Corporate Governance Report

Last Update: December, 20, 2018

Menicon Co., Ltd.
President and CEO: Hidenari Tanaka
Contact: Finance & Investor Relations Dept.
Securities Code: 7780
http://www.menicon.co.jp

The corporate governance of Menicon Co., Ltd. is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

One of our basic policies is to carry out our corporate activities with the aim of being a company that is respected and loved by all stakeholders, including shareholders, investors, customers and employees. To achieve that, we have positioned earning the trust of stakeholders and sound corporate management as important issues and we are working to realize good corporate governance.

1. We shall respect the rights of shareholders and ensure the quality.
2. We shall take into consideration the interests of Stakeholders including shareholders and cooperate the stakeholders appropriately.
3. We shall disclose Company information properly and ensure transparency.
4. The Board of Directors, mainly independent outside directors, shall make the supervisory function effectively with regard to the execution of business from the independent objective standpoint.
5. We shall have constructive dialog with shareholders who have an investment policy that matches the medium- and long-term interests of shareholders.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

(Supplementary Principle 1.2.4 English translations of the convening notices)
We haven't created English translations of the convening notices of general shareholder meeting.
In the future, bearing in mind the number of foreign shareholders, we will take steps for the creation of it.

(Supplementary Principle 3.1.2 Providing English language disclosures)
We disclosed financial result and integrated report in English. In the future, bearing in mind the number of foreign shareholders, we will take steps to disclose other information.

[Disclosure Based on the Principles of the Corporate Governance Code]

(Principle 1.4 Cross-Shareholdings)
Policy on Cross-Shareholdings
We hold shares as cross-shareholdings, only when shareholders are important business partners or there is the reasonable reason and it is determined that holding the shares will increase our corporate value.

Verification of appropriateness of holding shares
We evaluate the fair values of the investments every year, and we dispose holding share if meaning of holding those shares become diluted.

Exercise voting rights policy
We shall exercise its voting rights appropriately after considering proposals from its purpose and the perspective of improving our corporate value.

(Principle 1.7 Related Party Transactions)
We stipulate that the necessity and the validity of any transaction terms must be considered and submitted to the board of directors for approval before beginning related party transactions, or before the beginning of every new fiscal year in the case of continuing preexisting related party transactions. We conduct a questionnaire survey for all executives of the Company and related companies to confirm the existence of related party transactions, and also have a system to monitor any related party transactions.

(Principle 2-6 Roles of Corporate Pension Funds as Asset Owners)
We don't have Corporate Pension Funds.

(Principle 3-1 Full Disclosure)
Our policy is to properly disclose company information and ensure transparency.
（1）Corporate and Management Principles
http://www.menicon.com/corporate/corporate-info/
Regarding management strategies and management plans based on our management principles, we have set up a medium-term business plan called "Vision 2020" as the Company's ideal form for the fiscal year ending March 2021, which includes the goals of increasing net sales to 100 billion yen, improving return on equity (ROE), and enhancing market capitalization.
（2）Corporate Governance Guidelines
http://www.menicon.com/corporate/ir/
（3）Policies and Processes of Compensation for Directors and Executive Officers
Details are contained within this report.
（4）Policies and Processes Concerning the Nomination, Appointment, and Dismissal of Directors and Executive Officers
1. We are a company with a Nomination Committee, etc., and the Nomination Committee determines the content of proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders.
In addition, the Nomination Committee has the authority to formulate proposals on the appointment and dismissal of executive officers and submit them to the board of directors, determine the basic policies necessary for the execution of duties, and to establish or revise operational regulations and procedures, etc.
2. In the appointment, etc., of directors and executive officers, we select from the viewpoint of enhancing the Company's social value and corporate governance, taking into consideration factors such as abilities and experience necessary for each role.
3. The Nomination Committee deliberates on the eligibility of the appointment and dismissal of a director, who is then appointed or dismissed at the general meeting of shareholders after deliberation by the board of directors. The majority of the board of directors shall be composed of outside directors who are independent and neutral.
4. The Nomination Committee deliberates on the eligibility of the appointment and dismissal of an executive officer, who is then appointed or dismissed after deliberation by the board of directors.
5. The Nomination Committee deliberates on the eligibility of the selection of a representative executive officer, and the representative executive officer shall be selected from the executive officers after deliberation by the board of directors. The Nomination Committee also deliberates on dismissals, and implements dismissals after deliberation by the board of directors.
（5）Explanation on Nomination and Appointment When Nominating Directors and Executive Officers
Please refer to "II-1 [Outside Directors] Outside Directors' Relationship with the Company (2)" for information on reasons for the appointment of outside directors.
With respect to the appointment of inside directors and executive officers, we make judgments according to the policy described in (4) above taking into consideration individual work experience and knowledge.
The personal careers of directors and executive officers are disclosed in the annual securities report.

(Supplementary Principle 4.1.1 Scope of delegation to management)
We are a company with a Nomination Committee, etc. Our board of directors delegates the authority to make decisions on business execution matters to executive officers, barring matters which are declared by laws and regulations to be exclusive to the board of directors, to executive officers in order to promote prompt decision making and efficient group management, thereby devoting itself to the supervisory functions of management.

(Principle 4-9 Independence Standards and Qualification for Independent Directors)
We appoint independent outside directors in accordance with the independence standards set forth by financial instruments exchanges.

(Supplementary Principle 4.11.1 Composition of Board)
We are a company with a Nomination Committee, etc. The Nomination Committee determines the content of proposals regarding the appointment of directors to be submitted at the general meeting of shareholders. In addition, the committee has the authority to formulate proposals on the appointment of executive officers and submit them to the board of directors, determine the basic policies necessary for the execution of duties, and establish or revise operational regulations, procedures, etc.
In the appointment, etc., of directors and executive officers, we select from the viewpoint of enhancing the Company's social value and corporate governance, taking into consideration factors such as abilities and experience necessary for each role.

(Supplementary Principle 4.11.2 Concurrent holdings of positions by directors)
We limit the activities of outside directors, who serve concurrently as executives of other listed companies, to a reasonable extent so that they may devote the necessary amount of time and effort in their professional duty to fulfill their roles and responsibilities. The main concurrently held positions of directors are disclosed in documents such as the notice of the general meeting of shareholders and the annual securities report.

(Supplementary Principle 4.11.3 Board Evaluation)
We conduct self-assessments of each director every year. In the current fiscal year, we again surveyed each director regarding the overall effectiveness of the board of directors. As a result of the analysis and evaluation, improvements were seen in the issues we had been engaging and the board of directors was given an assessment that it is generally operating in an effective manner.
Future challenges include diversification of outside directors, and we will continue with our efforts to further ensure the effectiveness of the board of directors.

(Supplementary Principle 4.14.2 Training Policy)
We hold executive study meetings for directors and executive officers as appropriate, and will continue with this practice moving forward.

(Principle 5-1 Policy for Constructive Dialogue with Shareholders)
We have formulated the following basic policy regarding structural enhancement and initiatives aimed to promote constructive dialogue with shareholders.
1. In order to disclose information on management and financial positions in a proactive, fair, and timely manner to all our shareholders and investors, and to promote investor relations activities that contribute to the further enhancement of our corporate value, we have established the Finance & IR Dept. as a structure dedicated to investor relations in the Corporate Strategies & Planning division.
2. We will respond to requests for dialogue from our shareholders and investors, taking into consideration the importance and attributes, among other factors, of their intentions and content.
3. As an effort for non-individualized dialogue, we actively hold briefing sessions for institutional and individual investors in addition to the financial results briefing sessions we hold semiannually.
4. As a tool for constructive dialogue, we set up a website for shareholders and investors where we release information on quarterly financial results and other information related to investor relations.
5. Regarding the management of insider information in our dialogues with our shareholders, we will ensure a strict control on information management through structural enhancement and internal education.
6. Opinions received from our shareholders and investors will be provided as feedback to the executive management and the board of directors.
7. We will strive to grasp our shareholder structure as necessary.

2. Capital Structure

Percentage of Foreign Shareholders	From 10% to less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Toyotomi Co, Ltd.	1,982,000	5.63
The Master Trust Bank of Japan, Ltd.	1,886,900	5.36
Hidenari Tanaka	1,826,000	5.19
Menicon Employee Shareholder Association	1,616,122	4.59
Kazuko Tsukamoto	1,414,000	4.02
Japan Trustee Services Bank, Ltd.	1,118,000	3.17
Mami Co., Ltd.	1,034,000	2.93
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	800,000	2.27
Yasunori Tanaka	682,000	1.93
Junko Tanaka	658,000	1.87

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

-

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section, Nagoya Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Precision Instruments
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From \10 billion to less than \100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

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

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Three Committees (Nomination, Audit and Remuneration)

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Other Director
Number of Directors	10

[Outside Directors]

Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Mondo Katayama	Lawyer											
Hiroshi Okada	Academic											
Kazuhiro Takagi	CPA											
Yoshimi Horinishi	Lawyer											
Hideshi Honda	From another company											
Shingo Watanabe	CPA								△			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Committees	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mondo Katayama	Nomination	○	―	Since the Company became a Company with Three Committees in 2010 (currently, a company with a Nomination Committee, etc.), Mr. Mondo Katayama has held positions such as chairperson of the Nomination Committee and a member of the Remuneration Committee as an outside director. He possesses extensive experience and a high degree of expertise in the overall legal affairs cultivated as an attorney. The Company appoints him as an outside director with an expectation that he provides fair and objective supervision for the Company's management. He meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.
Hiroshi Okada	Nomination / Remuneration	○	―	Since the Company became a Company with Three Committees in 2010 (currently, a company with a Nomination Committee, etc.), Mr. Hiroshi Okada has held positions as a member of the Audit Committee and a member of the Nomination Committee as an outside director. Having a track record of engaging in corporate management of a global manufacturer and a career as a university professor in the past, he possesses extensive experience and a high degree of expertise. The Company appoints him as an outside

				director with an expectation that he provides supervision for the Company's management. He meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.
Kazuhiro Takagi	Audit	○	―	Since the Company became a Company with Three Committees in 2010 (currently, a company with a Nomination Committee, etc.), Mr. Kazuhiro Takagi has held positions as a member of the Audit Committee and chairperson of the Remuneration Committee as an outside director. He possesses extensive experience and a high degree of expertise in accounting and auditing cultivated as a certified public accountant. The Company appoints him as an outside director with an expectation that he provides fair and objective supervision for the Company's management. He meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director. Takagi Certified Public Accountant Office that he serves as the Representative is not a client or supplier company of Menicon.
Yoshimi Horinishi	Remuneration / Audit	○	―	Since 2016, Ms. Yoshimi Horinishi has held positions as a member of the Audit Committee and a member of the Remuneration Committee. As an attorney, she served concurrently as the

				Representative of Horinishi Law Office, a member of the Nagoya Architectural Dispute Resolution Committee, and a Nagoya Summary Court civil mediation officer. She possesses extensive experience and a high degree of expertise in the overall legal affairs cultivated through her career. The Company appoints her as an outside director with an expectation that she provides supervision for the Company's overall management. She meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. She has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director. Horinishi Law Office that she serves as the Representative is not a client or supplier company of Menicon. The name on her family registry is Yoshimi Oyama.
Hideshi Honda	Audit	○	―	Since 2017, Mr. Hideshi Honda has held a position as a member of the Audit Committee as an outside director. As the Deputy President of Eisai Co., Ltd., a global pharmaceutical company, he served as a project manager for Asian businesses outside of Japan. In particular, he has a remarkable track record of achievements for strategic project developments in China. He is well versed in businesses such as medical cosmetics and pharmaceuticals, and has extensive international experience. The Company appoints him as an outside director based on the judgment that he can provide supervision not only for our overseas business but also the Company's overall management.

				He meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director.
Shingo Watanabe	Audit	○	Retired from the Company's independent auditor Ernst & Young ShinNihon LLC (formerly ShinNihon LLC) in June 2017.	Mr. Shingo Watanabe possesses extensive experience and a high degree of expertise in the general finance and accounting cultivated as a certified public accountant, and is also well versed in international accounting. The Company appoints him as an outside director with an expectation that he provides supervision for the Company's overall management as we aim to expand our businesses globally. He meets all requirements for designation as an independent director under the rules of the Tokyo Stock Exchange. He has been judged to pose no risk of giving rise to a conflict of interest with general shareholders and has therefore been designated as an independent director. Shingo Watanabe Certified Public Accountant Office that he serves as the Representative is not a client or supplier company of Menicon.

[Committees]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Nomination Committee	3	1	1	2	Outside Director
Remuneration Committee	3	1	1	2	Inside Director
Audit Committee	6	2	2	4	Inside Director

[Executive Officers (Shikkoyaku)]

Number of Executive Officers (Shikkoyaku)	11

Status of Additional Duties

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Remuneration Committee Member	
Hidenari Tanaka	Yes	Yes	No	No	No
Akinori Oota	No	No	No	No	No
Motonari Watanabe	No	No	No	No	No
Koji Kawaura	No	No	No	No	No
Stephen Donald Newman	No	No	No	No	No
Toshikazu Miura	No	No	No	No	No
Wataru Ito	No	No	No	No	No
Hisashi Moriyama	No	No	No	No	No
Hiroki Shinoda	No	No	No	No	No
Hideki Koga	No	No	No	No	No
Akihisa Sugiyama	No	No	No	No	No

[Auditing Structure]

Appointment of Directors and Staff to Support the Audit Committee	Appointed

Matters Related to the Independence of Such Directors and Staff from Executive Officers (Shikkoyaku)

The Audit Committee is responsible for nominating staff to support the Audit Committee and for giving instructions on operations related to the support for the Audit Committee. The Audit Committee gives direct directions and orders to the supporting staff. In addition, the supporting staff reports the results of their duties and other findings directly to the Audit Committee so as to ensure the independence of the supporting staff and the effectiveness of the directions. Any decision regarding matters such as performance assessment and change in personnel for the supporting staff must be consented to by the chairperson of the Audit Committee.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Department (comprised of six members) has been established as an auditing structure, and conducts audits on our internal divisions and related companies (domestic and overseas) based on a risk-based approach from the perspectives of validity and efficiency of operations. The Audit Department investigates and evaluates on the following matters: whether the accounting records of the company are accurately processed in compliance with laws and regulation and other rules; whether the management and preservation of assets is carried out properly; and whether the business of the company conforms with relevant rules, including laws and regulations and the articles of incorporation, and is reasonably and effectively carried out to achieve management objectives. The results of such investigation and evaluation are reported to the President and CEO and directors (including the Audit Committee).

The Audit Committee audits the business execution of directors and executive officers from the perspectives of legality and validity. The Audit Committee lays down audit policies and audit plans, and regularly receives reports or holds hearings from directors and executive officers on matters regarding execution of their duties. Furthermore, we perform investigations at our primary offices as to whether business processes and asset management are being properly carried out, on top of receiving reports from related companies, and the Audit Committee issues reports on any discoveries. In addition to the above, members of the Audit Committee attend important internal meetings such as those of the Executive Committee, read through meeting materials for the performance review council, audit reports by the internal

audit departments, etc., and if necessary, may give instructions to departments responsible for internal audits regarding matters including the departments subject to audits and priority issues related to auditing.
The Audit Committee receives reports and explanations about audit schedules and results from the Accounting Auditors, and verifies the results of audits of financial statements based on the information they provide. They also receive reports and explanations on the quality control structure in place for Accounting Auditors.
Furthermore, the "three-pronged audit liaison meeting," composed of members from the Audit Department, the Audit Committee, and the Accounting Auditors, is convened quarterly to improve auditing functions.

[Independent Directors]

Number of Independent Directors	6

Matters relating to Independent Directors

We designate all outside directors that satisfy the requirement of independent directors as independent directors.

[Incentives]

Incentive Policies for Directors and/or Executive Officers (Shikkoyaku)	Performance-linked Remuneration / Stock Options

Supplementary Explanation

As basic compensations, yearly compensation amounts are derived from the designated duties and consolidated performance results. Consolidated performance results are reflected more greatly for compensations for executive officers.

Recipients of Stock Options	Inside Directors / Outside Directors / Executive Officers (Shikkoyaku) / Subsidiaries' Directors / Subsidiaries' Employee / Other

Supplementary Explanation

We have implemented a share remuneration-type stock option scheme as an incentive for recipients to share awareness for profit with the shareholders and to strongly motivate them in continuingly working to improve business performance from a mid- to long-term perspective. The "other" recipients stated above refers to parties who were directors of the Company or related companies in the past.

[Remuneration for Directors and Executive Officers (Shikkoyaku)]

Disclosure of Individual Directors' Remuneration	Selected Directors
Disclosure of Individual Executive Officers' (Shikkoyaku) Remuneration	Selected Directors

Supplementary Explanation

Remuneration for Directors and Executive Officers (Shikkoyaku) for the Year ended March 31, 2018 (April 1, 2017-March 31, 2018)
1. Total amount of remuneration by category of Directors and Executive Officers; and the number of relevant directors and executive officers.
Total amount of remuneration paid to the Inside Directors (4 Directors): JPY 67 million
Total amount of remuneration paid to the Executive Officers (13 Executive Officers): JPY 415 million
Total amount of remuneration paid to the Outside Directors (7 Outside Directors): JPY 34 million
(Notes) At the end of the fiscal year under review, there were 9 Directors (include 5 Outside Directors) and 13 Executive Officers. One of the Director served concurrently as Executive Officers.
2. Total amount of remuneration for the CEO and Executive Officers whose total amount of remuneration exceeds 100 million yen.
President and CEO, Hidenari Tanaka: JPY 123 million

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

We have established policies regarding the determination of compensation amounts, etc. for executives. Contents of the policies ensure to maintain rationality and transparency in deciding compensations for directors and executive officers of the Company as well as to provide strong motivation for directors and executive officers by reflecting the results of their efforts to improve corporate value.

Compensations are determined by the Remuneration Committee based on an appropriate level and by taking into consideration factors such as the business environment, performance, and levels set by other companies.

Compensations consist of (a) basic compensations and (b) share remuneration-type stock options. (a) As basic compensations, yearly compensation amounts are derived from the designated duties and consolidated performance results. Consolidated performance results are reflected more greatly for compensations for executive officers. (b) A share remuneration-type stock option scheme has been implemented as an incentive for recipients to share awareness for profit with the shareholders and to strongly motivate them in continuingly working to improve business performance from a mid- to long-term perspective.

In the processes to determine above compensations, detailed rules regarding executives' compensations are established and operational procedures and standards are clarified.

[Supporting System for Outside Directors]

The Corporate Planning & Controlling Dept. and the Audit Department serve as contact points for outside directors, and in addition, administrative offices are placed in each of the three committees to support the committees' duties. The outside directors primarily perform supervisory duties by attending meetings of the board of directors, but they also serve to ensure effective supervision by receiving reports from the executive officers on the execution of their duties. In particular, the outside directors who compose the Audit Committee share audit information by communicating and consulting with Accounting Auditors and the Audit Department as needed.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

Menicon has a Nomination Committee, as required by corporate law, and the company's governance structure is made up of 10 directors (among whom six are outside directors) and 11 executive officers (including one who is also a director). Outside directors provide advice, to accompany the management and supervision performed by executive officers, from an objective, big-picture point of view that aims at increasing the value of the company. As a mechanism for the administration of business matters and the monitoring of management, the board of directors — composed of directors appointed at a general meeting of shareholders — makes important corporate decisions and supervises the executive officers. The board of directors also names executive officers. Through the authority of these executive officers that is strengthened with each matter placed under their charge, swift, effective execution of business is achieved.

The majority of directors on committees (the Nomination Committee, the Remuneration Committee and the Audit Committee) are outside directors. As for the roles of each committee, the Nomination Committee decides the director candidates to submit at the next general meeting of shareholders, the Audit Committee inspects the compliance and suitability of the performance of their duties of the directors and executive officers and determines a plan for appointing Accounting Auditors, and the Remuneration Committee is responsible for deciding compensation plans and amounts for directors and executive officers.

Regarding matters important to the administration of business matters (excluding matters decided by the board of directors), the performance review council and the Executive Committee — made up of all executive officers — deliberate and decide.

3. Reasons for Adoption of Current Corporate Governance System

In consideration of the need to realize rapid management decision making and strengthen administrative functions, Menicon designed its institutions to include a Nomination Committee and other committees, with a majority of the directors on each committee being outside directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	To enable shareholders to properly exercise their voting rights after consideration, we aim to send out the notice of a general shareholder meeting as early as possible and posted the notice on our website prior to sending out the notice.
Scheduling AGMs Avoiding the Peak Day	We held the 61th General Meeting of Shareholders on June 26, 2018.
Participation in Electronic Voting Platform	We have participated an Electronic Voting Platform.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	We disclose our corporate information in a timely and proper manner according to legal disclosure requirements based on the Financial Instruments and Exchange Law and other laws and according to timely disclosure requirements based on the Securities Listing Regulations of the Tokyo Stock Exchange. We disclose information required by the timely disclosure regulations through TDnet (Timely Disclosure network) provided by the Tokyo Stock Exchange and also release information to the press immediately. Information that is disclosed on TDnet or by other means is also promptly posted on our website. http://www.menicon.co.jp
Regular Investor Briefings for Individual Investors	We hold presentations for Individual Investors.
Regular Investor Briefings for Analysts and Institutional Investors	We hold large meeting of financial results every six months.
Posting of IR Materials on Website	We disclose financial results and our corporate information on our website. http://www.menicon.com/corporate/ir/
Establishment of Department and/or Manager in Charge of IR	We have a position exclusively in charge of investor relations within Finance & IR department of the Corporate Strategies & Planning division.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In our Corporate Principles, we aim to be the paramount enterprise respected and loved by all stakeholders, End Users, Society, Industry Participants, Our Shareholders and Our Employees.
Implementation of Environmental Activities, CSR Activities etc.	We have a philosophy "To be a global enterprise that is friendly to people, animals and the environment." We will reduce the environmental burden by management efforts, promote eco-friendly environmental biotechnology business, create an environment where people and animals can coexist by animal medical equipment, promote to create the forest for water and oxygen.
Development of Policies on Information Provision to Stakeholders	We have a CSR Committee and have strengthened efforts to fulfill its social responsibilities to stakeholders, and we will continue to timely disclose. We issue CSR reports to provide information to our stakeholders.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1.Basic Views

We have established a necessary structure to ensure appropriate operations (hereinafter, the "internal control system") (1) based on our recognition that it is a system and a process that shall be internally established and operated in order for the Company and its related companies (hereinafter collectively, the "Company Group") to conduct their businesses appropriately and effectively, and that the system must be actively utilized to achieve business purposes. (2) The aims of the structural enhancement are (a) compliance with laws and regulations and ethics, (b) securing of business effectiveness and efficiency, (c) management of assets, and (d) ensuring of credibility of financial reports. Furthermore, (3) all executives and employees of the Company shall autonomously establish and make use of promotion structures required to achieve above aims and strive to improve effectiveness by regularly conducting evaluations and improvement.

2.the Progress of System Development

The following is a description of the primary contents of the structures related to internal controls and risk management at the Company. The board of directors has resolved these to be the basic policies of the internal control system in accordance with the Companies Act.

(Internal Control System)

(1) Structures to ensure that the execution of duties by executive officers conforms with laws and regulations and the articles of incorporation

1) Matters that must be reported to the board of directors by the executive officers are determined by the board of directors regulations and other rules, and the executive officers make direct reports on these matters at the board of directors.

2) The Audit Committee will audit the business execution of the executive officers and report regularly to the board of directors.

3) The responsibilities of the executive officers will be specified in the executive officer regulations and the information will be disseminated thoroughly. Furthermore, by setting the term of office for executive officers to be one year, we will be able to respond flexibly in the optimization of the executive system.

4) Full-time directors participate in important meetings, etc. related to the execution of duties, stays informed of the business execution of executive officers from a supervisory standpoint, and provides advice, etc. as necessary.

(2) Structures related to the storage and management of information in the execution of executive officers' duties

1) We will establish regulations on document management, and upon identifying important documents, etc. involved in the execution of duties by executive officers, we will determine details such as their storage periods and proper management methods to ensure reliable operations.

(3) Regulations for management of risk of loss and other systems

1) We will establish regulations and manuals on the promotion of risk awareness, early detection and the prevention of actualization of risks, and methods for dealing with emergency situations, and provide education and training as necessary.

2) We will establish an umbrella organization of internal control system (hereinafter, the "internal controls umbrella organization") led by the representative executive officer in order to control the risks affecting management.

(4) Structures to ensure efficient execution of duties by the executive officers

1) We separate supervisory functions (the board of directors) and business execution functions (the executive officers), and improve the speed of business execution by assigning a substantial amount of authority to the executive officers.

2) We will establish regulations on the division of duties, chain of command, decision-making authority, etc., for executive officers, and clarify and disseminate such regulations.

3) Meetings of the Executive Committee, composed of all executive officers, will be held regularly, at which decisions are to be made on important matters regarding business execution through the verification of efficiency, effectiveness, appropriateness, and other factors.

(5) Structures to ensure that the execution of duties by employees conforms to laws and regulations and the articles of incorporation

1) We will provide employees with the education necessary for the purposes including improvement of awareness on compliance with laws and regulations and social standards, and the promotion of ethical conduct, as well as establish and disseminate regulations, manuals, etc. on internal control system.

2) Through audits by the internal audit departments, we evaluate the establishment and operation of internal control system and work towards early detection of potential problems.
3) By establishing a whistleblowing system and ensuring a thorough dissemination and proper management of the system, we will ensure effectiveness and improve fairness in compliance.
4) Under the internal controls umbrella organization, the system will be revamped and its level will be improved by regularly conducting management reviews on the establishment and operation of the internal control system, identifying issues to work on, and reflecting such findings to the management plans and the like.
(6) Systems to ensure credibility of financial reports
1) We will establish and operate internal control system related to financial reporting in order to ensure credibility of financial reports and practice effective and appropriate submission of internal control reports as stipulated by the Financial Instruments and Exchange Act.
2) We will evaluate its effectiveness in accordance with the "assessment and auditing standards for internal controls over financial reporting" based on the Financial Instruments and Exchange Act.
(7) Structures to ensure proper business practices by the Company Group
1) We will establish regulations concerning the management of related companies as well as clarify the reporting system for the related companies and the reporting system regarding execution of duties by directors, etc. of related companies, thereby ensuring that the regulations are thoroughly embedded.
2) We will appoint executive officers responsible for managing related companies, and as each related company follows our basic policies, we will take the specific circumstances of each related company (business contents, scale, form, etc.) into consideration, and through supervising the establishment and operation of appropriate internal control system, we will manage related companies' compliance with the laws and regulations, improvement in the appropriateness and efficiency of management, and control of management risks.
3) Our internal controls umbrella organization will control and manage the internal control system of the Company Group, and will report on its establishment and operation to the board of directors.
4) Audits on internal controls performed by the Audit Committee and the internal audit departments of the Company cover the activities of related companies, thereby including inspection and evaluation on the establishment and operation of internal control system at the related companies.
5) The Company's whistleblowing system covers related companies, and its effectiveness is ensured by thoroughly disseminating information on the scope of the system and by practicing appropriate operation.
(8) Matters related to directors and staff with duties to support the Audit Committee and matters related to the independence of staff from executive officers
1) The Audit Committee is responsible for nominating staff to support the Audit Committee and for giving instructions on operations related to the support for the Audit Committee.
2) The Audit Committee gives direct directions and orders to the supporting staff. In addition, the supporting staff reports the results of their duties and other findings directly to the Audit Committee so as to ensure the independence of the supporting staff and the effectiveness of the directions.
3) Any decision regarding matters such as performance assessment and change in personnel for the supporting staff must be consented to by the chairperson of the Audit Committee.
(9) System for reporting to the Audit Committee by directors, executive officers, employees, etc. of the Company Group and other systems for reporting to the Audit Committee, and system to prevent unfair treatment to those who reported
1) Regulations on matters that must be reported to the Audit Committee will be established and disseminated throughout the Company Group. In addition, it will be clearly specified that those who report to the Audit Committee will not receive disadvantageous treatment on the grounds that they submitted a report, thereby protecting the reporter and improving effectiveness of the report.
2) A structure will be established in which all contents reported through the whistleblowing systems of the Company or any related companies will be reported to the Audit Committee.
(10) Other structures to ensure effective audits by the Audit Committee
1) The Audit Committee, the internal audit departments, and the Accounting Auditors will mutually cooperate to perform appropriate and efficient auditing operations.
2) The Audit Committee will meet with the board of directors and the representative executive officers as appropriate to deepen mutual understanding for the efficient execution of the Audit Committee's duties.
3) The expenses necessary for the execution of duties by Audit Committee members will be left to the discretion of the Audit Committee members and also available as prepayments, etc., as defined in the approval regulations.

(11) Structures for eliminating relationships with anti-social forces

1) In order to ensure there are absolutely no relationships with anti-social forces, and to preemptively prevent any damage perpetrated by them, we will prepare necessary regulations, manuals, etc., to deal with these forces, and strive for sound corporate management by obtaining advice, etc., from experts.

2) We will conduct internal education and prevention training so that we may respond to these anti-social forces appropriately.

[Status of structures to ensure appropriate operations]

We endeavor to maintain an internal control system and operate it appropriately based on the policies detailed above. The status of the operation during the current fiscal year is outlined as follows.

(1) Structures to ensure that the execution of duties by executive officers conforms to laws and regulations and the articles of incorporation

Each executive officer makes direct reports on matters that must be reported to the board of directors to the board of directors, and full-time directors participate in important meetings such as those of the performance review council and the Executive Committee, stay informed of the business execution of executive officers from a supervisory standpoint, and provide advice, etc. as necessary.

Furthermore, we held executive study meetings for directors and executive officers and raised awareness for the duties and responsibilities of executives as well as for compliance.

(2) Structures related to the storage and management of information in the execution of executive officers' duties

Documents related to the execution of the duties of executive officers are defined in the "document management regulations" and are managed accordingly.

(3) Regulations for management of risk of loss and other systems

The CSR committee was convened in accordance with risk management regulations, where investigation analysis of risks and the status of risk treatment measures were reported.

The quality management system was reviewed in order to maintain the quality of our products.

(4) Structures to ensure efficient execution of duties by the executive officers

The divisions of duties, chain of command, decision-making authority, etc., for executive officers are stipulated in the executive officer regulations and the approval regulations, and are observed accordingly.

The Executive Committee, composed of all of the executive officers, and a performance review council meeting are held every month. Important matters related to business execution are discussed and decided at each meeting following prior inspections and confirmations on their efficiency, effectiveness, appropriateness, and other factors.

(5) Structures to ensure that the execution of duties by employees conforms to laws and regulations and the articles of incorporation

We established a new "ethics and compliance committee" for the purpose of raising awareness of compliance among employees and preventing any violations of laws and regulations and devised a compliance education plan for the coming fiscal year.

Access to the "compliance guide" is available to all employees on the Company intranet. In addition, compliance education is provided through an e-leaning system with courses on personal information protection, insider trading prevention, harassment prevention, fair competition, etc.

Through internal audits, audits on the protection of personal information protection audits, voluntary inspections, and the operation of a whistleblowing system by the Audit Department, we are devoted to the early detection of any potential issues.

(6) Systems to ensure the credibility of financial reports

In order to ensure appropriate financial reporting, internal control system related to financial reporting are established and operated for each business process. We also aim to develop and operate internal controls through the development of regulatory measures, etc., from a company-wide perspective. Furthermore, in accordance with the "assessment and auditing standards for internal controls over financial reporting" based on the Financial Instruments and Exchange Act, we perform evaluations to determine whether our internal control system has been effectively developed and operated, and undergo audits by Accounting Auditors.

(7) Structures to ensure proper business practices by the Company Group

Regarding domestic related companies

1) "Compliance with management regulations for related companies" is included in our "basic policies for the maintenance of internal control system," and is operated accordingly.

2) In order to maintain and improve compliance within employees of related companies, we have implemented education on topics such as protection of personal information and prevention of insider trading.

3) We have each related company report us regularly on the risks, and are promoting measures for better understanding on risks and improvement.

For related companies overseas, (a) we asked they attend general meetings of shareholders and meetings of the board of directors, ensured thorough compliance of the management regulations for related companies, developed internal regulations for local subsidiaries, etc. (b) We are collecting and analyzing risk information and are promoting measured for better understanding on risks and improvement.

The internal audit departments and the Audit Committee also perform audits of internal controls for related companies, and inspect and evaluate the construction and operation of related companies' internal control system.

(8) (9) (10) Structures related to the Audit Committee

We stipulate in our regulations that matters affecting legal compliance systems, etc., must be swiftly reported to the Audit Committee, and in addition, we clearly specify that those who report to the Audit Committee will not receive disadvantageous treatment on the grounds that they submitted a report, thereby protecting the reporter and improving effectiveness of the reports.

The Audit Committee is responsible for nominating staff to support the Audit Committee and giving instructions on operations. Evaluations of the staff are consented to by the chairperson of the Audit Committee.

All content reported through the whistleblowing systems of the Company or any related companies will be reported to the Audit Committee.

The Audit Committee, the internal audit departments, and the Accounting Auditors hold the three-pronged audit liaison meeting every quarter to facilitate cooperation and to perform appropriate and efficient auditing operations.

(11) Structures for eliminating relationships with anti-social forces

An anti-social forces check by the General & Legal Affairs Dept. is required before the start of all new transactions.

2. Basic Views on Eliminating Anti-Social Forces

1.Basic Views

We believe that it is absolutely unforgivable for the Company to provide any sort of benefit to anti-social forces, or be involved with anti-social forces in any way.

Our officers and employees strictly adhere to a policy of social justice, and must demonstrate a firm stance on intolerance and elimination of perverse intervention by anti-social forces, in order to gain the trust of our customers, markets, and society.

2.the Progress of System Development

In order to preemptively prevent any damage perpetrated by anti-social forces, we have prepared necessary regulations, manuals, etc., in order to deal with these forces, and we strive for sound corporate management by obtaining advice, etc., from experts. We provide internal education and prevention training so that we may respond to these anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
None

2. Other Matters Concerning to Corporate Governance System

In order to disclose appropriate corporate information to our investors in a timely manner, we have established the following internal structures and practices for handling information which is subject to disclosure.

(a) Information on the occurrence of relevant events (including information on related companies)

In the event of any major incidents (serious accidents, disasters, etc.), the executive officers acting as information managers or the internal emergency contact system will immediately send a notice from the related office to the General Manager of the General & Legal Affairs Dept., and a report will be issued to the personnel responsible for the handling of information. Subsequently, in accordance with the timely disclosure regulations of the stock exchanges, after consultation and consideration with all related departments on the gravity of the situation, the necessity of disclosure, etc., the report will then be presented to the Executive Committee or the board of directors, who will make a decision on the disclosure, and endeavor to swiftly disclose relevant information. However, in case of an emergency, that decision will be made by the representative executive officers, which will be reported to the Executive Committee and the board of directors after the events.

(b) Information on decisions (including information on related companies)

The most important decisions are made by the board of directors and the Executive Committee. With regard to the important facts that have been decided, in accordance with the timely disclosure regulations of the stock exchanges, we will consult and consider with the personnel responsible for the handling of information in related departments, committees, etc., on the necessity of disclosure, and strive to swiftly disclose relevant information upon receiving approval from the Executive Committee or the board of directors.

(c) For financial information

Financial results are published as yearly financial results and quarterly financial results. The financial results information contained within are numerical values of financial results drafted by the managing Accounting Dept. which are concurrently audited by the Accounting Auditors, and a report on its content is issued to the personnel responsible for the handling of information. Subsequently, we strive to disclose relevant information upon receiving the approval of the Executive Committee and the board of directors on the financial results.

Regarding the disclosure of any information, it is our intention to execute timely disclosure immediately after the personnel responsible for the handling of information receives approval from the Executive Committee or the board of directors.