

# Materiality

We believe that our business activities are highly compatible with and relevant to Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015, and can contribute to achieve these goals.

In order to accelerate these initiatives, we have referred to the GRI (Global Reporting Initiative) guidelines and identified material issues (materiality) to be focused and SDGs to be solved among the various social issues.

We will continue to promote our business activities that contribute to materialize a sustainable society.



## The KOITO Group Corporate Behavior Charter

The KOITO Group's basic management policy is to create customer needs and contribute to the progress of society, while also fostering mutually beneficial relationships with all stakeholders, including shareholders, customers, employees, and business partners, all guided by the theme of "Light."

In accordance with this policy, we have established the following ten principles. We will comply with domestic and overseas laws and regulations, international rules, and their underlying spirit, and conduct corporate activities in accordance with corporate ethics.

In addition, with the aim of achieving sustainable growth of society, we will strive to resolve social issues through our business activities and fulfill our social responsibilities.

<p><b>01 Sustainable growth and resolution of social issues</b></p> <p>We will strive to achieve sustainable growth and resolve social issues by developing and providing socially beneficial and safe products and services through innovative manufacturing.</p>	<p><b>02 Trusted corporate activities</b></p> <p>We will gain customers' satisfaction and trust through developing and providing safe and high-quality products and services, providing appropriate information regarding those products and services, and fulfilling our social responsibility.</p>	<p><b>03 Compliance with social conventions / Global management</b></p> <p>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. 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.</p>
<p><b>04 Fair information disclosure and constructive dialogue</b></p> <p>With the purpose of enhancing our corporate value, we will disclose corporate information in an appropriate, effective, and fair manner and engage in constructive dialogue with a wide range of stakeholders, including shareholders, business partners, and local residents.</p>	<p><b>05 Respect for human rights</b></p> <p>We will respect the human rights of all persons.</p>	<p><b>06 Work practice and enhancement of workplace environments</b></p> <p>We will respect the personality, diversity, and character of each of our employees, regardless of their nationality or gender. We will also strive to provide a healthy and safe workplace environment in which all employees can make the best use of their capabilities and fulfill their potential.</p>
<p><b>07 Engagement in environmental issues</b></p> <p>Guided by the theme of "Eco-friendly Manufacturing for People and the Earth," we will proactively engage in global environment conservation through our business activities.</p>	<p><b>08 Contribution to society</b></p> <p>We will be conscious of our responsibility as a good corporate citizen, and actively engage in social contribution activities, and we will contribute to the realization of a prosperous society.</p>	<p><b>09 Rejection of relations with anti-social forces / Comprehensive risk management engagement</b></p> <p>We will adamantly reject any relations with and resolutely stand against anti-social forces or groups that pose a threat to civil life or corporate activities, and we will engage in comprehensive corporate risk management in preparation for terrorist activities, cyberattacks, natural disasters, and other crises.</p>
<p><b>10 Role of top management and thorough implementation of this Charter</b></p> <p>Top management will recognize that fulfilling the spirit of this Charter is their own role, and they will be committed to thoroughly informing the KOITO Group and its supply chain about the Charter and encouraging them to take actions based on the Charter.</p> <p>Top management will also continually gather opinions from both inside and outside of the company to help establish an effective governance system and thoroughly enforce corporate ethics.</p> <p>In the event that the corporation violates the spirit of this Charter and loses social trust, top management shall take the initiative and fulfill its responsibility by resolving the problem, elucidating the causes, disclosing information, and preventing future recurrences. Additionally, top management will severely punish those involved, including themselves, if appropriate, after clarifying their authority and responsibility.</p>		

## Materiality Assessment Process

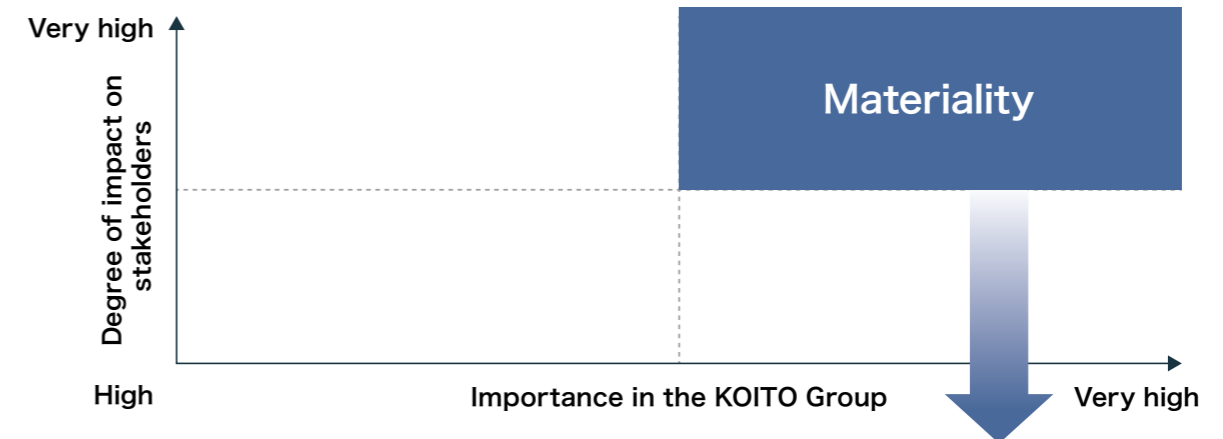


We have identified full list of potential social issues which should be solved through our business activities.

We have analyzed the issues based on importance for stakeholders and the KOITO Group.

We have identified issues of "very high" importance of our materiality, and correlated them with SDGs.

Material issues were approved by the Board of Directors.



	Materiality	Relevant SDGs	Declaration of KOITO's Initiatives
<b>Environment</b>	<ul style="list-style-type: none"> <li>Prevention of global warming (P.38)</li> <li>Reduction of environmental impact substances and waste (P.40)</li> <li>Conservation of water resources (P.41)</li> </ul>		<ul style="list-style-type: none"> <li>We will promote reduction of CO<sub>2</sub> emissions and environmental impact substances, and resource recycling guided by the theme of "Eco-friendly Manufacturing for People and the Earth."</li> <li>We will contribute to the reduction of CO<sub>2</sub> emissions by further improving the light emission efficiency and reducing the weight of mainstay products.</li> </ul>
<b>Safety/peace of mind</b>	<ul style="list-style-type: none"> <li>Reduction of traffic accidents (P.30)</li> <li>Technological development contributes to materialize a sustainable society (P.43)</li> <li>Enhancement of product quality (P.44)</li> </ul>		<ul style="list-style-type: none"> <li>We will strive to achieve sustainable growth and resolve social issues by developing and providing socially beneficial and safe products and services.</li> <li>Looking ahead to autonomous driving society, we will promote product development of sensors (LiDARs and cameras).</li> <li>We will gain customers' satisfaction and trust through developing and providing safe and high-quality products and services.</li> </ul>
<b>Corporate foundation</b>	<ul style="list-style-type: none"> <li>Compliance (P.54)</li> <li>Corporate governance (P.50)</li> <li>Information security (P.57)</li> <li>Human resource development (P.48)</li> <li>Healthy and safe working environment (P.48)</li> <li>Workstyle reform (P.47)</li> <li>Protection of human rights (P.49)</li> <li>Disaster prevention (P.56)</li> </ul>		<ul style="list-style-type: none"> <li>We will enhance corporate governance and strengthen compliance to establish sound management system.</li> <li>We will strive to protect information assets by preparing for risks on information security.</li> <li>We will strive to provide a healthy and safe workplace environment in which all employees can make the best use of their capabilities and fulfill their potential.</li> <li>We will promote initiatives to respect the human rights of all persons.</li> <li>We will strengthen our disaster prevention system throughout the supply chain.</li> </ul>