

[TRANSLATION]

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Last Update: Dec. 21, 2023

**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](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. HOYA complies with all principles set forth in the Corporate Governance Code.

## **[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](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 year 2022, 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 executives or directors and the company or major shareholders.

Regulations of the Board of Directors

[https://www.hoya.com/wp-content/uploads/2022/04/BOD\\_rule\\_E\\_en.pdf](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 FY2022, was 52.0% and the ratio of female managers was 35.9%. The ratio of female employees in the HOYA Group companies based in Japan as of March 31, 2023, was 29.9% and the ration of female managers was 14.2%, which was increase by 0.3% and decrease 0.1% compared with 29.6% and 14.3% as of March 31, 2022, respectively.

Furthermore, with regard to the promotion of mid-career hires and foreign employees, foreign employees have been promoted to managerial positions at six 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 been around 90%. Furthermore, 70% of employees at the Group Headquarters in Tokyo are mid-career hires, and 70% 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/](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/#section07>

(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](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/2023/05/85thAGMPBDD\\_E.pdf](https://www.hoya.com/wp-content/uploads/2023/05/85thAGMPBDD_E.pdf)

[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, as a responsible member of society, HOYA is addressing climate-change issues in order to protect the global environment that will be passed on to the next generation. In October 2021, HOYA identified four ESG materialities, including Reducing Greenhouse Gases (GHG). In December 2021, HOYA announced its endorsement of the recommendations of the Climate-Related Financial Disclosure Task Force (TCFD). In the following year, 2022, HOYA began analyzing scenarios based on TCFD.

## 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>

## TCFD Disclosure

[https://www.hoya.com/wp-content/uploads/2023/04/TCFD-Disclosure-E\\_Final-1.pdf](https://www.hoya.com/wp-content/uploads/2023/04/TCFD-Disclosure-E_Final-1.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.

## Regulation of the Board of Directors

[https://www.hoya.com/wp-content/uploads/2022/04/BOD\\_rule\\_E\\_en.pdf](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 Board of Directors 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.

As of 31 Mar. 2023, 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](https://www.hoya.com/wp-content/uploads/2022/06/AOI_E_en_20220628.pdf)

(As of June 26, 2023, there are five Outside Directors and two internal Directors.)

All five 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](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](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 five out of the seven 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 corporate management, global business, finance and accounting, IT and technology, M&A, sustainability and ESG 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.

Reference Material for the General Meeting of Shareholders  
[https://www.hoya.com/wp-content/uploads/2023/05/85thAGMPBDD\\_E.pdf](https://www.hoya.com/wp-content/uploads/2023/05/85thAGMPBDD_E.pdf)

[Supplementary Principle 4-11-3 Board Evaluation]

A third-party survey is conducted on the operation of the Board of Directors, the results of which are analyzed and self-evaluated by the Board of Directors, and necessary improvements are made.

A summary of the results of FY2022 evaluation is as follows:

The Board of Directors is highly regarded for its open and active discussions based on the common understanding that it is important to fulfill its function of monitoring and supervising execution. Regarding the issues identified as major challenges in the evaluation of the effectiveness of the Board of Directors in FY2021, steady progress has been made in strengthening internal controls and risk management. On the other hand, the Board of Directors recognizes the need to further deepen discussions on medium- to long-term strategy formulation and the CEO succession plan, which were also identified as issues to be addressed. It is also recognized that deeper discussion of risks related to sustainability issues is also necessary. The committees are evaluated as having adequate discussions with appropriate size and composition of members. At the same time, it is recognized that the Nominating Committee is expected to discuss the CEO's succession plan and the future composition of the Board of Directors, and for Compensation Committee, to discuss the criteria for evaluating Executive Officers' compensation is an issue for the future, and the Audit Committee needs to continue reviewing risks on a regular basis.

HOYA will secure sufficient time and information in advance to further discuss each issue, improve agenda setting and allocation of time for deliberation, and enhance communication among directors to promote responses to issues.

[https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline\\_EN\\_2022\\_6.pdf](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 HOYA strives to assist Directors 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](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](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.

[Actions to achieve cost of capital and stock price conscious management] [Disclosure in English]

HOYA has long been "shareholder-oriented" and focused on corporate value, taking into account the cost of capital. The emphasis is on maximizing the profit generated from the total assets held by the company.

In addition, the HOYA Corporate Governance Guidelines make it clear that the goal in establishing a management structure is to enhance corporate and shareholder value over the long term, and indicate that generating earnings in excess of the cost of capital is fundamental to respecting shareholder rights.

[https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline\\_EN\\_2022\\_6.pdf](https://www.hoya.com/wp-content/uploads/2022/06/Corporate-Governance-Guideline_EN_2022_6.pdf)

(HOYA Corporate Governance Guidelines II-2)

The Articles of Incorporation set forth that 50% or more of the Board of Directors consist of outside directors so that the executive officers consistently execute their duties with a sense of vigilance, which, in turn, will contribute to the long-term enhancement of corporate value and ultimately to the enhancement of shareholder value.

(HOYA Corporate Governance Guidelines III-2)

HOYA ensures the right of the shareholder to receive profit sharing by making it its fundamental duty to generate profits that exceed capital costs, while deliberating and presenting to the shareholders a policy on the distribution of profits, including the payout of dividends from surplus that strikes balances between maintaining financial stability and making investments for growth.

[Dialogue with Shareholders]

In fiscal year 2022, we conducted the following dialogues with shareholders.

Meetings with domestic and overseas institutional investors (investment management divisions) and analysts:  
Approx. 600 meetings (including approx. 30 meetings attended by CEO, CFO, and other executive officers)

Meetings with domestic and overseas institutional investors (Responsible Investment Division):

Approx. 15 meetings (including 5 meetings attended by CEO, CFO, and other executive officers)

Financial results briefings: 4 times (Simultaneous interpretation in English has been introduced since FY2021 to encourage participation by overseas institutional investors.)

General shareholders' meeting: 1 time

By investment style: We are in dialogue with investors of various investment styles, including growth, value, and alternative. Of these, the largest number of meetings are with growth investors.

Dialogue content: We had active dialogue with Mr. Ikeda, who assumed the position of CEO in March 2022, regarding management policies, strategies for acquiring growth businesses, capital allocation including shareholder returns, and ESG strategies, etc. Many investors requested more information disclosure, including ESG-related information, and in response, we are working to enhance information disclosure.



## 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)	719,233	20.31
Custody Bank of Japan, Ltd. (Trust Account)	260,455	7.35
SSBTC Client Omnibus Account	109,951	3.10
State Street Bank West Client - Treaty 505234	66,484	1.87
Deutsche Bank Trust Company Americas	62,346	1.76
BNYM AS AGT/CLTS NON TREATY JASDEC	52,572	1.48
JP Morgan Chase Bank 385781	46,067	1.30
Motoko Yamanaka	43,000	1.21
Government of Norway	41,966	1.18
JP Morgan Chase Bank 385632	40,468	1.14

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

Supplementary Explanation
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For a supplemental explanation, please see the Supplemental Explanation of Capital Structure at the end of this report.

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

N/A
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## 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 Compensation)
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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	7

**[Outside Directors]**

Number of Directors	5
Number of Independent Directors	5

**Outside Directors' Relationship with the Company (1)**

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Hiroaki Yoshihara	Others												
Yasuyuki Abe	From another company								△				
Takayo Hasegawa	From another company												
Mika Nishimura	From another company												
Mototsugu Sato	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			
Hiroaki Yoshihara	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<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&amp;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&amp;A, an important measure in the Company's business strategy.</p> <p>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>

Name	Membership of Committees			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination	Compensation	Audit			
Hiroaki Yoshihara	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	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>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&amp;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&amp;A, an important measure in the Company’s business strategy.</p> <p>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>

Name	Membership of Committees			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination	Compensation	Audit			
Yasuyuki Abe	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<p>There were transactions in the fiscal year 2022 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.</p> <p>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>

Name	Membership of Committees			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination	Compensation	Audit			
Takayo Hasegawa	○	○	○	○	<p>There was no transactions in the fiscal year 2022 between HOYA Group and SWCC SHOWA HOLDINGS Group, which Ms. Hasegawa works for, and nothing in connection with her 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>Ms. Hasegawa was engaged for many years as a researcher in the R&amp;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&amp;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. 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 her role as an outside director from an independent standpoint.</p>



Name	Membership of Committees			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination	Compensation	Audit			
Mika Nishimura	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<p>There were no transactions in the fiscal year 2022 between the HOYA Group and GILDE HEALTHCARE PARTNERS, which Ms. Nishimura works for, and nothing in connection with her 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.</p> <p>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 her role as an outside director from an independent standpoint.</p>

Name	Membership of Committees			Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination	Compensation	Audit			
Mototsugu Sato	○	○	○	○	<p>There were transactions in the fiscal year 2022 between the HOYA Group and the Panasonic Group, which Mr. Sato 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 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. Sato has extensive experience as a manager at Panasonic Holdings Corporation, a company that develops a wide variety of products globally, including home appliances, audio/visual equipment, automotive products, industrial equipment, and information and telecommunications equipment, primarily on diverse staff functions, including administrative divisions, and has contributed to the company’s business growth and corporate value enhancement.</p> <p>The Company’s Nomination Committee has judged that he will contribute significantly to the Company’s management with regard to important issues such as new business and supervision of the entire Group, based on his experience as a manager backed by his wide range of experience in the global manufacturing industry and extensive knowledge of business administration, so it has designated as an independent director.</p>

**[Committees]**

## Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	5	0	0	5	Outside Director
Compensation Committee	5	0	0	5	Outside Director
Audit Committee	5	0	0	5	Outside Director

**[Executive Officers (Shikkoyaku)]**

Number of Executive Officers (Shikkoyaku) 3

## Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Eiichiro Ikeda	Yes	Yes	No	No	No
Ryo Hirooka	Yes	Yes	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	5
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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)	performance based compensation, others
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## Supplementary Explanation

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).

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 Executive Officers

## Supplementary Explanation

CEO's remuneration is disclosed individually regardless of amount.

For other directors and officers, individual remuneration is disclosed in the Notice of the Ordinary General Meeting of Shareholders (Proposals, Business Report, etc.) and Annual Securities Report (Yuhō) in accordance with the ordinance.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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For a supplemental explanation, please see the Disclosure of Policy on Determining Remuneration Amounts and Calculation Method at the end of this report.

**[Supporting System for Outside Directors]**

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

**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 June 26, 2023, three persons - namely, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Business Development Officer 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 Director. 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 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 Nomination Committee, the Compensation 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 2022, the Board of Directors meetings were convened 10 times, with 90% attendance by 1 Director and 100% attendance by the other 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 June 26, 2023, the Company’s

Board of Directors consists of five Outside Directors and two Internal Directors, including two female Outside Directors.

(4) Audit and Oversight

The Audit Committee, on which all Independent Directors (5 Independent Directors as of June 26, 2023) 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 2022, with 88.9% attendance by 1 committee member and 100% attendance by the other committee members. Deliberations during the fiscal year under review focused on reports from the Accounting Auditor and Internal 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.”

The accounting audit of the Company has been conducted by Deloitte Touche Tohmatsu LLC since the fiscal year ended March 31, 2009, and three certified public accountants, Koichi Kuse, Takuya Sumita, and Osamu Hattori, have performed the audit. Deloitte Touche Tohmatsu LLC has taken measures to ensure that its operating partners will not be involved in the Company's accounting audit for longer than a certain period of time. The Company's auditing staff consists of 15 certified public accountants, 6 persons who have passed the accountant examination, and 29 other persons, for a total of 50 persons.

(5) Nomination of Director and Executive Officer Candidates

The Nomination Committee, on which all Independent Directors (5 Independent Directors as of June 26, 2023) 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 9 times in fiscal year 2022, with 100% attendance by all committee members. During the fiscal year under review, deliberations were conducted on the qualifications, skills and diversity required of Director candidates going forward, and the succession plan of Executive Officers.

(6) Remuneration decisions

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

Compensation Committee meetings were convened 7 times in fiscal year 2022, with 100% attendance by all committee members. During the fiscal year, deliberations were conducted in depth, in particular, on how to link ESG indicators to the remuneration of each Director and Executive Officer.



### **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 our shareholders, we aim to send out the Notice of Ordinary General Meeting of Shareholders at least three weeks prior to the shareholders' meeting, which is the statutory period. For the 85th Ordinary General Meeting of Shareholders, the Notice of Ordinary General Meeting of Shareholders was sent out on May 31, 2023 and on May 25, prior to the sending of the Notice of Ordinary General Meeting of Shareholders, the Company started electronic provision of information on the Company's website, the Tokyo Stock Exchange website (TSE Listed Company Information Service), and the website for posting materials for the General Meeting of Shareholders.
Allowing Electronic Exercise of Voting Rights	Shareholders can 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 Ordinary 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 Ordinary General Meeting of Shareholders early on its website. In addition, HOYA posts the English version of the Notice of Ordinary General Meeting of Shareholders 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 Notice of Ordinary General Meeting of Shareholders. 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.</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. Simultaneous interpretation is provided so that overseas institutional investors can participate in the financial results briefing.	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.	<p>In 1993, the HOYA Group established its Environmental Philosophy and Basic Environmental Principles, and has been promoting environmental conservation activities at all of its business sites in Japan and overseas. In 2012, when HOYA acquired global multi-site certification for its environmental and occupational health and safety management systems, the Group reviewed the content of each of these systems and is developing integrated environmental conservation activities on a global basis.</p> <p>In 2022, we also renewed our "Environmental Philosophy" and "Environmental Basic Principles" in order to more proactively address issues surrounding the global environment.</p> <p><a href="https://www.hoya.com/en/sustainability/environment/philosophy/">https://www.hoya.com/en/sustainability/environment/philosophy/</a></p> <p>Under the management philosophy, the HOYA Group has established the HOYA Group's Materiality and Sustainability Policy.</p> <p>ESG Materiality <a href="https://www.hoya.com/en/sustainability/materiality/">https://www.hoya.com/en/sustainability/materiality/</a></p> <p>Sustainability Policy <a href="https://www.hoya.com/en/sustainability/philosophy/">https://www.hoya.com/en/sustainability/philosophy/</a></p>
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 14.2% (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.

Contents of the resolution the Board of Directors of the Company made with regard to internal control systems set out in (b) and (e) of item (i), paragraph (1), Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act and a summary of the operation status thereof are as follows:

(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.

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 or requests for advice from inside and outside the Group concerning 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 (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.

Internal reporting concerning Executive Officers and the CCO is responded to directly by the Audit Committee.

(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 division 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 official website of the HOYA Group and the Group's portal site with printed copies distributed to employees who have difficulty accessing both sites 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 internal reporting, has been established since 2003. The HOYA Help Line, receives reporting on acts that violate laws and regulations or the HOYA Business Conduct Guidelines from inside and outside the Group including from employees of suppliers. While protecting the informer, the HOYA Help Line is a system that deals with such matters quickly and appropriately, recognizing the problem early and making the relevant organization to exert a self-corrective function, and ensures the soundness of the Group as a whole. Up to the end of the fiscal year ended March 2023, the system was introduced into all of the countries in which the Group carries out its business, 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 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.

(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.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	N/A
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Supplementary Explanation
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## **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.

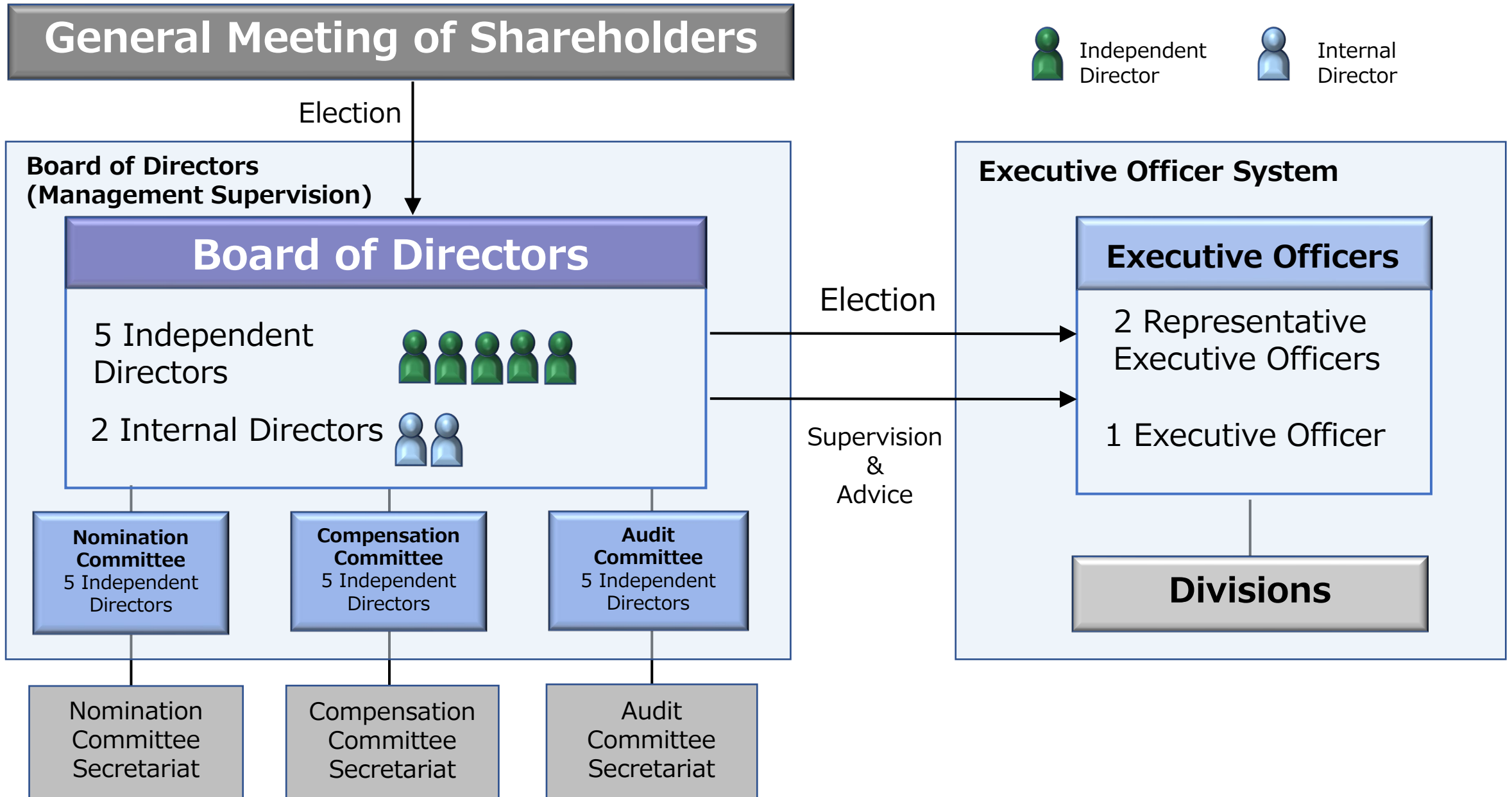
These sections exhaustively collect information from each of the divisions within the Company, strictly manage such information complying with the timely disclosure rules and other relevant laws and regulations, and create materials containing information that is accurate and clear and sufficient as 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 investor relations and public relations for the HOYA Group within the Corporate Communication Department, which handles inquiries from outside parties.



# Corporate Governance Structure (As of June 26, 2023)



# System Regarding Timely Disclosure of Corporate information

Information regarding decisions made and facts that have occurred in relation to listed company and subsidiaries

Persons in charge of information regarding decisions made and facts that have occurred at each division within the company

Information regarding financial results

Finance Department  
\*Checks by accountants (the audit company)

Corporate Communication Department of HOYA Group

Persons in charge of handling information

Financial results summary

Quarterly financial report

Approved by the Board of Directors or by Executive Officers in charge

Persons in charge of handling information

Information regarding decisions made and facts that have occurred

Financial results summary

Corporate Communication Department of HOYA Group

Tokyo Stock Exchange  
(Information posted on TDnet)

Finance Department

Financial Services Agency

Information posted on EDINET

Media

Information posted on HOYA's website

Analysts and investors

(Financial results briefings, etc.)

Supplementary explanation of capital structure

- 1.The status of major shareholders is information as of March 31, 2023.
- 2.The number of shares held is in hundred share units, rounded down to the nearest hundred.
- 3.In addition to the above, there are 2,972,000 shares of treasury stock.
- 4.Of the above shares held, the number of shares related to trust business is as follows.

Name	Number of shares (100 shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	342,387
The Custody Bank of Japan, Ltd. (Trust Account)	170,885

5.As of October 14, 2022, Sumitomo Mitsui Trust Bank, Limited and its two joint owners reported that they held the following shares in the Report on Possession of Large Volume (Change Report), which was made available for public inspection on October 20, 2022. However, as we are unable to confirm the actual number of shares held as of the record date for the exercise of voting rights, it is not included in the above-mentioned status of major shareholders.

Name	Address	Number of Shares Held (one hundred shares)	Percentage of shares held (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	159,915	4.43
Nikko Asset Management Co., Ltd.,	7-1, Akasaka 9-chome, Minato-ku, Tokyo	94,467	2.62

6.Nomura Asset Management Co., Ltd. reported that it held the following shares as of September 30, 2022 in the report of large shareholding, which was made available for public inspection on October 7, 2022. However, as we are unable to confirm the actual number of shares held as of the record date for the exercise of voting rights, it is not included in the status of major shareholder above.

Name	Address	Number of shares held (100 shares)	Percentage of shares held (%)
Nomura Asset Management shares Formula company	2-1 Toyosu 2-chome, Koto-ku, Tokyo	208,137	5.76

7.As of July 25, 2022, Mitsubishi UFJ Financial Group, Inc. and its six joint holders reported that they held the following shares in the Report on Possession of Large Volume (Change Report), which was made available for public inspection on August 1, 2022. However, as we are unable to confirm the actual number of shares held as of the record date for the exercise of voting rights, it is not included in the above-mentioned status of major shareholders.

Name	Address	Number of shares held (100 shares)	Percentage of shares held (%)
Mitsubishi UFJ Trust and Banking Corporation	4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo	126,757	3.47

Name	Address	Number of shares held (100 shares)	Percentage of shares held (%)
Mitsubishi UFJ International Investment Trust Co., Ltd.	12-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo	32,915	0.90
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	20,751	0.57
First Sentier Investors (Australia) a) IM Limited	Level 5, Tower Three International Towers Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia	36,019	0.98
First Sentier Investors (Australia) a) RE Limited	Level 5, Tower Three International Towers Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia	4,782	0.13
First Centia Investors (Hong Kong) Ltd.	25th Floor, One Exchange Square, Central, Hong Kong	4,624	0.13

8. As of October 30, 2020, the Company has received a report from FMR LLC and one of its co-holders stating that it holds the following shares in the report of large shareholdings (Change Report), which has been made available for public inspection as of November 9, 2020. However, as we are unable to confirm the number of shares beneficially owned as of the record date for the exercise of voting rights, it is not included in the status of major shareholder above.

Name	Address	Number of shares held (100 shares)	Percentage of shares held (%)
FMR LLC	02210 Boston Summer Street, Massachusetts 245 USA	187,908	5.00
National Financial Services, LLC	02210 Seaport Bulvad 200, Boston, Massachusetts, USA.	179	0.00

## Disclosure of the amount of remuneration or the decision policy on the calculation method

### (1) Basic Policy and Determination Methods

We have established the Compensation Committee with the aim of "contributing to the improvement of our performance by establishing a compensation system that enhances incentives for directors and executive officers and conducting appropriate performance evaluations." The Compensation Committee is composed of all five directors who are not executive officers. The Compensation Committee deliberates and decides on the compensation policy for directors and executive officers and the content of compensation received by directors and executive officers based on necessary information (such as the level of other companies according to an outside expert research organization). In 2003, we discontinued the use of retirement allowances for officers.

### (2) Policy on Director Compensation

Compensation for directors is based on fixed compensation and medium-to long-term incentives. Fixed remuneration consists of base remuneration and remuneration as members and chairman of the three committees of nomination, compensation, and audit. Fixed remuneration is set at an appropriate level considering our business environment, the level of other companies by an outside expert research organization, and positions and responsibilities. Mid-and long-term incentives include a restricted stock unit (RSU) that delivers prescribed shares according to the length of time directors work as an outside director. The Company grants RSUs annually in order to share a common viewpoint with shareholders on the share price and to share profits with them over the medium to long term. Every year, we offer to outside directors a base number of shares equivalent to fixed compensation for a period of three years from the same year. After the end of the applicable period, we will determine the fee base amount equivalent to the market value of the shares in the base number of shares to be delivered to outside directors. We pay a monetary compensation receivable of 50% of the base amount of such compensation to outside directors. The Outside Directors shall invest the Monetary compensation receivable in kind and receive an allocation of the number of shares calculated by dividing the monetary compensation receivable by the paid-in amount of our shares. In addition, from the viewpoint of securing funds for tax payment, the amount equivalent to the remaining base amount of remuneration will be paid as money. However, for the successor of an outside director who retires due to death and the outside director who retires due to injury or sickness, all of the fee base amount will be paid in monetary terms. We also plan to issue RSU for the next three years and beyond.

[Fee Composition Ratio]

Fixed fee: Medium-to long-term incentives (RSU) = about 1:1

(NOTE) Approximate if the stock price in three years is the same as that at the time of grant

In fiscal 2022, the Compensation Committee also deliberated on the organization and level of remuneration based on the basic policy, our management environment, the level of other companies surveyed by outside expert organizations, and the level of positions and responsibilities. The Committee determined that the remuneration for each director was at a reasonable level according to the position and responsibilities in accordance with our policy, and determined that the remuneration for each director was in line with our policy. The content of individual remuneration for directors for the fiscal year was determined to be in line with our policy.

Until fiscal 2021, a fixed number of stock options were granted at the time of new appointment and reappointment with the aim of sharing interests with shareholders over the medium to long term with a common perspective regarding stock price with shareholders. Stock options are exercisable for each subsequent year after a waiting period of approximately one year, with 25% of the number granted. The periods are exercisable for 10 years.

[Constituent ratio of remuneration up to fiscal 2021]

Fixed fee: Medium-to long-term incentives (stock options) = about 1: 0.3 to 0.6

(NOTE) The above percentage of medium-to long-term incentives fluctuates in response to changes in the share price of our shares, etc.

### (3) Compensation Policy for Executive Officers

Compensation for executive officers is based on fixed compensation, annual incentive (performance-based bonus) and medium-to long-term incentive (performance-share units ("PSU")). Fixed fee is set based on the position and responsibilities of each executive officer (representative executive officer, chief financial officer, etc.), and subsidies (residence, etc.) associated with stationing overseas are set at an appropriate level, taking into account our business environment, the level of other companies surveyed by external expert organizations, and positions and responsibilities.

Performance-based bonuses are determined by quantitative performance and qualitative assessments and generally range from 0 to 200%. Quantitative performance indicators include revenue, profit attributable to owners of the parent, and earnings (EPS) per share in the consolidated financial statements.

PSU is a system that begins in fiscal 2019 and issues shares based on the achievement of pre-determined performance conditions, which were introduced in lieu of stock options. The payment rate based on the achievement of performance targets varies from 0% to 200% based on the performance of the three fiscal years.

As a performance indicator for the three fiscal years, we selected revenue, earnings per share (EPS), and ROE in the consolidated financial statements. Details on performance-based compensation for executive officer officers are described in [Summary of performance-based compensation for executive officers (annual incentives, medium-to long-term incentives)] given below.

During the fiscal year 2022, the Compensation Committee also deliberated on the composition and level of remuneration based on the basic policy, our management environment, the level of other companies surveyed by external specialist organizations, and the position and responsibilities of other companies. The Committee determined that the remuneration was at a reasonable level according to the position and responsibilities of executive officers in line with our policy, and determined that the remuneration for each executive officer was determined in line with our policy. The content of individual remuneration for executive officers for the fiscal year 2022 was determined to be in line with our policy.

[Fee Composition Ratio]

CEO	Fixed fee: Annual incentive (performance-based bonuses): Medium-to long-term incentive (PSU) = 1:1:1.25
Executive Officers other than CEO	Fixed fee: Annual incentive (performance-based bonuses): Medium-to long-term incentive (PSU) = 1:1:1

(NOTE)Target achievement ratio, etc. is 100%, and the share price after 3 years is the same as that at the time of grant.

[Summary of performance-based compensation for executive officers (annual incentives, medium-to long-term incentives)]

a. Annual incentives (performance-based bonuses)

Annual incentives (performance-based bonuses) are paid based on the following formula.

$\begin{aligned} \text{Amount of annual incentive (performance-based bonuses)} &= \text{base amount by position} \times \text{performance-based coefficient of quantitative targets (*)} \times 80\% \\ &+ \text{Standard amount by position} \times \text{performance-based coefficient of qualitative target (*)} \times 20\% \end{aligned}$
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※ The performance-based coefficient generally varies from 0% to 200%.

[Performance-based coefficient (performance-based bonus)]

Type of indicator	Target value (Consolidated)	Actual value (Consolidated)	Reasons for Selection of Indicators
Revenue	734 billion yen	723.6 billion yen	Selected as an indicator to measure the growth potential of our group in the domestic and overseas markets
Profit attributable to owners of the parent	177.6 billion yen	168.6 billion yen	Selected as an indicator to measure whether the growth of our group is accompanied by steady profits
Earnings per share	482.08 yen	469.76 yen	Selected as an indicator to measure the company's growth from the same perspective as shareholders

(NOTE)1. Qualitative evaluation methods for annual incentives (performance-based bonuses) are evaluated for each item such as "degree of budget achievement related to divisional performance," and are determined after deliberation by the Compensation Committee.

2. The target values in the above table are set with reference to our business environment, etc., and differ from the performance forecast.

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

Each year, for a period of three years from the same year, we present to executive officers the number of shares to be awarded based on their position and responsibilities, as well as medium-and long-term performance targets for the applicable period. After the end of the applicable period, we will determine the fee base amount equivalent to the market value of our shares, which is the number of shares subject to the standard award multiplied by a coefficient based on the degree of achievement of the medium-to long-term performance targets, to our executive officers. We pay a monetary compensation receivable of 50% of the base amount of such compensation to our executive officers. The Executive Officers receive an allocation of the number of shares calculated by dividing the amount of the monetary compensation receivable by the paid-in amount of our shares by contributing the monetary compensation receivable in kind. In addition, from the viewpoint of securing funds for tax payment, the amount equivalent to the remaining base amount of remuneration will be paid as money.

However, all of the compensation base amount will be paid in monetary amounts to the domestic non-resident executive officers and the heirs of the executive officers who retire due to death.

We also plan to issue PSU for the next three fiscal years and beyond. The outline of the above is illustrated below.

In 2020	In 2021	In 2022	In 2023	In 2024	In 2025	In 2026
PSU			Stock issuance, etc.			
	PSU			Stock issuance, etc.		
		PSU			Stock issuance, etc.	
			PSU			Stock issuance, etc.

[Performance-based coefficient (PSU)]

Fiscal 2020 grants (period: from the fiscal year ended March 2021 to the fiscal year ended March 2023)

Type of indicator	Target value (Consolidated)	Actual value (Consolidated)	Reasons for Selection of Indicators
Revenue	610 billion yen	644.3 billion yen	Selected as an indicator to measure the growth potential of our group in the domestic and overseas markets
Earnings per share	350 yen	417 yen	Selected as an indicator to measure the company's growth from the same perspective as shareholders
ROE	18.0%	20.6%	Selected as an indicator of whether profits are efficiently earned relative to the amount invested by shareholders

Fiscal 2021 grants (period: from the fiscal year ended March 2022 to the fiscal year ended March 2024)

Type of indicator	Target value (Consolidated)	Actual value (Consolidated)	Reasons for Selection of Indicators
Revenue	670 billion yen	-	Selected as an indicator to measure the growth potential of our group in the domestic and overseas markets
Earnings per share	430 yen	-	Selected as an indicator to measure the company's growth from the same perspective as shareholders
ROE	19.0%	-	Selected as an indicator of whether profits are efficiently earned relative to the amount invested by shareholders

Fiscal 2022 grants (period: from the fiscal year ended March 2023 to the fiscal year ended March 2025)

Type of indicator	Target value (Consolidated)	Actual value (Consolidated)	Reasons for Selection of Indicators
Revenue	760 billion yen	-	Selected as an indicator to measure the growth potential of our group in the domestic and overseas markets
Earnings per share	560 yen	-	Selected as an indicator to measure the company's growth from the same perspective as shareholders
ROE	20.0%	-	Selected as an indicator of whether profits are efficiently earned relative to the amount invested by shareholders
ESG index	Assessment by external organizations and status of initiatives for ESG themes that are emphasized	-	Selected as an indicator to measure sustainability initiatives from the viewpoint of ESG

(NOTE) Assessment by three companies in CDP, MSCI, Sustainalytics is used.