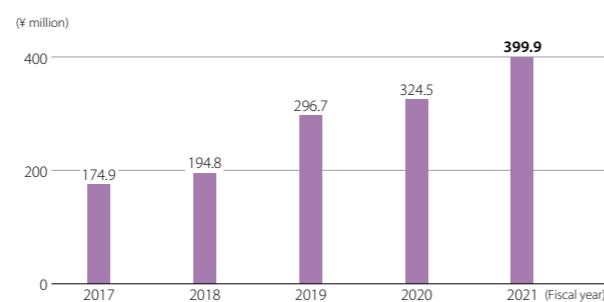
(basic unit consumption in FY 2014 as 100)



● Environmentally Friendly Products (Expansion of Environmental Business)

In addition to reducing and reusing the amount of plastic used for containers and packaging, the Group is focusing on developing environmentally friendly products and promoting environmental and bioscience businesses. In the environmental and bioscience business, we use enzymes and technologies produced by a new species of bacteria discovered during the lens care products development process in products that solve various environmental issues. Sales in the environmental and bioscience business is expected to grow significantly in FY2021, increasing 2.3 times compared to FY2017.

Sales in environmental business



Initiatives for SDGs - Environment

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

● Reducing waste

We recognize that plastics used in our manufacturing processes are high-quality resources. Even after use, we avoid disposing of them as much as possible and use them effectively inside and outside the plant.

Seki Plant/Kakamigahara Plant

Plastic used at our plants is utilized as raw materials for various plastic products through a recycling company (Chubu Clean System).

Singapore Factory

Approximately 40% of plastic after use is reused as raw material in secondary packaging, and all secondary packaging for the daily disposable contact lenses "Magic" is produced by reusing the plastic used in the manufacturing process. The plastic that cannot be reused is handed over to a recycling company.

Supply Chain Management

In order for the Menicon Group to continuously provide products and services that are valuable to the society and earn its trust, it is a prerequisite that social and environmental considerations are also taken into account in our extensive supply chain, including raw material and equipment manufacturers. Based on the "Menicon Group Procurement and Purchasing Policy," we request our suppliers to cooperate with the "Menicon Group CSR Procurement Standards" and work to achieve a sustainable society throughout the supply chain.

Menicon Group Procurement Purchasing Policy

Based on mutual relationships with our business partners, we provide fair opportunities for all companies in Japan and overseas, conduct fair evaluations and procure superior parts and materials that meet our company's requirements. Through sustainable procurement and purchasing activities, we will contribute to society, comply with laws and regulations, and conduct transactions in consideration of the global environment.

Menicon Group CSR Procurement Standards

[Overview of items]

- Raising awareness and disclosing information on CSR
- Providing safe products and services
- Respect for human rights and job satisfaction
- External activities of industry groups, etc.
- Strengthening compliance and risk management
- Efficient use of energy and resources in an environmentally responsible manner
- Protection of personal and confidential information

● Water Resources

Water is an important resource for contact lenses, as water is used to wash hands before putting on and taking off contact lenses, and hard contact lenses and periodic replacement type soft contact lenses require lens care products using our product (solution) after use. 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 are working to 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.

● Collaboration with Suppliers

We always aim to improve quality of our products. To do so, we cannot fail to mention our suppliers from various industries including raw materials, equipment manufacturing, advertising, and IT that help us provide our customers with a stable supply of products. Since FY 2013, we have been holding the MenioClub, in which major suppliers participate in order to strengthen the relationship of trust with our suppliers and help them understand our purchasing policies and initiatives. Every year the President and Representative Executive Officer expresses his gratitude. Also, there is active exchange of information among suppliers, including our executive officers through the social event. This is popular with all participating companies. We are expanding the bond of coexistence and co-prosperity centered on our company and developing it into an opportunity to lead to the revitalization of the industry as a whole (In FY 2021, the event is postponed due to the impact of the COVID-19 pandemic).

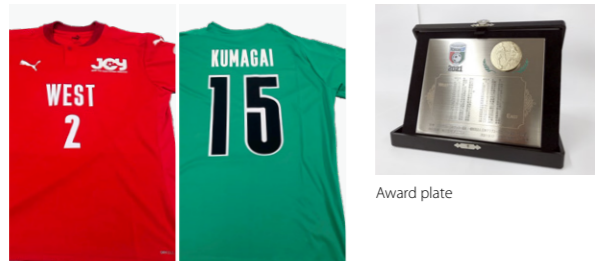
Contribution to Society

To forever consider us a "Good Neighbor" as a global citizen by all precious lives, the group contributes to the prosperity of life and the development of society.



Menicon Cup

"Contributing society by providing superior visual correction." This is the corporate principles of our company. Through soccer, a sport that is considered to be "fought with sharp eyesight," we wanted to convey "the wonder of sight," and to do this we have specially sponsored the "Menicon Cup Japan Club Youth Soccer East-West Competition (U-15)" since 1995. Continuing from the previous year, the 27th tournament was unfortunately canceled at the last minute due to the COVID-19 pandemic. As an alternate plan, we created a video that compiles good plays of each player who was selected as a participating member but could not play, and posted it on the official website of the tournament. In addition, we presented the 34 selected players with gifts such as name-printed uniforms and participation plaques to certify that they were selected for the Menicon Cup.



Menicon Cup 2021 WEST and EAST uniforms

Menicon Super Concert "Tomorrow's Eyes"

To deliver the "Beauty of seeing" to many people we hold the Menicon Super Concert every year so that you can feel the ambience of hall and energetic feeling of leader and enjoy it with your own eyes. In 2021, as a 70th anniversary project, the opera "Tomorrow's Eyes"* was put on at the Aichi Prefectural Art Theater as the first grand opera in six years, with a completely new cast and direction. However, as the state declared an emergency due to the spread of COVID-19, we canceled the planned invitation to the general public and limited the number of visitors to the event (a digest video is now available on the corporate website).

* "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 half 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.



Finale of "Tomorrow's Eyes" Akira Miyagawa and all the performers

Trial Performance with Nagoya Zokei University

Since 2019, Nagoya Zokei University of Art and Design conducts a selective class known as a project class, and is experimenting with industry-academia collaboration to create designs and artworks which includes actual interaction with companies and functions in society. Starting from 2020, we have supported the challenging experiences that encourage communication with society, with the aim of developing creative human resources for two consecutive years. In the class of "Creation of videos, commercials, etc.," participants work on creating commercials and PR videos based on our company's products and services as part of a collaborative project. During the production process, employees actually judge storyboards and artworks, give advice from a business perspective, complete the work, and then in the final class, employees try to actually communicate with the students. The artworks are exhibited in the gallery established in conjunction with headquarters and the videos are also introduced on our corporate website.



Exhibition in gallery

Seki Plant Visit Day

Our Seki plant participated in the "Seki Plant Visiting Day" hosted by Seki City, Gifu Prefecture, a manufacturing town, for two days on November 18th and 20th 2021. The Seki Plant Visiting Day event has been held since 2014 with the aim of allowing visitors to observe and experience the manufacturing workplace in Seki, and to experience surprises and excitement by knowing the site where "things" that are close to our lives are produced. We have a major production base in Seki City. We value the spirit of "Manufacturing" and take efforts to transfer the technology. We participated in the event for the second time. A total of 45 people, mainly students from the surrounding area, visited the plant in these two days and experienced how contact lenses are made through plant tours and workshops. In our management philosophy, we consider "End Users, Industry Participants, Our Employees, Our Shareholders, and Society" as important stakeholders. We will contribute even more to society through regional vitalization and cultural development.



State of event

Forest Growing in Nagoya

In this activity, we try to nurture and grow a rich forest for the next generation with the help of citizens and companies. This activity is organized by Nagoya City. Since the campaign in 2009 in which part of MELS Plan sales were used to support creating forests and green activities, we have participated every year. We recruit participants within the company to plant trees, donate saplings, cut undergrowth, and do thinning work to encourage forest development. In recent years, this act of social contribution has become an activity where we can deepen our interest and understanding of afforestation by observing the afforestation



State of forest thinning work

efforts during our work, right from when the plants are in their seedling stage till they grow into full-fledged forests, and hearing about the origins of the forests from the volunteers.

Reintroduction of the Japanese Crested Ibis and Support for Elimination of the Slaughtering of Dogs and Cats

We apply the technology cultivated in the development of lens care products and sell "Aguri Kakumei" series of eco-friendly agricultural materials that use the enzymatic activity to decompose the rice straw remaining in paddy fields after harvesting. The Aguri Kakumei series is well



Masahiko Murayama, General Manager of Niigata Prefectural Citizens' Life and Environment Department (right/at that time), and Wataru Ito, Executive Officer

received mainly by farmers in Sado City, Niigata Prefecture. The Aguri Kakumei series is well received mainly by farmers in Sado City, Niigata Prefecture because this is something that can be used to create an easily habitable environment for crested ibises. It can be sprayed widely on rice fields before flooding in winter as it is said to be useful for securing feeding grounds for these birds. Since FY 2011, we have started to donate part of sales of the Aguri Kakumei series to activity of reintroduction of Japanese Crested Ibises o the wild in Niigata Prefecture and Sado City. In FY 2021, we donated JPY 30 million to the "Niigata Prefecture Crested Ibis Conservation Fund" and JPY 20 million to the "Sado City Crested Ibis Environmental Improvement Fund." In addition, we have a lineup of donations that lead to support for initiatives to address environmental and social issues in our shareholder benefit program. In addition to "Niigata Prefecture Crested Japanese Crested Ibis Conservation Fund," we contribute to the organizations that promote awareness-raising activities aiming at "No slaughtering of dogs and cats" based on the concept of "Let's protect pet animals" and Engine 01 Cultural Strategy Conference "Animal Welfare Committee." We will continue to make efforts to become a global company that is friendly to people, animals, and the environment, and will continue to work to gain appreciation and support for our business from our shareholders.



Everyone at the Engine 01 Cultural Strategy Meeting with President Hidenari Tanaka (third from left)

Governance (Management)



Corporate Governance

We are making efforts for the improvement of corporate governance in order to ensure the soundness and transparency of management and to continuously increase corporate value while earning the trust of all stakeholders.

Basic Policies Concerning Corporate Governance

(Preface) Our aim is to create the best corporate governance in order to achieve sustainable growth, increase our long-term corporate value, and contribute to all our 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.

Corporate Governance Report

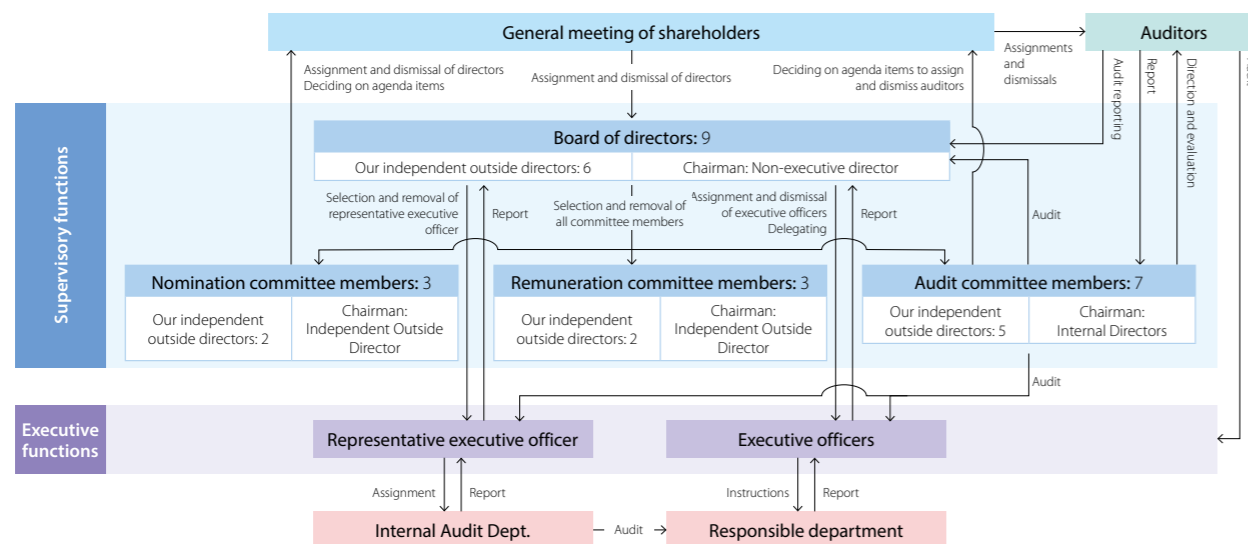
<https://contents.xj-storage.jp/xcontents/AS08353/f143d635/5408/457f/80a5/573e28b1b8c1/140120220611577436.pdf>

Summary of Corporate Governance System

Our management and execution system consists of nine directors (including six outside directors) and seven executive officers (including one concurrent director) (as of June 24, 2022). 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.

The majority of directors on committees (the nomination committee, the remuneration committee and the audit committee) are outside directors.

Corporate Governance System Diagram (As of June 24, 2022)



Compliance

Basic Compliance Policy

The Menicon Group complies 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.

The Basic Compliance Policy has been established to serve as guidelines.

Basic Compliance Policy

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

Compliance System

In April 2006, the Company established a CSR Committee (currently 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.

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.

Educational materials on insider trading prevention, personal data protection, harassment prevention, information security, promotion codes, elimination of anti-social forces, etc., are upgraded every year according to basic knowledge and recent trends, and are systematically implemented using e-learning and other means.

In addition, the Company strives to maintain and improve compliance within the Group by posting an electronic version of the 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 FY 2021

- Frequency: 6 times
- Themes: harassment education, personal data protection, etc.
- Implementation method: e-learning
- Participants: All employees
- Attendance rate: 100%

Firstly
Let's Acquire Accurate Knowledge of Harassment

In order to create a harassment-free workplace, the following two things are important:

- (1) To acquire accurate knowledge of harassment
- (2) To take measures to prevent harassment from occurring or to prevent it before it becomes severe

Risk Management

Basic approach to risk management

The Menicon 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.

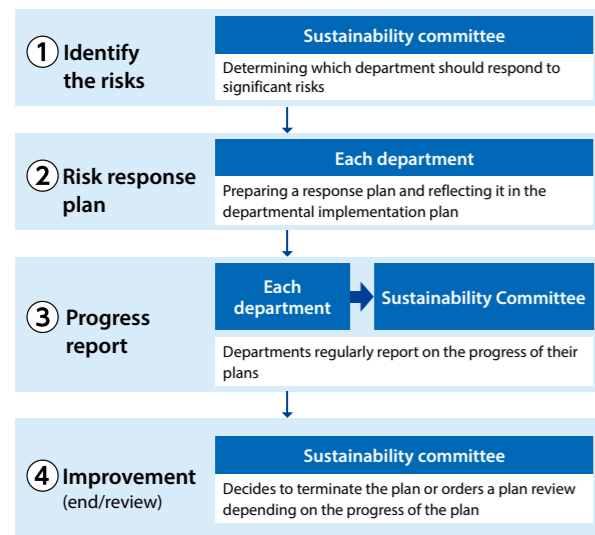
Risk Management Structure

The Company has established a Sustainability Committee (formerly CSR Committee), with the President and CEO responsible for risk management, to promote risk management company-wide and to share the information necessary for risk management. The committee analyzes the possible risks and preemptively takes

necessary measures to avoid, reduce, transfer, accept or take other necessary measures to avoid, reduce, transfer or accept the risks. Regulations stipulate and implement measures to be taken in the event of accidents and other incidents, reporting after handling accidents, reporting routes in the event of life-threatening emergencies, handling complaints, and complying with the Pharmaceuticals and Medical Devices Act and other relevant laws and regulations.

In addition, the Quality Assurance and Safety Management Committee, the PLD Committee, the Personal Information Protection Committee and the Menicon Fair Trade Management Committee have been established to manage risks in various areas. Procedures have also been established for any risks that arise to avoid or reduce losses, etc. in four steps: (1) risk identification, (2) risk response planning, (3) progress reporting and (4) improvement.

Risk management procedures



Respect for Human Rights

As stated in the Group's Sustainability Policy, "We will comply with social rules, including domestic and international laws and regulations, constantly improve our corporate ethics and conduct sustainable business activities," the Group conducts its business activities in accordance with international standards in regard to human rights. The company intends to further strengthen its commitment to human rights in the future in order to keep pace with the recent changes in the global situation regarding business and human rights.

International norms etc. that Menicon supports and respects

- "International Bill of Human Rights" (United Nations)
- "ILO Declaration on Fundamental Principles and Rights at Work" (International Labor Organization (ILO))
- "Guiding Principles on Business and Human Rights" (United Nations)
- "The Ten Principles of the UN Global Compact" (United Nations Global Compact)
- "Charter of Corporate Behavior" (Japan Business Federation)

Training on Human Rights

To spread awareness of human rights, regular training sessions are held across the Group to encourage employees to understand the concept of respect for human rights and to incorporate it in their own actions.

Initiatives to Protect Personal Information

We take the utmost care to protect personal information, and in order to ensure that our services can be used with peace of mind, we have established the "Personal Information Protection Policy," obtained the "Privacy Mark" and provide regular training for all our employees.

In addition to complying with the GDPR (EU General Data Protection Regulation), we have also established the "Menicon Group Personal Data Protection Regulations" to ensure that our subsidiaries have the same level of personal data protection as we do.

Human rights training conducted in FY2021

Subject	Theme	Participation rate (%)
All employees	Compliance education (Harassment)	100%
New managers	New manager training (Harassment)	100%
New employees	New employee training (Harassment)	100%
Applicants	Career design training	100%

Initiatives to Respect Human Rights

The Group's efforts to respect human rights include requesting suppliers to give due consideration to human rights in accordance with the "Menicon Group CSR Procurement Standards," identifying suppliers with high human rights risks, utilizing an internal reporting system for human rights, and displaying anti-harassment posters at each business location to spread awareness.

Going forward, to further address human rights issues, the Sustainability Committee will take the lead in formulating a human rights policy, developing a system, reviewing the CSR procurement standards and conducting human rights due diligence.

Non-financial Data

	Items	Unit	Scope	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Environment	Total amount of energy used	kWh	Our Group	—	—	—	58,852	63,411
	Scope 1 and 2 total	t-CO ₂	Our Group	—	—	—	20,748	20,981
	Scope 1							
	Direct emissions from business activities	t-CO ₂	Our Group	—	—	—	2,943	3,335
	Scope 2							
	Indirect emissions from the production stage of heat and energy used in the project activity	t-CO ₂	Our Group	—	—	—	17,804	17,645
Employee Information	Number of Employees		Consolidated	3,083	3,264	3,548	3,860	3,908
			Non-consolidated	1,259	1,319	1,416	1,512	1,577
	Male		Non-consolidated	789	805	866	902	939
	Female		Non-consolidated	470	514	550	610	638
	Average age	Years old	Non-consolidated	39.1	39.1	38.9	38.5	38.4
	Male	Years old	Non-consolidated	43.0	42.1	41.7	41.3	41.0
	Female	Years old	Non-consolidated	34.1	34.1	34.4	34.3	34.6
	Number of New Employees		Non-consolidated	34	52	51	51	62
	Male		Non-consolidated	17	17	25	25	35
	Female		Non-consolidated	17	35	26	26	27
Number of Mid-career employees			Non-consolidated	65	89	140	118	92
	Male		Non-consolidated	40	46	83	60	55
	Female		Non-consolidated	25	43	57	58	37
Number of R&D employees			Non-consolidated	128	135	185	200	225
	Male		Non-consolidated	82	87	128	132	146
	Female		Non-consolidated	46	48	57	68	79
Female employees	Number of female officers		Consolidated	—	—	—	5	5
	Ratio of female officers	%	Consolidated	—	—	—	4.9	3.7
	Number of female managers		Consolidated	—	—	—	—	75
	Ratio of female management jobs	%	Consolidated	—	—	—	—	23.4
	Number of female executives		Non-consolidated	32	31	30	33	33
	Ratio of women in managerial positions	%	Non-consolidated	10.2	9.9	10.0	10.6	10.9
Human Resource Development	Total annual training hours	Hours	Non-consolidated	7,072	9,510	11,890	9,760	12,370
	Training hours per person per year	Hours	Non-consolidated	5.7	7.7	8.2	6.1	8.6
	Annual education expenditure per person	yen	Non-consolidated	13,503	14,617	12,974	12,534	17,266
Product Safety	Number of cases of health hazards for which defects/side effects were reported		Japan	1	0	1	1	3
	*This covers domestic products for which Menicon is the manufacturer and distributor.							
Contribution to Society	Expenditure on social contribution activities (including donations)	ten thousand yen	Non-consolidated	5,910	6,050	5,150	1,850	7,213
	Donations to non-profit organizations among the above	yen	Non-consolidated	0	0	0	0	0