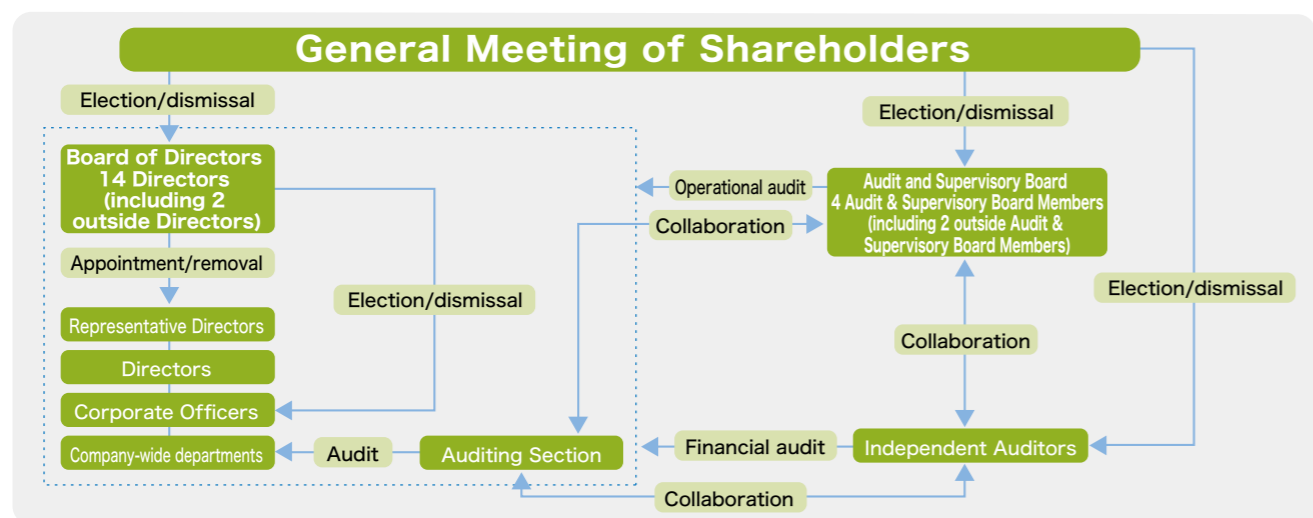


# Governance

To retain the trust of all of our stakeholders, KOITO recognizes the importance of ethical standards and has identified enhancing “corporate governance” as one of our materialities. We are striving to establish a sound management structure.

## Corporate Governance



	Board of Directors	Audit and Supervisory Board
<b>Composition</b>	<p>14 Directors (12 inside Directors + 2 outside Directors) Chaired by the President</p>	<p>4 Audit &amp; Supervisory Board Members (2 inside members + 2 outside members)</p>
<b>Frequency</b>	Once per month in principle	Eight times (FY 2021)
<b>Function</b>	The Board of Directors discusses, reports, and makes decisions on matters stipulated in the Board of Directors Regulations, including those matters stipulated by laws, regulations, and the Articles of Incorporation, and supervises the execution of Director's business execution.	The Audit and Supervisory Board Members participate in the Board of Directors and other important meetings and committees, review significant authorization documents, and audit the performance of directors. They are monitoring the structure and operations of the internal control system.
<b>Structure</b>	<ul style="list-style-type: none"> <li>All Audit and Supervisory Board Members attend meetings of the Board of Directors to monitor Director's business operations.</li> <li>The Managing Committee (chaired by the President), a body to aid the Board of Directors, is comprised of full-time Directors and Corporate Officers. The committee meets, three times per month in principle, determines business execution, reports on progress, and follows up on business execution.</li> <li>The governance structure is being reinforced; new proposal agendas are required to be approved at the the Managing Committee and then to the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Other than the Board of Directors, the standing Audit and Supervisory Board Members attend the Managing Committee and other important meetings, constantly monitor the Director's business execution and express opinions as needed.</li> <li>Improving its auditing functions through close collaboration between Audit and Supervisory Board Members, the Internal Audit Department, and independent auditors by holding periodic meetings and let them exchange information and opinions as needed.</li> </ul>

## Status of Audits

Based on the annual audit plans, KOITO's Internal Audit Department, an independent organization, conducts audits of the operations of internal control over financial reporting, as well as audits of the legality and appropriateness of operations against company-wide departments and KOITO's subsidiaries. The departments and subsidiaries implement the necessary improvements to improve internal control. The Internal Audit Department reports the results of the audits to Directors and Audit and Supervisory Board Members, and exchanges information with the Audit and Supervisory Board Members and the independent auditors on the status of audits to facilitate mutual cooperation.

The Audit and Supervisory Board comprises two standing Audit and Supervisory Board Members and two outside Audit and Supervisory Board Members. The Audit and Supervisory Board Members participate in the Board of Directors and other important meetings and committees, review significant authorization documents, and audit the performance of Directors. In addition, the Audit and Supervisory Board Member monitors the structure and operations of the internal control system by site visiting plants and branches, interviewing the administrative divisions, and auditing domestic and overseas subsidiaries. Moreover, the Audit and Supervisory Board Members attend the audits performed by the independent auditors and the Internal Audit Department, along with working to promote collaboration by exchanging information through regular meetings with the independent auditors, the in-house Compliance Department, and the Internal Audit Department.

## Election Policy for Directors and Audit and Supervisory Board Members

KOITO's policy is to elect a person who is capable of responding to expectations of shareholders as a Director, has enough experience and advanced knowledge of business administration, and can fulfill the duties and responsibilities of a Director as a Director candidate.

Based on this policy, the President prepares the draft of Director candidates and proposes it to the Board of Directors which then finalizes the selection of Director candidates.

KOITO's policy on electing Audit and Supervisory Board Members is to select a person who has an excellent personality, as well as great ethical values, to properly, justly, and efficiently carry out the auditing of the execution of duties by Directors.

Based on this policy, the Board of Directors selects Audit and Supervisory Board Member candidates upon receiving an approval by the Audit and Supervisory Board.

The Board of Directors selects Director candidates who have been serving in important positions in their departments, are familiar with their tasks, as well as the overall operation of KOITO, and have made great contributions to improve the business performance and corporate values of KOITO. The General Meeting of Shareholders then reaches a conclusion on their appointments.

Reference Documents for the Notice of the General Meeting of Shareholders describe the reasons for selecting individual Directors and Audit and Supervisory Board Members. Reference Documents for the Notice of the General Meeting of Shareholders also describe the reasons for the dismissal of Directors or Audit and Supervisory Board Members. The Board of Directors makes decisions on the election and dismissal of individual Corporate Officers.

If a dismissal procedure deviates from the above policy, the Board of Directors approves of the procedure, which is then decided in a General Meeting of Shareholders. The Board of Directors' Regulations stipulate that the election and dismissal of Corporate Officers shall be carried out upon a decision by the Board of Directors.

## Outside Directors and Audit and Supervisory Board Members

KOITO's policy on electing outside Directors is to appoint persons who satisfy the requirements for outside Directors in the Companies Act and requirements for independency in the independency standard for the independent officer system of Tokyo Stock Exchange.

Outside Directors shall have abundant knowledge and experience in corporate administration. Outside Audit and Supervisory Board Members shall have technical knowledge of laws and finance. Both outside Directors and Audit and Supervisory Board Members are elected upon a decision at a General Meeting of Shareholders.

When KOITO's own Directors and Audit and Supervisory Board Members also serve as officers at other listed companies, they are obliged to limit their involvement within the reasonable range.

Notice of the General Meeting of Shareholders describes the status of Directors and Audit and Supervisory Board Members as serving as officers of other listed companies.

Individual Directors have thorough knowledge of business operations and administration. The knowledge, experience, and abilities are well balanced among inside and outside Directors.

	Name	Attendance at the Board of Directors (FY 2021)	Attendance at the Audit and Supervisory Board (FY 2021)	Major activities
Outside Director	Haruya Uehara	All 12 meetings (100%)	-	Mr. Haruya Uehara played an appropriate role in ensuring the adequacy and appropriateness of decisions by the Board of Directors, such as providing opinions and other information based on his knowledge and experience concerning corporate management. He also performed a supervisory function, such as sharing information through meetings with the audit department.
	Kingo Sakurai	All 12 meetings (100%)	-	Mr. Kingo Sakurai played an appropriate role in ensuring the adequacy and appropriateness of decisions by the Board of Directors, such as providing opinions and other information based on his knowledge and experience as a certified public accountant. He also performed a supervisory function, such as sharing information through meetings with the audit department.
Outside Audit and Supervisory Board Member	Yukinobu Suzuki	All 12 meetings (100%)	All 8 meetings (100%)	Mr. Yukinobu Suzuki provided opinions primarily by using his financial and tax practice expertise and performed other activities for verifying the adequacy and appropriateness of decisions by the Board of Directors, etc. and offering other advice and ideas.
	Hiroshi Kimeda	All 12 meetings (100%)	All 8 meetings (100%)	Mr. Hiroshi Kimeda provided opinions primarily by using his legal expertise and performed other activities for verifying the adequacy and appropriateness of decisions by the Board of Directors, etc. and offering other advice and ideas.

## Director and Audit and Supervisory Board Member Diversity Policy

Individual Directors have thorough knowledge of business operations and administration. Their diversified knowledge, experience, and abilities are well balanced among inside and outside Directors. KOITO keeps seeking a desirable structure of the Board of Directors.

Also, KOITO's policy on electing Audit and Supervisory Board Members is to select candidates who have excellent personalities, as well as great ethical values, to properly, justly, and efficiently carry out the auditing of the execution of duties by Directors as Audit and Supervisory Board Members. Specifically, outside Audit and Supervisory Board Members are selected from those who have technical knowledge of laws and finance.

## Director Effectiveness Evaluation

KOITO conducts annual surveys to evaluate the effectiveness of the Board of Directors. The Board of Directors evaluates itself based on the survey findings. The following is the outline of the results of analyzing and evaluating the effectiveness of the Board of Directors.

1. The Board of Directors meets monthly, in principle, and promptly and properly discusses important agenda items based on the Board of Directors Regulations.
2. Annual meeting schedules are announced to all Directors and Audit and Supervisory Board Members, including outside ones, before the start of the fiscal year. The schedule is designed for them to attend the meetings readily. Directors and Audit and Supervisory Board Members actively participate in discussions, and business topics are thoroughly examined.
3. The Board of Directors receives advice and suggestions from Directors who have worked in the various departments, such as management, sales, technology, and production, and outside Directors who have experience and knowledge of corporate administration. Outside Audit and Supervisory Board Members with technical knowledge of laws and finance also provide their opinions. The Board of Directors thereby discusses and examines business topics from various angles by taking enough time.

The Board of Directors also operates by reflecting the opinions of outside Directors, such as adding the results of self-evaluations, contents put on the agenda of the Managing Committee, trends in the industry, and the latest technical trends to the matters to be reported.

The Board of Directors will continue reinforcing its functions as the highest decision-making entity and improving the speed of making administrative decisions to increase its effectiveness.

## Remuneration of Directors

The policy for determining remuneration, etc. for Directors has been decided by the Board of Directors, as follows.

It was approved at the 119th Ordinary General Meeting of Shareholders held on June 27, 2019 that the amount of remuneration, etc. for Directors shall be no more than ¥1.5 billion a year. In addition, it was approved at the 115th Ordinary General Meeting of Shareholders held on June 26, 2015, that, apart from the amount of remuneration, etc., for Directors, the amount of remuneration, etc., related to subscription rights as stock compensation-type stock options for Directors shall be no more than ¥200 million a year.

The Directors' remuneration system consists of fixed remuneration, paid monthly, and performance-linked remuneration. Based on our internal standards on Director's remuneration, KOITO comprehensively determines the amount of remuneration by taking several factors into account: corporate performance, the amount of dividends to shareholders, remuneration amount of other companies, the amount of employees' salaries, as well as the Director's management capabilities, achievements, and their contributions.

The fixed remuneration amount is calculated by setting a basic amount in based on the size of the role of each Director and their position, then setting the upper and lower limit amount for each position, the status difference by position, and the difference by the number of years in the position.

Performance-linked remuneration is evaluated and decided based on the belief that it is important to comprehensively consider the goals and achievements of each fiscal year's performance (net sales, profits, etc.) and each Director's contribution.

The goal of stock compensation-type stock options is to motivate company managers to contribute to improving business performance and corporate value in the medium- to long-term by sharing the benefit of rising stock prices and the risk of falling stock prices with shareholders. The number of stock options granted is based on each Director's status of business execution and level of contribution, etc., and Directors are able to exercises their options once they have lost their position as Director.

The remuneration of each Director has been determined by consultations among the representative directors based on the authorization of the Board of Directors. For Outside Directors, only fixed remuneration is paid, and no performance-linked remuneration is paid.

The remuneration of each Audit and Supervisory Board Members has been determined by consultations among Audit and Supervisory Board Members. For Audit and Supervisory Board Members, only fixed remuneration is paid, and no performance-linked remuneration is paid.

	The number of eligible members	Breakdown of remuneration		Total remuneration (million yen)
		Fixed remuneration (million yen)	Performance-linked remuneration (million yen)	
Directors	14	730	345	1,076
Audit and Supervisory Board Members	4	103	—	103
Total	18	834	345	1,179

Notes: 1. Aggregate remuneration for the Outside Directors and Outside Audit and Supervisory Board Members, a total of four individuals, was ¥55 million (fixed remuneration only).  
 2. Besides the above, an outside Audit and Supervisory Board Member receives executives' remuneration of ¥0 million from Koito Insurance Services Co., Ltd., a subsidiary of KOITO.  
 3. For performance-linked remuneration, recurring profit is used as an indicator since it reflects the overall results of the Company's management activities, and the remuneration is calculated giving consideration to the year-on-year change in this indicator.

## Basic Policy of Internal Control System

The Basic Policy of the Internal Control System is set as follows to improve and reinforce internal control.

### 1. System ensuring that Directors and employees execute their business duties in compliance with laws and regulations and the Company's Articles of Incorporation

The Compliance Committee, the Compliance Department, the Internal Audit Department, whistle-blower internal reporting system, and other organizations and systems, as well as the Code of Corporate Ethics and other relevant regulations, will be developed and enhanced based on the KOITO Group Corporate Behavior Charter.

At the same time, KOITO's Directors, Corporate Officers, and employees will receive education familiarizing them with the organizations, systems, and regulations.

### 2. System for the preservation and administration of information on Directors executing their business duties

Regulations will be developed and enhanced to appropriately preserve and administer minutes of the General Meeting of Shareholders, the Board of Directors, the Managing Committee, and other information on the Directors executing their business duties.

### 3. Regulations and other systems for managing the risk of loss

Risk Management Regulations and other regulations and systems for managing risk will be developed to avoid and eliminate material risks that could threaten the Company's viability, and to minimize the impact when they arise. At the same time, KOITO's Directors, Corporate Officers, and employees will receive education and training on risk management.

### 4. System for ensuring the efficient execution of business duties by Directors

The Board of Directors and the Managing Committee meetings will be held regularly. Meanwhile, the Board of Directors' Regulations, the Managing Committee's Regulations, and other regulations pertaining to the execution of business duties by the Directors, as well as the Corporate Officer system and other organizations and systems, will be developed and enhanced to ensure the efficient execution of business duties by the Directors.

At the same time, the business duties will be executed according to specific plans that each division develops every fiscal year based on the President's policy.

### 5. System for ensuring appropriate business execution by the corporate group comprising KOITO and its subsidiaries

KOITO and its group companies will acknowledge the KOITO Group Corporate Behavior Charter and develop a system for ensuring and administering the appropriate execution of business duties as follows.

a. KOITO clarifies matters to be reported in the Subsidiary Company Management Regulations and other regulations and improves reporting system. Also, KOITO requests regular business reports to the group companies.

b. KOITO comprehensively and thoroughly manages risks of the entire group based on the Subsidiary Company Management Regulation and other regulations.

If actions of the group companies are insufficient, KOITO provides instructions and corrective actions.

c. KOITO requests its group companies to develop and improve regulations, organizations, and systems for regular meetings of the Board of Directors and the execution of duties by the Directors. Officers serve in multiple posts in important group companies.

d. KOITO ensures that group companies stay in compliance with laws and regulations based on the KOITO Group Corporate Behavior Charter and other regulations. Also, KOITO's Management Department and Internal Audit Department conduct audit and financial audit of group companies. KOITO also clarifies matters requiring approvals in the Subsidiary Company Management Regulations and other regulations so that the applicable business operations are to be executed upon approval by KOITO.

### 6. Matters pertaining to the status of certain employees, independence from Directors, and the effectiveness of instruction in the event the Audit and Supervisory Board Members request such employees to assist in the execution of their duties

An Audit and Supervisory Board Members' Office will be established to help the Audit and Supervisory Board Members execute their duties under the instructions and orders of the Audit and Supervisory Board Members and the Audit and Supervisory Board.

Moreover, assignment of personnel to the Audit and Supervisory Board Members' Office shall be decided upon approval by the Audit and Supervisory Board to ensure independence from the Directors.

### 7. System for Directors and employees of KOITO and its subsidiaries to report to the Audit and Supervisory Board Members and for preventing unfair treatment of the Directors and employees for reporting to the Audit and Supervisory Board Members

Directors, Corporate Officers, and employees of KOITO and its group companies shall report to the Audit and Supervisory Board Members when they learn of matters of material impact on the Company, serious violations of laws, regulations, and the Company's Articles of Incorporation, and other issues of compliance.

Moreover, each Audit and Supervisory Board Member shall exercise their own discretion in reporting the findings from such reports to the Audit and Supervisory Board. Meanwhile, the Company's organization and systems will be developed and enhanced to rigorously prevent the unfair treatment of the Directors, the Corporate Officers, and the employees for reporting to the Audit and Supervisory Board Members.

### 8. Policy on expenses arising when the Audit and Supervisory Board Members execute their duties and system for enabling the Audit and Supervisory Board Members to conduct effective audits

The Company will pay all necessary expenses involved in the Audit and Supervisory Board Members' execution of their duties.

The Audit and Supervisory Board Member will monitor and audit the execution of business duties at the Company by means that include attending the Board of Directors, the Managing Committee, the Compliance Committees and other relevant conferences and committees, and examining important documents.

The Audit and Supervisory Board Members will exchange opinions periodically or as needed with Directors, Corporate Officers, financial auditors, and the Internal Audit Department, among others.

## 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 materialities. 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

KOITO has formed the Compliance Committee chaired by a Representative Director to improve compliance. The Compliance Committee establishes a Compliance Policy, supervises the appropriate operation of “corporate ethics consulting desk,” and determines countermeasures and preventive measures in case important compliance issues occur.

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 and Promoting Education

The KOITO Group Corporate Behavior Charter is printed on portable cards and distributed to all employees for use as the guideline for their actions and to foster their awareness of compliance. Surveys targeting all employees are conducted every year to measure their knowledge and understanding of the Charter. Results are then reported to the Board of Directors and Compliance Committee.

As for education on compliance, KOITO provides various training for different roles and job duties. As for employees, KOITO provides 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 and Corporate Officers.

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

#### ●Anti-corruption Initiatives

Through establishing the “Anti-bribery Regulations” and implementing internal education, 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 2021.

#### ●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.

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.

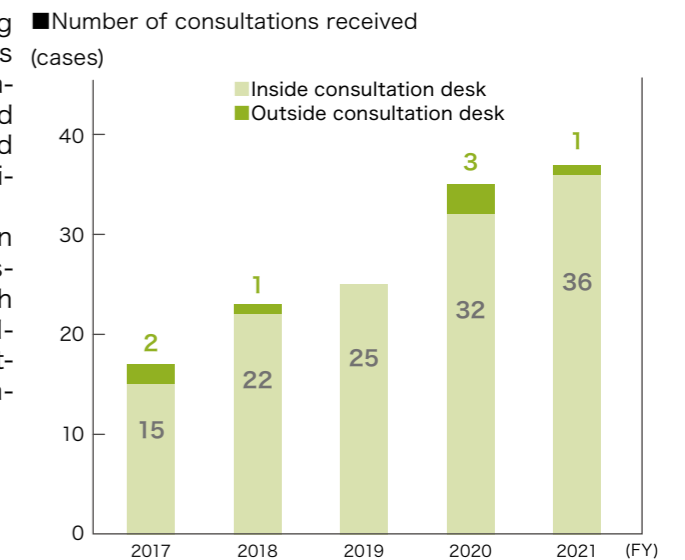
The penalties imposed in the event of violations of laws are stipulated in our internal regulations.

Nobody in the Group was fined or dismissed for anti-competitive practices in FY 2021.

## 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 are strictly managing information on whistleblowers so that users can report and consult with peace of mind. In addition, we are prohibiting disadvantageous treatment of whistleblowers, and stipulating penalties for its violations in our internal regulations.



## Risk Management

KOITO enriches and reinforces general risk management to properly identify diversifying and complex risks, prevent risks from becoming materialized, and minimize damage in case problem occurs.

Departments are assigned to risk management, including the implementation of measures to reduce and avoid risks and daily management. The Quality Assurance Department is assigned risks associated with the safety of products, the Purchasing Department handles risks in the supply chain, and the Safety Environment Department handles risks of natural disasters. As such, each department assess relevant risks and implement preventive measures. Officers of assigned responsible departments act as the general managers. In addition, training on individual risks is provided to employees.

If risks become actual problems, the basic protocol is to report the incidents to the Board of Directors, the highest decision-making entity of the business administration, and such problems are swiftly and properly handled under the direction of the top administrators.

### Natural Disaster Risks

Based on our basic policy “to prioritize human lives and maintain business continuity,” KOITO examines disaster control, initial response, and restoration work to find problems and re-evaluate and reinforce response measures based on lessons learned through natural disasters such as the Great East Japan Earthquake, Kumamoto Earthquake, heavy rains, typhoons, and expected damage caused by the Nankai Trough Earthquake.

To control damage from natural disasters, such as earthquakes, KOITO implements aseismic reinforcement of production site buildings, anti-fall measures for facilities and equipment, installation of emergency earthquake notification systems, regular disaster drills including evacuation and firefighting, all-employee safety confirmation drills, and general inspections of the maintenance and management of evacuation routes. KOITO also intends to minimize the damage caused by disasters by hosting lectures on how to check hazard maps and evacuation.

To prevent fire, KOITO makes efforts to reinforce the system to ensure quick extinguishing through thorough management of hazardous materials and combustibles, such as organic solvents, increased installation and rearrangement of fire extinguishing equipment to prepare for fire, and implementation of initial firefighting training.

In addition, on-site inspections on safety, fire, and disaster prevention are being conducted at subsidiaries and suppliers. Subsidiaries in Japan are also mutually inspecting and improving each other’s production sites in Subsidiaries Mutual Safety Inspections to improve the safety, fire, and disaster prevention level in the entire Group and the supply chain.



Fire fighting training using fire hydrant



Online disaster control seminar by Regional Management Center of Central Shizuoka

### KOITO's Response to the Spread of COVID-19 Infections

Putting the highest priority on the safety of customers, business partners, employees and their families, the KOITO Group implements various measures based on requests from the government and local governments for the purposes of preventing the spread of the COVID-19 pandemic.

- Hygiene in prevention (wearing masks and hand sanitizing)
- Periodically disinfecting areas where an unspecified number of people touch, such as doors, switches, etc.
- Installing partitions in offices, meeting rooms, and dining halls
- Implementing staggered eating
- Avoiding three Cs (closed spaces, crowded places, and close-contact settings) in daily life and implementing “new normal”
- Actions in line with the measures requested by the prefectural governments to prevent infectious diseases

#### [Commuting]

- Restricting employees to use public transportation for commuting regarding the infection status at our site location
- Promoting teleworking in administrative and indirect departments and let smallest number of employees to come to office
- Measuring employees' temperature when entering the office etc.

#### [Business travels and meetings]

- Prohibiting employees to make overseas business travels
- Only allowing essential or urgent domestic business travels (business travelers must submit application and receive permission in advance, and comply with implementing infection prevention measures)
- Promoting online meetings
- Self-restraint in face-to-face meetings with people outside the company
- Measuring temperature and requesting hand sanitizing, submitting temperature record for the past two weeks, and wearing mask for outside visitors when entering the manufacturing sites etc.

## Information Security

KOITO has identified “information security” as one of our materialities, and ensures the protection of personal information and confidential information based on the Information Security Policy while implementing proper information security measures to materialize safe and thorough management.

### Information Security Policy

KOITO MANUFACTURING CO., LTD. (“KOITO”) recognizes that the appropriate management of information is a critical management issue, and has formulated an “Information Security Policy” to gain the trust of customers and society at all times.

KOITO intends, from now on, to comply with this Information Security Policy, maintaining and improving information security by protecting information assets from various threats and handling information appropriately.

#### 1. Establishment of information security management system

KOITO has appointed a Chief Information Security Officer (CISO) and established an information security management system that enables prompt implementation of security information measures, to gain the trust from the society at all times. This management system shall be reviewed and improved regularly. With this CISO and management system, KOITO makes every possible effort to protect all information assets held by us and comply with laws, regulations, and other rules related to information security.

#### 2. Development of internal information security-related rules

KOITO develops internal rules based on our Information Security Policy to have a clear policy for the handling of not only personal information but also all other information assets, and makes all employees and business partners fully aware of KOITO's strict measures against information leaks etc.

#### 3. Implementation of appropriate information security measures

KOITO implements organizational, physical, technological, and personal security management measures so that information assets of KOITO are not subjected to unauthorized access, destruction, leakage, or alteration. These measures shall be adjusted and adapted to changes when technological and social needs arise.

#### 4. Implementation of internal information security audits

KOITO regularly conducts internal information security audits to verify that security measures are functioning effectively in the course of business operations, in accordance with relevant laws and internal regulations and rules.

#### 5. Enhancement of information security literacy

KOITO provides thorough security education/training to employees etc. so that all people dealing with our information assets perform their duties with information security literacy. KOITO also continues to provide its employees with education/training to respond to ever-changing circumstances.

### Organization for Information Security Activities

The KOITO Group's information security is managed by the Information System Department, along with General Affairs Department and Compliance Promotion Office. Company-wide computers and networks are monitored on a daily basis.

Furthermore, each department periodically checks for information security risks and implements a PDCA cycle to continuously improve security.

### Information Security Management System

In order to protect information assets from the risk of leaks, theft, alternation, etc., the KOITO Group operates information security management based on management standards for the confidentiality, integrity, and availability of information. In particular, major functional divisions are assuring information security and promoting the improvement of security reliability. In 2020, divisions for designing and developing automotive lighting equipment and others have acquired ISO 27001, an international standard for information security.

The KOITO Group will continue to strive to further maintain and improve information security by improving our information security management system through continuous PDCA cycle and by expanding the scope of certification within the Group.

### Information Security Measures

In order to reinforce our information security to protect information from cyberattacks, KOITO has established internal regulations based on its Information Security Policy and is implementing various cyber security measures, including the establishment of a Group-wide monitoring system and an incident response system. We are seeking to build a strategic information management system that not only appropriately manages confidential and personal information, but also manages and utilizes intellectual property and other intangible assets.

## Intellectual Property Management

The KOITO Group places intellectual properties as the source of international competitiveness and develops business strategies by integrating R&D and intellectual property strategies. KOITO will continue to encourage activities to create intellectual properties and work to protect and utilize the intellectual property rights appropriately. At the same time, we will respect the intellectual property rights of others and strive to prevent infringements.

■R&D expenditures and number of patents

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
R&D expenditures (billion yen)	34.2	36.1	34.0	36.1	32.6
Number of patents applied	600	800	1,230	1,130	938
Number of patents held	2,490	2,630	2,890	2,830	2,813

### Organization for Intellectual Property Management

The KOITO Group makes effort to reinforce the intellectual property management system of the entire Group to acquire intellectual property rights, conclude licensing contracts, and respond to the violation of rights globally by developing a management system with KOITO MANUFACTURING at the center to establish and execute intellectual property strategies integrated with business strategies.

### Measures to Prevent Violation of Intellectual Property

Given the importance of intellectual properties, the KOITO Group provides training on intellectual property rights through the job-rank based education to increase the awareness of every employee. In addition, KOITO has introduced a patent research system available to all researchers and designers to avoid violating intellectual property rights of others and preventing future conflicts.

#### KOITO's "Area Marker" was Registered as the First Domestic Design of Images

With the revision of the Design Law in April 2020, designs for buildings and images have been newly protected as intellectual property, and the Area Marker devised by KOITO has recently been registered as the first domestic design of images.

The projector mounted on the vehicle displays images of the vehicle's width on the road surface. It makes the surroundings easier to recognize the vehicle and also helps drivers to check the road surface conditions, and is expected to contribute to improve safety.

■Image of "Area Markers"



## Tax Policy

The KOITO Group recognizes the importance of paying appropriate taxes and promotes sound tax activities in accordance with the tax laws and policies of each country and region while striving to build the proper tax governance system.

### Tax Policy

#### 1. Tax Compliance

KOITO MANUFACTURING CO., LTD. ("KOITO") and its subsidiaries ("the KOITO Group") comply with tax codes as well as relevant laws and regulations, file the proper tax returns and pay taxes in each country and region where we conduct businesses.

The KOITO Group does not engage in tax avoidance using tax havens, or use tax planning that does not coincide with business conditions.

#### 2. Tax Governance System

The KOITO Group strives to properly comply with the tax laws, systems and administrative operations in each country with the cooperation between Group companies in an effort to minimize tax risks.

The tax risks of the KOITO Group are managed under the discretion of the Chief Financial Officer according to reports from each Group company.

In addition, the KOITO Group will seek the advice and guidance of external experts for any complex risks or grave matters of concern to respond after investigation, evaluation and deliberation.

#### 3. Transfer Pricing

The KOITO Group will adhere to arm's length transaction principles with understand of the OECD Transfer Pricing Guidelines and domestic tax Base Erosion and Profit Shifting (BEPS) to set the price of transactions between Group companies.

In addition, the KOITO Group will seek the advice and guidance of external experts as necessary to reduce the tax risks related to transfer pricing.

#### 4. Elimination of Dual Taxation

The KOITO Group applies tax treaties to eliminate dual taxation on the same economic profits from multiple countries and regions.

#### 5. Relationship with Tax Authorities

The KOITO Group properly responds to any inquiries and requests for information from the tax authorities in each country and region where it does business with good faith and in a timely manner in an effort to build and maintain good relationships founded in trust with tax authorities.

If any question arises between the KOITO Group and tax authorities about tax practices, the understanding of tax codes or other tax-related matters, the KOITO Group will work together with each tax authority to resolve the matter in question.

## Executive Management (as of March 31, 2021)



Chairman and CEO  
**Masahiro Otake**

April 1977 Joined KOITO  
June 1987 Director  
June 1993 Managing Director  
June 1999 Senior Managing Director  
June 2005 Executive Vice President  
June 2007 President  
June 2015 Chairman (present position)



President and COO  
**Hiroshi Mihara**

April 1978 Joined KOITO  
June 2003 Director  
June 2006 Managing Director  
June 2011 Senior Managing Director  
June 2013 Executive Vice President  
June 2015 President (present position)



Director and Senior Adviser  
**Takashi Ohtake**

April 1962 Joined KOITO  
June 1979 Director  
June 1983 Managing Director  
June 1985 Senior Managing Director  
July 1992 Executive Vice President  
June 2003 President  
June 2007 Chairman  
June 2015 Director and Senior Adviser (present position)



Director and Managing Corporate Officer  
**Hideo Yamamoto**

April 1980 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)  
June 2008 General Manager of Asian Investment Banking Division, MUFG Bank, Ltd.  
October 2010 Standing Adviser, KOITO  
June 2011 Managing Director  
June 2012 Director and Managing Corporate Officer (present position)  
In charge of General Affairs Department, Public Relations Department, Information System Department and Internal Audit Department (present position)



Executive Vice President  
**Koichi Sakakibara**

April 1975 Joined KOITO  
June 1999 General Manager of Product Development Department  
June 2001 Director  
June 2007 Managing Director  
June 2009 Senior Managing Director  
June 2013 Executive Vice President (present position)  
In charge of Personnel Department, General Affairs Department, Shizuoka, Purchasing Department (present position)



Executive Vice President  
**Kenji Arima**

April 1977 Joined KOITO  
January 2005 Director, Koito Europe NV (KENV)  
June 2005 Director, KOITO  
June 2011 Managing Director  
June 2012 Director and Managing Corporate Officer  
June 2013 Senior Managing Director  
June 2019 Executive Vice President (present position)  
Engineering Headquarters, In charge of Mobility Strategy Department, Research & Development Department, Intellectual Property Department (present position)



Director and Managing Corporate Officer  
**Jun Toyota**

April 1983 Joined KOITO  
January 2005 Director, Koito Europe NV (KENV)  
June 2005 Director, KOITO  
June 2012 Corporate Officer  
June 2013 Managing Corporate Officer  
June 2015 President, North American Lighting, Inc. (NAL)  
June 2017 Director and Managing Corporate Officer, KOITO (present position)  
June 2019 International Operations Headquarters (present position)



Director and Managing Corporate Officer  
**Takayuki Katsuda**

April 1985 Joined Toyota Motor Corporation  
January 2010 Chief Engineer, Lexus Center  
April 2016 Standing Adviser, KOITO  
June 2016 Managing Corporate Officer  
June 2019 Director and Managing Corporate Officer (present position)  
Engineering Headquarters, In charge of Project Management Department, System Product Development Department, Shizuoka 1st Design Department, Toyota Design Department and Mobility Strategy Department (present position)



Senior Managing Director  
**Masami Uchiyama**

April 1983 Joined KOITO  
June 2005 General Manager of Personnel Department  
June 2007 Director  
June 2011 Managing Director  
June 2012 Director and Managing Corporate Officer  
June 2017 Senior Managing Director (present position)  
Production Headquarters, Shizuoka Plant, Haibara Plant, In charge of Logistics Department, Safety Environment Department, Production Control Department and Electronics Products Production Department (present position)



Senior Managing Director  
**Michiaki Kato**

April 1982 Joined KOITO  
October 2004 General Manager of Euro-American Operations  
June 2005 Director  
June 2011 Managing Director  
June 2012 Managing Corporate Officer  
June 2013 Director and Managing Corporate Officer  
June 2017 Senior Managing Director (present position)  
Sales Headquarters and International Operations Headquarters (present position)



Outside Director  
**Haruya Uehara**

April 1969 Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)  
June 1996 Director  
June 1998 Managing Director  
June 2001 Senior Managing Director  
June 2002 Director, Deputy President  
April 2004 President  
October 2005 President, Mitsubishi UFJ Trust and Banking Corporation  
June 2008 Chairman  
April 2012 Senior Adviser  
June 2013 Outside Director, KOITO (present position)  
July 2018 Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation (present position)



Outside Director  
**Kingo Sakurai**

March 1972 Registered as certified public accountant  
June 1983 Independent Auditor, KOITO  
June 2009 Resigned Independent Auditor  
July 2009 Adviser (part time), KOITO  
June 2017 Outside Director (present position)



Senior Managing Director  
**Hideharu Konagaya**

April 1987 Joined KOITO  
April 2006 General Manager of Accounting Department  
June 2009 Director  
June 2012 Corporate Officer  
June 2013 Managing Corporate Officer  
June 2015 Director and Managing Corporate Officer  
June 2017 Senior Managing Director (present position)  
Finance & Accounting Headquarters, In charge of Purchasing Department (present position)



Senior Managing Director  
**Katsuyuki Kusakawa**

April 1980 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)  
January 2009 Seconded to Toyota Motor Sales, U.S.A., Inc.  
March 2011 Standing Adviser, KOITO  
June 2011 Managing Director  
June 2012 Director and Managing Corporate Officer  
June 2019 Senior Managing Director (present position)  
Engineering Headquarters, In charge of Corporate Planning Department, Compliance Department, Cost Administration Department, Engineering Department and Mobility Strategy Department (present position)

# Executive Management (as of March 31, 2021)



Standing Audit and Supervisory Board Member  
**Mitsuo Kikuchi**

April 1968 Joined KOITO  
 April 1995 General Manager, Production Control Department  
 June 1999 Director  
 June 2005 Managing Director  
 June 2006 Senior Managing Director  
 June 2009 Executive Vice President  
 June 2013 Standing Audit and Supervisory Board Member (present position)



Standing Audit and Supervisory Board Member  
**Yohei Kawaguchi**

April 1974 Joined KOITO  
 April 2002 General Manager of Purchasing Department  
 June 2003 Director  
 June 2006 Managing Director  
 June 2012 Managing Corporate Officer  
 June 2013 Senior Managing Director  
 June 2017 Standing Audit and Supervisory Board Member (present position)



Outside Audit and Supervisory Board Member  
**Yukinobu Suzuki**

April 1965 Joined Sendai Regional Taxation Bureau  
 July 1990 Assistant Director, Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency  
 July 1995 Deputy District Director, Hachioji Tax Office  
 December 1995 Acquired qualification as certified tax accountant  
 July 2005 Director-General, Takamatsu National Tax Tribunal  
 July 2009 Adviser (part time), KOITO  
 January 2010 Audit and Supervisory Board Member, Koito Insurance Services Co., Ltd. (present position)  
 June 2016 Outside Audit and Supervisory Board Member, KOITO (present position)



Outside Audit and Supervisory Board Member  
**Hiroshi Kimeda**

April 1993 Public Prosecutor, Tokyo District Public Prosecutors Office  
 April 1997 Public Prosecutor, Special Investigation Department, Tokyo District Public Prosecutors Office  
 August 1998 Visiting scholar, Notre Dame Law School in U.S.A.  
 June 1999 Public Prosecutor, Criminal Affairs Bureau, Ministry of Justice  
 June 2001 Assistant Division Chief, Planning and Legal Division, Financial Services Agency  
 August 2002 Registered as an attorney  
 Joined Nishimura & Partners (currently Nishimura & Asahi) (present position)  
 December 2011 Outside Director, Advance Create Co., Ltd. (present position)  
 January 2019 Outside Audit and Supervisory Board Member, KOITO (present position)

## Managing Corporate Officer

**Atsushi Inoue**  
**Kiyoshi Sato**  
**Masatoshi Yoneyama**  
**Toshiyuki Katsumata**

## Corporate Officer

**Koichi Toyoda**  
**Mamoru Murakoshi**  
**Masahiro Otake**  
**Yuji Higashi**  
**Hideki Ochiai**  
**Masataka Choji**  
**Kakuya Yamamoto**

**Kohei Yamasaki**  
**Kirk Gadberry**  
**Eisuke Shibata**  
**Takahito Otake**  
**Kazuhiro Aoshima**  
**Masayasu Ito**  
**Manabu Kobayashi**