

ESG Report 2019

NIDEK CO., LTD.



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 report aims to inform those interested of our environmental and social activities of our fiscal year 2018.

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Learn more about us in our official website.

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



Profile

Basic Information

■ Covered Organization

NIDEK COMPANY LIMITED

- Headquarters (Hiroishi Plant)
- Hamacho Plant
- Tsurugahama Plant
- Higashihama Plant
- Osawa Plant

■ Reporting Period

from April 1, 2018 to March 31, 2019

■ Publication

August 8, 2019 (Public Relations Section,
Planning Department)

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

See our website for more details of CSR activities.



Web

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

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About Our Company, NIDEK

■ Corporate Profile (as of March 31, 2019)

Name	NIDEK CO., LTD.
Head Office	34-14 Maehama, Hiroishi-cho, Gamagori, Aichi 443-0038, JAPAN TEL:81-533-67-6611
President and CEO	Motoki Ozawa
Establishment	July 7, 1971 (Initiated: August 8, 1971)
Capital	461.89 million JPY
No. of Employees	1,650 (Male:1,293 / Female:357)
Plants	Hiroishi, Hamacho, Tsurugahama, Higashihama, Osawa
Branch Offices	Sapporo, Sendai, Saitama, Tokyo, Chiba, Yokohama, Chiba, 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. [KOREA], NIDEK MEDICAL INSTRUMENTS (CHANGSHU) CO., LTD. [CHINA]
Overseas Representative Offices	Beijing, Dubai

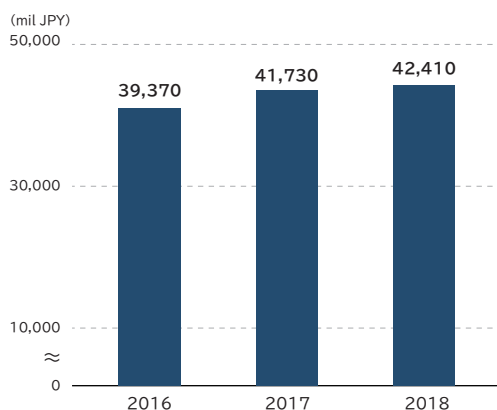


■ Business

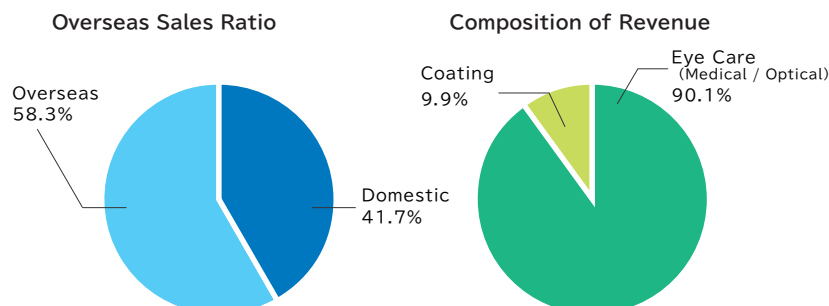
Business Fields	Major Contents
Ophthalmology & Optometry	The structure of the eye is complex and delicate. It is therefore essential to have precise and detailed examination data and accurate surgical equipment. Based on our long history of R&D, we have created a variety of products utilizing our advanced technology.
Lens Edging	High quality lenses and frames are not enough to make a comfortable pair of glasses — accurate and reliable lens processing technologies are necessary to deliver a perfect fit of lenses and frames. We remain committed to developing innovative lens edgers in order to promote comfortable vision life all over the world.
Coating	Our thin film coating technology enhances the performance of day-to-day advancements in electric displays and optical components. Combination of nano-level thin films allows transmission and reflection of specific light wavelengths according to customers' various needs.

■ Data

● Revenue



● Sales Ratio of Fiscal Year 2018



Leader's Message

The Three Pillars of Our Business

Since 1971, NIDEK has pursued global business activities in our business fields, medical, optical and coating business based on our three pillars, “bring invisible to visible”, “visible to recognition” and our “desire to enhance the eye with our products.”

In recent years, 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 products.

To Continue Being a Company that will Bring Joy and Emotion

Our research and development (R&D), manufacturing, sales and promotion and customer service is a continuous process. As a manufacturer of medical instruments, we understand it is important to be trusted by our customers and to keep on providing solutions.

With this thought in mind, we have released three eye care field products in 2018. In addition, we are establishing a production base in Changshu, Jiangsu Province (CHINA) which will soon be ready for operation. We will continue our effort to contribute to every patient's health and the development of ophthalmology.

We do not just observe domestic and foreign laws in letter as well as spirit, but also fulfill our ethical and social responsibilities which are required by rules and social norms. In addition, we will continue strengthening the structure of our compliance as we globally expand our core business, “Eye & Health Care.”

We believe that each employee is the most important element in running a business, rather than the simple company taken as a whole. We changed our personnel system in 2018 so that



each individual employee can actively express their opinion. I expect this work style reform will revitalize our organization and become a cornerstone of our advance.

NIDEK's Goal

While the global economy has become more unpredictable, we can safely say the value to contribute to “Eye & Health Care”, “bringing invisible to visible” and “living a healthy and vibrant life regardless of aging society” has risen.

To maintain patients' Quality of Vision (QOV) and Quality of Life (QOL), we will give first priority to promoting further innovation and providing solutions that meet all requirements as a manufacturer of medical instruments.

President and CEO

小澤素生

CSR Initiatives

■ NIDEK Corporate Conduct Charter

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

2. Promoting Transparent Corporate Activities

We promote highly transparent corporate activities by communicating with various stakeholders and disclosing corporate information as appropriate.

3. Ensuring Safety and Quality of Products and Service

We make an effort to create new opportunity for healthy and comfortable life of people, provide safe and high quality products and services, and try to obtain satisfaction and loyalty 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. In Harmony with Society

We strive to promote social responsibility programs 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. Creating a Wholesome and Comfortable Working Environment

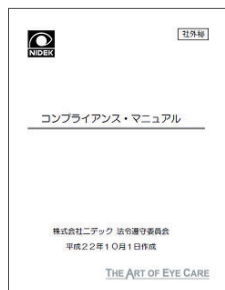
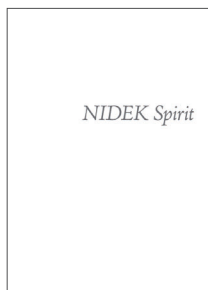
We secure the safety and health of our employees in their workplace and establish an ideal working environment in order to bring about economic, mental and temporal comfort and affluence to our employees.

7. Banning any Relations with Anti-Social Forces

We do not have any relationship with anti-social forces, and resolutely deal with unreasonable 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 offer a good example and raise awareness of our Charter to our employees. If incidents contrary to the principles of this charter occur, top management themselves must take the lead in solving problems, and take action to investigate the cause and prevent recurrence.

This corporate conduct charter is the foundation of our company's CSR activities. It is described in various tools including compliance manuals, corporate philosophy booklets and websites so that employees can refer to it at any time.



(Left) : Booklet “NIDEK Spirit”

(Middle) : NIDEK’s compliance manual

(Right) : NIDEK’s action guidelines

■ NIDEK's CSR Committee

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 the 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.

■ Stakeholder Engagement

We have various stakeholders involved through our business. Our business actions reflect thoughts and requests heard through communication with stakeholders.

Stakeholder List	Responsibilities	Way of Communication
Customers	<ul style="list-style-type: none"> • Providing safe and high quality products • Promoting environmentally friendly design • Responding to inquiries • Offering suitable products and services • Providing appropriate support to customers 	<ul style="list-style-type: none"> • Business activities • Cooperative researches • Support center • Contact form in NIDEK's website • Showrooms and exhibitions
Business Associates	<ul style="list-style-type: none"> • Enforce fair and square business trades 	<ul style="list-style-type: none"> • Briefing sessions • Technology displays • Negotiating regularly • Information desks of each supply and sales department
Employees	<ul style="list-style-type: none"> • Development and utilization of human resources • Respect diversified human resources and working styles • Considering industrial safety and health • Respecting human rights 	<ul style="list-style-type: none"> • Human resource development programs • Help desks • Company newsletters • Safety Management Committee • Company Benefits Committee • Conversations and Meetings
Communities	<ul style="list-style-type: none"> • Community contribution • Accident and disaster prevention in workplaces 	<ul style="list-style-type: none"> • Volunteer activities • Taking part in community events • Plant tours • School visits • Emergency drills
Government	<ul style="list-style-type: none"> • Legal compliance • Labor management • Responding to legal reforms 	<ul style="list-style-type: none"> • Trainings divided by stratum • Trainings divided by positions

Special Feature

For Future Generations



NIDEK has rolled out products to more than 100 countries in the world. As a medical-engaged company, we have carried out various activities worldwide to support medical and education scenes.

Recently, we have reconstructed a school that collapsed in the Nepal earthquake, having lectures in elementary and middle schools and donated note PCs. Additionally, we have continued gathering plastic bottles caps since 2009 to donate vaccines to developing countries.

Lectures on Ocular Health for Local Elementary and Middle Schools

We have continued lectures for students in elementary and middle schools since 2009 to have them more interested in eyes.

In 2018, 5,137 students in 23 schools in Aichi, Tokyo, Osaka and Saitama listened to our lecture.



Lecture in elementary school

Recently 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.



Letters of thanks

Science workshop in the Natural History Museum

We held a workshop "Let's make a microscope using things around us" for the 2018 summer vacation children's event at the Natural History Museum. We had chil-

dren make microscopes using plastic bottles. We will continue working on providing more attractive activities so that many people would be interested in eyes.

Donation to the NPO Oasis*

We donated 51 PCs which were used at the company. The donated PCs were given to a middle school in Cambodia.

Note: NPO Oasis is a NPO which has an office in Gamagori city.



Class using donated PCs



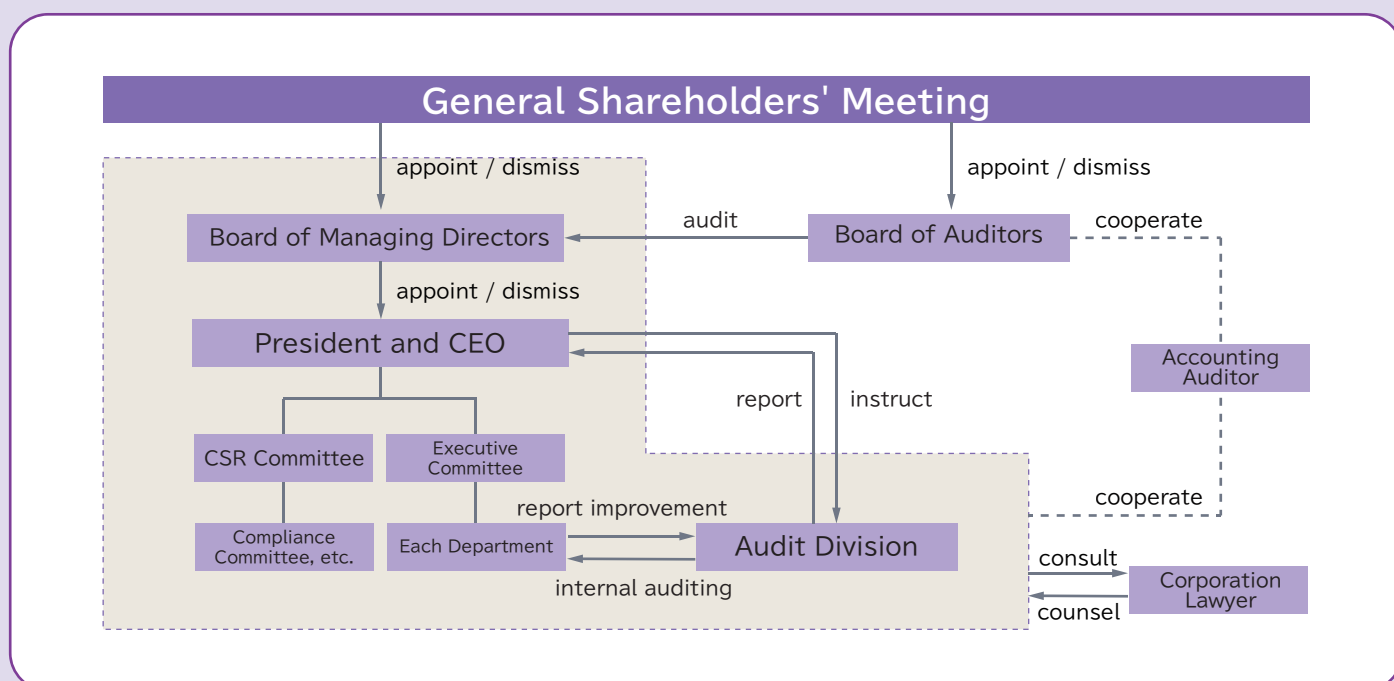
Governance

Compliance Policy

Nidek considers that acting in accordance with common rules and norms of society is essential for continuing business and it is an important task for us to take the initiative. We do not just observe laws in letter as well as spirit, but also fulfill our ethical and social responsibilities which are required by rules and social norms.

We urge all of our employees to comply with "NIDEK Corporate Conduct Charter" not to break the trust of any stakeholder including our customers.

Corporate Governance System



Compliance system

We have 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 our 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 information about the whistle-blowing desk.

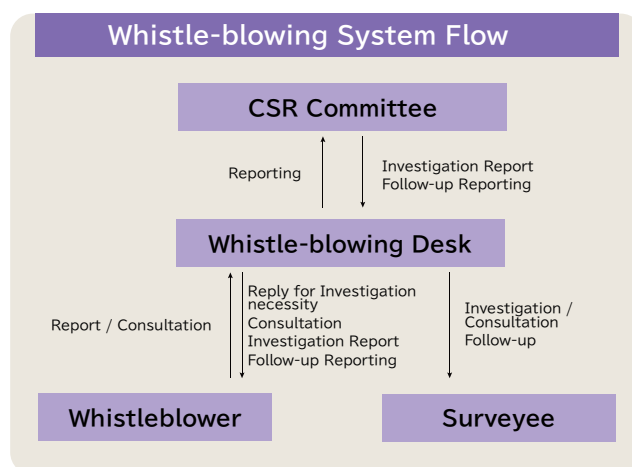
This poster aims to raise the awareness of compliance. We post this at all of our workplaces.



○ Whistle-blowing System

We have established a "Whistle-blowing desk" outside the company and promoting it to our 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 con-

sulted, we have established a company regulation.



○ Compliance Education

We focus on compliance education for our 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.

● Educations and Trainings in 2018

Executives	<ul style="list-style-type: none"> • Training concerned to Roles and Responsibilities of Directors
Managers	<ul style="list-style-type: none"> • Compliance Training • Before-use Training Related to Public Research Expenses • Labor Management Education • General Data Protection Regulation (GDPR) Training • Information Security Training
Employees of Sales Departments	<ul style="list-style-type: none"> • Compliance Training • Training Concerned with the Anti-Monopoly Act
Employees of Development Departments	<ul style="list-style-type: none"> • Research Ethics Education
New Employees	<ul style="list-style-type: none"> • Compliance Training

○ Strengthening Cooperation with the Internal Audit Office

We have periodic meetings with the Internal Audit Office since July 2018. The discussions are reflected to our compliance system.



Social

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 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.

Safety Management Activities

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

Safety and Disaster Prevention

Industrial Accidents Awareness Programs

We conduct accident prediction education and assessments of risk to new employees, mid-career employees and employees who got transferred to the Gamagori area.



A video about prevention of overturn at a safety meeting held in July

Emergency Drills

In the Gamagori area (the head office area), an emergency drill for employees is held every year in October or November.

○ Perfect Driver 100-Days Campaign

12 teams made up of employees in Gamagori area and branches across Japan participated in the Perfect Driver 100-Days Campaign by Gamagori City's Safety Driving Management Council. 9 teams had neither traffic accidents nor violations.



Award ceremony in February at Gamagori Police Station

○ Basic Life-Saving Course

Employees who are the relief unit in each plant and some inexperienced employees have a basic life-saving course given by Gamagori Fire department every year in July.



○ Business Continuity Plan (*BCP)

We have formulated a BCP in preparation for outbreaks such as large-scale disasters. We reconsider the plan every year through tabletop exercises, depending on social conditions.

In year 2018, we reconsidered the BCP and restocked equipment such as helmets and lightings.

Note: BCP is a plan that involves routine activities and actions to take in the case of unforeseen or sudden occurrence to continue business or to recover in a state of emergency. Such emergencies might include natural disasters, fires, novel influenza and terrorism.

○ Cooperating with Fire Departments

We are certified as an "Office Cooperating with Fire Departments." Some employees are non-regular firefighters (similar to volunteer firefighters), and we have developed internal rules to treat employees who engage in firefighting operations during working hours to be present.



○ Public Access Defibrillator (AED) Location

Our company is recorded as a Public Access Defibrillator (AED) Location in Gamagori City. The defibrillator is ready for emergency use anytime for the citizens.

○ Medical Checkup

We provide medical checkup for employees and special checkup for employees who handle hazardous substances. In addition, we follow up employees who need secondary checkup. Employees who became 35 and over 40 have lifestyle disease checkups and those who need improvement in their lifestyle will have specific health guidance.

○ Mental Health Care Promotion

In 2018, we had a stress check program for all employees and also had a lecture about mental health self-care in October as a part of the National Occupational Health Week activity. Additionally, we are working on supporting employees from the mental level by setting up an internal counseling service for employees and their families.

○ 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. The Health Challenge was held for three months from September to November and employees improve their lifestyle to promote health such as stop smoking, dieting, walking and doing sports. In the Wintertime Exercise, employees exercised after work hours to get rid of their lack of exercise.



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

Personnel System

We have set up the concept of the personnel system as below for our company to progress furthermore through “Ideal Organization Form” and “Expected Human Resources” that we aim for.

Ideal Organization Form

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

Expected Human Resources

Kigai

Chigai

Sekai

- 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. Motivate each and every person, and increases incentive to work.
2. Employees feel expectations from the company and organization.
3. Provide opportunities to encourage self-improvement.
4. Employees are appropriately evaluated and fairly treated.

System Frame / Salary

Statement / Personnel Evaluation

Personnel Evaluation / Self-Assessment

Personnel Evaluation / Salary

Training and Education Systems

○ New Employee Education

The first two months have three trainings (group training, training camp and on-the-job training) for new employees. Autonomy and creation as a theme, deepen the understanding of the company and the workplace and the bond between new employees, and learn the basics as working people and Nidek employees.

○ Language Training

There are many situations when we need language skills to move forward with our work. We promote strengthening foreign linguistic ability by providing foreign language trainings such as TOEIC IP tests and English conversation trainings.

○ Education System in Nidek

We consider our training program every year to make the training system more effective.

● Some training held in 2018

Name of Training	Summary of Training
Next Generation Leaders program (second stage)	Training for next generation leaders by recommendation of above the manager level
Business Skills Training	Training for chief / mid-level employees
e-Learning: Accounting Course	Training for section chief level employees

Respecting Diversity

○ Working Hours Management

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

● Monthly Average of Non-Scheduled Hours per Employee

(hours per month)

	2014	2015	2016	2017	2018
Non-Scheduled Hours	22.48	18.05	17.79	18.88	16.00

○ Paid Leave

10 days of paid leaves 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 of Days Recieved for Paid Leave

(days per year)

	2014	2015	2016	2017	2018
Paid Leave	10.9	10.5	11.7	11.9	12.5

○ Child & Family Care Support System

● List of Systems

System	Summary
System Related to Child Care (Before Birth)	<ul style="list-style-type: none"> ● 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 Up to 6 weeks (14 weeks in the case of multiple birth) are given to mothers.
System Related to Child Care (After Birth)	<ul style="list-style-type: none"> ● Child Care Leave Child care leave can be taken until the day before the child's first birthday (up to child's second birthday for special reasons). ● Working Time Options Short-time working system for child care can be used until the child reaches forth grade. Up to two hours of shortage per day can be requested. ● Sick/Injured Child Care Leave Up to 5 days (10 days if there are more than 2 children who are under fourth grade)
System Related to Child Care (Others)	<ul style="list-style-type: none"> ● Childbirth Attendance One day as a special paid leave ● Restrictions on Overtime and Night Labor
System Related to Family Care	<ul style="list-style-type: none"> ● Family Care Leave (Long term) Up to 93 days ● Family Care Leave (Short term) 5 days (Up to 10 days if there are more than 2 people who needs family care) ● Working Time Options Up to two hours a day for three years ● Restrictions on Overtime and Night Labor

● Changes in Parental Leave Utilization Rate

	2014	2015	2016	2017	2018
Mothers	100	100	100	100	100
Fathers	2	2	6	10	25

(%)

○ Day-Care Center

We have a daycare center in Gamagori so that employees can return to work after childcare leave.

○ Next Generation Certification Mark

In August 2012, we have achieved a Kurumin Mark as a company supporting work and family-life balance, certified from the general of Aichi Labour Bureau.



○ Aichi Josei Kagayaki Company

We are certificated by Aichi Prefecture as an “Aichi Josei Kagayaki Company (Aichi's Company with Active Participation of Women)”, a company whose top management promotes active participation of women by expanding employment, expanding work areas, training, appointing managers, promoting work-life balance and creating an environment where childcare and nursing can be done while working. We aim to enlarge women's “stability” and “success” in the workplaces.



Fair Business Practices

○ Elimination of Anti-Social Forces

We have no relationship with any anti-social forces and will take a resolute attitude and cooperate with outside specialized agencies against unreasonable demands.

○ Prevention of Corruption and Bribery

We determine in our compliance manual that we must not allow any illegal money transfer and unappropriated receptions and gifts, and strengthen anti-corruption through our whole business activities.

Prohibition of Bribery, Inappropriate Gifts or Such and Conflict of Interest Transactions

● Prohibition of Bribery

- We must not offer benefits such as money to take unfair advantages.
- We must not receive money in return for unfair advantages of customers and clients.
- We must not make demands for unfair advantages by using an advantageous position.
- We must not compel the distributors or people concerned, or to be involved in illegal transaction to take unfair advantages.

● Prohibition of Inappropriate Gifts or Such

- We must not provide or receive excessive gifts or such in terms of conventional wisdom and common sense.

● Prohibition of Conflict of Interest Transactions

- We must not engage in competition that leads to a company's disadvantage such as establishing the additional posts of executive officers or employees of other companies or doing a profit-oriented business.
- We must not conduct business with a company or for oneself or for a third party, such as selling products.
- Actions that might be contrary to the interest of the company must be openly revealed.
- We must not pocket company's fund or personal use of information obtained in work.

○ Transparency with Medical Institutions

We disclose funds paid to medical institutions and other organizations based on the "Transparency Guidelines for the Medical Device Industry and its Relationships with Medical Institutions and Other Organization" by the Japan Federation of Medical Devices Associations (JFMDA) to improve the transparency and credibility of the relationship with medical institutions and other organizations and to contribute to the development of Eye & Health Care.

○ Treatment of Public Research Funds

Based on guidelines such as Guidelines for Managing and Auditing Public Research Funds at Research Institutions, we have established a basic policy for proper operation and management to prevent unauthorized use of public research funds.

Basic Policy of Unauthorized Use of Public Research Funds Prevention

1. Observe Guidelines, Rules and Guiding Principles

NIDEK will observe laws relating to prevention of unauthorized use of public research expenses and such guiding principles and guidelines by countries and funding agencies.

2. Clarification of Allocation of Responsibilities

The allocation of responsibilities are as below.

Person in Charge	Job Title
Chief Administrator	President and CEO
General Manager	General Manager of Administration Division
Compliance Controller	Person in charge of public research funds in each division / department

3. Establishment of Regulations and Operation Rules

We will establish codes of conduct, regulation of managing public research funds and prevention of unauthorized use as well as any other operation rules and procedures related to them, and inform them to all of our employees (researchers, office workers, person in charge) who are concerned with public research funds.

4. Formulation and Implementation of Plan to Prevent Unauthorized Use

A plan to prevent unauthorized use of public research funds will be formulated and implemented.

5. Monitoring

To execute public research funds properly, we will check the state of implementation of ordering / acceptance / payment and fiscal statements, and conduct inspection of materials.

6. Establishment of Help Desks and Contact Offices

We will establish help desks and contact offices for accusation of unauthorized use of public research funds and wrongdoings in research activities.

Management Policy of Information Security

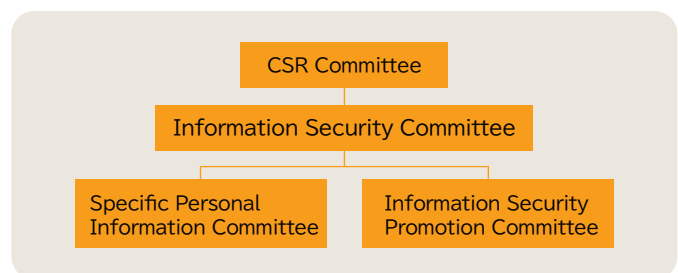
We believe that it is essential to achieve and maintain a high level of information security to protect our customers' and business partners' information.

As a comprehensive measure of information security, we have established the Information Security Management System (ISMS) and have made efforts to protect our information assets from any threats.

Information Security System

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



Efforts for Information Security

○ Information Security Education

We have been training our employees to improve consciousness to information security. In 2018, we had an e-learning education for newly-appointed manager class to promote better understanding of our information security handbook.

○ Visualization Patrol of Secrecy Classification

We patrolled concerned departments to understand the situation of how classified documents are managed based on stocktaking of information asset to analyze risk of our information assets.

We selected some departments to investigate the actual condition, check how classified documents are managed and raised awareness of information security.

○ Information 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 in January 2019 to satisfy and maintained the requirements of ISO/IEC 27001: 2013 and JIS Q 27001: 2014 in 2018.

We will make efforts to enhance information security and continue our certification registration.



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

Registration Institution (2018)
British Standards Institution
Registration Number (2018)
IS 580917

Note: This Registration operates system at
the Information System Department and the
NAVIS Support Center

Quality Policy

NIDEK's business is to realize "Invisible to Visible" and "Lively and Healthy Society." For people's healthy and comfortable life, we will create new opportunities and provide safe and high quality products and services.

Based on our quality policy, we are working on maintaining and improving quality on a company-wide basis. We have regular internal audits and in addition, we work on "quality education" for our employees.

Quality Policy

1. Contribution to the improvement of QOV

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

2. Quality Assurance from the Customer's Perspective

We will assure quality from customer's perspective in all stages of product design, production, and service.

3. Continual Improvement of the Quality Management System

We will establish a quality management system and make continual improvements to maintain its effectiveness.

4. Setting Quality Targets

We will set quality targets for each fiscal year and strive to achieve these targets in order to implement our quality policy.

5. Publication and Review of the Quality Policy

We will present the quality policy in order that it is clearly understood by all employees. In addition, we will reconsider the policy as necessary to maintain its suitability.

Quality Assurance System

Based on the international standard ISO13485, we have product development, production and sales activities under our quality management system. Each process has strict quality reviews to work continuously on improvements. Customers' voice and market information collected will be used to make better products.

Additionally, we review the effectiveness of our quality management system. In regular meetings of our quality assurance committee.

Efforts for Quality Improvement

Briefing Session for Business Partners

We have a briefing session at the beginning of every year for our business partners group called “Optica.” 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 Optica companies’ help in improving quality of our products.



The briefing session held in January 2019. Awards were also presented to the companies particularly active for three categories; delivery date, quality and contribution.

Quality Management System (QMS)

Our business is to develop, manufacture, sale and have customer service of medical devices based on our 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 2018, we had training with the people concerned before QMS surveillance and made QMS become established.



QMS training

Medical Device Single Audit Program (MDSAP)

In September 2018, we had an audit conducted for MDSAP.

We will continue our QMS improvement in order to meet the regulations of medical equipment and specific regulations of countries.

Certification of International Standards

We are certified ISO 13485 Medical devices and ISO 9001 Quality management systems.



ISO 9001

Registration Institution (2019)
TÜV Rheinland Cert GmbH

Registration Number (2019)
01 100 107201



ISO 13485

Registration Institution (2019)
TÜV SÜD Product Service GmbH

Registration Number (2019)
Q5 023653 0197 Rev.00

Social Contribution Activities

We are 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 2018.

○ Donation to the Japan Braille Library

Donation to the Japan Braille Library is becoming periodically. We used corporate matching gifts and the donation was used to make a book for people with visual disability and as operating funds for the library.

○ Collecting Eco-Caps

Since 2009, we have been rolling out the "Eco Cap Movement" to exchange collected plastic bottle caps for vaccines. In 2018, 197,198 caps (about 230 vaccines) were collected throughout the company.

○ Collecting and Donating Used Stamps

We have collected 1.25 kg of old stamps in 2018, and donated them to 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.



Clean-up of surroundings of each plant in Gamagori area is held twice a year

○ Sponsorship to the Para-sports Sailing Association of Japan (PSAJ)

We have been supporting PSAJ since November 2016. We will support the association continuously.



○ Donation of Intraocular lenses (IOL) to Asia Prevention of Blindness Association

We donated 200 IOLs (artificial lens generally used in cataract surgeries) to a nonprofit organization (NPO) Asia Prevention of Blindness Association, led by Kyoto Prefectural University of Medicine, for contribution to health care in Vietnam.

○ Donation of Medical Products to the Association for Ophthalmic cooperation in Asia (AOCA)

We donated medical products such as vitreous perfusion tubes to AOCA. These products were used in eye camp activities in India in December 2018.

○ Donation of Medical Products to Japan Tanzania Eye Medical Support Team

We donated cataract surgery products to a NPO Japan Tanzania Eye Medical Support Team. These products will be used in cataract surgeries and technical instructions.

○ Sponsorship to Light Up in Green

We lighted up a wall of our plant in green on March 13, during the World Glaucoma Week to participate in the Light Up in Green campaign held by Japan Glaucoma Society.

Light Up in Green is an event to raise awareness of Glaucoma by lighting up famous landmarks in green.



Note: World Glaucoma Week is an event by World Glaucoma Association. It is held all over the world since 2008,



Environment

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.

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. We 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. We 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

We have 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.



Green Supply Chains

Under our Environmental Policy, we promote environment-centric procurement by requesting suppliers to agree to organizing an environmental management system based on ISO 14001 certification.

Eco-Friendly Products

We have reduced harmful substances from products as well as striven for the minimum environmental load in developing and manufacturing products. We released three eco-friendly products in 2018. All accomplished lightweight, energy-saving and high degradability and material recyclability along with improving their performance and functions.

○ Gonioscope GS-1

GS-1 is a diagnostic instrument to image the angle 360 degrees automatically and storage the taken image. Glaucoma and diabetic retinopathy may show symptoms in the angle of the eye. This instrument is used in tests of such diseases and medical checkups. Even though this product is entering a new field, it has complied with regulations on hazardous substances, reduced weight to 15 kg and designed electric powersaving.



○ Patternless Edger LEXCE Trend

LEXCE Trend is a unit with all four functions needed for lens processing; tracing, blocking, edging and drilling. The weight is lightened to 40 kg and reduces 50 % of electric power compared to our existing products.



○ Auto Refractometer AR-F / Auto Ref/Keratometer ARK-F

AR-F and ARK-F enables automatic measurement and additionally, has a voice announcement function. The weight is lightened to 20 kg and reduces 38 % of electric power compared to our existing products.



When we create eco-friendly products, we consider environmental influences from material procurement to disposal of waste. We place high importance on eco-friendly from the product planning and designing stage.

Based on our Product Environmental Assessment Provision, we cooperate with our developing departments, manufacturing departments, and supply chains in using reusable materials, simplifying product structures for easy disassembling, reducing numbers of parts and screws used, saving package waste and providing disposal procedures as well as weight reducing and electric power saving. We will continue promotion of developing and producing eco-friendly product so that we can reduce environmental loads.

Environmentally Friendly Design Committee

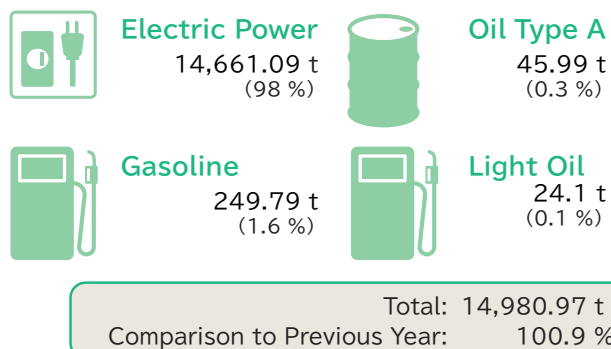
Overview of Environmental Impact



Actions on Climate Change

We 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 a company-wide basis power saving activity on daily basis.

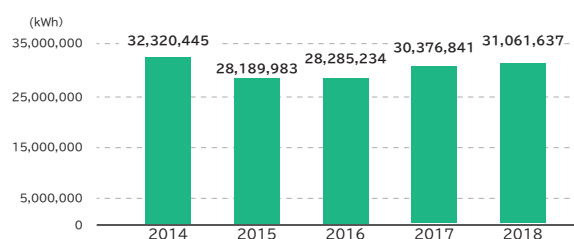
CO₂ Emission



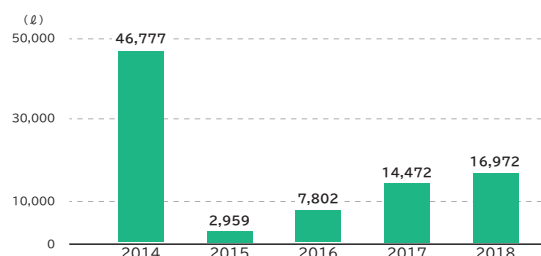
Note: Since 2013, we include gasoline and light oil used in company cars of five plants and Gamagori branch.

Electric Power Consumption

The electric power consumption of 2018 increased due to the production expansion. However we are working on saving energy by energy-saving activities and equipment replacement to energy-saving products.

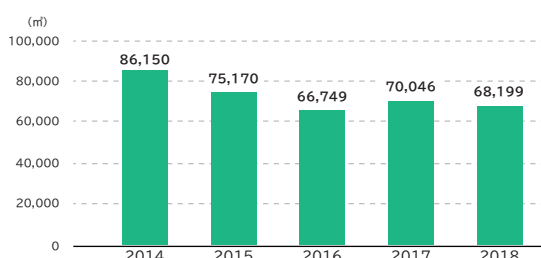


Fuel Oil Consumption



Water Consumption

In spite of the increase in production of intraocular lenses and coating business, we reduced water consumption by making cleaning processes efficient.



Reducing Waste Volumes

To achieve zero waste emission, we have been auditing our final disposals and improving the recycling rate. In 2018, we were able to recycle more than 99.9 % of our waste.

	2018
Valuables / Recyclables	526,987.8 kg
Final Disposal	302.4 kg
Total	527,290.2 kg
Recycling Rate	99.9 %