

## Compliance

KOITO aims to continue being a company that is trusted by all stakeholders and declares in the KOITO Group Corporate Behavior Charter that “we will comply with all applicable laws and regulations and will engage in fair, transparent, and free market competition, as well as proper trade, and responsible procurement,” and “in our global corporate activities, we will also comply with international rules and local laws, respect local culture and customs, and maintain sound relationships with government and government agencies.” KOITO has identified reinforcement of “compliance” as one of our materiality. To foster an organization and atmosphere to place importance on compliance, the entire KOITO Group is committed to engage in compliance activities.

### Compliance Management Structure

To strengthen our compliance system, KOITO has established the Compliance Committee, Compliance Promotion Office, Internal Audit Office, and whistle-blowing desk (Corporate Ethics Consulting Desk). The Compliance Committee meets regularly to confirm and follow up on the action plans and results of the Compliance Promotion Office and the Internal Audit Office, the operational status of the Corporate Ethics Consulting Desk, and responses to risks.

Personnel in charge of compliance are also appointed at the domestic and overseas subsidiaries to strengthen compliance and grasp the compliance status in close collaboration. In this way, KOITO promotes compliance-related initiatives in the entire Group.

### Reinforcement of Compliance

#### ● Fostering Compliance Awareness

KOITO strives to foster employee awareness of compliance by distributing a portable “Ethics Card” to all employees so that the KOITO Group Corporate Behavior Charter can be a behavior standard for employees. We also conduct an annual Corporate Ethics Survey for all employees to gauge the level of awareness, understanding, and implementation of the KOITO Group Corporate Behavior Charter. Results of the survey are reported to the Board of Directors and Compliance Committee.

According to the results of the FY 2022 survey, awareness of the KOITO Group Corporate Behavior Charter was 97%, and employee’s ratio who “act to gain customers’ satisfaction and trust,” “comply with relevant laws and internal rules,” and “respect human rights” all accounted for 100%, maintaining a high level of awareness, understanding and implementation.



#### ● Compliance Education

KOITO provides compliance education in the job-rank based and theme-based training in various fields, such as the Antimonopoly Act, the Subcontract Act, and harassment for employees. Compliance training by outside instructors is also provided to Directors, Corporate Officers, Deputies and Managers.

In addition, KOITO also provides compliance education to suppliers. We are asking suppliers to ensure compliance at the annual procurement policy briefing session.

#### ● Prevention of Harassment

KOITO regularly conducts harassment surveys for all employees. In the survey, subordinates evaluate the behavior of supervisors (managers such as department managers and section chiefs, as well as management supervisors such as subsection chiefs) in the workplace. Supervisors assess the differences between their perceptions and evaluation results, and work to prevent harassment by formulating and posting “My Pledge to Eliminate Harassment.”

#### ● Anti-corruption Initiatives

Through establishing the “Antimonopoly Act Regulations” and implementing internal education periodically, KOITO is working to prevent corruption, such as bribery, extortion, fraud, embezzlement, money laundering, conflicts of interest, illegal financing to political parties and facilitation payments.

The penalties imposed in the event of violations of laws are stipulated in our internal regulations.

Nobody in the Group was fined or dismissed for corruption in FY 2022.

#### ● Prevention of Anti-competitive Practices

Through establishing the “Antimonopoly Act Regulations” and implementing internal education, KOITO is working to prevent anti-competitive practices, such as market division, price-fixing, abuse of dominant position and dumping.

When KOITO employees come into contact with competitors, we conduct ex-ante and ex-post reviews to ensure that they do not engage in conduct that may violate the Antimonopoly Act.

With the attendance of Audit and Supervisory Board Members, the Internal Audit Department conducts annual audit to departments concerned with the Antimonopoly Act and Subcontract Act, and the findings are reported to the Compliance Committee. If any problems were found during the audit, the details of the improvement are also reported to the Committee.

The penalties imposed in the event of violations of laws are stipulated in our internal regulations.

Nobody in the Group was fined or dismissed for anti-competitive practices in FY 2022.

### Strengthening Compliance in the Supply Chain

In order to further strengthen our fair procurement activities, KOITO periodically holds “Compliance training session” for employees of relevant administrative divisions and business partners (subcontractors and others). In FY 2022, a total of 314 people participated in this training, and we are working to improve their knowledge of procurement activities.

### Whistle-blowing System

KOITO has established “corporate ethics consulting desks” inside and outside the company which allows employees to report or consult on compliance and harassment issues. After investigating all cases reported or consulted, we are taking appropriate measures and report them to the Board of Directors and the Compliance Committee.

When operating the Corporate Ethics Consultation Desk, we take thorough care of human rights, such as protecting the privacy of whistle-blowers and consultants and preventing disadvantages, so that users can report and consult with peace of mind. The penalties for disadvantageous treatment of whistleblowers are clearly stipulated in our internal regulations.

■ Number of consultations received

