

Corporate Report 2023

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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 fiscal year 2022.

■ Guidelines Referenced

Global Reporting Initiative (GRI) "GRI Sustainability Reporting Standards"

※ The GRI Content Index can be found at the end of this report.

The color scheme of this report was created with reference to the "Model Color Palette for Color Universal Design" (Designed by the Color Universal Design Recommended Color Set Production Committee) (URL : <http://www.cudo.jp/colorset>)

Corporate Report Profile

Covered Organization

NIDEK COMPANY LIMITED
Headquarter (Hiroishi Plant), Hamacho Plant,
Tsurugahama Plant, Higashihama Plant,
Osawa Plant

Covered Period

Fiscal year 2022 (Apr. 1, 2022 - Mar. 31, 2023)

Publication Date

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Form of Disclosure

Both Japanese and English versions are available on the website.

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Learn more about us in our official website



[Web](https://www.nidek-intl.com/)

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

About NIDEK CO., LTD.

Company Profile (As of March 31, 2023)

Company name	NIDEK CO., LTD.
Foundation	July 7, 1971 (Initiated: August 8)
Head Office	34-14 Maehama, Hiroishi-cho, Gamagori, Aichi, 443-0038, Japan
Capital	461.89 million JPY
President and CEO	Motoki Ozawa
Employees	1,652 (Male: 1,284 / Female: 368) <small>Note: Company officers and advisors are excluded.</small>

Offices

We have five plants (Hiroishi, Hamacho, Tsurugahama, Higashihama, Osawa) in Gamagori City, Aichi Prefecture, and sales offices in 13 major cities throughout Japan. We have been involved in the local community and provide attentive and prompt support.

- ① Sapporo
- ② Sendai
- ③ Saitama
- ④ Tokyo
- ⑤ Chiba
- ⑥ Yokohama
- ⑦ Gamagori
- ⑧ Kanazawa
- ⑨ Kyoto
- ⑩ Osaka
- ⑪ Takamatsu
- ⑫ Hiroshima
- ⑬ Fukuoka



Head Office/ Hiroishi Plant Hamacho Plant Tsurugahama Plant Higashihama Plant Osawa Plant

We are also actively expanding overseas, with the establishment of local subsidiaries in the United States, France, Italy and other countries.

Overseas Subsidiaries

NIDEK INC. (The United States / Established in 1982)	NIDEK (SHANGHAI) CO., LTD. (China / Established in 2012)
NIDEK S.A. (France / Established in 1988)	NIDEK SINGAPORE PTE. LTD. (Singapore / Established in 2014)
NIDEK TECHNOLOGIES S.R.L. (Italy / Established in 2001)	NIDEK KOREA CO., LTD. (Korea / Established in 2018)
NIDEK MEDICAL S.R.L. (Italy / Established in 2022)	NIDEK MEDICAL INSTRUMENTS (CHANGSHU) CO., LTD. (China / Established in 2018)
NIDEK DO BRASIL (Brazil / Established in 2010)	

Overseas Representative Offices

Dubai (The United Arab Emirates / Established in 1982)

Business Fields

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.



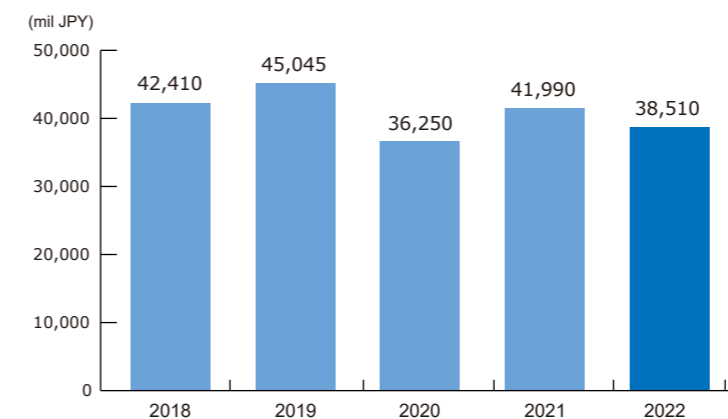
Coating

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.

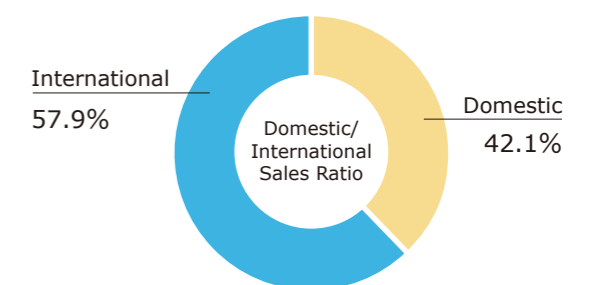


Data

Revenue



Sales Ratio of Fiscal Year 2022



Message from our CEO

Provide the joy of vision and health care through our technology, and deliver unwavering commitment to people all over the world.

President & CEO

小澤素生



Looking Back to Fiscal Year 2022

In 2022, the global and Japanese economies saw a recovery in demand as economic activity resumed along with the easing of movement restrictions associated with the COVID-19 pandemic. While at same time, disruptions in the supply of semiconductors and other electronic components and materials severely strained international commerce. In addition, the prolonged Russian invasion of Ukraine, resulted in soaring raw material and crude oil prices, rising transportation prices, delays in vessel deliveries, and higher electricity rates which made the future uncertain and unpredictable.

Under these conditions, NIDEK has focused on questioning what is taken for granted within the company, what is customary in our industry, and what is common in the world, and has focused on efforts to improve these things from fiscal year 2022. For example, we suffered from a shortage of product supply due to difficulties in procuring parts, and unprecedented cost increases. We took measures that differed from those that have been customary up to now, such as purchasing from multiple suppliers, providing support to subcontractors, and raising product selling prices appropriately. Through the measures and the hard work of each department, we were able to overcome the difficulties and achieve our budgeted sales and profits.

Also, we launched four internal projects: the Operational Reforms Promoting Project, the EU 15 Languages Information Manual Complying Project, the Electric Book Storage Act Project, and the Document Digitalization Project. Through these projects, we have further promoted the use of digital technology in our operations.

Aiming to be a Leading Company of Eye Care

From May 2023, the legal status of COVID-19 was downgraded to "Class 5," the same category as seasonal influenza under the Infectious Disease Prevention Law. Japan is on the way to transitioning from "with coronavirus" to "after coronavirus." Although there are still parts shortages, logistics issues, and other uncertainties in the global market, we need to see these changes as opportunities and continue to challenge and grow. Under such circumstances, the most important framework of our mid-term plan is to understand the potential future needs of our customers, plan and develop products that provide solutions in advance which "provide value to our customers around the world." We will work to create new value, going back to the goals we have had since our founding: "bring invisible to visible," "visible to recognition," and "desire to enhance the eye with our products."

We will continue to provide solutions to our customers through our products and services, aiming to being a leader in "Eye & Health Care", and strive to renew our business so that we can provide value to our customers around the world.

NIDEK's Sustainability

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.

NIDEK Corporate Conduct Charter

Our management team 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.

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 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.

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.

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" This summarizes NIDEK's company philosophy.

(Middle) NIDEK's compliance manual

(Right) NIDEK's conduct policy. This is posted in all workplace.

NIDEK's CSR Committee

We 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

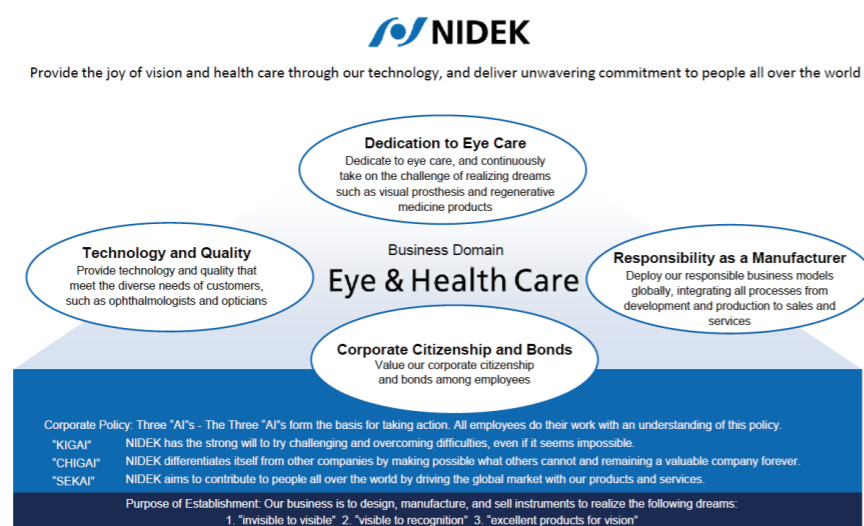
We have various stakeholders involved through our business. Our business actions reflect thoughts and requests heard through communication with stakeholders.

Stakeholder List	Responsibilities	Ways 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 • Visiting lectures • 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 hierarchy • Trainings divided by positions

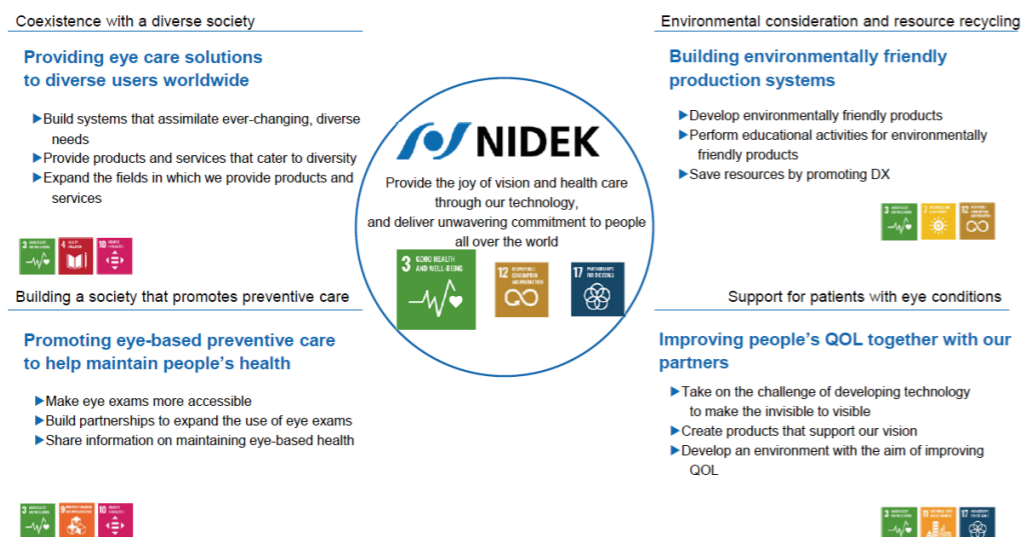
SDGs

NIDEK agrees to the aim of the Sustainable Development Goals (SDGs) adopted by the United Nations and made a declaration in August 2021 to commit to contributing to realization of a sustainable society.

Purpose and Core Competence



Materiality



What is SDGs?

SDGs is an abbreviation for "Sustainable Development Goals", a term that was adopted at the UN Summit in September 2015 by 193 UN member countries to be achieved within 15 years from 2016 to 2030. "Sustainable Development Goals" are 17 goals and 169 targets to achieve a sustainable world.



Major Initiatives for Fiscal Year 2022

Materiality	Goal	Major Initiatives for Fiscal Year 2022	Page
A. Providing eye care solutions to diverse users worldwide 	Build systems that assimilate ever-changing, diverse needs	<ul style="list-style-type: none"> • Create a system to collect customer feedback 	p.25
	Provide products and services that cater to diversity	<ul style="list-style-type: none"> • Create a system that immediately delivers information that users need • Unify product interface with consistent user-friendly icons 	p.27
	Expand the fields in which we provide products and services	<ul style="list-style-type: none"> • Establish new agencies in untapped markets and reorganize agencies in developing countries 	p.28
B. Building environmentally friendly production systems 	Develop environmentally friendly products	<ul style="list-style-type: none"> • Reduce CO2 emissions per unit of sales by 50% by fiscal year 2030 (compared to fiscal year 2019) 	p.15
	Perform educational activities for environmentally friendly products	<ul style="list-style-type: none"> • Conduct endurance testing of tips, a kind of accessory for ophthalmic surgery, to improve the durability of reused type accessories. • Launch environmentally friendly products 	pp.13-14
	Save resources by promoting DX	<ul style="list-style-type: none"> • Increase value-added productivity by 30% (compared to fiscal year 2019) 	p.23
C. Promoting eye-based preventive care to help maintain people's health 	Make eye exams more accessible	<ul style="list-style-type: none"> • Develop apparatus or systems that anyone can use to perform optometry and new products more efficiently and require less time with AI technology and so on 	p.30
	Build partnerships to expand the use of eye exams	<ul style="list-style-type: none"> • Raise awareness of the frailty of the eyes in Japan and abroad 	p.30
	Share information on maintaining eye-based health	<ul style="list-style-type: none"> • Expand online resources all over Japan 	p.29
D. Improving people's QOL together with our partners 	Take on the challenge of developing technology to make the invisible to visible	<ul style="list-style-type: none"> • Research and develop a visual prosthesis 	p.30
	Create products that support our vision	<ul style="list-style-type: none"> • Create products that support our vision with coating technology 	p.13
	Develop an environment with the aim of improving QOL	<ul style="list-style-type: none"> • Selected as "2022 Certified Health and Productivity Management Organization" by the Japanese Ministry of Economy • Begin discussions with local agencies regarding measures to promote Gamagori City as "GAMAGORI, the City of Eye Care" 	p.18 p.29

For the future

In the future, we will link our business identity with our medium- and long-term strategies and the policies/missions of each department. Then, we will manage our progress toward achieving our goals and report the results in this report.

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.

- 1. Products in Harmony with the Environment**
 We will provide eco-friendly products that take into consideration the environmental impact from the procurement of raw materials to the disposal of products throughout the product life cycle.
- 2. Energy Efficiency**
 We will promote the reduction of carbon dioxide emissions by introducing product design and production processes that consume less energy.
- 3. Reduction of Waste and Resource Conservation**
 We will reduce total emissions by making effective use of resources and promoting the reduce, reuse, and recycle policy.
- 4. Environmental Social Contribution**
 We will contribute to society in terms of both solving social issues and the environment by waste management.
- 5. Compliance with Environmental Laws and Regulations**
 We will comply with environmental laws, regulations, ordinances, and other agreements including proper handling of chemical substances, related to our business activities.
- 6. Environmental Education**
 We will ensure that all employees understand our environmental policy and are aware of the need for sustainable global environmental protection. We will also ask our affiliated companies for their understanding and cooperation.

We will assess the environmental impact of our business activities, set environmental goals, and work with all employees to prevent pollution, use resources sustainably, mitigate and respond to climate change, protect biodiversity and ecosystems, and continually improve our environmental management system to enhance our environmental performance.

Acquisition Status of Environmental Certification

NIDEK's headquarters and all production bases are certified ISO 14001 environmental management system.

Certification body (as of 2022)
TÜV Rheinland Cert GmbH

Certificate number (as of 2022)
01 104 065534



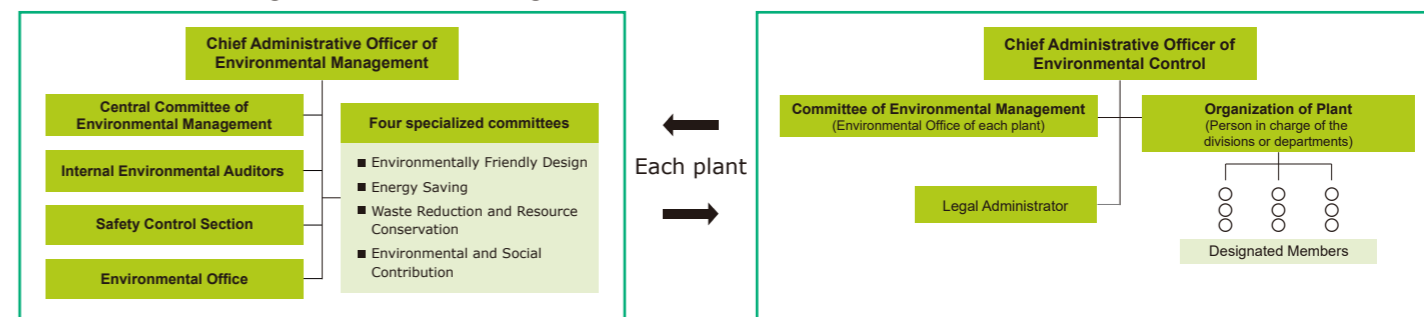
Green Supply Chains

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.

Environmental Management System

We have the Central Committee of Environmental Management and four specialized committees under the Chief Administrative Officer of Environmental Management. We identify points for improvement at each plant and run the PDCA cycle toward improvement. Reports from each plant are shared for continuous improvement of the whole company.

Environmental Management Promotion Organization Chart



WEB <https://www.nidek.co.jp/csr/environment.html> (Japanese web site)

Environmental Accounting

Environmental accounting is a system for recognizing the costs of environmental conservation in business activities and the effects (economic effects) obtained from such activities, and for measuring them as quantitatively as possible. Items are reviewed as appropriate to promote appropriate initiatives in accordance with the Environmental Accounting Guideline 2005 issued by the Ministry of the Environment. In fiscal year 2022, we invested a total of 261 million yen in investments and expenses.

Categories	Details of main initiatives	Fiscal year 2021			Fiscal year 2022		
		Investments	Expenses	Total	Investments	Expenses	Total
Business Area Cost							
Pollution Prevention Cost	Cost for preventing air, water, noise, vibration and odor pollution as well as ground contamination and sinkage.	0	8	8	0	30	
Global Environmental Conservation Cost	Cost for energy conservation including expenses for curbing the emission of greenhouse gases.	182	52	234	76	125	
Resource Circulation Cost	Cost for disposal and recycling.	0	79	79	0	77	
Upstream / Downstream Costs	Costs for containers and packaging materials, resale, etc. (downstream cost).	0	0	0	0	0	
Administration Cost	Cost for monitoring environmental impact and environmental training	0	25	25	0	26	
R&D Cost	Cost for environmental conservation in research and development.	—	—	—	—	—	
Social Activity Cost	Cost for environmental conservation social activities such as clean campaigns with no direct relationship to the business activities of the company or other organization.	0	3.18	3.18	0	3	
Environmental Remediation Cost	Cost to restore the natural environment back to its original state, cost to cover degradation suits connected with environmental conservation.	0	1	1	0	0	
Total		182	168	346	76	185	261

<Business Area Cost>
 - Only the cost for major facilities are counted. (Major facility: A facility whose annual cost exceeds 1 million yen)
 - Facilities that are related to both pollution prevention costs and global environmental conservation costs are accounted in one category.
 - No cost prorating of applicable to composite costs has been performed.
 - Electricity costs are not aggregated.

<Upstream and downstream costs>
 - The cost of green procurement is not included.

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 two eco-friendly products in fiscal year 2022. All accomplished reducing the environmental load such as by lightweight, energy-saving and reducing the amount of waste liquid in the production process among with improving their performance and function.

■ Non Contact Tono/Pachymeter NT-1p Non Contact Tonometer NT-1

Measuring intraocular pressure is one of the most important examinations in ophthalmology as a screening test for glaucoma, which is one of the leading causes of blindness in Japan and the world. The NT-1p/NT-1 is a NIDEK's fully-automatic intraocular pressure measurement device that automatically performs a series of processes from chin rest adjustment to binocular position detection, measurement, and data output, simply by placing the chin on the chin rest. This enables safe and comfortable measurements with features that are friendly to both examinees and examinees. (NT-1p is also equipped with a corneal thickness measurement function.)

In addition, since it supports multilingual voice announcements, it leads to improved usability and supports examinations in many countries.

The weight of the main unit is as light as 20 kg, and the maximum power consumption is 100 VA, making it both environmentally friendly and power saving. The number of parts used has been reduced to 85% of that of the conventional model.



■ LILY COULURE Eyewear

LILY COULURE is a pair of spectacles that uses our proprietary "gas phase transfer dyeing" technology to dye the center of the lens in a striped pattern. Just by wearing the glasses, it appears that the person is wearing eyeshadow. In fiscal year 2022, we added 12 new colors to the current 12 colors of lenses.

Conventional color lens dyeing produces about 12,000 liters of waste liquid per year, but the gas phase transfer dyeing used in LILY COULURE significantly reduces the amount of waste liquid to only about 10 liters.



Based on the NIDEK SDGs declaration, we are building a system for environmentally friendly manufacturing. We place importance on activities that take into account the reduction of environmental impact from the product planning and design stages, and based on our Product Assessment Regulations, we are actively working on improvements in cooperation with the development and manufacturing departments as well as the supply chain. Specifically, we select product materials that conserve power and are easily recyclable, reduce the number of parts and screws to facilitate product disassembly, conserve resources in packaging materials, and provide disposal instructions at the time of product disposal.

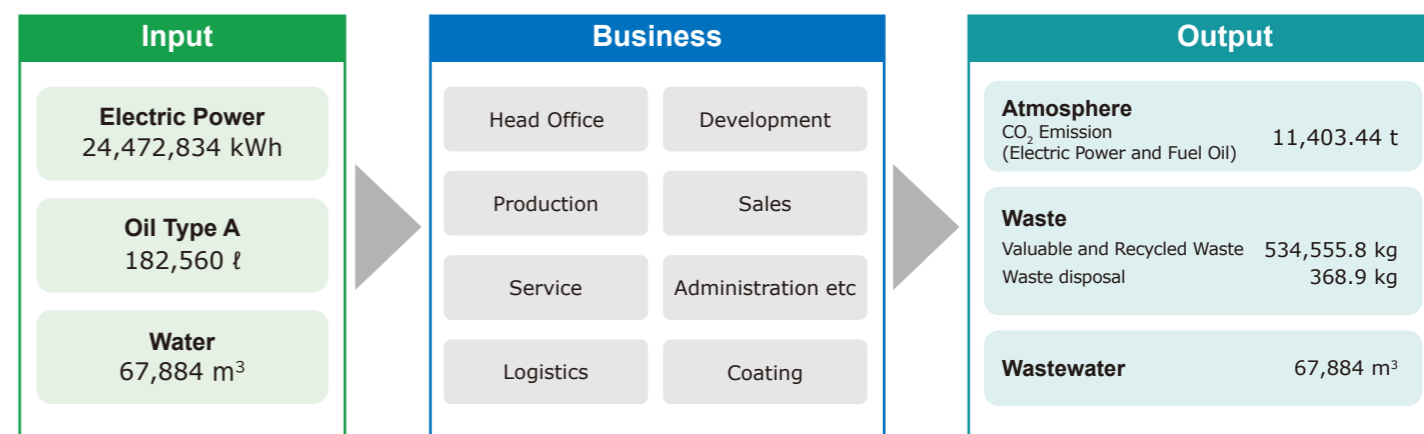
We will continue to strive to reduce the burden on the global environment by continuing to promote the development and manufacturing of environmentally friendly products.

Environmentally Friendly Design Committee

● Conducted Endurance Testing of Reused Accessories

We aim to improve the durability of surgical tips, a reused type accessory for ophthalmic surgeries, to double the number of use compared to fiscal year 2019, and halve the amount of medical waste that accompanies deterioration. In fiscal year 2022, we conducted durability tests and decided on the concept for the next model of cataract surgical tips.

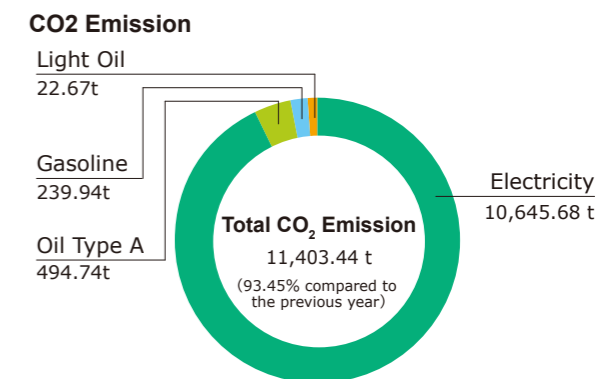
Overview of Environmental Impact



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.

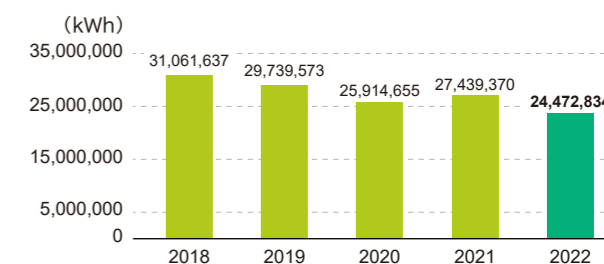
Note: Includes gasoline of company cars and light oil used in five plants and Gamagori branch.



■ Electric Power Consumption

In fiscal year 2022, electricity consumption decreased due to a decrease in production volume due to effects such as the parts supply shortages.

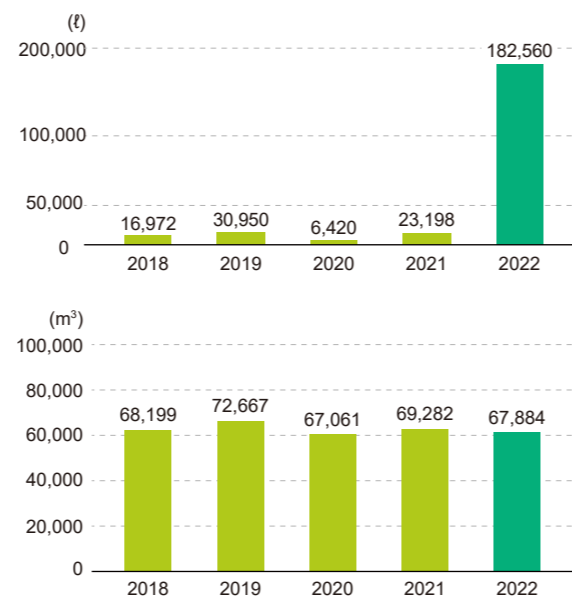
We are continuously working on energy-saving activities and replacement of equipment with energy-saving products.



■ Heavy Oil Consumption

Generators had been used during times of high power consumption to level out the demand for electricity. However, from December 2022, we switched to operating the generators at all times (weekdays from 9:00 am to 5:00 pm), resulting in a significant increase in heavy oil consumption.

Going forward, we will strengthen our reduction efforts to keep consumption to a minimum.



■ Water Consumption

In fiscal year 2022, we added an automatic dilution function to the neutralization equipment, which has decreased production volume, so the amount of city water used was the same as last year. We are constantly striving to save water to improve the efficiency of the cleaning process.

● Introduction of Solar Power

To reduce CO₂ emissions from the use of fuel, we have installed solar power generation systems at the Hamacho Plant since 2009, the Osawa Plant since 2013, and the Hiroishi Plant Building 7 since 2014. The actual amount of power generated in fiscal year 2022 was approximately 1,106,508 kWh*. (*Converting to the amount of CO₂ absorbed by trees, the effect is the same as planting approximately 24,850 cedar trees.)



Solar panel of Hiroishi Plant Building 7



Solar panel of Osawa Plant

● Promotion of production using renewable energy

To produce products that use 100% renewable energy, we aim to reduce CO₂ emissions per unit of sales by 50% (compared to fiscal year 2019) by fiscal year 2030.

In fiscal year 2022, we investigated and considered the step-by-step purchase of renewable energy, and have concluded a purchase agreement to purchase 6% of the electricity used in the entire Gamagori area in fiscal year 2023 from Chubu Electric Power Miraiz Co.,Inc. (Estimated from the fiscal year 2022 results, a reduction of 684.21 tons of CO₂ emissions is expected).

From the next fiscal year onwards, we will continue to consider the gradual purchase of renewable energy and aim to achieve our goals.

Reducing Waste Volumes

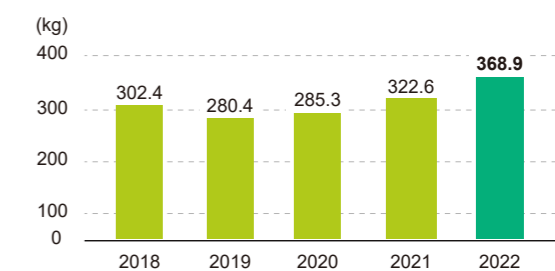
● Amount of Waste / Recycling

To achieve zero waste emissions, we analyze the content of final waste and develop company-wide activities with the aim of improving the recycling rate. In fiscal year 2022, we have achieved a recycling rate of more than 99%.

Amount of Waste / Recycling Rate

	Fiscal year 2022
Valuables / Recyclables (kg)	534,555.8
Final Disposal (kg)	368.9
Total (kg)	534,924.7
Recycling Rate (%)	99.9

Transition of Final Waste Emissions



● Specially Controlled Industrial Waste

In fiscal year 2022, emissions remained flat at 99% compared to the previous year. We will continue to strengthen our efforts to check and reduce emissions so that we can keep the amount of waste to a minimum.

Specially Controlled Industrial Waste Total by Plant (kg)

Hiroishi Plant	Hamacho Plant	Tsurugahama Plant	Higashihama Plant	Osawa Plant	Total	Year-over-year
56,564.6	151.0	27,933.0	28,121.9	1,400.0	114,170.5	99.77%

Social Activity



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.

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. We will inform the importance of safety management activities to all employees and raise awareness through necessary training and educations.
4. We 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. Four special committees (Safety and Sanitation / Health / Traffic Safety / Disaster Damage Prevention) are to ensure employees' safety and health.

Industrial Accident Prevention Programs

For the purpose of eliminating industrial accidents and enhancing safety consciousness, we conduct risk prediction educations and risk assessment to new, mid-career and transferred employees. In fiscal year 2022, we educated our employees through e-learning to enhance safety awareness. The subjects were Preventing Industrial and Traffic Accidents and Falls. In addition to providing information on fall prevention, back pain prevention, and chemical substances were also covered.

Strengthen Response Capabilities in the Event of a Disaster

To strengthen our ability to respond in the event of a disaster, every year we hold a general lifesaving course in July and disaster drills in October and November. In addition, information on the addition of long-period seismic motion forecasts to Japan's earthquake early warning was provided to employees and their families to raise awareness of disaster prevention in March 2023.



Evacuation drills held in November

Traffic Accident Prevention

Our company cars are equipped with driving recorders that support safe driving. By visualizing dangerous driving based on driving condition data and providing feedback to drivers, we are striving to make safe driving take root among our drivers.

In October 2022, alcohol detectors were distributed to the relevant departments and an alcohol check system was introduced.

Perfect Driver 100-Day Campaign

Ten teams participated in the Perfect Driver 100-Day Campaign sponsored by the Gamagori City Safety Driving Management Council. Nine teams achieved a perfect no-accident and no-violation record.



Awards ceremony for the representatives of the teams that achieved the goal.

Business Continuity Plan

We have a business continuity plan (BCP*) in preparation for large-scale disasters and such. In December 2022, a desk training exercise was conducted for members of the Disaster Response Headquarters on the impact of an earthquake on information systems, including power outages, as well as recovery and preparedness, providing an opportunity to apply the exercise to future activities.

Note: BCP outlines procedures of daily activities and emergency actions to enable prompt recovery/continuity of its business activities in the face of accidents/disasters. Such emergencies include natural disasters, fires, novel influenza and terrorism.

Health Activities

2023 Certified Health and Productivity Management Organization (Large Enterprise Category)

We are actively engaged in work style reform and health management to promote the health of all employees. In March 2023, we were selected as "2023 Certified Health and Productivity Management Organization (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry for the fourth year of succession.

As a company that promotes health management, we consider it an important issue to secure superior know-how and technology and continuously improve our corporate value by retaining human resources through the development of an environment in which employees can continue to work in good physical and mental health.



Aichiken Kenkou Keiei Suishin Kigyou

Since November 2019, we are registered as an organization which promotes maintaining and improvement of employees' health.



Mental Health Care

Again in fiscal year 2022, we conducted the annual Stress Check Program for the entire staff. We also have a consultation counter for employees and their families to support employees from the viewpoint of mental aspect.

Stress Check Screening Rate

Fiscal year	2020	2021	2022
Stress Check Screening Rate (%)	91.5	93.6	93.4

● Medical Checkup

We provide annual medical checkup for employees and in addition, special medical checkup for employees who handle hazardous substances. We also support employees who need secondary checkup.

To employees who became 35 years old, and employees who are 40 years old and over, we provide lifestyle disease checkup. To employees who need improvement in their lifestyle, we give specific health guidance.

Fiscal year	2020	2021	2022
Medical Checkup Consultation Rate (%)	100	100	100

● Health Promoting Activities

We have designated a three-month period from October 1 to December 31 as the "Health Challenging Period" with the aim of enhancing health promotion (health maintenance and prevention of modern diseases) and lifestyle improvement. The program is open to employees and their families, and participants set goals to improve their lifestyles, such as quitting smoking, losing weight and building physical fitness. The participants then self-report their achievements. In fiscal year 2022, 224 people participated in the program and 185 people achieved their goals.

In addition to providing information on smoking and mental health, e-learning education on the subject of "Mental Health in Caregiving" was provided to promote the health of all employees.

Personnel System

We have renewed our personnel system in April 2019 in order to respond to requests from our employees about human resource development and performance rating.

Concept of the Personnel System

Simple Easy to understand	Communication Value communication	Challenge Create a challenging environment
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Training and Education Systems

● New Employees Education

The first two months from joining the company is training period for new employees. We have two programs, group training and on-the-job training. Autonomy and creation as a theme, we deepen the understanding of our company, deepen bonds between newly hired employees and teach the basics as working people and NIDEK employees. Our own group training program is planned, reviewed, operated, and conducted by senior employees selected from within the company. Through group work and lectures, new employees learn how to prepare themselves as a member of society by understanding business manners, product knowledge, etc. In the workplace training, new employees basically acquire the practical knowledge required for their respective assignments.

● Foreign Language Training

There are many situations when we need language skills in our work. We strengthen our employees' foreign linguistic ability by providing trainings such as TOEIC IP tests and online english conversation trainings.

● Education System in NIDEK

We reconsider our training program every year to make the system more effective. In addition, the knowledge and information necessary for each department is acquired through on-the-job training, outside seminars and academic conferences. We collect the latest technology and information to improve our knowledge, ability and technology.

Major Trainings Held in Fiscal Year 2022

Program	Summary
Next-generation Leader Development Training	Training for next generation leader candidates
Promotional Training	Training for promoted employees
Evaluator Training	Training for newly appointed evaluators
Third year Training	Training for employees in their third year of employment
Second Career Training	Training for employees in the age of 55

Education System

	New employees	Regular employees	Senior employees	Section managers	General managers and officers
Trainings by position	New Employees Education			Managerial Education	Workshop for Senior Managers and Directors
Trainings by Objective		Business Skills Training	Next Generation Leaders Development Program		
Foreign Language Trainings	TOEIC				
	Language Training				
External Trainings	Open Seminars, Academic Conference Attendance, etc.				

● Conducting in-house internships

As part of our work/lifestyle reforms, we have started operating an in-house internship system from fiscal year 2021. The "in-house internship system" is designed to help employees who are interested in the work of other departments deepen their understanding of more detailed operations and other aspects of the company's business, and to help them in their future career development. We strive to promote skill development and career design skills for employees in their fourth year of employment and for those who wish to do so. In fiscal year 2022, the system was implemented for 40 employees. Many positive comments were received, such as, "Learning about specific operations in other departments broadened my perspective", and "It was helpful for my future career development".

Respecting Human Rights

● Respect for Human Rights and Prohibition of Discrimination

All employees at NIDEK respect the human rights of all people and act in accordance with the NIDEK Corporate Conduct Charter in order to create a workplace free of discriminatory treatment and actions that undermine individual dignity.

● Prevention of Harassment

NIDEK's conduct policy prohibit all forms of harassment, including power harassment and sexual harassment. Each department conducts training to prevent harassment and raise employee awareness once a year.

● Human Rights Considerations in Recruiting

Our fundamental strategy for recruitment is to allocate personnel optimally by considering ability, motivation, and aptitude. We share our human rights considerations by ensuring that questions about religion and ideology are not asked during employment interviews.

Utilization of Diverse Human Resources

● Working Hours Management

Long working hours may affect not only one's health but also their private life. In order to have everyone live a healthy and fulfilling life, we work on providing a good working environment by promoting the use of paid vacations and having no-overtime days and such.

Since January 2022, we have been introducing a telecommuting system to improve work-life balance and increase work productivity. In addition to institutionalizing telecommuting which looks ahead to the work styles of the new era, we have also created an environment and facilities that enable remote workers to work efficiently.

● Paid Leave

We provide ten days of paid leaves for the first year. Thereafter, two days are added each year until up to twenty days. Conserved holidays can be carried over to the next year and up to forty days are granted for one year.

Monthly Average of Non-scheduled Working Hours and Average of Days Received for Paid Leave per Employee

Fiscal year	2018	2019	2020	2021	2022
Monthly Average of Non-Scheduled Working Hours (hours)	16.00	19.33	11.05	15.79	15.13
Average of Days Received for Paid Leave (days)	12.5	13.7	11.9	14.0	14.6

● Systems Balancing Childcare, Family Care and Treatment

List of Systems

System	Summary
Systems Related to Childcare (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 six weeks (14 weeks in the case of multiple birth) are given to mothers.
Systems Related to Childcare (After Birth)	<ul style="list-style-type: none"> ● Childcare Leave Childcare leave can be taken until the day before the child's first birthday (up to the day before child's second birthday for special reasons). ● Childcare Leave for Fathers After Childbirth A maximum of four weeks may be taken within eight weeks of a child's birth. ● 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. If there are special reasons, working hours can be shortened to four and a half hours at the shortest. ● Sick/Injured Childcare Leave Up to five days (ten days if there are more than two children who are under fourth grade) can be taken.
Systems Related to Childcare (Others)	<ul style="list-style-type: none"> ● Childbirth Attendance One day as a special paid leave ● Restrictions on Overtime and Night Labor A maximum of four weeks may be taken within eight weeks of the child's birth. ● Staggered Work Hours With the approval of the head of the department, work hours may be staggered within one hour before or after regular work hours until the employee's child reaches the fourth grade.
Systems Related to Family Care	<ul style="list-style-type: none"> ● Caregiver Leave (Long term) Up to 93 days can be taken. ● Caregiver Leave (Short term) Up to five days (ten days if there are more than two people who needs family care) can be taken. ● Working Time Options Up to two hours of shortage per day can be requested from the prescribed working hours for a maximum of three years. If there are special reasons, working hours can be shortened to four and a half hours at the shortest. ● Restrictions on Overtime and Night Labor ● Staggered Work Hours With the approval of the head of the department, work hours may be staggered within one hour before or after regular work hours.
Health and Employment Supporting System	In order to support balancing continuous injuries or illness treatment and employment, we provide adjustment of work days, working time options, commuting relaxation and such.

● Establishment of a Day-care Center

We provide a day-care center in Gamagori City for employees to return to work without anxiety.

Inside the day-care center



● Childcare Leave for Male Employees

Ahead of the enforcement of the Japan's revised Act on Childcare Leave/Caregiver Leave on April 1, 2022, we are promoting the use of childcare leave by male employees. The utilization rate is increasing each year. The return-to-work rate from childcare leave for both male and female employees is 100%.

Parental Leave Acquisition Rate

Fiscal year	2018	2019	2020	2021	2022
Acquisition rate of female employees (%)	100	100	100	100	100
Acquisition rate of male employees (%)	25	43	24	49	65

● Next Generation Certification

In June 2020, we have achieved 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.



● Employment of Persons with Disabilities

As of March 2022, the employment rate of persons with disabilities was 2.3%, maintaining the same rate as the statutory employment rate.

● Promotion of Reemployment

We implement a contract reemployment system that, in principle, rehires all employees who wish to continue working after NIDEK's retirement age of 60. We are working to create an environment in which employees can continue to utilize the abilities they have developed and work with a high level of motivation even after they reach retirement age.

● Resource Conservation through Promoting DX

To improve value-added labor productivity by 30% compared to fiscal year 2019, we have launched the Business Reform Promotion Project and the Digital Documentation Project, promoting initiatives to increase productivity. For fiscal year 2022, every project has been analyzed to identify existing problems and determine the optimal approach for the project. Furthermore, we aim to promote a paperless work environment by utilizing digital technology and evaluating our work-related systems to enhance productivity and flexibility in our work approach.

● Employee Engagement Survey

In June 2022, we conducted an engagement survey for all employees. The data collected from the survey is intended to inspire and motivate employees to excel in their roles and aid in enhancing the overall work environment (*to be monitored regularly).

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 companywide basis. We have regular internal audits and in addition, we work on "quality education" for our employees.

1. <Global standard products>
We provide "vision" to people around the world through products that meet global standards.
2. <Quality assurance from the customer's perspective>
We will assure the quality of our products and services from the customer's perspective.
3. <Providing safety and security and developing human resources>
We will develop human resources to provide products that place the highest priority on safety and security.
4. <Compliance>
In addition to complying with relevant laws and regulations, we will act with high ethical standards and fairness.
5. <Continuous improvement of QMS>
We will maintain and continuously improve the appropriateness and effectiveness of our quality management system.

Approaches to Quality

● Quality Assurance System

Based on the international standard ISO 13485, 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.

● 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.

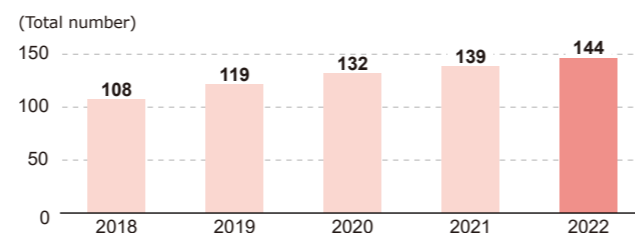
In recent years, QMS review tends to be stricter due to the growing needs for quality and safety for medical devices. We have established internal procedures at each stage of our operations, from design development to after-sales service of products. Also, we are working daily to properly operate and improve our quality management system to enhance compliance rate with regulations and to make them more effective. We continue to provide safe and reliable products to our customers.

● Quality Management Education

We are working on raising awareness to quality in order to gain knowledge that is useful in our operation such as quality management's way of thinking, methodology and problem-solving process. In the relevant departments, employees take the QC KEN TEI (Quality Management and Quality Control Examination)*. A total number of 144 people passed grade 1 to 3 (March 2023).

* QC KEN TEI which is held under the Japanese Standards Association and the Union of Japanese Scientists and Engineers, can objectively evaluate the knowledge about quality control.

Successful Examinees of QC KEN TEI Grade 1 to 3



● Periodic Internal Audit

We conduct internal audits regularly to confirm that our quality management system complies with the laws and regulations of medical devices in each country, that we are operating in accordance with our procedures, and that our quality management system is effective.

Problems detected by internal audits are prevented from reoccurring based on procedures. Corrective actions are planned and implemented to eliminate the cause of the problem. In addition, by repeating the PDCA cycle, we are continuously improving our quality management system.

● Implementation of Quality Control

In order to improve quality in general and mass produce products of particularly high quality, we have developed our own quality control system.

We displayed important indicators such as "complaint rate", "non-conformance rate", and "CAPA (corrective and preventive action)" on the factory electronic display with automatic updates every hour. In addition, traffic signal color-coded indicators (green: normal, yellow: caution, red: warning) have been introduced as monitoring indicators.

● Certification of International Standards of Quality Management

We are certified ISO 9001 and ISO 13485 Medical devices.



ISO 9001

Registration Institution (2023):
TÜV Rheinland Cert GmbH
Registration Number (2023)
01 100 107201



ISO 13485

Registration Institution (2023):
DEKRA Certification B.V.
Registration Number (2023)
4202064

● System for Enhancing Customer Satisfaction

In order to measure customer loyalty, we introduced the Net Promoter Score (NPS) system. NPS is a numerical value based on a customer questionnaire survey that shows how much attachment and trust the customer has to a company or brand. Going forward, we will utilize this information in the evaluation and improvement of customer experience at the corporate customer contact points.

● In-house production of UDI Labels

"The Unique Device Identification (UDI) system" is designed to ensure the traceability of medical instruments by attaching a barcode to each product so that they can be individually identified. UDI regulations are being enforced internationally, requiring medical instruments and such to have barcodes attached. In order to start in-house production of UDI labels from fiscal year 2022, we established the system in July 2021 and began operation in May 2022.

● Customer Support and Service Support

We have a system for customer support by the product and the areas of customers' in order to respond to customers inside and outside the country.

● Effort to Obtain National Technical Certificates

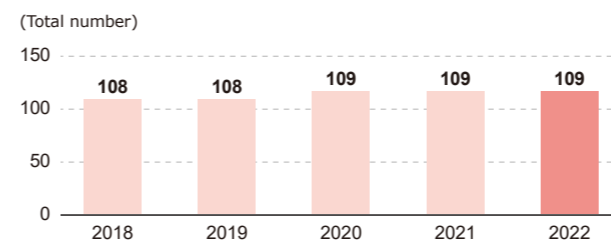
In order to develop human resources who are responsible for manufacturing, we actively support the acquisition of trade skill tests for "Electronic Equipment Assembling**" and "Optical Instruments Manufacturing***", which are designed to help employees at production sites acquire practical skills and knowledge. We are focusing on the development of human resources in manufacturing by holding voluntary in-house study meeting, during which employees who have passed the tests in the past serve as instructors.



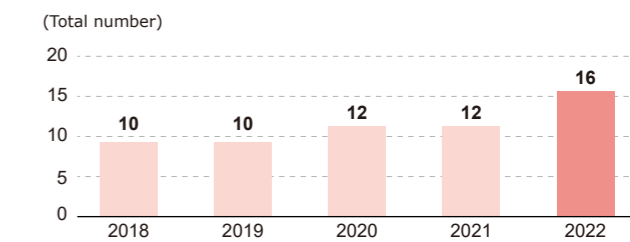
** Academic and practical tests for assembling electronic equipment conducted by the Prefectural Vocational Ability Development Association.

*** Academic and practical tests for manufacturing optical equipment conducted by the Prefectural Vocational Ability Development Association.

Trade skill tests for Electronic Equipment Assembling
Total number of successful applicants (Expert to 2nd Grade)



Trade skill tests for Optical Instruments Manufacturing
Total number of successful applicants (1st Grade)



● Practical Skills Guidance by Monozukuri Meisters

The "Monozukuri Meister scheme" is a scheme designed to effectively pass on skills and train successors. Under the scheme, "Monozukuri Meisters," who have excellent skills and experience in manufacturing, provide practical skills guidance and promote the attractiveness of manufacturing at small and medium enterprises and schools. We have two "Monozukuri Meisters" who teach the assembly of electronic devices at high schools and small and medium-sized companies in Aichi Prefecture.

In fiscal year 2022, we provided practical skills guidance at one high school in Aichi Prefecture in June and December.

● Forwarding Iconization in User Interface (UI) Design

We aim to develop user-friendly products by standardizing the UI of our products so that users of our products can quickly find information.

In fiscal year 2022, we released screen UI design guidelines, and from June 2022 onwards, we have adopted these guidelines for products that have been approved by the product planning meetings.

Light mode



Dark mode



Sample of Screen
The design utilizes icons so that actions and content can be intuitively understood by users.

Guideline for Procurement

In order to continue to be a company that is trusted by society based on the Charter of Corporate Behavior, we aim to build a good relationship with all stakeholders connected to our company. In our procurement activities, we will promote the establishment and maintenance of fair and appropriate relationships with our business partners.

1. Fair and Equitable Transaction

We will always strive to enhance communication with our business partners and conduct fair and equitable procurement activities.

2. Compliance with Laws and Regulations

We will comply with the laws, regulations, and other social norms of the countries and regions where our business partners operate, and strive to build relationships of trust with our business partners. In addition, we will appropriately protect and manage the information of our business partners obtained through our procurement activities.

3. Environmental Conservation and Protection

In accordance with our "Environmental Policy", we will strive for green procurement that considers environmental conservation, such as procuring parts and materials as minimal environmental impact as possible.

4. Promotion of CSR Procurement

We will strive to promote CSR activities together with our business partners to realize a sustainable society. We will seek the understanding and cooperation of our business partners based on "the Supply Chain CSR Procurement Promotion Guidebook."

Supply Chain Management

● Briefing Session

In every January, we hold a presentation for "Optica," the group of companies that manufacture and supply the parts used in our products. The purpose of this presentation is to clarify our current situation, present our future plans and policies, align our vectors, and deepen our understanding and cooperation in production activities.

We are always appreciative of the cooperation the Optica companies have provided to take measures to improve the quality of our products.



Remote briefing session in fiscal year 2022

● Supply Chain CSR Procurement Promotion Guidebook

CSR activities, which are the social responsibility of a company, began with environmental issues and have expanded to include human rights issues and information security. Interest in CSR activities is increasing year by year. We created the Supply Chain CSR Procurement Promotion Guidebook to promote a common understanding throughout our supply chain.

● Expansion of Service Areas

In order to establish new distributors in untapped markets, we entered the African market in fiscal year 2022. We will continue to expand the number of distributors and consider ways to provide services to more people in more regions.

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 fiscal year 2022.

● Donation to the Japan Braille Library

Donation to the Japan Braille Library is becoming periodically. In fiscal year 2022, the donation was used to make a book for people with visual disability and as operating funds for the library.



Completed audiobook and its original (Photo provided by the Japan Braille Library)

● Collecting Eco-Caps

Since 2009, we have been rolling out the "Eco Cap Movement" to exchange collected plastic bottle caps for vaccines. In fiscal year 2022, 201,419 caps (about 234 vaccines) were collected throughout the company.

● Collecting and Donating Used Stamps

We have collected 1.9kg of old stamps in fiscal year 2022, and donated them to the General Support Center for the Visually Handicapped.

● Cooperation in Gamagori City activities

In Gamagori City, Kururin loop bus is in operation in each district of the city to eliminate public transportation deserts. We have been supporting this activity since 2019.



Photo of Otsuka area Kururin loop bus (community bus)

● Lectures for Elementary and Middle Schools

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

In fiscal year 2022, in addition to in-person lectures, we have begun full-fledged online lectures. We delivered lectures to approximately 13,321 students and their parents at a total of 65 elementary and junior high schools in and outside Aichi prefecture.

Furthermore, we created an English-language video as a first step to expand and disseminate these lectures not only in Japan but also overseas. We plan to post the video on our global website during fiscal year 2023. We will place continued emphasis on the significance of eyes and eye examinations.



Lecture for students

Number of lectures delivered in the last 5 years

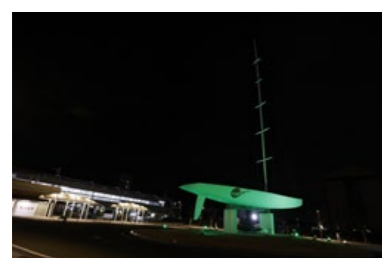
Fiscal year	2018	2019	2020	2021	2022
Number of schools	23	22	13	59	65

● Sponsorship to Light-Up in Green Movement

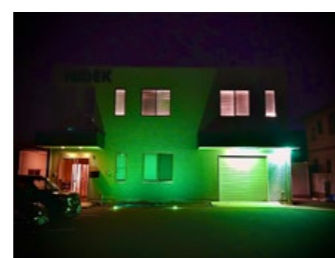
We sponsor the "Light up in Green" movement held by the Japan Glaucoma Society during World Glaucoma Week.* Light Up in Green is an event to raise awareness of Glaucoma by lighting up famous landmarks in green.

In fiscal year 2022, we lighted up the yacht which competed in America's Cup, "Nippon Challenge" in green, the symbolic color of glaucoma, at the south entrance of Gamagori Station in cooperation with Gamagori City from March 12 to 18, 2023. In addition, the headquarters Hiroishi plant, Sendai, Kanazawa and Hiroshima branch offices also lighted up in the same manner.

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



The yacht "Nippon Challenge" lighted up



Hiroishi plant, Kanazawa and Sendai branch offices lighted up

● Started Consultations with Local Governments to Realize "Eye-friendly Urban Planning"

From January 2023, we started discussions with local governments, including Gamagori City Hall, toward the realization of an eye-friendly urban planning, eye care town GAMAGORI.

We will continue to consider cooperation so that we can carry out various initiatives, including educational activities for Gamagori citizens.

● 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 five plants in Gamagori district.

We are cleaning the area around five plants in the Gamagori district.



● Dissemination and Promotion of Eye Frailty Domestically and Internationally

"Eye Frailty" is defined as "a condition in which the eyesight has deteriorated with age, and the function of the eyes has deteriorated due to the addition of various external stresses, or a condition at which the risk of such deterioration is high" **.

The eyeball deteriorates structurally and functionally in various ways with aging. It is said that if some kind of stress is added to that state, visual function impairment will occur. Early detection enables appropriate prevention and treatment, delaying progression and alleviating symptoms.

In fiscal year 2022, we held external training sessions and provided information about eye frailty to mass media reporters, with the aim of raising awareness of eye frailty.

We also exhibited Eye Frail posters at Japan Society of Health Evaluation and Promotion to raise awareness.

**From the official website of Japan Ophthalmology Enlightenment Conference Eye Frailty Enlightenment (<https://www.eye-frail.jp/>)

● Examination of Eye Fatigue Countermeasure Service "Eye Digital Supplement"

We develop apps that aim to enhance performance by reducing eye strain. We will proceed with development so that we can visualize the condition of our eyes and body on a daily basis and propose services that support health promotion.

● Research and Development of Artificial Retina System

We have been working on the research and development of visual prosthesis since 2001. We aim to create an implantable medical device that reconstructs vision by recognizing multiple light points created by electrical stimulation of retinal neurons in the visual system of blind people. We are working on research and development so that we can deliver the joy of vision as soon as possible.

WEB https://www.nidek-intl.com/aboutus/artificial_sight/about_artificial_sight/

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.

Major Regulations and Handbooks Concerned to Compliance

Compliance Manual

In accordance with the "NIDEK Corporate Behavior Charter," we explain the purpose of each action guideline and what we should follow.

Rules for Handling Health Information and Others

A basic policy regarding the handling of information on as to the physical and mental conditions of our employees.

European Personal Information Protection Regulations

A basic policy regarding the protection of personal information in the course of our business activities in the European Economic Area.

NIDEK Privacy Policy

WEB https://www.nidek-intl.com/information/privacy_policy.html

Guideline for Transparency (Japanese)

WEB <https://www.nidek.co.jp/csr/transparency.html>

Guideline for Public Research Funding (Japanese)

WEB https://www.nidek.co.jp/csr/public_research_spending.html

Procurement Guideline (Japanese)

WEB https://www.nidek.co.jp/csr/procurement_policy.html

Compliance Promotion

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 the compliance counseling desk

Conduct Policy of our Employees

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 NIDEK Corporate Conduct Charter, the compliance test (checklist), whistle-blowing desk information and such are described.

Compliance Education

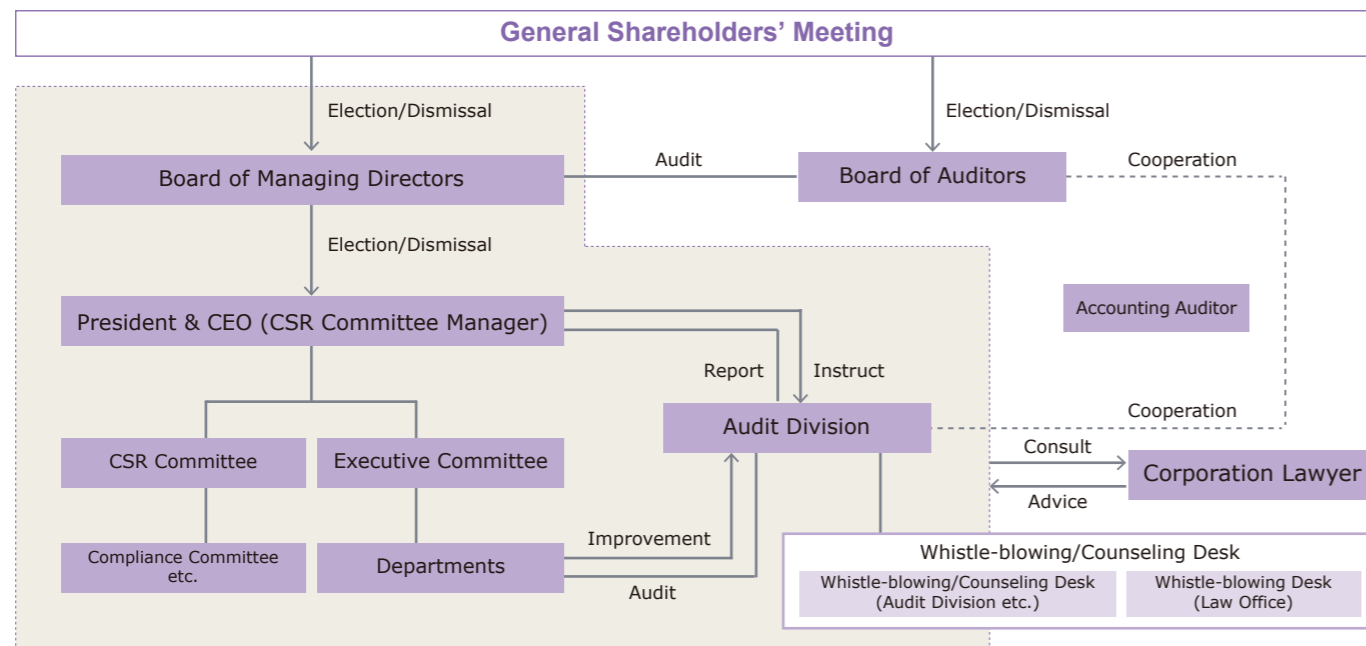
We focus on compliance education for our employees and provide regular training programs by job classifications and job categories according to the annual agenda established at the beginning of the fiscal year. We set common themes in each year and provide opportunities to discuss in each workplace in order to improve the awareness and call out attention toward compliance.

Educations and Trainings in 2022

Eligible Participants	Educations and Trainings
Managers	<ul style="list-style-type: none"> • Compliance Training (e-Learning) • Labor Management Education
Employees of Sales Departments	<ul style="list-style-type: none"> • Compliance Training for sales persons (Domestic/International) (e-Learning)
Employees of Development Departments	<ul style="list-style-type: none"> • Research Ethics Education
Newly Entered Employees	<ul style="list-style-type: none"> • Compliance Training

Corporate Governance System

We have established a highly objective and transparent governance system, such as setting up a whistle-blowing desk outside the company along with a whistle-blowing/counseling desk inside the company.



Compliance Survey for Employees

Continuing from fiscal year 2021, we conducted a compliance survey for all employees to understand the status of their awareness of safety, regulatory, and other policies in October 2022. We will continue the survey in the future to further raise their awareness.

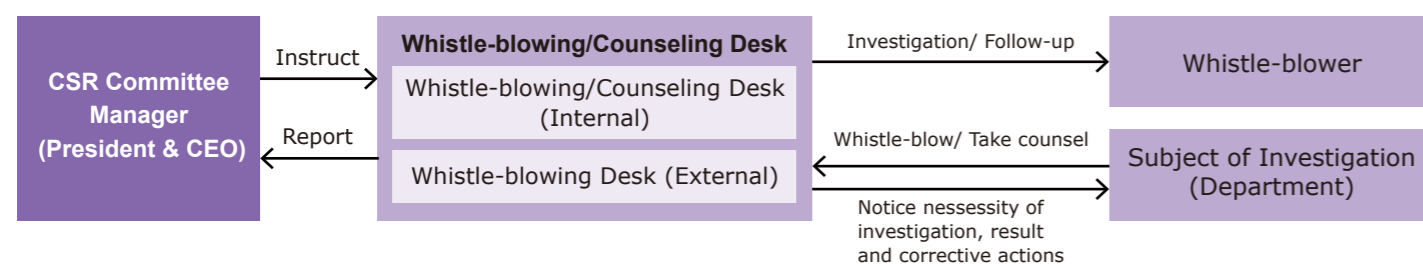
Whistle-blowing System

Whistle-blowing and Counseling System

We have an external whistle-blowing desk along with an internal whistle-blowing/counseling desk which are promoted to our employees. This system is aimed to provide early detection and correction of fraudulent acts and to ensure the enhancement of regulatory (safety) compliance.

Additionally, to prevent any unfair retaliation against the employee who reported or took counsel, we have company regulations to protect the whistle blower.

Whistle-blowing System Flow



Global System for Whistle-blowing

In 2020, we established a whistle-blowing contact point for employees at our Chinese subsidiary with a lawyer's office in Japan. In 2021, we made an external contact point through which external lawyers receive reports in France and Italy. In September 2022, we expanded this to our overseas subsidiary in the United States. We will continue to inform and educate employees of local subsidiaries, aiming for continuous operation.

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.

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. In addition, in the United States and France, we have made information regarding payments to medical institutions public in accordance to local laws.

Basic Policy on Prevention of Improper Use 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.

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, managers) 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.

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.

Information Security

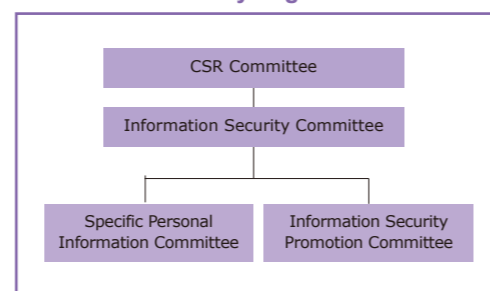
We believe that it is essential to achieve and maintain a high level of information security to protect our customers' and business partners' information. As a comprehensive measure of information security, we have established the Information Security Management System and have made efforts to protect our information assets from any threats.

● Information Security System

We have the Information Security Committee to maintain and strengthen information security. The committee decides company-wide information security policies such as data breach crisis management.

The committee consists of two subcommittees; the Specific Personal Information Committee and the Information Security Promotion Committee. The Specific Personal Information Committee creates internal rules for proper handling of Social Security and Tax Numbers, develops and repairs systems that support them, considers management measures for specific personal information and conducts in-house trainings and educations. The Information Security Promotion Committee perform substantive maintenance and management of information security such as preparing, revising and deliberation of discarding documents related to Information Security Management System (ISMS).

Information Security Organization Chart



● Information Security Education

We have been training our employees to improve consciousness to information security on a regular basis. In fiscal year 2022, we conducted e-learning education for all employees (including officers, advisors, and employees stationed overseas) with the theme of cyber security and the importance/ risk of information assets. we are working to ensure proper handling of information assets and improve information literacy.

● Response to Risk of Data Breach from information equipment

To deal with risk of data breach, we restrict data export to media, manage data storage device take-out log and record PC log.

Restricting data export: We restrict data export to USB flash drives, SD cards and such. To devices that are needed in work, we limit its function and keep its use at a minimum.

Managing data storage device take-out: When employees take PC's and smartphones out of the office, they need permission of thier manager. In addition, we take inventory of external storage device once a month.

Recording PC logs: We record and manage operation logs of in-house PCs in order to prevent data breach and to use the logs for follow-up investigations in case of accidents.

In addition, we have established rules for data breach accidents/incidents and have built a system to keep the damage at a minimum. In fiscal year 2022, we created a database for accident reports to deal with accidents more smoothly.

● Information Security Management System Certification of Registration

We have received the external surveillance audit for the Information Security Management System of the department's handling information assets. Our Information Security Management System was recertified in December 2022 to satisfy and maintain the requirements of ISO/IEC 27001: 2013 and JIS Q 27001: 2014.

We will continue to strengthen our internal information security measures and work to maintain our certification registration.



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

Registration Institution (2023)
British Standards Institution

Registration Number (2023)
IS 580917

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

Intellectual Property

● History of Our Intellectual Property Department

From 1995 to about 2005, we were under U.S. patent litigation related to business survival, during which we won 11 consecutive victories.

Since then, our employees have gained respect for intellectual property (IP). From 2006 to 2016, based on the experience of the U.S. litigation, we strengthened our system for rights acquisition and clearance activities, responded to the proceedings to revoke the trial decision with in-house human resources, and won the case. From 2017 to 2021, with the medium-term vision of "conversion from managing type IP to planning type IP (conversion to proposal type organization)", we strongly promoted aggressive IP activities represented by the IP landscape, and have promoted both conventional rights acquisition and clearance activities.

● Purpose and Mission of Our Intellectual Property Department

NIDEK has placed great importance on the three "アイ's" (pronounced ái) which are strong will (kigai), differentiations (chigai) and global (sekai), as our corporate policy. Achieving what others cannot do or are not working on leads to differentiation from our competitors. Our Intellectual Property Department creates and protects IP that leads to differences and protects the value of our unique products while respecting the IP of other companies. In addition, we will actively utilize IP landscapes, propose strategies for management and business divisions that lead to "difference" and foster a culture of innovation by preparing IP training programs to developers.

● Intellectual Property Promotion System

By using in-house production of patent specifications as a base, we have established four teams.

The IP Rights Acquisition Team mainly performs rights acquisition work, such as drafting specifications and responding to intermediate processes.

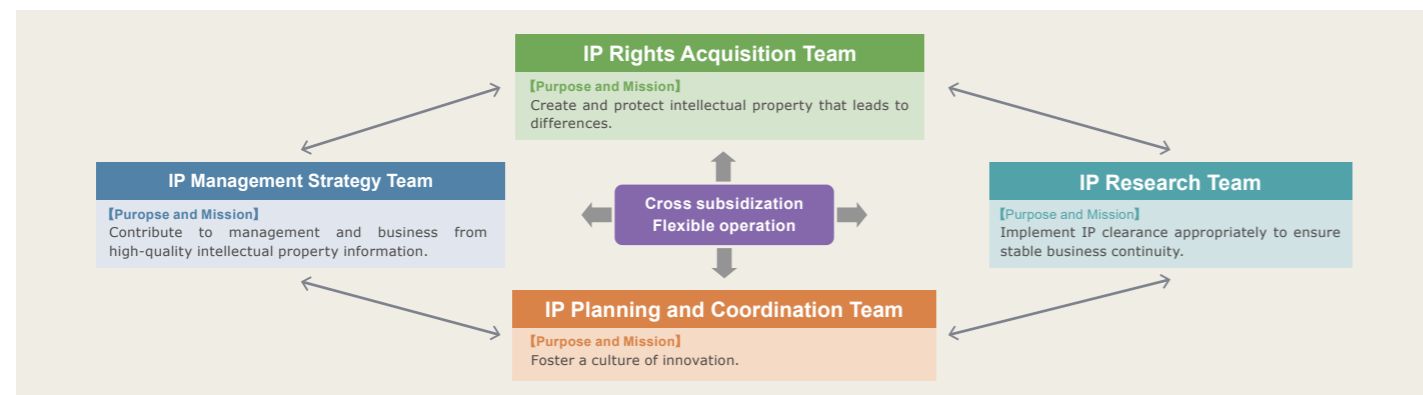
The IP Management Strategy Team formulates IP strategies and provides IP information to management and business divisions by conducting IP landscapes, and performs other tasks related to management strategies.

The IP Research Team conducts patent search-related activities, such as patent searches and the operation of search tools.

The IP Planning and Coordination Team performs IP management and various planning-related tasks, such as

managing IP-related deadlines and budgets, and planning training programs for human resource development. Each team has set its purpose and mission for its existence and aims to enhance its expertise. Based on the skills developed through in-house production, each team has established a system to complement each other's work and fluidly perform their tasks.

Intellectual Property (IP) Matrix System



Intellectual Property Activities

To contribute to the improvement of our business value, we engage in unique activities that aim to maximize the value of intellectual property.

● **In-house Patent Specification**

To create high-value patents, many of the specifications are written in-house. Producing specifications and intermediate processing in-house improves our skills to create and interpret patent claims at the same level as external patent offices and our ability to determine the value of patents which makes us able to create high-value patents.

● **Intellectual Property Circulation System**

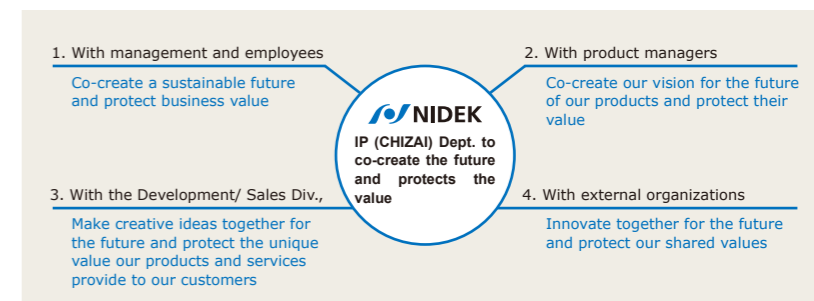
We have established and are implementing the IP Circulation System that circulates a series of processes, such as acquiring various types of information—(1) marketing information, (2) information on other companies' applications, and (3) information on our own applications—conducting IP landscape based on various types of information— (4) IP landscape—providing proposals and information based on IP landscape results to the management and business units, and receiving feedback on proposals and information provided. By implementing an intellectual property circulation system, we are promoting the provision of more accurate proposals and information from the intellectual property department to management and business departments.

● **Intellectual Property Management Sheet**

At the beginning of each term, we formulate an intellectual property activity policy according to the situation and strategy of the business division. Then, we create materials that summarize the formulated intellectual property activity policies and share them with management and business divisions. We aim to maximize the value of intellectual assets by sharing this sheet and holding discussions with management and business divisions. When creating an intellectual property management sheet, we set the ideal state of intellectual property activities in each department based on the results of the IP landscape, and use backcasting to set intellectual property activity policies such as application strategies and rights renewal strategies, make the main point clear and summarize them.

● **Medium-term IP strategy (2022-2026)**

We have formulated a company-wide medium-term IP strategy in line with our medium-term management plan (five-year plan) and implemented the strategy after approval by management. In fiscal year 2022, we introduced a new medium-term IP strategy. The first main point is to utilize IP in management decision-making while aiming for the IP Dept. to become an advisor supporting management, performing the role of the strategic planning department. The second is for the IP Dept. to be actively involved in activities to provide our unique value to customers as we solve their problems and take a marketing perspective to understand what our customers really need. With the vision of the "IP (CHIZAI) Dept. to co-create the future and protects the value," we will co-create the future with internal and external organizations through proactive IP activities and protect the value created through co-creation by defensive IP activities.



● **Patent Application Information**

Based on our intellectual property activity policy, we actively file not only domestic patent applications, but also overseas patent applications to ensure global competitiveness. In the fiscal year 2022, we filed 91 new domestic patent applications and 49 new overseas patent applications. In 2023, by region, the percentages of patents held were 53.5% in Japan, 14.2% in the United States, 22.0% in Europe, 9.0% in Asia, and 1.2% in other regions. We are also promoting patent applications for technologies to reduce the burden on the environment, such as "technology for environment-friendly products such as lens processing machines and unique dyeing systems".

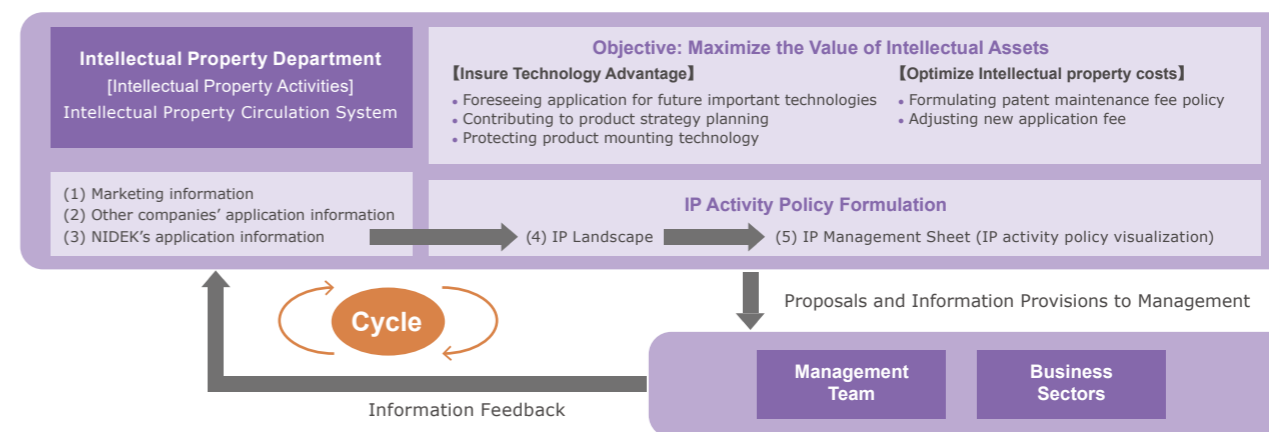
● **Intellectual Property Achievement Awards**

For the "Intellectual Property Achievement Awards" conducted by the Ministry of Economy, Trade and Industry and the Japan Patent Office in 2023, we received the "Commissioner of the Japan Patent Office Commendation" as a respected company that utilizes the IP rights system. They highly regarded our IP activities, including the new medium-term IP strategy, IP management sheet, IP circulation system, and in-house patent specification. It is the second time we have received this award, following the "Minister of Economy, Trade and Industry Commendation" in 2004.



The "Intellectual Property Achievement Award" ceremony in 2023

Conceptual Diagram of IP Circulation System



GRI Standards Content Index

NIDEK CO., LTD. reports the information described in this GRI Content Index for the period [April 1, 2022 to March 31, 2023] with reference to the GRI Standards.

"NIDEK Corporate Report 2023" refers to the "GRI Sustainability Reporting Standards" .

GRI Standards	Requirements	References
GRI 102: General Disclosures		
Organizational profile		
102-1	Name of the organization	p.3 About NIDEK
102-2	Activities, brands, products, and services	p.3 About NIDEK
102-3	Location of headquarters	p.3 About NIDEK
102-4	Location of operations	p.3 About NIDEK
102-5	Ownership and legal form	p.3 About NIDEK
102-6	Markets served	—
102-7	Scale of the organization	p.3 About NIDEK
102-8	Information on employees and other workers	—
102-9	Supply chain	p.27 Supply Chain Management
102-10	Significant changes to the organization and its supply chain	—
102-11	Precautionary Principle or approach	p.13 Eco-Friendly Products
102-12	External initiatives	p.25 Quality Management System
102-13	Membership of associations	—
Strategy		
102-14	Statement from senior decision-maker	p.5 Message from our CEO
102-15	Key impacts, risks, and opportunities	p.5 Message from our CEO
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	p.7 NIDEK Corporate Conduct Charter
102-17	Mechanisms for advice and concerns about ethics	p.33 Whistle-blowing System p.34 Basic Policy on Prevention of Improper Use of Public Research Funds

GRI Standards	Requirements	References
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102-18	Governance structure	p.31 Corporate Governance System
102-19	Delegating authority	p.31 Corporate Governance System
102-20	Executive-level responsibility for economic, environmental, and social topics	p.31 Corporate Governance System
102-21	Consulting stakeholders on economic, environmental, and social topics	—
102-22	Composition of the highest governance body and its committees	p.31 Corporate Governance System
102-23	Chair of the highest governance body	p.31 Corporate Governance System
102-24	Nominating and selecting the highest governance body	p.31 Corporate Governance System
102-25	Conflicts of interest	—
102-26	Role of highest governance body in setting purpose, values, and strategy	—
102-27	Collective knowledge of highest governance body	—
102-28	Evaluating the highest governance body's performance	—
102-29	Identifying and managing economic, environmental, and social impacts	—
102-30	Effectiveness of risk management processes	—
102-31	Review of economic, environmental, and social topics	—
102-32	Highest governance body's role in sustainability reporting	—
102-33	Communicating critical concerns	—
102-34	Nature and total number of critical concerns	—
102-35	Remuneration policies	—
102-36	Process for determining remuneration	—
102-37	Stakeholders' involvement in remuneration	—
102-38	Annual total compensation ratio	—
102-39	Percentage increase in annual total compensation ratio	—
Stakeholder engagement		
102-40	List of stakeholder groups	p.8 Stakeholder Engagement
102-41	Collective bargaining agreements	—
102-42	Identifying and selecting stakeholders	p.8 Stakeholder Engagement
102-43	Approach to stakeholder engagement	p.8 Stakeholder Engagement
102-44	Key topics and concerns raised	p.8 Stakeholder Engagement
Reporting practice		
102-45	Entities included in the consolidated financial statements	—
102-46	Defining report content and topic boundaries	—

GRI Standards	Requirements	References
102-47	List of material topics	—
102-48	Restatements of information	—
102-49	Changes in reporting	—
102-50	Reporting period	p.2 Profile
102-51	Date of most recent report	p.2 Profile
102-52	Reporting cycle	p.2 Profile
102-53	Contact point for questions regarding the report	p.2 Profile
102-54	Claims of reporting in accordance with the GRI Standards	—
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	—
GRI 103: Management Approach		
103-1	Explanation of the material topic and its boundary	—
103-2	The management approach and its components	p.11 Environmental Policy p.12 Environmental Management System p.13 Eco-Friendly Products p.17 Safety p.19 Personnel System p.19 Training and Education Systems p.21 Utilization of Diverse Human Resources p.24 Quality Policy p.33 Fair Business Practices p.34 Basic Policy on Prevention of Improper Use of Public Research Funds p.35 Information Security
103-3	Evaluation of the management approach	p.33 Fair Business Practices
GRI 201: Economic Performance		
201-1	Direct economic value generated and distributed	p.12 Environmental Accounting
201-2	Financial implications and other risks and opportunities due to climate change	p.12 Environmental Accounting
201-3	Defined benefit plan obligations and other retirement plans	—
201-4	Financial assistance received from government	—
GRI 202: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
202-2	Proportion of senior management hired from the local community	—

GRI Standards	Requirements	References
GRI 203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	p.28 Social Contribution Activities
203-2	Significant indirect economic impacts	—
GRI 204: Procurement Practices		
204-1	Proportion of spending on local suppliers	p.28 Social Contribution Activities
GRI 205: Anti-corruption		
205-1	Operations assessed for risks related to corruption	p.33 Prevention of Corruption and Bribery
205-2	Communication and training about anti-corruption policies and procedures	p.32 Compliance education p.33 Prevention of Corruption and Bribery p.34 Prohibition of Bribery, Inappropriate Gifts or Such and Conflict of Interest Transactions
205-3	Confirmed incidents of corruption and actions taken	—
GRI 206: Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	—
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207-1	Approach to tax	—
207-2	Tax governance, control, and risk management	—
207-3	Stakeholder engagement and management of concerns related to tax	—
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302-3	Energy intensity	pp.14-15 Actions on Climate Change
302-4	Reduction of energy consumption	pp.14-15 Actions on Climate Change

GRI Standards	Requirements	References
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GRI 304: Biodiversity		
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304-2	Significant impacts of activities, products, and services on biodiversity	—
304-3	Habitats protected or restored	—
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
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305-2	Energy indirect (Scope 2) GHG emissions	—
305-3	Other indirect (Scope 3) GHG emissions	—
305-4	GHG emissions intensity	p.13 Eco-Friendly Products
305-5	Reduction of GHG emissions	—
305-6	Emissions of ozone-depleting substances (ODS)	—
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—
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306-2	Management of significant waste-related impacts	—
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GRI 308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	—

GRI Standards	Requirements	References
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	pp.21-23 Utilization of Diverse Human Resources
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403-3	Occupational health services	pp.17-18 Safety Management Policy
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403-5	Worker training on occupational health and safety	pp.17-18 Safety Management Policy
403-6	Promotion of worker health	pp.18-19 Health Activities
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405-2	Ratio of basic salary and remuneration of women to men	—

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GRI 407: Freedom of Association and Collective Bargaining		
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412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	p.8 Stakeholder Engagement p.28 Social Contribution Activities
413-2	Operations with significant actual and potential negative impacts on local communities	—
GRI 414: Supplier Social Assessment		
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415-1	Political contributions	—
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GRI Standards	Requirements	References
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417-2	Incidents of non-compliance concerning product and service information and labeling	—
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