



2018

NIDEK CSR Report

THE ART OF EYE CARE

Editorial Policy

Nidek continues to conduct our “Eye & Health Care” business globally while always being true to our core values and we observe the letter and spirit of all laws and regulations in Japan and abroad, and act with a strong sense of ethics and fairness to contribute to the development of a sustainable world society.

This NIDEK CSR Report 2018 aims to inform those interested of our environmental and social activities of the year 2017.

Report Profile and Contact Info.

Report Profile

Report Object:

NIDEK COMPANY LIMITED (NIDEK CO., LTD.)

Headquarters (Hiroishi Plant)

Hamacho Plant

Tsurugahama Plant

Higashihama Plant

Osawa Plant

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Department of Editorial:

Public Relations Sec., Planning Department

Contact Information

Public Relations Sec., Planning Dept.

Tel: 81-533-67-6753

E-mail: info@nidek.co.jp

For further information, please visit our website.

URL <https://www.nidek-intl.com>



※ The colors used in this report refers to the Model Color Palette for Color Universal Design . (URL <http://www.cudo.jp/colorset>)

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Corporate Profile

Company Name	NIDEK COMPANY LIMITED
Head Office	34-14 Maehama, Hiroishi-cho, Gamagori, Aichi 443-0038, JAPAN Phone: +81-533-67-6611
President & CEO	Motoki Ozawa
Established	July 7, 1971 (Date of Foundation: August 8)
Capital	¥461,890,000
Sales	FY2017 : 41,730 (million yen) FY2016 : 39,370 FY2015 : 39,330 FY2014 : 40,240 FY2013 : 37,270
Total Employees	1,634 (as of March 31, 2018) (Men: 1,280 / Women: 354)

BUSINESS INSTITUTION

- **Plants**
Hiroishi, Hamacho, Tsurugahama, Higashihama, Osawa
- **Domestic Sales and Service Branch Offices**
Sapporo, Sendai, Saitama, Tokyo, Chiba, Yokohama,
Gamagori, Kanazawa, Kyoto, Osaka, Takamatsu, Hiroshima,
Fukuoka
- **Overseas Subsidiaries**
NIDEK INC. [USA], NIDEK S.A. [FRANCE],
NIDEK TECHNOLOGIES S.R.L. [ITALY],
NIDEK DO BRASIL [BRAZIL],
NIDEK (SHANGHAI) CO., LTD. [CHINA],
NIDEK SINGAPORE PTE. LTD. [SINGAPORE]
NIDEK KOREA CO., LTD
- **Overseas Representative Offices**
Beijing, Dubai

Business Profile



Medical

We provide comprehensive solutions for ophthalmologic practice by developing, manufacturing, and distributing ophthalmic surgical devices, examination and diagnostic devices, and ophthalmic laser. Our products also expand into the medical checkup field.



Coating

We have cutting-edge technologies, so called "light manipulation," which is the essence of our coating business. We apply anti-glare finish to optical materials, and control the degree of transmittance and reflection of a particular wavelength.

Application of coating technology is diverse, including ophthalmic lenses, telecommunication, automotive, medical, and liquid crystal displays.



Optical

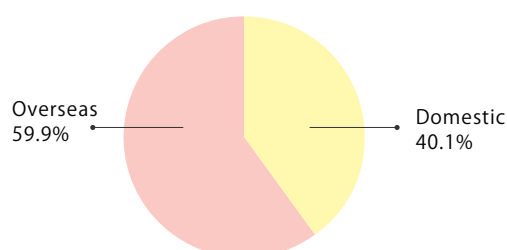
We provide products related to manufacturing optimum eyeglasses such as visual acuity measurement, eye glass prescription, and lens processing.



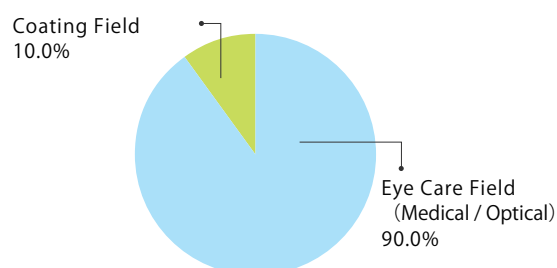
Plants in Gamagori Area

2017 Sales Data

Overseas Export Ratio



Sales Composition



Message from President & CEO

To be a Sustainable Company Offering Satisfaction and Joy



Motoki Ozawa
President & CEO of NIDEK Co., LTD.



Our Thoughts Since Establishment

Since 1971, Nidek has endeavored to be a company that brings "invisible to visible" and "visible to recognition", and build relevant "eye instruments." At present, we are pursuing global business activities in Ophthalmology & Optometry, Lens Edging and Coating.

Furthermore, we are developing diagnostic devices for the prevention and early detection of disease and devices to provide less invasive surgery. We are also in the process of expanding our business field to include regenerative medicine and anti-aging health care products.

Our CSR Efforts in 2017

■ Reconstruction of School in Nepal

In October 2017, we reconstructed the "NIDEK, Shree Kalika Secondary School" in Sundrawati, Nepal as a part of the celebration of the 45th anniversary of our founding.

We first constructed the school in 2001, as a part of our 30th anniversary celebration. However the school building collapsed in the Nepal earthquake of 2015. Since then, about 540 students were forced to take elementary and secondary education classes outside.

We felt students need to be educated in a suitable learning environment so at the request of local people, we determined to rebuild the school in 2016.

■ Light-up in Green Campaign

During the World Glaucoma Week (March 11-March 17), Nidek cooperated with the "Light-up in Green campaign (*1)"

held by Japan Glaucoma Society. We illuminated the part of our plant wall in green.

We will continue cooperating in the treatment and awareness of ocular diseases including glaucoma.

(*1) Light-up in Green campaign:
Part of a campaign to promote glaucoma. Lights up landmarks with green light.

■ Establishment of Affiliated Company in Korea

In March 2018, we established "NIDEK KOREA CO., LTD." in Seoul, for pharmaceutical affairs license administration.

In Korea, the pharmaceutical affairs regulations are complicated and often revised. Through the new company, we intend to grasp the trend of pharmaceutical affairs promptly and solidify the license management related to medical devices. We will do our best to respond to our customers rapidly and to widely promote our products.

Nidek's Aim

2017 marked the second longest post-war period of prosperity that was even longer than the Izanagi-prosperity (November 1965 to July 1970). However there were many manufacturing scandals including quality cover-ups.

Nidek will do its best to provide solutions to the requests of customers, being responsible as a manufacturer and continue our sincere manufacturing.

We will develop business globally, keeping "Eye and Health Care" as our core value. In addition, we will observe all laws in letter and spirit of law both within and outside Japan, while maintaining a sense of morality and fairness, and contributing to the development of a sustainable society.

◆ NIDEK Corporate Conduct Charter

Nidek continues to conduct our “Eye & Health Care” business globally while always being true to our core values and we observe the letter and spirit of all laws and regulations in Japan and abroad, and act with a strong sense of ethics and fairness to contribute to the development of a sustainable world society.

1. Respect for Human Rights

We respect human rights of all the people. We do not give discriminatory treatment, undermine human dignity, or allow child labor and forced labor.

2. Promote the Transparent Corporate Activities

We communicate with various stakeholders, disclose corporate information appropriately and promote the high corporate activity of transparency level.

3. Security of Safe and Quality Products and Service

We seek to create new values for healthy and comfortable life of people, provide safe and high quality products and services, and try to obtain satisfaction and reliance from our customers.

4. Proactive Environmental Responsibility

We recognize the importance of global and regional environment preservation and continue to improve activities to contribute to formation of a recycling society.

5. Harmony with Society

We strive to promote social responsibility program actively as good corporate citizens and be harmonized with the local community. In addition, we respect international cultures and customs and hopefully contribute to development of the region.

6. Create a Wholesome and Comfortable Working Environment

We secure the safety and health of our employees in their workplace and establish an ideal working environment in order to bring about economic, mental and temporal comfort and affluence to our employees.

7. No Relationship with Anti-Social Forces

We do not have any relationship with anti-social forces, and resolutely deal with undue demands by working with specialized external agencies.

Our top management recognizes the realization of the spirit of our corporate charter is their responsibility. Management will show a good example and raise awareness of the Charter to our employees. If incidents contrary to the principles of this charter occur, top management themselves must show the posture of solving problems, investigate the cause and strive to prevent recurrence.

This corporate conduct charter is the foundation of our company's CSR activities. It is described in various tools including compliance manual, corporate philosophy booklet and websites so that employees could check it at any time.



(Left to Right)

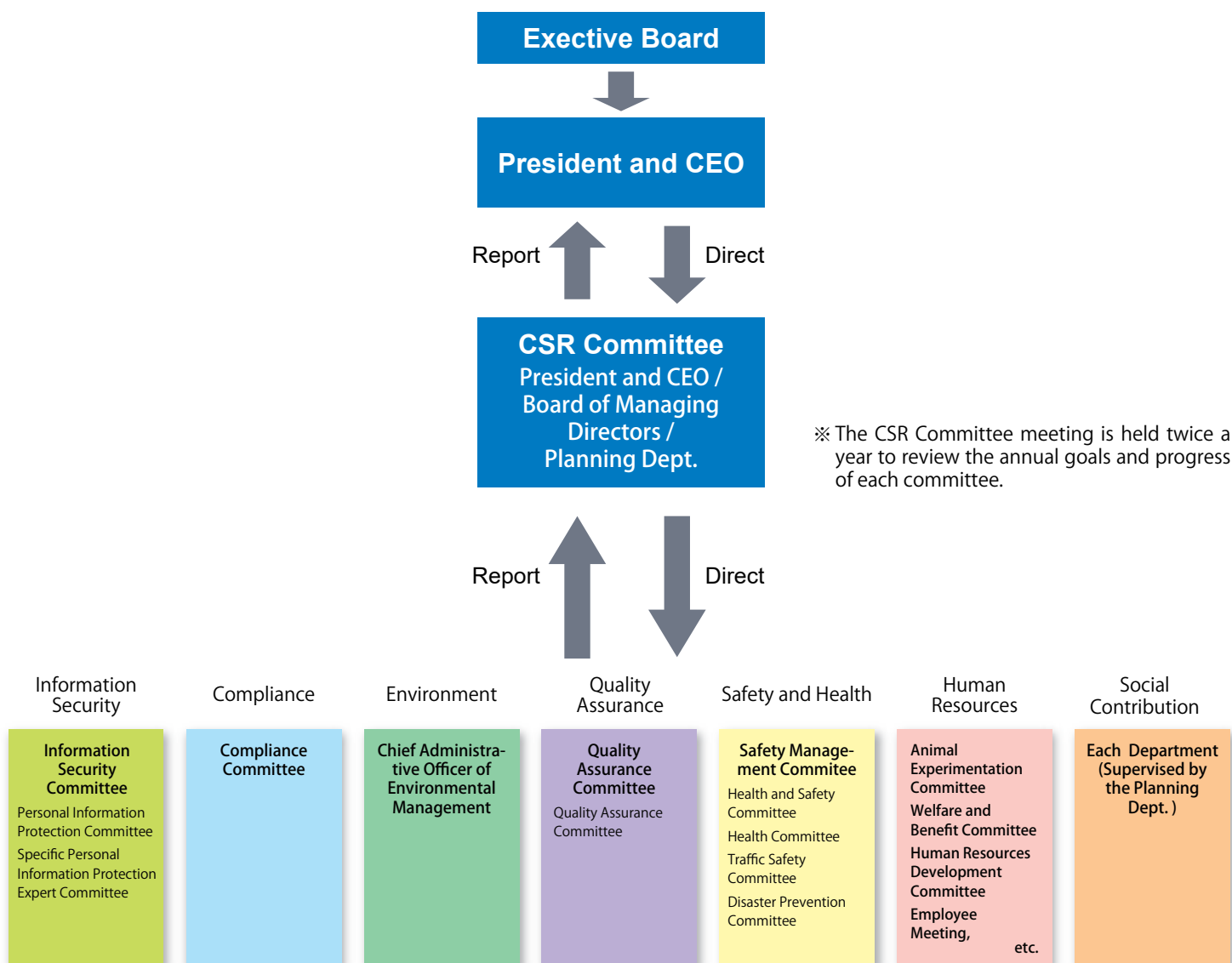
- The booklet "NIDEK Spirit" summarizing the corporate philosophy. All employees own it.
- The compliance manual summarizing compliance regarding our corporate activities.
- The poster of NIDEK Conduct Policy put up at all our workplaces.

Nidek established the CSR committee to build good relationships with all stakeholders through CSR activities which coincides with our business in order to continue being a reliable and sustainable company.

Roles of CSR Committee

1. Make and plan CSR policies and activities.
2. Monitor and supervise the executing situation of CSR activities.
3. Manage internal and external disclosures of CSR-related information, and conduct public hearing activities.
4. Provide education and disseminate CSR.
5. Resolve CSR-issues, conduct necessary investigations or request relevant departments for investigations.
6. Instruct to take corrective action in CSR activities and to report the results.
7. Coordinate the efforts and outcomes of committees and departments related to CSR.

Chart of CSR governance



Targets and Results for CSR

Nidek has targets for CSR activities every year. The results and progress of each target would be checked and evaluated by the CSR committee, and then reflected to the targets for next year. The targets, results and progress for year 2017 and targets for 2018 are as described below.

Targets and Results of 2017

Topics	Targets	Results and Progress
Information Security	<ul style="list-style-type: none"> - keep certification of registration of ISO 27001 from external organization - establish information security rules and visualize information assets - Continue information security training using e-learning 	<ul style="list-style-type: none"> - had surveillance audit of ISO27001 in December - managed Information security accident report about ISMS (Information Security Management System) and application for permission to carry out equipment for increasing speed of processing and visualization of the situation using the IBM Notes system
Compliance	<ul style="list-style-type: none"> - conduct labor management education procedure for the revision of the "Act on the protection of personal information" - conduct confidentiality education - examine research ethics education 	<ul style="list-style-type: none"> - conducted compliance training and e-learning - considered and constructed internal management system of the research expenses - constructed company regulation of the GDPR (General Data Protection Regulation) - conducted ethics education for R&D
Environment	<ul style="list-style-type: none"> - promote eco-friendly design - eliminate use of hazardous and prohibited substances based on REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and RoHS (Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical Equipment), and promoting RoHS to suppliers - reduce energy usage volume in unit per sales (1% over 2016) - reduce waste disposal volume in unit per sales (3% over 2016)proper management of chemicals - reduce environmental aspects which has significant impact to the environment such as CO2, noise and oscillation 	<ul style="list-style-type: none"> - provided product assessment in 2 products - audited RoHS (Directive on the Restriction on the Use of Certain Hazardous Substances) - plan achievement rate of energy usage volume in unit per sales was 97.7% (goal unachieved) - plan achievement rate of waste disposal volume in unit per sales was 77.7% (goal unachieved)
Quality Assurance	<ul style="list-style-type: none"> - quality guarantee to customers - continue improvement and stability check of QMS (Quality Management System) - reduce COPQ (Cost of Poor Quality) to less than 1.6% per sales - renew certification of ISO9001 	<ul style="list-style-type: none"> - accelerated the speed of measures under observation by the Quality Assurance Committee CAPA (Corrective Action and Preventive Action) - implemented consulting for improvement of specialized knowledge - achieved reducing COPQ to less than 1.6% per sales by setting up reducing COPQ as a target quality in each department
Safety & Health	<ul style="list-style-type: none"> - eliminate worker injuries and raise safety awareness - conduct Stress Checking Program, improve measuring mental health and - continue activity to maintain health - maintain zero fatal accidents and decrease number of traffic accidents to less than 36 per year - improve performance in emergency and anti-disaster consciousness 	<ul style="list-style-type: none"> - conducted an accident prediction training - took up the Health Challenge (231 participants: increased 9 compared to year 2016) - participated in the health promotion activity of Japan Health Insurance Association - maintained zero fatal accidents (46 traffic accidents while working or coming/leaving the office) - conducted an emergency drill and First Aid Course given by the Gamagori fire department

Human Resources	<ul style="list-style-type: none"> - educate next generation of leaders - conduct business skills training of marketing and data analysis - activate in-house clubs and increase members of clubs 	<ul style="list-style-type: none"> - conducted Next-generation Leaders Development Training for half a year - conducted Business Quantitative Analysis Training and Critical Thinking Training - established the Employee Benefits Committee Regulations and revised the In-house Club Regulations
Social Contribution	<ul style="list-style-type: none"> - continue Eco-cap movement (collect 200,000 caps of plastic bottles per year) - collect 1,200 grams of used letter stamps promote and participate in social contribution activities 	<ul style="list-style-type: none"> - collected 180,518 caps of plastic bottles - contributed 1,110 grams of used letter stamps to support center for visually handicapped - participated in the Clean Campaign (activity to pick up garbage around the plant)

Targets of 2018

Topics	Targets	
Information Security	<ul style="list-style-type: none"> - keep certification of registration of ISO 27001 from external organization - Continue information security training using e-learning - Review information asset table 	
Compliance	<ul style="list-style-type: none"> - conduct labor management education - improve the comprehensibility of the GDPR in departments concerned - strengthen the cooperation with the Internal Audit Office 	
Environment	<ul style="list-style-type: none"> - promote eco-friendly design in new products - eliminate use of hazardous and prohibited substances based on REACH and RoHS2, and promotion of RoHS to suppliers and sampling analysis of components - reduce energy usage volume in unit per sales (2% over 2017) - reduce waste disposal volume in unit per sales (2% over 2017) - investigate waste material items and approach the departments concerned 	
Quality Assurance	<ul style="list-style-type: none"> - get less than 5 informs in MDSAP (Medical Device Single Audit Program) - reduce COPQ to less than 1.5% per sales - conduce and establish the QC (quality control) Improvement Activity 	
Safety & Health	<ul style="list-style-type: none"> - clarify subject of management manual revision due to the issue of ISO45001 - consider the construction of SDS (Safety Data Sheet) database for strengthening and streamlining the chemical management - eliminate worker injuries (especially worker injuries which needs absent) 	
Human Resources	<ul style="list-style-type: none"> - conduct accounting education to the new managerial posts - conduct business (marketing and business communication) skills training 	
Social Contribution	<ul style="list-style-type: none"> - continue the Eco-cap movement (200,000 caps of plastic bottles per year) - collect used letter stamps company-wide (1,200 grams per year) - promote participation in social contribution in in-house club activities 	



Topic

From Employees to Customers The “Nidek Family”

◆ About “Nidek Family”

Nidek has a culture to call our employees and their family, and our customers “Nidek Family”.

We think that in business, we should consider not just about the company but also about Nidek family. To deepen relationship with Nidek family, we have a sports festival and a year-end party every year.

◆ Nidek Family Sports Festival and Nidek Year-End Party

Every year in April, we have a sports festival named “NIDEK Sports Festival.” We use a school ground of an elementary school in Gamagori City. Six teams divided by departments and some of our customers compete with each other.

In December, we have a large year-end party for all employees.

Both events have a committee comprised of about 30 members. The committee members plan competitions, games and other small events to entertain everyone.



The player's oath of fair play by new employees.

◆ 45th Anniversary Hawaii Trip

We have held anniversary events every five years since 1981, the year of our 10th anniversary. We have trips both local and abroad which employees and their families can participate in. This trip's goal is to raise motivation and increase communication of employees.

In the 80's, when this plan first started, traveling abroad was not so popular, so company vacation to Hawaii was a hot topic of the town.

The 45th anniversary Hawaii company vacation was held in June 2017 to July 2017, employees spitted to 8 groups.



Before going to Hawaii.



Everyone was refreshed by the different scene from always.

Nidek Family Day

On August 4th and 22nd, we held a company tour “Nidek Family Day” for the first time for our employee’s children.

We organized this tour to let children know what our business is and to let them know what their parents do at work.

In addition, the Nidek Family Day is a part of the movement “make workspace an affable space to take care about employee’s family” and promotes work-life balance.

<About the Event>

The total number of people who came to Nidek Family Day was 98. The tour consists of two parts. Part one in seminar hall A and the showroom was an introduction about Nidek and our product. On part two, we had a plant tour to let children see their parent’s workspace.

There were voices heard from employees that children were happy to see their parents at work and by having the plant tour, children were interested in manufacturing.

Nidek will continue to plan and implement events to strengthen relationship of families and employees.

active role in their workplace. In January 2017, in response to the revised law, we improved the existing systems such as relaxing requirements for childcare and nursing care leave approval and allowing the acquisition of nursing care leave dividedly.

We have an original support system since September 2015, which enables the employees who reduce their working time because of child-raising to take advantage of this reduction in working hours until their children finishes the 3rd grade of elementary school. Also we have an in-house day care center “Pikkoro” since June 2010.



Day-Care Center “Pikkoro”
Quota: 26 children under age of elementary school

In July 2016, we established the Spouse-Accompany Leave System based on the Act on Promotion of Women’s Participation and Advancement in the Workplace

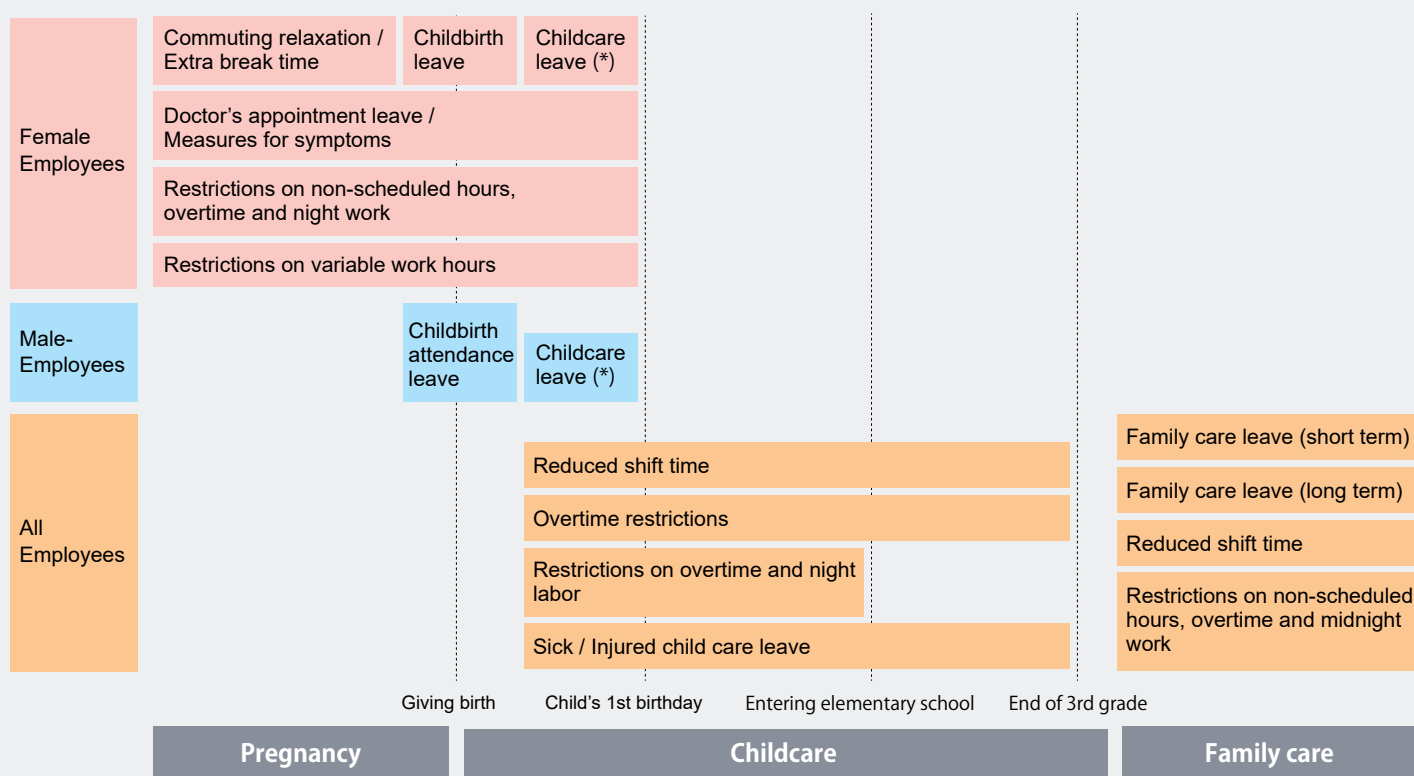
Systems Related to Employee’s Families

We have established support systems which enables each employee who takes care of their family to play an

Child & Family Care Support System

(*) Can be taken until the day before the child’s 2nd birthday at longest for special reasons.

For more information, please see page 24.



Information Security



Management Policy

Nidek has established the information security management system (ISMS) and made efforts to protect our information assets from all threats as a comprehensive measure of information security.

About Handling Information Assets

In Nidek, only authorized people are permitted to handle information assets.

Privacy Statement

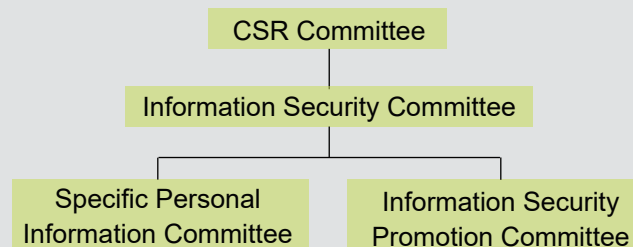
We set Privacy Policy and continuously handle personal information appropriately and safely.

Information Security System

We have the Information Security Committee responsible for maintaining and enhancing information security. The committee formulates the company-wide policy related to overall security such as risk management regarding leaks and decides important matters about them.

The Information Security Committee consists of two subcommittees; the Specific Personal Information Committee relating to the Social Security and Tax Number System, and the Information Security Promotion Committee relating to substantive maintenance and management of information security.

Information Security Organization Chart



Four Principles of Information Security

We have established the following four principles of information security and thoroughly inform all employees.

① Windows Password

Windows password should be changed regularly.

② Accident Report

In case of the loss of confidential documents or information terminal devices, notify to the company promptly.

③ Clear Desk Policy

Confidential documents and information terminal devices should be kept in a lockable place before leaving.

④ Regulation of Connection to Outside Network

Connecting information terminal device and other related devices to the outside network is not allowed.

Information Security Education

We have been training employees to improve consciousness to information security. On 2017, we used the e-learning system to develop an understanding to three points; the basic rules of information security as a member of an organization.



Sample of the teaching materials for the training.

Inventory of Information Assets

We labeled our information assets into three groups; top secret, confidential and others. As a result, we are now able to easily see the information assets.

In addition, we reconsidered the managing method of information assets and improved consciousness to risk management.

Information Security Management System Certification of Registration

We have received the external surveillance audit for the ISMS of the department's handling information assets.

Our ISMS was evaluated to satisfy the requirements of ISO / IEC 27001: 2013 and JIS Q 27001: 2014 and obtained the certification of registration also in 2017.

We will make efforts to enhance the information security and to obtain the certification of registration again.



ISO / IEC 27001: 2013 /
JIS Q 27001: 2014

registered
certifying organization (2017)
British Standards Institution

Holds Certificate No (2017)
IS 580917

(*) Operates system at the Information System Dept. and the NAVIS Support Center.

Compliance

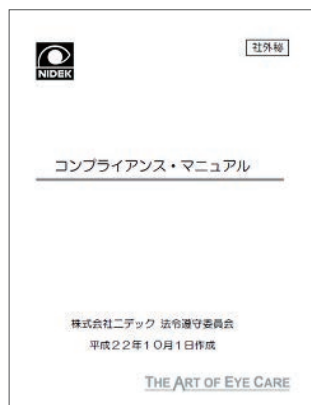


Compliance Policy

Nidek considers that acting in accordance with common rules and norms of the society is essential for continuing business and it is the important task to be taken the initiative.

We will fulfill the moral and social responsibilities required to the company in the light of the purpose of law and social norms, as well as act in compliance with the laws, regulations and corporate ethics.

We urge all employees to observe compliance in line with "NIDEK Corporate Conduct Charter" not to break the trust of every stakeholder including our customers.



Compliance Manual

This manual describes compliance regarding corporate activities. We provide compliance training programs using this manual.

Compliance System

Nidek has established the Compliance Committee to understand the compliance condition, to prevent violations of laws and regulations, and to prepare appropriate measures against the violation of laws and regulations.

Roles of the Compliance Committee

1. Establishing, maintaining and managing the internal compliance system
2. Formulating and reviewing the compliance manual
3. Providing education and enlightenment on compliance
4. Monitoring implementation status of compliance activities
5. Investigating and addressing problems regarding compliance
6. Being in charge of a compliance consultation desk

Efforts for Compliance

NIDEK Conduct Policy

In order to raise the awareness of compliance among the employees, we have created a poster of "NIDEK Conduct Policy" and posted it in each workplace.

In this poster, the following descriptions are written: NIDEK Corporate Conduct Charter, the compliance test (checklist) to ask oneself about actions, and the information about the whistle-blowing desk.



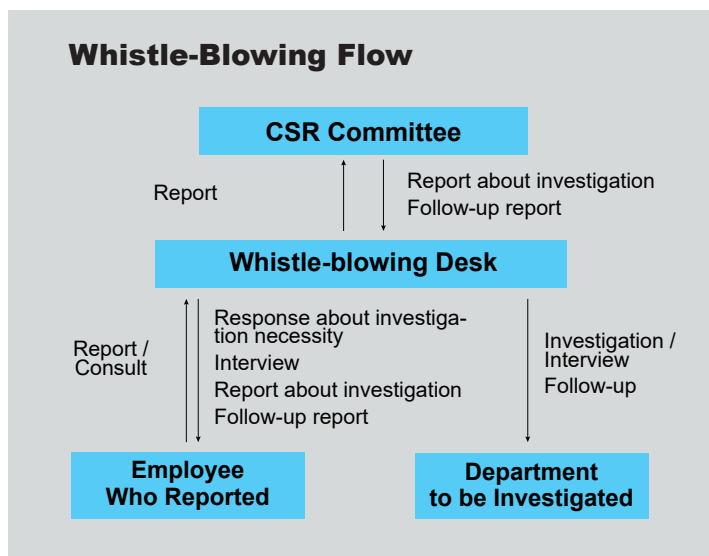
NIDEK Conduct Policy

This poster aims to raise the awareness of compliance. We post this at all of our workplaces.

Whistle-Blowing System

We have established a "Whistle-blowing desk" outside the company and promoting it to employees. Employees can consult or report the organizational or personal violation of laws to this desk. This system is aimed at early detection and correction of fraudulent acts and the enhancement of compliance.

Additionally, in order to prevent unfair disadvantages of the employee who reported or consulted, we have established the rule to protect him or her.



Compliance Education

We focus on compliance education for the employees and provide regular training programs by job class and job category according to the annual agenda established at the beginning of the fiscal year.

We set the common theme in each year and provide an opportunity to discuss in each workplace in order to improve the awareness and call out attention toward compliance. The training of 2017 is as below.

- Labor management education (for managers)
- Education related to the revision of the Act on the Protection of Personal Information (for managers)
- Confidentiality education (for managers)
- Research ethics (for employees who participate in Public research)
- Compliance training (for managers and employees who work in sales department)
- Information security training (for managers)

In each workplace, employees have education of labor management and the revision of the Act on the Protection of Personal Information lectured by managers.



In the study about revision of personal information protection law, we used the e-learning system.



The teaching materials used in the training.



Environmental Policy

Nidek has recognized the importance of corporate social responsibility and global environment conservation. For this reason, we perform the improvement activities continuously which contribute to the establishment of a recycling-based society.

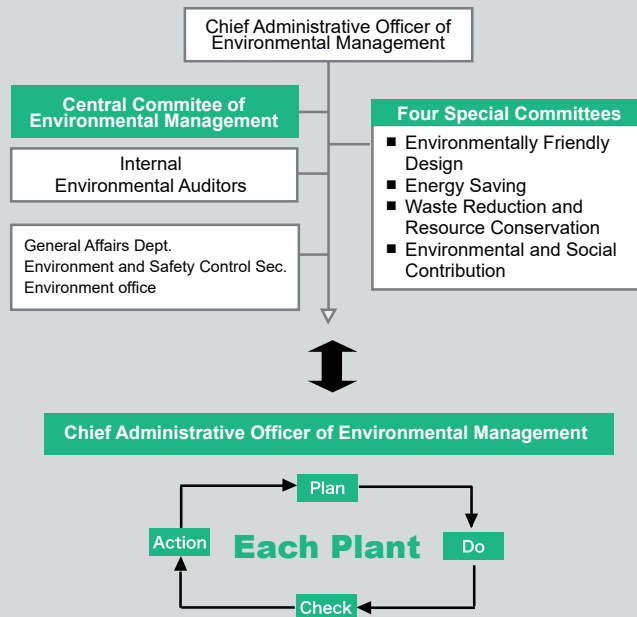
NIDEK Environmental Policy

1. Nidek will identify the environmental effects resulting from our business activities. We will promote pollution prevention, usage of sustainable resources, addressing climate change and biodiversity along with ecosystem protection with all workers by having environmental targets. The environmental targets will be updated as necessary to improve environmental protection. We will also comply with environmental rules such as laws, ordinances, regulations and self-limitations, and respect stakeholder's opinions.
2. Nidek will considerate the impact our business activities, product manufacturing and services have on the environment. We will particularly promote the environment conservation activities described below.
 - (1) Environmentally Friendly Design
We will eliminate hazardous substances from our major products and promote green procurement. We will provide eco-friendly products which consider the effects on the environment from material procurement to product disposal.
 - (2) Energy Saving
We will promote energy efficiency by introducing low-energy consumption processes in designing and manufacturing products.
 - (3) Waste Reduction and Resource Conservation
We will reduce waste generation by promoting the "3R-rule (reduce, reuse, and recycle)" along with devising sustainable use of resources. We will also promote Zero Emission.
 - (4) Contribution to the Environment and Society
We will contribute to environment conservation by providing environmental information and communicating with the community from the point of view of CSR.
 - (5) Proper Control of Chemical Use
We will take an effort to prevent pollution to air, water, and soil. We will promote appropriate management of chemicals in order to protect biodiversity.
 - (6) Emission Control of Fluorocarbons
We will protect the ozone layer and mitigate climate change due to global warming by appropriate management (prevention of fluorocarbons leakage and promotion of non-fluorocarbon substitutes) of refrigerators, freezers, and air conditioners for institutional use.
 - (7) Business Continuity Planning (BCP)
When emergencies such as disasters that are assumed to be caused by climate change occur, we will minimize damage by the BCP and take actions to continue and restore business.
3. Nidek will improve all employee awareness and understanding of environmental policy and sustainable global environment conservation by promoting environmental education and in-house publicity activities. We will also expect understanding and cooperation from affiliated companies with the environmental policy.

Environmental Management

Nidek has the Central Committee of Environmental Management and four Special Committees under the Chief Administrative Officer of Environmental Management. Each plant has the Committee of Environmental Management to make efforts toward further environmental improvement. Reports from each plant are shared for continuous improvement of the whole company.

Environmental Management System Chart



Eco-Friendly Products

Nidek has reduced harmful substances from products as well as compliance with environmental laws and regulations, we have striven for the minimum environmental load in developing and manufacturing products. We released three eco-friendly products in 2017. The products accomplished high degradability and material recyclability without compromising their performance and functions.

We create eco-friendly products with multiple angles of the product lifecycle and environmental load. Based on product environmental assessment provision, we consider product proposal and planning sessions as crucial phases for eco-friendly management and implement manufacture activity aligning ourselves with the R&D, manufacturing sections, and supply chains.

For example, choosing reusable materials, simplifying product structures for easy disassembling, saving packaging waste, proper product disposition. The products are also designed to possess impeccable standards for global environmental compliances, such as EU-RoHS, WEEE and China RoHS.

Katsuaki TOHYAMA Deputy Senior Manager (Quality Assurance Dept.)
Chairperson of Environmentally Friendly Design Committee

Tabletop Refraction System TS-310

This product is for visual acuity test to make glasses. Inside the product, we have an eye-test chart and test lens. This has an integrate chart and refractor into a single tabletop unit. The usual visual acuity test using a visual acuity chart needs five meters between the chart and the viewer, but this product made superb space saving possible.

This product reduces 63% of the weight and 28% of the rated power from the existing product.



Auto Lensmeter LM-7P / LM-7

This product is used in ophthalmologic hospitals and optician's shop to measure the power and astigmatic axis of glasses and contact lenses. Assorted functions are loaded such as multi-point area measurement (enables you to get the result in an instant), progressive lens, prism layout function, UV (ultra violet) transmittance measurement function and reflecting the scale for measurement of PD (pupillary distance) on the LCD screen.

This product reduces the number of parts, easier to be disassembled and to be separated. In addition, this reduces 12% of the electric power when operated from the existing product.



Laser Speckle Flowgraphy LSFSG-RetFlow

This product is an ophthalmic camera which can examine fundus blood flow in real-time. This can display wide area of blood flow, enables to observe macula part and the optic disk part. In addition, you can observe any place of the fundus by leading the visual fixation of patients using light from the fixation target inside the camera unit, following the instructions from the measuring software in the computer.

Although this product is from a new field, corresponding to the hazardous substance regulation is taken for granted, the product implements the eco-friendly design by reducing weight and electric power consumption.



CO₂ Emissions

Nidek work on performing business activities which concerns the protection of the environment and protecting ecosystems by reducing CO₂ emissions. Comparing the each resource's usage by converting them into CO₂ emissions, electric power emitted the most. Therefore, we conduct full-scaled power saving activity on daily basis.



Electric Power
14,580.88 t
(account for 98%
of the total energy used)



Oil Type A
39.22 t



Gasoline
239.26 t



Light Oil
24.92 t

Total: 14,844.28 t
Comparison to Previous Year: 104.1%

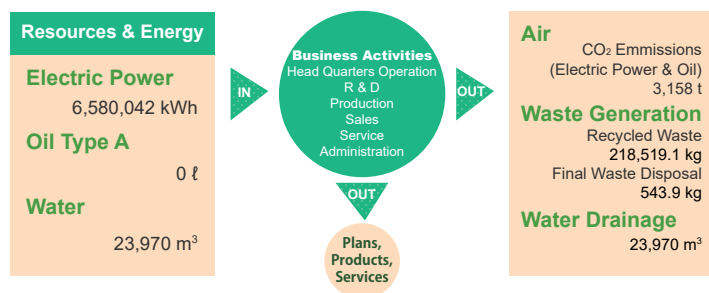
(*) Includes gasoline and light oil used in company cars of 5 plants and Gamagori branch since 2013.

Environmental Loads of Each Plant

Nidek has 5 plants in Gamagori area. The data below are environmental loads of each plant.

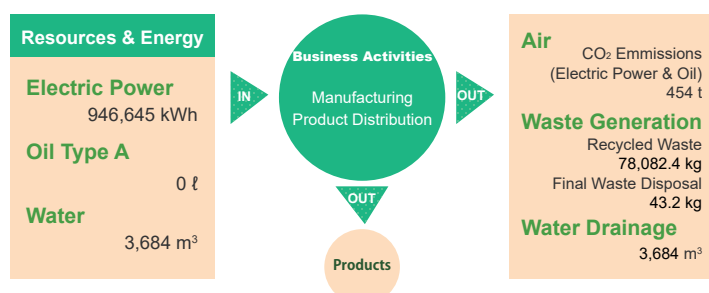
Head Office Building (Hiroishi-Plant) and Building 7

Business activities are headquarters operation, R&D, production, sales, service and administration. The building 7 has a solar power plant on the rooftop.



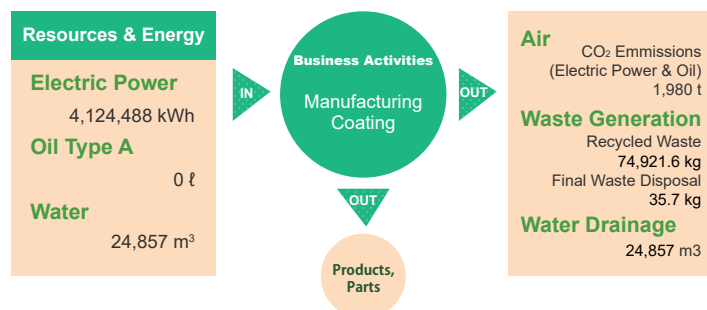
Hamacho-Plant

Business activities are item purchasing, assembling, inspection of parts and products, and product distribution.



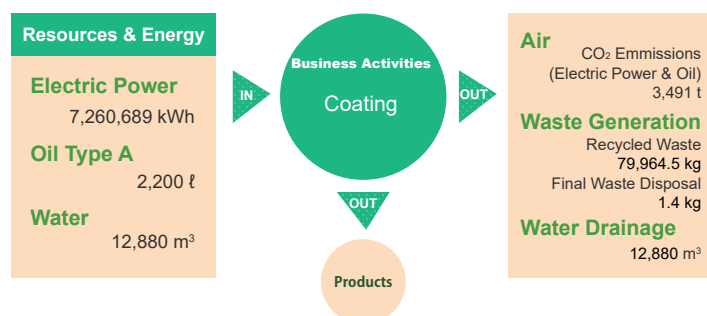
Tsurugahama-Plant

Business activities are parts manufacturing for in-house products and coating to eyeglasses.



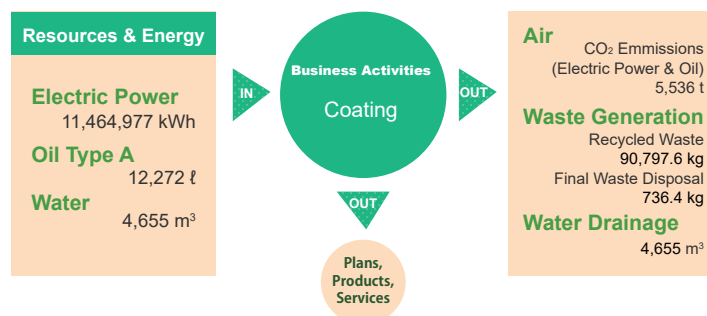
Higashihama-Plant

Business activity is coating to products such as optical filters.



Osawa-Plant

Business activities are various coating technologies such as anti-reflection coating. Osawa-Plant has a solar power plant.



Adjusted CO₂ emissions intensity by electricity suppliers (Chubu Electric Power Co., Inc.): 0.00048 (t-CO₂ / kWh)

CO₂ emission intensity by A type oil combustion: 2.71 (t-CO₂ / kt)

Waste and Chemical Usage

Nidek promotes increasing recycling efficiency by analyzing the content of the final disposal with the aim of achieving zero emissions. We achieved recycling efficiency more than 99% throughout year 2017.

Waste Generation / Recycling Rate by Month

	Apr.	May	Jun.	Jul.	Aug.	Sep.
Valuable / Recyclable	30,747	39,991	54,577	40,535	45,492	53,256
Final Disposal	104	132	102	113	123	90
Total	30,851	40,123	54,679	40,648	45,615	53,347
Recycling Rate	99.7%	99.7%	99.8%	99.7%	99.7%	99.8%

(kg)

	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Valuable / Recyclable	45,991	43,658	47,208	53,078	35,710	52,036
Final Disposal	118	84	135	129	114	113
Total	46,109	43,742	47,344	53,208	35,824	52,150
Recycling Rate	99.7%	99.8%	99.7%	99.8%	99.7%	99.8%

Amount of Specially-Controlled Industrial Waste

In year 2017, the waste disposal increased 148% compared to last year due to the increase of production in the Hiroishi-Plant and the Higashihama-Plant.

We will strengthen our waste management with effort of monitoring and reducing waste generation.

Hiroishi	Hamacho	Tsurugahama	Higashihama	Osawa	Total	YoY
83,407	42.1	10,978	20,064	1,811	116,302.1	148.86%

(kg)

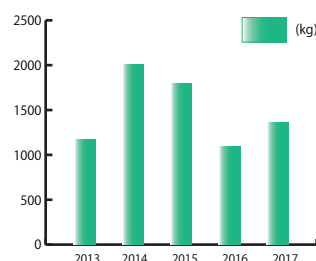
Amount of Chemical Usage Subject to the PRTA Act

The following amount is the disposal and moving amount of Class 1 Designated Chemical Substances to the environment in year 2017 based on the PRTR (Pollutant Release and Transfer Register) Law in Japan, reported to the METI (Ministry of Economy, Trade and Industry).

Hiroishi-Plant: N-Butyl methacrylate 1,600 kg

Final Waste Dispose

Year	Consumption (kg)
2013	1,171
2014	2,009
2015	1,796
2016	1,099
2017	1,360



Nidek zero emissions:

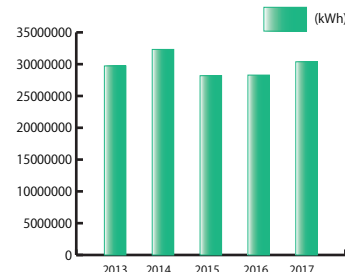
A state of achieving recycling efficiency for total waste output over 99%. Recycling efficiency is obtained by calculation [(Total Waste Output-Final Waste Disposal Volume) / Total Waste Output].

Energy Consumption

The electric power consumption of 2017 increased due to the production expansion. However we are working on energy-saving such as energy-saving activities and equipment replacement to energy-saving products.

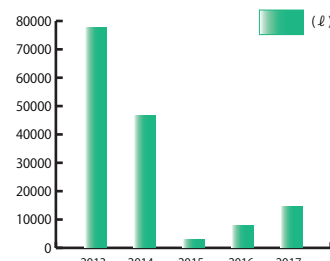
Electric Power Consumption

Year	Consumption (kWh)
2013	29,723,670
2014	32,320,445
2015	28,189,983
2016	28,285,234
2017	30,376,841



Fuel (Oil Type A) Consumption

Year	Consumption (ℓ)
2013	77,599
2014	46,777
2015	2,959
2016	7,802
2017	14,472

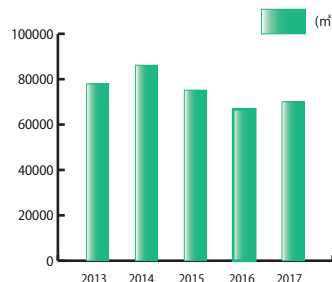


Water Use

The electric power consumption of 2017 increased due to the production expansion. However we are working on water-saving by making the cleaning process efficient in intraocular lenses production and coating business.

Water Consumption

Year	Consumption (ℓ)
2013	77,927
2014	86,150
2015	75,170
2016	66,749
2017	70,046



Quality Assurance



Quality Policy

Nidek's business is to realize the following dreams: invisible to visible and a lively and healthy society. For people's healthy and comfortable lives, we would create new value and provide safe and high-quality products and services.

Based on the following quality policy, the whole company is working on maintaining and improving quality. We have regular internal audits and we are working on "quality education" for employees.

Quality Assurance System

Nidek has developed a quality management system for product development, production and sales activities based on the international standard ISO13485. We have undertaken strict quality reviews in each process to continue improvement. We also collect customer's opinions and market information to make better products.

Our quality assurance committee has regular meetings to review the effectiveness of the quality management system.

Nidek Quality Policy

1. Contribution to the Improvement of QOV

Nidek will provide high-quality products and services which meet the requirements in order to contribute to the improvement of patient's QOV (Quality of Vision).

2. Quality Assurance at the Customer Perspective

Nidek will assure quality at customer perspective in all processes of product design, production, and service.

3. Continual Improvement of the Quality Management System

Nidek will establish the quality management system and make continual improvements to maintain the effectiveness.

4. Setting Quality Targets

Nidek will set quality targets for each fiscal year and strive to achieve the targets in order to implement the quality policy.

5. Publication and Review of the Quality Policy

Nidek will notice the quality policy in order to have all employees' understanding. In addition, we would to reconsider the policy as necessary to maintain the suitability.

Efforts to Improve Quality

Briefing Session for Business Partners

Nidek has a briefing session at the beginning of every year for a group of business partners called "Optika." The aim of the session is to clarify our current situation, future plans and policies, have the same goal, and to deepen understanding in production activities and cooperation.

We always appreciate Optika companies' help in helping us improve quality of our products.



The Briefing Session Held in January 2018

We also presented the awards to the companies particularly active for three categories: delivery date, quality, and contribution.

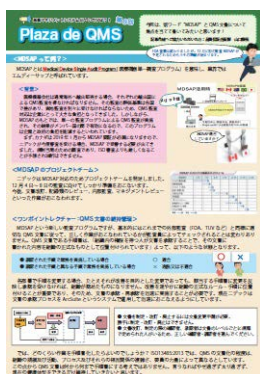
The Quality Management System (QMS)

Nidek's business is to develop, manufacture, sale and have customer service of medical devices based on the business domain "Eye & Health Care."

Medical devices could be sold only when they pass the laws of each country, related to QMS and are permitted to sell only products manufactured according to the law.

In recent years, QMS review tends to be stricter due to the growing needs for quality and safety for medical devices. For this reason, we established a project team to restructure QMS in 2015. The aim of the team is to enhance compliance and improve product quality.

In addition, we have continued educational activities such as training and using the company newsletter to extend QMS to employees again in 2017.



Plaza de QMS

Serialized in the monthly company newsletter and informs QMS to all employees.

Ransomware Protection

In June 2017, there was a report about damage in IT systems caused by ransomware attack. Thereby, Nidek products provided the security update program and delivered it to users of products.

(*) Ransomware: A type of malware that limits users from accessing their data unless ransom is paid.

FDA Audit and MDSAP

There was audit by the FDA from May 29 to June 1 and MDSAP (Medical Device Single Audit Program) from December 4 to December 8.

It is necessary to observe the QSR (Quality System Regulation) to export medical devices to the U.S. We held an project team for each audit and prepared for the correspondence.

ISO Certifications

We have certificates of regulations of ISO9001 and ISO13485.



ISO 9001

Registered
certifying organization (2016)
TÜV Rheinland Cert GmbH

Holds Certificate No (2016)
01 100 107201



ISO 13485

Registered
certifying organization (2017)
TÜV SÜD Product Service GmbH

Holds Certificate No (2017)
Q1N 16 11 23653 179

Safety and Health



Safety Management Policy

Nidek considers that securing health and safety of all employees is a foundation of company management and a social responsibility. We have made efforts to ensure a safe and healthy workplace by following the guideline of Nidek's corporate conduct charter.

Safety Management System

Nidek has constructed a safety management system based on the Occupational Safety and Health Management System (OSHMS). We have four special committees (safety, health, traffic safety, disaster prevention) and ensure employees' safety and health.

NIDEK Safety Policy

1. Nidek will comply with all laws, internal regulations and standards related to safety management activities.
2. All employees including management will make efforts to appropriately conduct an occupational health and safety management system according to their responsibilities and actions.
3. Nidek will inform the importance of safety management activities to all employees and raise awareness through necessary training and educations.
4. Nidek will conduct safety management activities with the cooperation of all employees, and endeavor to ensure the safety and health of all employees and their families.
 - (1) Health and Safety
We will endeavor to create a comfortable workspace by properly managing risk assessment, risk prediction, near miss reporting and chemical substances control.
 - (2) Health
We will endeavor to maintain the health of all employees by promoting mental and physical health activities.
 - (3) Traffic Safety
We will work on decreasing traffic accidents by enhancing road safety and promoting road safety measures.
 - (4) Disaster Prevention
We will secure employee safety including visitors by promoting proactive measures against possible disaster risk.

Efforts to Improve Safety and Health

Business Continuity Plan (BCP)

Nidek has formulated the BCP in preparation for outbreaks such as large-scale disasters. We reconsider the plan every year through tabletop exercises, depending on the company situation and the social conditions.

In year 2017, we had a lecture talk by a guest lecturer. We gathered latest information about BCP and information about other company's practical examples. Based on these, we reconsidered the BCP and the disaster action manual.

(*) BCP is a plan to help ensure that business processes can continue in even emergency situations, and recover from such situation as quickly as possible.

Emergency Drill

In the Gamagori area (the head office area), an emergency drill for employees is held every year in October or November. The aim of the emergency drill is to make employees understand and carryout emergency duties and to prevent damage from expanding.



The Gamagori fire department was included to the emergency drill in 2017. We had a rescue demonstration using a fire engine carrying ladders.

Work-Related Accidents

Nidek held an accident prediction training and an assessment of risk to new employees, mid-career employees and employees who got transferred to the Gamagori area. We conducted risk prediction education and risk assessment.



We hold a meeting about safety every year in July as a part of the national safety week activity. In year 2017, we had a lecturer from the Gamagori police as a result of having many commuting accidents the year before.

Maintenance and Improvement of the Working Environment

To make the workplace a comfortable environment, Nidek has illuminance measurements, working environment measurements, and anti-insect and rat-free surveys.

Periodic Health Checkup

We provide health checkup for employees once a year to raise the awareness of health and follow up the employees who need secondary checkup. We also have special check-up for employees who handle hazardous substances.

Health Activities Promotion

There are events that employees can work on health promotion while having fun such as the Health Challenge and the Wintertime Exercise.



(Health Challenge)

From September to November, employees improve their lifestyle by doing something that can promote health such as participating in the antismoking campaign, dieting, walking and doing sports. 231 people participated in the event.



(Wintertime Exercise)

Employees exercise after work hours to solve the lack of exercise.

In the Head Office / Hiroishi-Plant, we had a table tennis tournament as a part of the event.

Mental Health Care Promotion

In Nidek, we have a stress check program for all employees. In addition, we invited a lecturer to have a lecture about mental health self-care in October as a part of the national occupational health week activity. We are working on strengthening recognition to employee's stress and creating a healthy working environment.



Personnel System and Development of Human Resources

Nidek has developed a working environment where people can work in confidence. We have consideration in supporting skill development, fair treatment and work-life balance.

Personnel system

We have the following concept of the personnel system to grow the company furthermore.

▼ Ideal Organization Form

- 1. The organization should shares the vision to be realized and forge ahead with the realization.
- 2. The organization should have cooperative relationships among the different department to work toward the same direction.
- 3. The organization should make more contribution than the total of individual performance.
- 4. Each member of the organization should improve their skills.

▼ Expected Human Resources

<Basic Attitude of Mind>

KIGAI (Strong Will)

CHIGAI (Differentiations)

SEKAI (Global)

- A human resource which has independence, see things through the end and makes results.
- A human resource which has curiosity and challenges to something new.
- A human resource which takes a broad view and can take action with being sensitive to the change of the world.



Concepts of the Personnel System	
1. Motivates each and every person, and increases incentive to work.	(system frame / salary)
2. Employees feel expectations from the company and organization.	(statement / personnel evaluation)
3. Provide opportunities to encourage self-improvement.	(personnel evaluation / self-assessment)
4. Employees are appropriately evaluated and fairly treated.	(performance evaluation / personnel evaluation / salary)

Training System

Newcomers / Younger Staffs	- Training for newcomers - Training for 3rd-year employees
Mid-Level	- Training for promoted employees - Marketingtraining - Critical thinking training
	- Next-generation leaders training
Manager	- Manager training - Training for evaluation for managers
Age 55	- Second career training

The programs above are parts of our training programs. We reconsider the plan every year to make the training system more effective.

Promotion of Work-Life Balance

Management of Working Hours

Long working hours may affect not only one's health but also their private life. Nidek works on providing a good working environment where everyone can work in health.

▼ Monthly Average of Non-Scheduled Hours per Employee

	2013	2014	2015	2016	2017
Non-Scheduled Hours	16.94	22.48	18.05	17.79	18.88

(hours)

Paid Holidays

10 days of paid holidays are granted in the first year. Thereafter two days are added each year until up to 20 days. Conserved holidays can be carried over to the next year and up to 40 days are granted for one year.

▼ Average Number of Paid Holidays

	2013	2014	2015	2016	2017
Paid Holidays	11.4	10.9	10.5	11.7	11.9

(days)

Club Activities

We recommend the club activities as a part of the welfare program. In 2017, about 30 employees newly joined the club activity. Communication among employees with different departments is seen after business hours and holidays.

We have club introduction for new employees every April. People who represent the club explain to the all and later we set up booths for each club to have question period.



club introduction

Child & Family Care Support System

System Related to Child Care

- **Commuting Relaxation During Pregnancy**
Employees who are pregnant can choose either staggering working hours or working fewer hours.
- **Doctor's Appointment Leave**
Used when doctor's appointment such as medical checkup is needed.
- **Childbirth Leave**
Period of within 6 weeks (14 weeks in the case of multiple birth) are given to mothers to take off from work.
- **Child Care Leave**
Child care leave can be taken until the day before the child's 1st birthday (can be taken a year more at longest for special reasons).
- **Working Time Options**
Employees can use the short-time working system for childcare until the child reaches 4th grade. Up to 2 hours of shortage per day can be requested.
- **Sick / Injured Child Care Leave**
5 days a year are given for sick child care leave until the child reaches 4th grade (10 days are given when there are more than 2 children who are under 4th grade).

▼ Childcare Leave Rate

(%)

	2013	2014	2015	2016	2017
Men	0	2	2	6	10
Women	100	100	100	100	100

System Related to Child Care (others)

- **Childbirth Attendance Leave**
1 day is given as a special paid leave.
- **Restrictions on Non-Scheduled Hours, Overtime and Night Work**

System Related to Family Care

- **Family Care Leave (long term)**
93 days at longest can be taken.
- **Family Care Leave (short term)**
5 days a year are given (10 days are given when there are more than 2 family members concerned).
- **Working Time Options**
Up to 2 hours of worktime shortage per day can be requested (a period of 3 years).
- **Exemption and Limitation of Extra Working Hours and Limitation of Late-Night Shifts**



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Efforts for Social Contribution

Nidek is engaged in various social contribution activities including environmental preservation such as local clean-up and environmental preservation. Following are some of our activities of social contribution in 2017.

Activities in 2017

●Donation of Intraocular Lenses (IOL)

We donated IOL (lens used in cataract surgeries) to NPO Asia Prevention of Blindness Association.

●Collecting Eco-Caps

Since 2009, we have been rolling out the "Eco Cap Movement" to exchange collected plastic bottle caps for vaccines. In 2017, 180,518 caps (about 210 vaccines) were collected throughout the company.

●Donation to the Japan Braille Library

Donation to the Japan Braille Library is becoming periodically. The employees volunteered donation and Nidek used the matching gift program. The donation was used to make a book for people with visual disability and as operating funds for the library.

●Collecting and Donating Used Stamps

We have continuously collected old stamps and donated them to the General Support Center for the Visually Handicapped.

thank-you letter from the General Support Center for the Visually Handicapped



●Participating in the Local Clean-Up Campaign

We have continuously participated in the local clean-up campaign held twice a year by Gamagori City. We cleaned up the surroundings of each plant.



We clean up the area around each of five plants twice a year.

●Reconstruction of School in Nepal

We reconstructed the “NIDEK, Shree Kalika Secondary School” in Sundrawati (*1), Nepal.

We first constructed the school in 2001, but the school building collapsed in the Nepal earthquake of 2015.

At the request of local people, we determined to rebuild the school in 2016 and the completion ceremony was held in October 2017.

(*1)Sundrawati:

a town 150km to the east from Kathmandu, the capital of Nepal



▲ the new school building with earthquake-resistance construction

●Donation to the NPO Oasis (*2)

We donated 14 PCs which were used at the company. The donated PCs were given to a middle school in Cambodia.

(*2) NPO which has the office in Gamagori city. Oasis does cheer-up magic shows, school construction and restoration, tree planting campaigns and provision of medical supplies.



●Science Workshop in the Science Museum of Sea Life

We held a workshop “Let’s make a thing to see a rainbow” for the summer vacation kids’ event at the Science Museum of Sea Life. This is the 8th time for us to take a part in the event.

In this year, we made spectromscopes using CDs. We will work on providing more attractive activities so that many people would be interested in eyes.

●Company Tours

We have tours for students in Gamagori city and enterprises. We show our products and manufacturing floor.

We conduct tours to communicate with our local community.



▲ 3rd graders from elementary school in Gamagori city

●Lectures on Ocular Health for Local Elementary and Middle Schools

We have continued lectures for students in elementary and middle schools to have them more interested in eyes. In 2017, 8 schools in Aichi Prefecture, about 1,800 students listened to our lecture.

Lately we explain the effects of seeing displays of phones and video games for long time and what we want them to keep in mind to live a healthy life.



▲ playing games to learn while having fun

●Sponsoring the Para-Sports Sailing Association of Japan (PSAJ)

We have been sponsoring the Para-sports Sailing Association of Japan since November 2016 and we will continue sponsoring the association.