

ESG Activities

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."

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Environmental Activities

The KOITO Group declares in the KOITO Group Corporate Behavior Charter, our basic policy of the corporate activities, that “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.”

Based on this policy, KOITO has established an Environmental Policy that sets out the framework for its environmental activities and implements that policy in the environmental management of all fields: development, design, production, procurement, logistics and others.

Moreover, our domestic and overseas subsidiaries also have established “Environmental Policy” as well as built environmental management systems. We are promoting environmental conservation activities throughout the KOITO Group.

Environmental Policy

KOITO MANUFACTURING CO., LTD. pursues “Eco-friendly Manufacturing for People and the Earth” in all business activities centered on automotive lighting by promoting environmental conservation activities;

1. To clarify our targets and measures for environmental conservation and continuously work to improve the KOITO Group’s environmental performance,
2. To formulate and promote environmental improvement plans by considering environmental issues in advance in addition to complying with environmental laws and regulations,
3. To strive to develop and establish new environmentally friendly technologies and products throughout the product life cycle,
4. To minimize the environmental impact and use of resources and energy in the manufacturing process, promote environmental protection activities and prevent environmental problems from occurring,
5. To actively promote human resources development to achieve our environmental targets.

Environmental Management

Management Structure for Environmental Activities

KOITO convenes the monthly Safe and Environmental Committee chaired by the Representative Director to supervise environmental activities of the entire Group and to discuss and make decisions on important environmental issues and environmental conservation measures to be implemented under environmental laws and regulations.

Subcommittees and working groups, such as the Energy and CO₂ Reduction Subcommittee, Environmental Impact Substance Reduction Working Group, and Recycle Promotion Working Group, which were established to address specific environmental issues, are implementing specific activities.

These activities are reported to the Safe and Environmental Committee, which follows up on progress and discussing various actions.



Establishment of Environmental Management System

The KOITO Group is building the environmental management system for the entire Group. We are aggressively acquiring ISO 14001 and other environmental certificates primarily at our manufacturing sites. As of the end of March 2022, a total of 24 companies out of 25 eligible for certification have acquired environmental certificates: 12 in Japan, including KOITO MANUFACTURING, and 12 overseas. The KOITO Group also recommends major suppliers to acquire certificates, such as ISO 14001 and Eco-Action 21, in order to reinforce environmental management and conservation throughout the entire supply chain.

■ KOITO’s ISO 14001 certification in production sites

Site	Year-month of initial registration	The latest renewal dates
Shizuoka Plant	January 2000	January 2021
Koito Parts Center		
Haibara Plant	July 2000	
Sagara Plant		
Fujikawa Tooling Plant	January 2003	

Scope of Environmental Management: KOITO’s environmental management is applied to the above five sites with respect to business activities related to the R&D, design, production, logistics, etc. of automotive lighting equipment, aircraft components and others. In addition, environmental impact arising from the product life cycle are also applied to the management.

■ Environmental certification acquired in the KOITO Group

Domestic subsidiaries		Overseas subsidiaries	
ISO14001	KOITO KYUSHU	ISO14001	North American Lighting (U.S.A.)
	Aoitec		North American Lighting Mexico (Mexico)
	Shizuokadenso		NAL do Brasil (Brazil)
	Nissei Industries		Koito Europe (U.K.)
	Fujieda Auto Lighting		Koito Czech (Czech Republic)
Shizuoka Wire Harness	GUANGZHOU KOITO (China)		
KOITO ELECTRIC INDUSTRIES	Hubei Koito (China)		
Haibara Machine and Tools	FUZHOU KOITO TAYIH (China)		
Shizuoka Kanagata	THAI KOITO (Thailand)		
Takeda Suntech	INDONESIA KOITO (Indonesia)		
Green Management Certificate	Koito Transport		Ta Yih Industrial (Taiwan)
			INDIA JAPAN LIGHTING (India)

Environmental Targets and Performance

To implement “Eco-friendly Manufacturing for People and the Earth” and promote environmental conservation activities effectively, KOITO has set quantitative medium-term targets and short-term targets every year for various indicators. The progress of activities is managed and the degree of achievement of targets is evaluated by the Safe and Environmental Committee and other bodies.

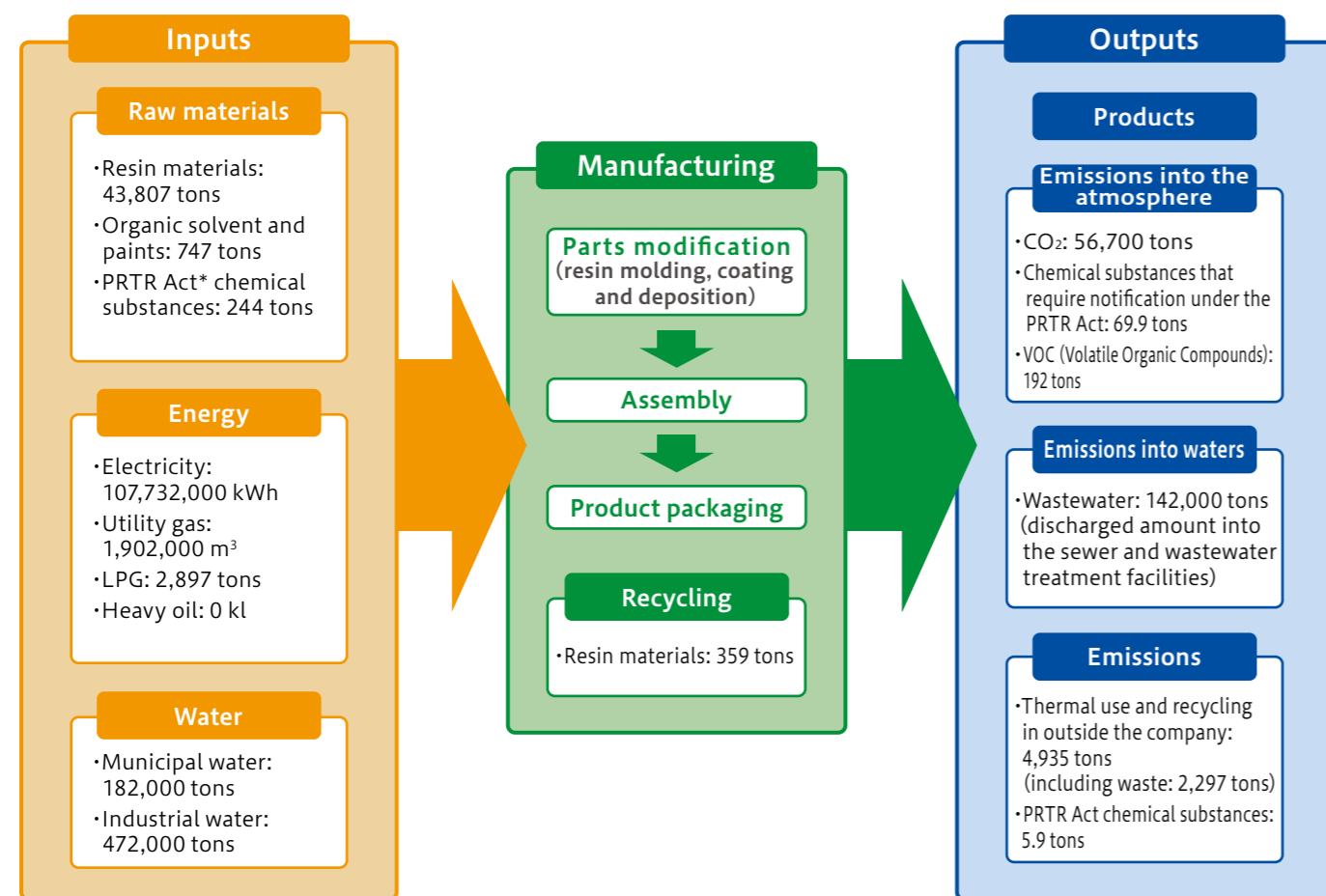
Environmental objectives	Priority efforts and performance in FY 2022			Main approaches from FY 2022
	Priority	Target	Result	
Measures to alleviate climate change	Reduction of CO ₂ from production	Amount of CO ₂ emissions: 16% reduction from FY 2014 (amount of CO ₂ emissions 61,900 t-CO ₂)	Amount of CO ₂ emissions: 23% reduction from FY 2014 (amount of CO ₂ emissions 56,700 t-CO ₂)	①Reduction of energy use and CO ₂ emissions in production ・Amount of CO ₂ emissions in FY 2031: 50% reduction from FY 2014 ・Achieve carbon neutrality by FY 2051 ②Reduction of energy use and CO ₂ emissions in logistics ・Energy usage per unit: 1% reduction per year ③Reduction of environmental impact substances in the product life cycle
	Reduction of CO ₂ from logistics	Energy usage per unit: 1% reduction per year	2% increase from FY 2021	
Resource and water circulation	Reduction of the amount of waste	Waste generated per unit: 3% reduction from FY 2019	13% reduction from FY 2019	①Development of recycle-oriented society ・Reduction of amount of waste and effective utilization of resources in production Waste generated per unit in FY 2026: 7% reduction from FY 2019 ②Minimization of water impact ・Reduction of water consumption Water usage per unit in FY 2026: 7% reduction from FY 2019 ・Improvement of wastewater quality management
	Reduction of water consumption	Water usage per unit: 3% reduction from FY 2019	9% reduction from FY 2019	
Management and reduction of chemical substances	Reduction of environmental impact substances	Reduction of VOC emissions VOC emissions: Less than the amount in FY 2019 (299 t) Target for FY 2022: 247 tons or less	192 tons (36% reduction from FY 2019)	①Reduction of environmental impact substances in production ・Amount of VOC emissions: Maintain the amount below FY 2019 (299 tons) ②Thorough management of environmental impact substances in products
Reinforcement of environmental management	Promotion of the reinforcement of consolidated environment activities	Reinforcement of environmental risk management Thorough environment compliance	Identification of potential environmental risks and reinforcement of preventive measures (Identification of and response to near miss incidents)	①Reinforcement of the worldwide environmental management ・Promotion of the reinforcement of consolidated management ・Promotion of environmental activities with business partners (suppliers) ・Proactive disclosure of environmental information and enrichment of communication ・Reinforcement of environmental education ②Development of society in harmony with nature ・Promotion of biodiversity and nature conservation activities
	Promotion of environmental efforts collaborating with suppliers	Promotion of aggressive environmental activities, improvement of environmental performance	Confirmation of management status and promotion of improvement through information sharing and on-site inspections	
	Disclosure of environmental information and enhancement of communication	Global disclosure of environmental information Promotion of mutual understanding with local communities	Disclosure of consolidated information Hosting round-table session with local communities	
	Reinforcement of environmental education	Promoting compliance, employee education and awareness-raising activities	Reevaluation of education structure for manager, supervisor and newly hired employees Implementing training for contractors working in the premises	
Enrichment of society in harmony with nature	Promotion of biodiversity and nature conservation activities	Promotion of activities at individual offices and regions, and biodiversity conservation activities	Cooperation with local organizations and participation in activities with them Reinforcement of activities to prevent global warming and effectively use resources	

Material Balance

Energy and resource inputs and emissions (outputs) of greenhouse gas (GHG) and environmental impact substances such as VOC (Volatile Organic Compounds) in KOITO's business activities are as follows.

KOITO keeps track of the material balance in its business activities to verify and evaluate activities to reduce the environmental load and to use the data for the establishment of future measures.

Results (FY 2022)



*PRTR Act: Act to promote identification and management of specific chemical substances' released amount to the exterior environment.

Environmental Audits

KOITO conducts annual external environmental audits and internal environmental audits to check the operational status of the environmental management system. Improvement proposals are prepared and implemented to respond to the aspects identified through those audits to maintain and operate the proper management system.

External Environmental Audits

A registered external accreditation firm checks whether the environmental management system has been properly established and operated based on ISO 14001.

Internal Environmental Audits

To ensure the independence of internal environmental audits, an audit team composed of internal auditors other than the department being audited is organized, and audits are conducted based on ISO 14001. The internal auditors are also conducting audits at their departments for continuous improvements and enhance environmental awareness.

Environmental Education

KOITO has established an education system and periodically provides environmental education to promote training for human resources to achieve our environmental targets as stated in the Environmental Policy and help every employee gain a deep understanding of the environment.

In addition to education for specific job ranks, such as new employees, managers and supervisors, KOITO provides special education for internal auditors and promote our employees' acquisition of official licenses and qualifications. Moreover, June and July of every year are designated as KOITO Environmental Months during which employees participate in local clean-up activities and implement intensive environmental inspection to enhance the awareness of every employee.

KOITO also provides education on preventing contamination and spillage to workers on the premises of KOITO, such as contractors, to enhance their awareness and prevent environmental accidents.



Safety and environmental education for the work conducted within the premises (2021)



Education for internal environmental auditors (2019)

Efforts throughout Supply Chain

KOITO is committed to promote measures to reduce environmental load based on the comprehensive perspective of the product life cycle to coexist with global environment and local communities and to engage in environmental activities through all business activities, including green procurement of raw materials, parts and equipments.

Aiming to materialize a sustainable society, KOITO is working to strengthen supply chain management. We hold annual procurement policy briefing session and monthly information liaison meetings for suppliers to encourage them to acquire environmental certifications, such as ISO 14001 and Eco-Action 21, and request compliance with environmental laws and regulations on environmentally hazardous substances.

In FY 2022, KOITO held a supplier meeting on May 17, 2021 and 204 suppliers attended it.



Procurement policy briefing session (2019)

Compliance with Environmental Laws and Regulations

KOITO conducts thorough risk management, such as specifying the sources of environmental risks, detecting abnormalities in the early stages through regular measurements, and establishing emergency response measures to minimize environmental risks by complying with environmental laws and regulations, such as ones to prevent air pollution, water contamination and soil contamination.

Through these risk management activities, KOITO makes sure that emissions, water quality, noise, soil and groundwater contamination are within the ranges permitted under laws, regulations and standards. In FY 2022, neither violations of environmental laws and regulations nor fines were reported at the KOITO Group.

The KOITO Group is committed to compliance with environmental laws and regulations, and continue to work on environmental risk management.

Environmental risk management to comply with environmental laws and regulations

	Risk management	Procedures
Prevention of environmental pollution	Prevention of environmental pollution	<ul style="list-style-type: none"> Identification of sources Source management
	Early detection of abnormality	<ul style="list-style-type: none"> Setting self-management standards Daily inspection (monitoring and measurement)
Prevention of expanding risks	Emergency response	<ul style="list-style-type: none"> Setting emergency response procedures Implementation of training to handle abnormality

Reduction of Greenhouse Gas Emissions

In order to contribute to materialize a decarbonized society, KOITO is promoting the introduction of plant buildings and energy-saving manufacturing facilities that emit less CO₂ with the goal of achieving carbon neutrality in FY 2051. Furthermore, we are working company-wide to reduce CO₂ emissions throughout the product life cycle, promoting products' power conservation, size reduction and weight reduction from the development and design phase.

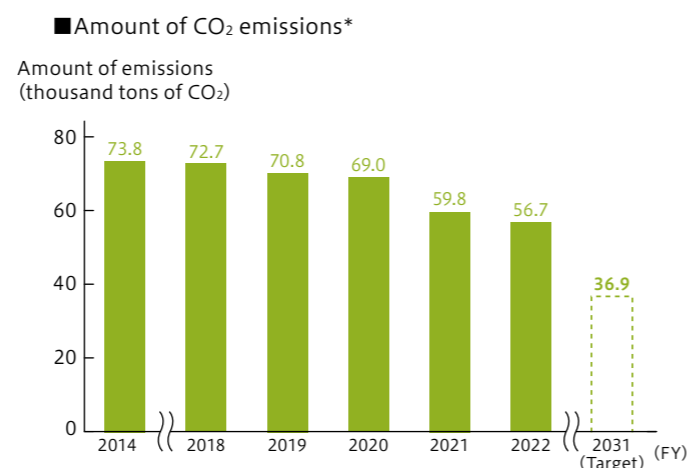
Efforts in the Production Process

To improve energy and production efficiency in the production process, KOITO is reducing CO₂ emissions by improving work methods and updating facilities, such as updating to higher-efficiency transformers and air conditioners, installing energy-efficient facilities, automatic power shutdown systems to kick in when facilities are not in use, and optimizing production lines.

We are promoting several activities with the goal of reducing CO₂ emissions by 50% from FY 2014 by FY 2031 and achieving carbon neutrality by FY 2051.

Factories in Japan were streamlined by integrating production lines and conducting improvement work that resulted in improved productivity and energy efficiency. With this effort, the amount of KOITO's CO₂ emissions in FY 2022 was 56.7 thousand tons, 23% decrease from FY 2014.

▶ Please refer to the Growth Strategies from P.20 to P.21 of this report.



*The amount of CO₂ emissions are calculated by using CO₂ emission factor of each electric power company for electricity, and using the factors based on the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures for city gas, LPG and heavy oil.

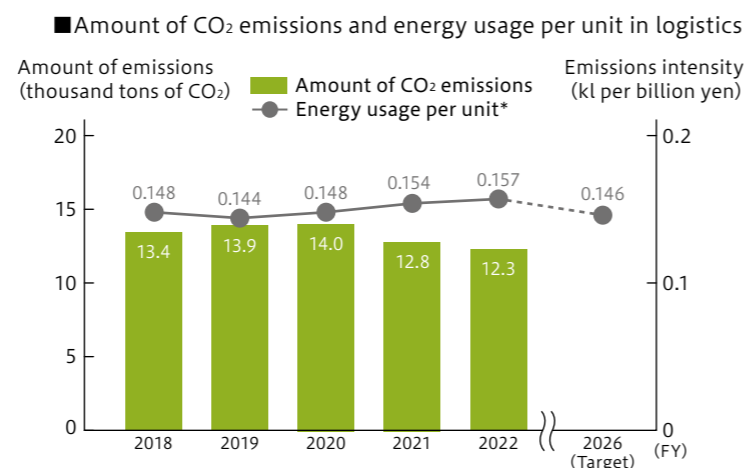
Efforts in Logistics

The logistics of KOITO are mainly conducted by freight trucks. A domestic subsidiary, Koito Transport, is mainly carrying out the logistics operations.

Koito Transport acquired the Green Business Certificate in February 2004. Collaborating with KOITO, Koito Transport aims to operate environmentally friendly transport business by reducing environmental impacts focusing on reducing the energy consumption of freight trucks, CO₂ emissions, and waste emitted through the logistics process.

In FY 2022, the amount of CO₂ emissions from the entire logistics operation of KOITO was 12,300 tons and energy per unit* was 0.157 kl per billion yen.

*Energy usage per unit: Amount of energy (kl in crude oil equivalent) consumed in logistics per unit in sales (billion yen).



Environmental Activities in Overseas Subsidiaries

Reducing CO₂ Emissions by Introducing Renewable Energy / India Japan Lighting Private Limited (IJL/India)

IJL reduced annual CO₂ emissions by 13% through installing solar panels at the Bawal Plant and purchasing renewable energy, including wind and solar power, at the Chennai Plant.



Reducing Electricity Consumption by Using LEDs / THAI KOITO COMPANY LIMITED (THAI KOITO/Thailand)

THAI KOITO has promoted the use of LEDs instead of metal halide lamps, which were conventionally used for on-site passageway lighting. As a result, they have achieved to reduce annual electric power consumption of on-site passageway lighting by 66%.

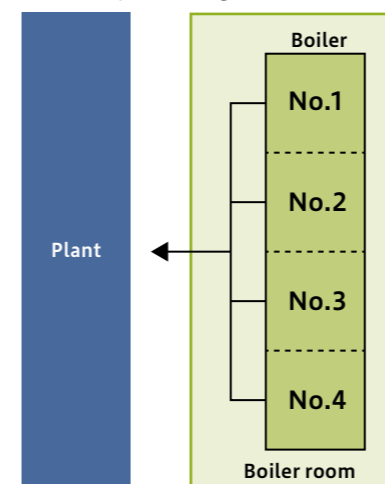


Reducing Water and Gas Consumption through Intermittent Operation of Boiler Facilities / North American Lighting Mexico (NAL Mexico/Mexico)

The four boilers at NAL Mexico's production plants were operated in a manner that shifts to high combustion conditions at high loads and to low combustion conditions at low loads, and was resulted in energy loss.

With the aim of reducing energy consumption, NAL Mexico switched the operation to intermittent operation control, in which the boiler can automatically stop according to the operating rate. They have achieved reducing annual water consumption by 8% and annual gas consumption by 18%.

Boiler system diagram



Boiler operation status (before improvement)

	Operating ratio 20%	Operating ratio 40%	Operating ratio 60%	Operating ratio 80%	Operating ratio 100%
No.1	Low combustion	High combustion	High combustion	High combustion	High combustion
No.2	Low combustion	Low combustion	High combustion	High combustion	High combustion
No.3	Low combustion	Low combustion	Low combustion	High combustion	High combustion
No.4	Low combustion	Low combustion	Low combustion	Low combustion	High combustion

Boiler operation status (after improvement)

After introducing a control system that can automatically stop the boiler

	Operating ratio 20%	Operating ratio 40%	Operating ratio 60%	Operating ratio 80%	Operating ratio 100%
No.1	Low combustion	Low combustion	High combustion	High combustion	High combustion
No.2	Non-operation	Low combustion	Low combustion	High combustion	High combustion
No.3	Non-operation	Non-operation	Low combustion	Low combustion	High combustion
No.4	Non-operation	Non-operation	Non-operation	Non-operation	Low combustion

Reduction of Environmental Impact Substances

To reduce environmental impact substances and waste, KOITO commits in its Environmental Policy to strive to “develop and establish new environmentally friendly technologies and products throughout the product life cycle” and “minimize the environmental impact and use of resources and energy in the manufacturing process,” and promoting relevant activities.

KOITO has set quantitative reduction targets for VOC emissions in the midterm priority activities. Activities are being implemented to reduce emissions while checking progress.

We will continue to actively engage in reducing environmental impact substances by promoting “Eco-friendly Manufacturing for People and the Earth.”

Efforts in Production Processes

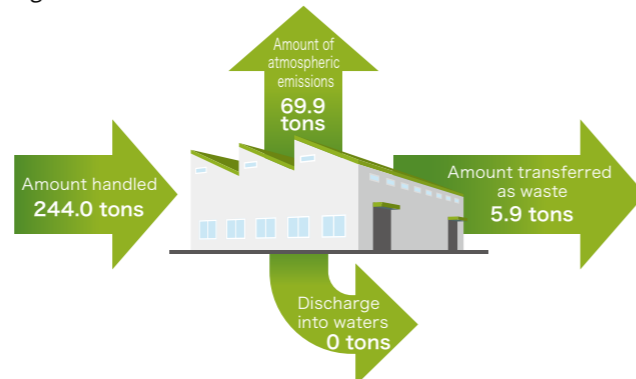
Some raw materials, such as paints and chemicals, as well as secondary materials used in the production processes, contain chemical substances that have negative environmental impacts. KOITO is reducing these environmental impact substances by reinforcing the management of the amount to use and emit, improving consumption efficiency, and using alternative substances.

Management of Chemical Substances Regulated under the PRTR Act

KOITO is keeping track of the amount of chemical substances regulated under the PRTR Act handled or transferred in the production processes while managing them appropriately as well as reducing the amount to use and replacing them with alternative substances.

In FY 2022, KOITO have handled six substances subject to PRTR Act (Class 1 designated chemical substances), including toluene and styrene. The amount of these substances handled was 244.0 tons, and the amount of atmospheric emissions and transfers as waste was 75.8 tons.

Amount of released and transferred chemical substances regulated under the PRTR Act in FY 2022



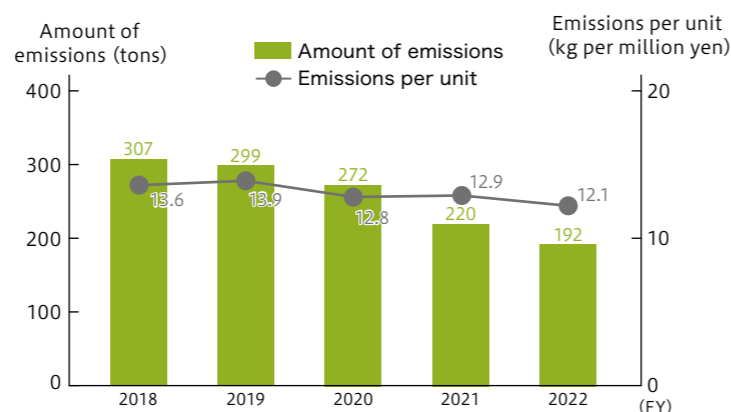
Reduction of VOC (Volatile Organic Compounds)

As a target for FY 2026, KOITO is working to maintain VOC emissions below 299 tons, the amount in FY 2019, a base year, and to further reduce emissions per unit*1.

In FY 2022, VOC emissions were reduced by 36% compared to FY 2019. In addition, we have achieved 13% reduction in emissions per unit compared to FY 2019.

In addition, KOITO has not used the three major hazardous air pollutants*2 since we had eliminated its use in March 2003.

Amount of VOC emissions and VOC emissions per unit



*1 VOC emissions per unit: The amount of VOC emissions (kg) per production in monetary amount (million yen)

*2 Hazardous air pollutants: Dichloromethane, trichloroethylene and tetrachloroethylene

Resource Conservation and Recycling

Throughout our product life cycle, KOITO is actively working to effectively use raw materials, energy and other resources, and to reduce water consumption and waste.

The KOITO Group will continue to actively promote “Eco-friendly Manufacturing for People and the Earth,” and strives to materialize a recycle-oriented society.

Effective Use of Water Resources

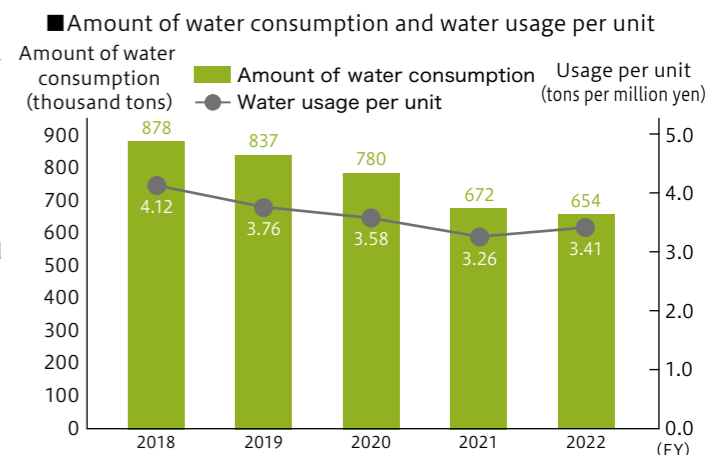
Recognizing the importance of water resources in production activities and the risks that future economic growth, population growth, and climate change would have effect on water resources, KOITO has identified “conservation of water resources” as one of our materiality. KOITO is working on the effective use of water resources and protecting water quality.

We have set our target for water consumption per unit of production*, to reduce 7% from the amount in FY 2019 (3.51 tons per million yen) by FY 2026, and we are promoting activities aimed at further reductions.

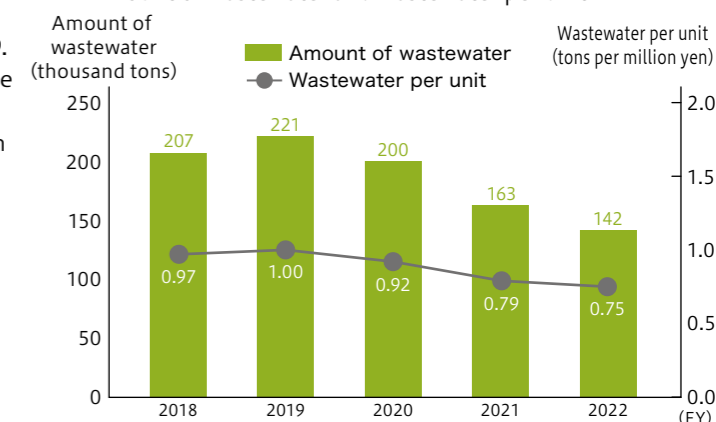
We have worked to enhance the awareness of employees toward water conservation and improving the efficiency of water consumption in the production processes. As a result, the water usage per unit in FY 2022 was 9% lower and the amount of water consumption was 22% lower than FY 2019.

KOITO is also conducting water quality monitoring on the wastewater discharged from production sites to prevent water pollution in rivers or other bodies of water into which production sites wastewater is discharged.

*Water usage per unit: The amount of water consumption (tons) per production output (million yen)



Amount of wastewater and wastewater per unit



Efforts in Reducing Wastes and Recycling

KOITO is working on efficient recycling of materials (including waste, valuable materials and recycled materials) discharged from all plants. After achieving zero-waste* in all plants in 2002, KOITO has been promoting waste reduction by setting the waste generated per unit as an index for recycling, mainly of plastics, and for efficient use of resources in production.

*Zero-waste: A situation in which no waste is directly disposed of as landfill within the waste discharged by the plant.

Efforts to Reduce the Amount of Waste from Production Sites and the Waste Generated per Unit

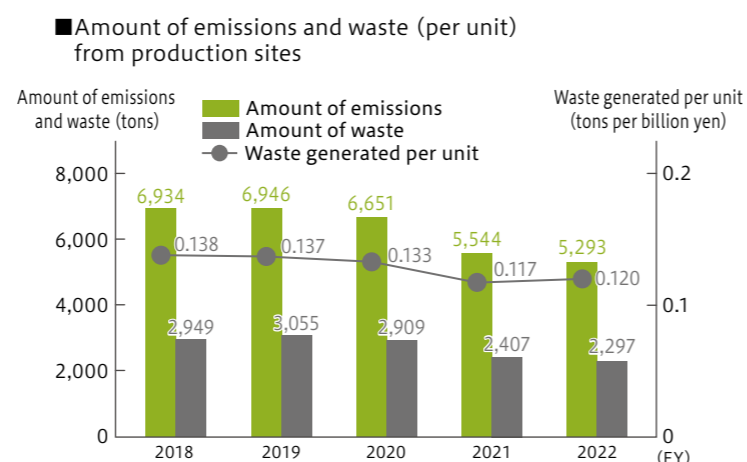
KOITO generated 5,293 tons of waste from plants in FY 2022, among which 2,297 tons were processed as waste*1.

KOITO is promoting activities with the aim of further reducing waste per unit*2 by 7% from the unit in FY 2019 (0.128 tons per billion yen), a base year, as a target by FY 2026.

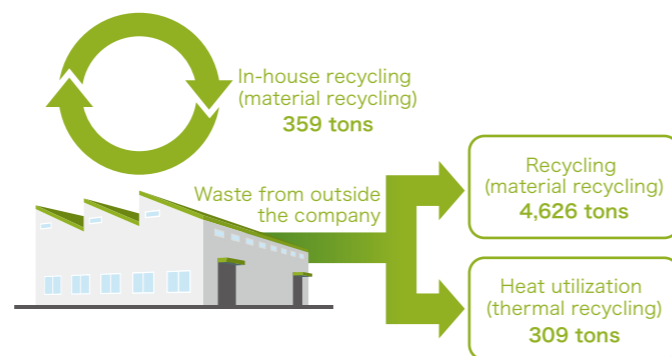
The waste generated per unit (the amount of waste per production output) was 0.120 tons per billion yen in FY 2022, which was 34% lower than FY 2019 due to the continuous efforts to reduce the loss of defective resins.

*1 Waste: Generated material that requires processing costs, and the processing is outsourced to disposal businesses contractors

*2 Waste generated per unit: The amount of waste (tons) per production output (million yen)



Amount of waste discharged at plants (FY 2022)



Promotion of recycling

KOITO is working to improve the recycling rate (reduction of heat-utilizing waste, etc.). In FY 2022, the amount recycled was 4,985 tons, maintaining a recycling rate of over 90%.

External Evaluation on Our Environmental Activities

KOITO evaluates its own initiatives by identifying key domestic and overseas external indicators and evaluations, and analyzing the results. We are actively disclosing information by responding to external evaluations, including ESG (Environmental, Social and Governance) rating agencies.



In January 2022, the CDP Climate Change Report 2021, a survey of global companies on their strategies for climate change and specific greenhouse gas emissions, was published by the U.K. nonprofit organization CDP (formerly known as the Carbon Disclosure Project).

KOITO received a “B-(Management)” rating in recognition of its efforts to address climate change, such as reducing CO₂ emissions and setting medium- to long-term targets, as well as its disclosures.

Disclosures According to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Amid the increasingly severe impacts of climate change around the world, the Financial Stability Board established TCFD in December 2015 in response to a request from the G20. In June 2017, TCFD issued TCFD Recommendations, which require companies and others to disclose information on the risks and opportunities that climate change may have on their company based on four themes.

In December 2021, KOITO has signed up to support the TCFD and is actively promoting activities to reduce CO₂ emissions and disclose related information in order to materialize carbon neutrality in FY 2051.

We will continue to analyze the risks and opportunities that climate change may pose to us and identify their impacts, and will work to further enhance information disclosures.



Items Recommended for Disclosure by TCFD and KOITO's Compliance

Recommended Disclosures	Compliance
Governance a) The board's oversight of climate-related risks and opportunities b) Management's role in assessing and managing climate-related risks and opportunities	The KOITO Group identifies materiality including “prevention of global warming” through discussions at the Board of Directors and promotes business activities that contribute to materialize a sustainable society. KOITO convenes the monthly Safe and Environmental Committee chaired by the Representative Director to supervise environmental activities of the entire Group and to discuss and make decisions on important environmental issues and environmental conservation measures to be implemented under environmental laws and regulations. Subcommittees and working groups, such as the Energy and CO ₂ Reduction Subcommittee, Environmental Impact Substance Reduction Working Group, and Recycle Promotion Working Group, which were established to address specific environmental issues, are implementing specific activities. These activities are reported to the Safe and Environmental Committee, which follows up on progress and discussing various actions.
Strategy a) The climate-related risks and opportunities the organization has identified over the short, medium, and long term b) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning c) The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	We will analyze and disclose the risks and opportunities that climate change may have on KOITO in the future based on climate-related scenarios and other factors.
Risk Management a) The organization's processes for identifying and assessing climate-related risks b) The organization's processes for managing climate-related risks c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	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 Procurement Headquarters 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.
Metrics and Targets a) The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process b) Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets	[Target for FY 2031] ·CO ₂ emissions (Scope 1+2): 36,900 tons (50% decrease from FY 2014) [Monitoring metrics] ·Scope 1 (direct) and Scope 2 (indirect) CO ₂ emissions [Result for FY 2022] ·Scope 1 CO ₂ emissions: 12,900 tons ·Scope 2 CO ₂ emissions: 43,700 tons We are currently in the process of calculating Scope 3 CO ₂ emissions.

Social Activities

Activities to Improve Safety and Security

The KOITO Group's basic management policy is to create customer needs and contribute to the progress of society, guided by the theme of "Light." Identifying "reduction of traffic accidents" as one of our materiality, the KOITO Group develops products which contribute to materialize a safe and secured automotive society under our corporate message "Lighting for Your Safety."

To further improve the performance of LED headlamps and ADBs, we are also promoting R&D activities on Advanced Driving Assistance System (ADAS), next-generation lamps and various sensors (LiDAR, cameras, etc.) which are compatible with autonomous driving.

The KOITO Group will continue to contribute to the improvement of safety and security in an automotive society through developing and supplying safe and high-quality products and services using our technologies.

Development of Technologies and Products Contribute to Improve Safety and Security

LED Headlamps

KOITO has been developing high-output and high-performance light sources to create headlamps that provide brighter light to greater distances for safe nighttime driving.

LED headlamps are KOITO's main products. They help drivers to gain clear night views as they are bright, turn on instantly and are close to daylight. KOITO is also developing laser headlamps to further improve distance visibility.

Adaptive Driving Beam (ADB)

KOITO has developed a headlamp system called Adaptive Driving Beam (ADB) that automatically controls the light distribution pattern of the high beam and ensures wide front visibility for drivers by enabling driving with high beams all the time while preventing preceding or oncoming vehicles from glare.

In addition, KOITO is conducting R&D activities on ADB to further improve safety during nighttime driving by providing finer light distribution.

Please refer to the Growth Strategies from P.18 to P.19 of this report.

Evolution of light sources

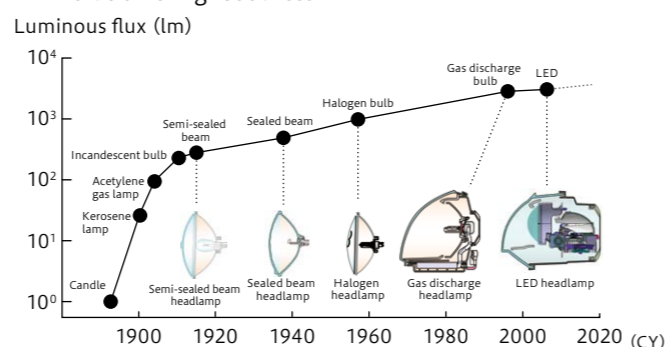
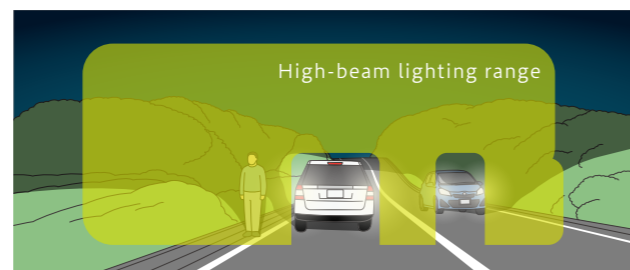


Image of ADB photometry

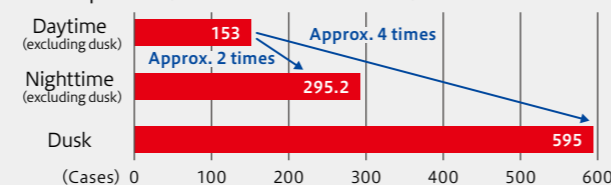


High Beam Contributes to Reduce Accident Mortality

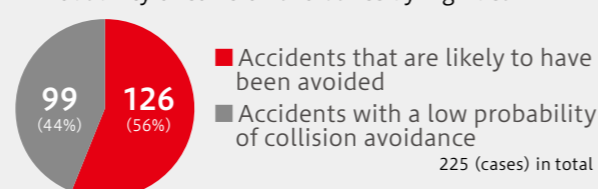
The number of traffic accident deaths in Japan is about 3,000 per year. Among them, fatal accidents occur most frequently at dusk, from 17 to 19 o'clock, and in particular, "vehicle-to-pedestrian" accidents occur two to four times larger than those in daytime. It can be inferred that deterioration of drivers' visibility can be one of the causes for traffic accidents with pedestrians. In addition, an analysis of "vehicle-to-pedestrian" fatal accidents occurrence shows that a considerable number of accidents were likely to have been avoided if the driver had utilized high beam.

High beam, which allows drivers to detect pedestrians from a greater distance, is effective in preventing traffic accidents in dark driving conditions.

Number of "vehicle-to-pedestrian" death accidents by time period (2015–2019 cumulative)



Probability of collision avoidance by high beam



*Prepared based on the National Police Agency's "Prevention of Nighttime Pedestrians Accidents through the Advanced Use of High Beam" <https://www.npa.go.jp/bureau/traffic/anzen/highbeam.html>

Quality and Product Safety

The KOITO Group declares in the KOITO Group Corporate Behavior Charter that "we will gain customers' satisfaction and trust through developing and providing safe and high-quality products and services," and identified "enhancement of product quality" as one of our materiality. We strive to create products with a customer-first attitude to maintain and further improve quality of all products and services we provide to our customers.

The KOITO Group is utilizing its Quality Management System (QMS) to maintain and supervise the quality level in all kinds of departments, from development to production.

We will continue quality assurance activities to meet the situations in various countries or regions and will keep contributing to materialize a sustainable society through maintenance and improvement of the product quality.

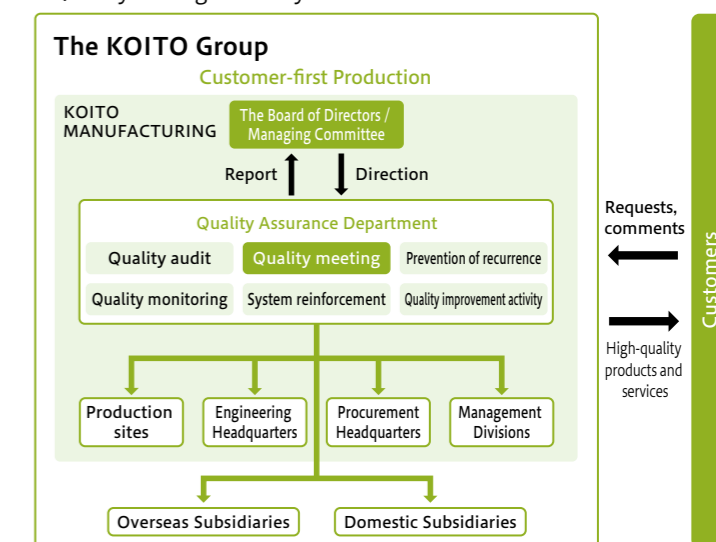
Quality Management Structure

KOITO has established a quality management system based on ISO 9001 and IATF 16949 which are international standards to ensure seamless operations.

Internal Quality Audits with the Quality Assurance Manager as the chair are conducted at least once a year to make decisions on the quality management aspects and to monitor the quality management status of the entire KOITO Group.

The progress of these activities is reported to the Board of Directors and the Managing Committee by Director or Corporate Officer who are in charge of Quality Assurance Department to reinforce the management system through monitoring by the management. KOITO is building a system to find the causes of any defects found and implement prevention measures in case any defects are found through quality tests and evaluations.

Quality Management System



Acquisition of Quality Management System Certificates

The table on the right is a list of Group companies, including overseas subsidiaries, that have acquired ISO 9001 or IATF 16949.

All the subsidiaries and departments of KOITO will continue to carry out a thorough PDCA cycle, and ensure product safety and quality through enhancement of the quality management system.

Environmental certification acquired in the KOITO Group

ISO 9001	IATF 16949
KOITO KYUSHU	North American Lighting (U.S.A.)
Aoitec	North American Lighting Mexico (Mexico)
Shizuokadenso	Koito Europe (U.K.)
Nissei Industries	Koito Czech (Czech Republic)
Fujieda Auto Lighting	GUANGZHOU KOITO (China)
Shizuoka Wire Harness	Hubei Koito (China)
KOITO ELECTRIC INDUSTRIES	FUZHOU KOITO TAYIH (China)
	THAI KOITO (Thailand)
	INDONESIA KOITO (Indonesia)
	Ta Yih Industrial (Taiwan)
	INDIA JAPAN LIGHTING (India)

Efforts in Quality Improvement

KOITO provides job rank-based quality education for new employees, managers and supervisors. In addition, KOITO holds training session on SQC (Statistical Quality Control) for design and development engineers to improve their knowledge on quality management.

Furthermore, the QC circle activities and improvement presentation sessions (FQC Meeting, Staff QC Meeting and others) are being held periodically to improve quality management activities.

KOITO will continue to enrich activities on training and education to further improve quality management.



Staff QC Meeting (2019)

Supply Chain Management

KOITO believes that it is important to fulfill its social responsibility throughout the entire supply chain to practice “Eco-friendly Manufacturing for People and the Earth” through all business activities. Therefore, we have established the Procurement Policy to respond to social demands and expectations and deliver high quality service to our customers while cooperating with suppliers.

KOITO is also presenting expectations on the cost, quality and the elimination of industrial accidents to each supplier to achieve goals together.

We are aiming to materialize a sustainable society throughout the entire supply chain while cherishing the close relationship with our suppliers.



For Procurement Policy, please refer to our Supply Chain Management website.

URL: <https://www.koito.co.jp/english/csr/social/supplychain.html>

Initiatives to Strengthen Cooperation with Business Partners and Promote Co-existence and Co-prosperity

In March 2022, KOITO formulated and announced its Declaration of Partnership Building to strengthen collaboration with our business partners and promote mutual prosperity, as well as to contribute to sustainable growth of the society throughout the supply chain.



The following individual items are clearly indicated as KOITO's initiatives in the declaration.

- We will Strengthen collaboration with other companies to accelerate open innovation in order to respond to the transformation of automobiles and mobility.
- We will promote information sharing and digitization using IT to improve operational efficiency with related business partners.

Reinforcement of CSR in the Supply Chain

KOITO holds annual Procurement Policy Briefing Session and monthly Supplier Information Liaison Meetings and other opportunities to help our suppliers understand our CSR initiatives. We are also providing consultation as necessary. At the Procurement Policy Briefing Session, we share policies on sales, technology, production, quality and other matters, and also ask our suppliers to thoroughly comply with laws and regulations. We have established a system for suppliers so that they can inform us and promote compliance in the event of their violating the law.

In addition, we encourage our suppliers to actively acquire environmental certification, and check the status of certification every year. In FY 2022, approximately 430 suppliers were eligible for the survey. During fire and disaster prevention inspections to our suppliers, KOITO also confirms

the management system or the amount of organic solvents used by suppliers. In the event that there is a problem with suppliers' management system or others, we request them to submit an improvement plan and supporting their measures.

As for suppliers who conduct business with the KOITO Group, we ask them to implement environmental and social measures to materialize a sustainable supply chain.

In addition, we are confirming some of our suppliers' implementation status of overall CSR activities, including quality, human rights, environment, compliance and others.

[Environmental requests]

- Acquire external environmental certifications such as ISO 14001 and Eco-Action 21
- Ban the use of certain materials under RoHS Directive
- Ensure transparency on substances under REACH Regulation
- Ensure traceability of nanomaterials contained in products
- Formulate environmental policies covering the automobile industry's key challenges

[Social requests]

- Abolish child labor, forced labor and discrimination
- Promote occupational safety and health
- Secure decent wages and working hours
- Prevent other inhuman behaviors
- Conduct responsible procurement of minerals

[KOITO's CSR activities]

- ① Measures based on the “Guideline for the Right Transaction of Automobile Industry”
- ② Continuous investigation on the inclusion of environmental impact substances
- ③ Continuous annual investigation on conflict minerals
- ④ Thorough compliance with laws and regulations concerning human rights and labor
- ⑤ Thorough implementation of compliance issues in general (Concluding contracts to eliminate anti-social forces, etc.)

Measures on Conflict Minerals

It has become an international concern that some minerals mined in the Democratic Republic of the Congo and nearby nations have been the source of financing for armed forces engaging in human rights violations. The United States defined four types of minerals of tin, tantalum, tungsten and gold produced in these regions as “conflict minerals” in the Dodd-Frank Wall Street Reform and Consumer Protection Act and mandated annual investigations of the use of these minerals and disclose the information.

KOITO avoids the use of conflict minerals along with its suppliers by conducting annual investigations on conflict minerals not to assist human rights violations and environmental destruction and to fulfill its social responsibility throughout the supply chain. When starting business with a new supplier, we carefully examine the results of conflict minerals investigations and consider the feasibility of conducting such transactions.

Human Resource Management

KOITO has identified “human resource development,” “healthy and safe working environment,” “workstyle reform” and “protection of human rights” as part of our materiality. With the keywords of “communication and collaboration,” KOITO encourages every employee to share their knowledge, experience, findings and problem awareness through various means to build energetic worksites where every member can work on tackling problems.

▶ Please refer to the Human Resource Strategy from P.24 to P.25 of this report.

Personnel Data

(KOITO MANUFACTURING)

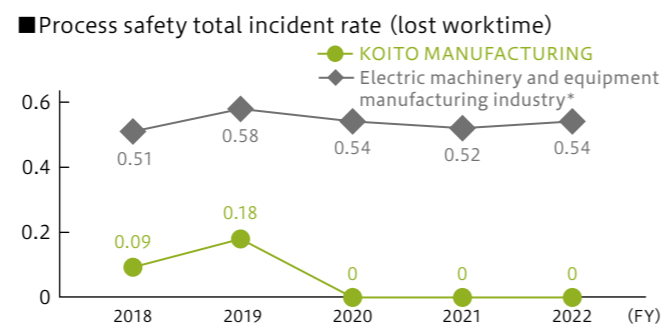
		FY 2019	FY 2020	FY 2021	FY 2022	
Total workforce	Male	3,471	3,551	3,570	3,534	
	Female	907	908	912	883	
	Total	4,378	4,459	4,482	4,417	
Regular recruitment	General administrative positions	Total (male and female)	17	19	25	0
		Ratio of female	47.0%	52.6%	32.0%	0.0%
	General technical positions	Total (male and female)	71	81	70	27
		Ratio of female	7.0%	12.3%	8.6%	11.1%
	Practical positions	Total (male and female)	43	47	47	24
		Ratio of female	25.6%	31.9%	29.8%	20.8%
Number of employees in senior management	Total (male and female)	131	147	142	51	
	Male	580	582	607	612	
	Female	6	6	8	9	
Ratio of female		1.0%	1.0%	1.3%	1.4%	
	Number of employment of staff with a disability	80	85	84	82	
Ratio	2.27%	2.37%	2.31%	2.25%		
Ratio of dispatched employees		19.7%	17.9%	17.7%	15.9%	
Average years employed by the company	Male	19.7	19.2	19.3	19.6	
	Female	21.8	21.3	21.5	21.7	
	Total	20.0	19.6	19.7	20.0	
Re-employment ratio	Senior management	91.7%	88.9%	100.0%	93.3%	
	Union members	75.4%	77.5%	85.7%	81.4%	
	Total	78.3%	79.4%	88.5%	84.3%	
Employee turnover rate (voluntary resignation)		1.1%	1.1%	1.1%	1.6%	
Working hours		2,044.0	1,998.5	2,324.1	2,064.0	
Monthly average overtime hours		23.7	20.6	9.9	9.3	
Number of paid leave per employees		16.0	16.2	14.7	16.5	
	Paid leave taken	77.3%	78.2%	70.8%	82.5%	
Number of employees taking maternity leave		37	34	33	28	
	Male	4	4	14	25	
Number of employees taking child care leave	Female	59	58	65	65	
	Total	63	62	79	90	
Number of employees working reduced hours to accommodate childcare	Male	1	1	0	2	
	Female	58	61	54	67	
	Total	59	62	54	69	
Number of employees using taking family-care leave	Male	0	0	0	3	
	Female	3	0	1	2	
	Total	3	0	1	5	
Employee training time (hours)		63,181	75,241	42,960	44,953	
	Average training time per employee	14.4	16.9	9.6	10.2	
Number of employees taking mental health training		1,028	682	239	243	
Labor union membership rate		95.4%	98.3%	98.8%	98.1%	

Occupational Safety and Health

KOITO adopts “Safety comes first” as the basic approach to safety and health and aims to create the safe, secure, and comfortable work environment with the participation of all employees. Five Safety Rules are also set as the standard actions to follow in all activities that are to be practiced by the entire Group.

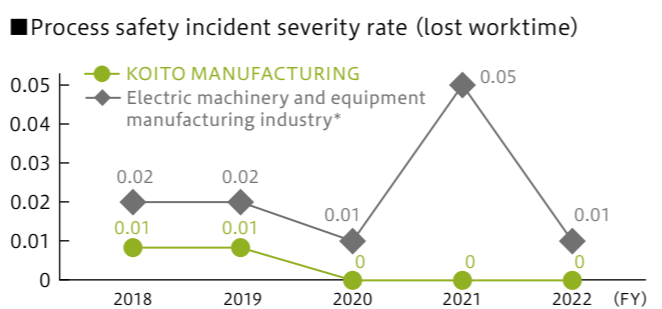
The Safe and Environmental Committee chaired by the Representative Director meets monthly to discuss policies on employee safety and health measures, including measures to prevent and recur problems or accidents, as well as other important issues. The matters discussed at the Safe and Environmental Committee are presented to every employee through the Safe and Health Committee, and the Safe and Environmental Committee of each production site, or the worksite safety meetings conducted at their worksites.

Targeting all personnel working in the premise, KOITO repeatedly provides education and accident drills to develop human resources who follow safety rules and increase their awareness. We are also conducting risk assessment and risk detection activities to enhance the senses to find potential risks at the worksites. In addition, Directors and Managers conduct on-site inspections, identify unsafe conditions, and take preventive measures with the goal of zero labor disaster and traffic accidents.



$$\text{Process safety total incident rate} = \frac{\text{Numbers of workers due to industrial accident}}{\text{Total working hours}} \times 1,000,000$$

*Source: The Ministry of Health, Labour and Welfare



$$\text{Process safety incident severity rate} = \frac{\text{Total lost working hours}}{\text{Total working hours}} \times 1,000$$

*Source: The Ministry of Health, Labour and Welfare

Initiatives between Management and Employees

A strong relationship based on mutual trust between management and employees is essential for building the workplace environment where individual employee can make the best use of their capabilities, and maintain and improve high productivity and motivation.

“KOITO Labor Union,” which consists of 3,878 KOITO employees, is a member of the “JAM Shizuoka.” In principle, KOITO holds monthly labor-management meetings with KOITO Labor Union to discuss various issues such as business performance and labor conditions.

In addition, the labor union regularly conducts a union employee awareness survey on workplaces, operations and careers targeting all union members. The labor union uses the findings to improve union activities and recommendations to KOITO.

Respect for Human Rights

One of our management philosophies is to “stepping forward to realize our employees’ dreams,” and we declare in the KOITO Group Corporate Behavior Charter that “we will respect the human rights of all persons.”

By respecting human rights of all stakeholders while communicating with business partners, local communities and employees, KOITO strives to be a company that is trusted by international society.

We provide employee education on respecting human rights as a part of compliance education. Training to address specific issues, such as harassment training, is offered when necessary to raise every employee’s awareness on respecting human rights.

Social Contribution Activities

To materialize one of our management philosophies, “fostering mutually beneficial relationships with all stakeholders as a member of the society,” we declare in the KOITO Group Corporate Behavior Charter that “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.” Based on the statement, we are promoting various activities.

● Donation to Support Humanitarian Efforts in Ukraine and Neighboring Regions

KOITO made 100 thousand euros of donations to UNHCR, the UN Refugee Agency, as support for safety and livelihoods of people who are facing extremely harsh difficulties due to the crisis in Ukraine. The donation will be used to support humanitarian activities in Ukraine and its neighboring regions through UNHCR.



● Purchase of ESG Receivables

For fund management, in addition to investment efficiency and ratings, we assume the degree of contribution to ESG and society as one of the selection criteria. In order to contribute to materialize a sustainable society, KOITO has purchased green bond and social bond from two organizations in FY 2022.

● Domestic Environmental Beautification Activities

As part of its efforts for environmental conservation and biodiversity, KOITO is conducting activities such as weeding at Miho-no-Matsubara, the constituent property of Mt. Fuji, the global cultural heritage, and cleaning the surrounding coasts.



■ Weeding at Miho-no-Matsubara (2019)



■ Cleanup Activities at Miho-no-Matsubara Coast (2019)

● Overseas Environmental Beautification Activities

India Japan Lighting Private Limited (IJL) strives to beautify and protect the environment by holding exchange meetings and cleaning activities with local residents.



■ Exchanges with local schools (2019)



■ Afforestation activities (2019)

● Participation in Regional Activities at Production Sites

KOITO’s production sites periodically holds roundtable sessions with residents of regional communities and open the sites to local community associations during summer festivals.

We also host site tours for the residents and accept children’s visits so that they can better understand our corporate activities.



■ Summer festival (2019)



■ Children’s visiting day (2019)

Stakeholder Engagement

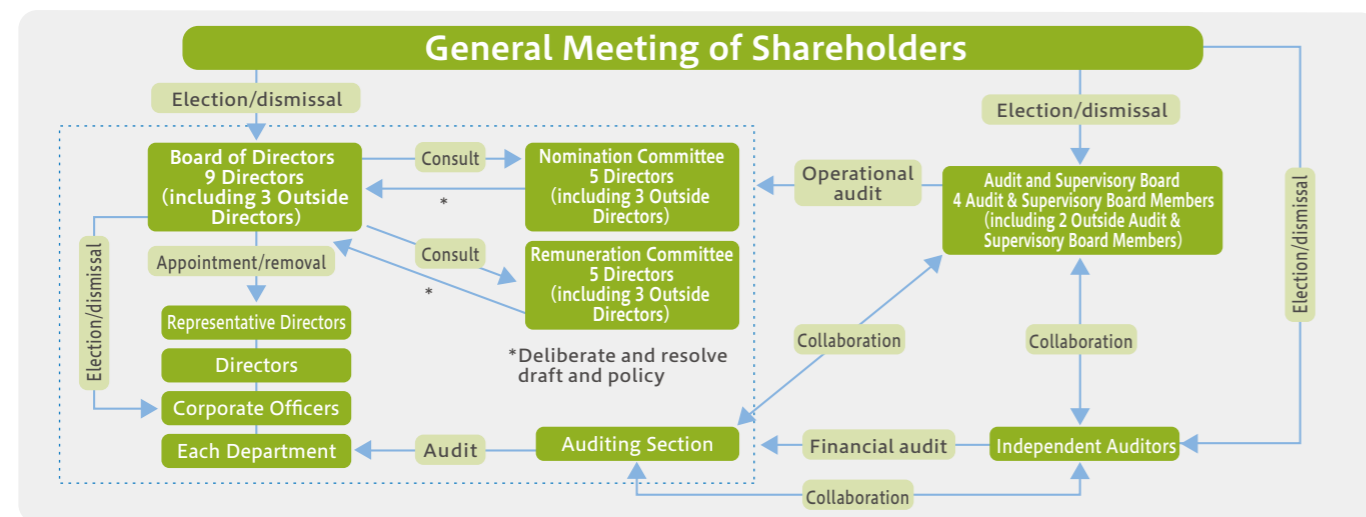
KOITO declares in the KOITO Group Corporate Behavior Charter that “we will disclose corporate information in an appropriate, effective, and fair manner and engage in constructive dialogue.” In order to achieve our sustainable growth and increase corporate value over the medium- to long-term, we engage in constructive dialogue while fairly providing accurate information to our shareholders and investors.

In FY 2022, KOITO held the 121st Ordinary General Meeting of Shareholders and an earnings release conference for securities analysts and institutional investors. At the earnings release conference, we explained our Group’s performance (results and plans), and received many questions and comments from the participants. Furthermore, we held a total of approximately 220 individual meetings with institutional investors. In principle, a Director participates in all meetings. The content of the meetings and comments or requests received from investors are reported to the top management, Directors and Corporate Officers, and reported to the Board of Directors. We are utilizing the knowledge gained from our dialogue to improve our management activities.

Governance

To retain the trust of all of our stakeholders, KOITO recognizes the importance of ethical standards and the establishment of a sound management structure. We have identified enhancing “corporate governance” as one of our materiality and promoting several activities.

Corporate Governance



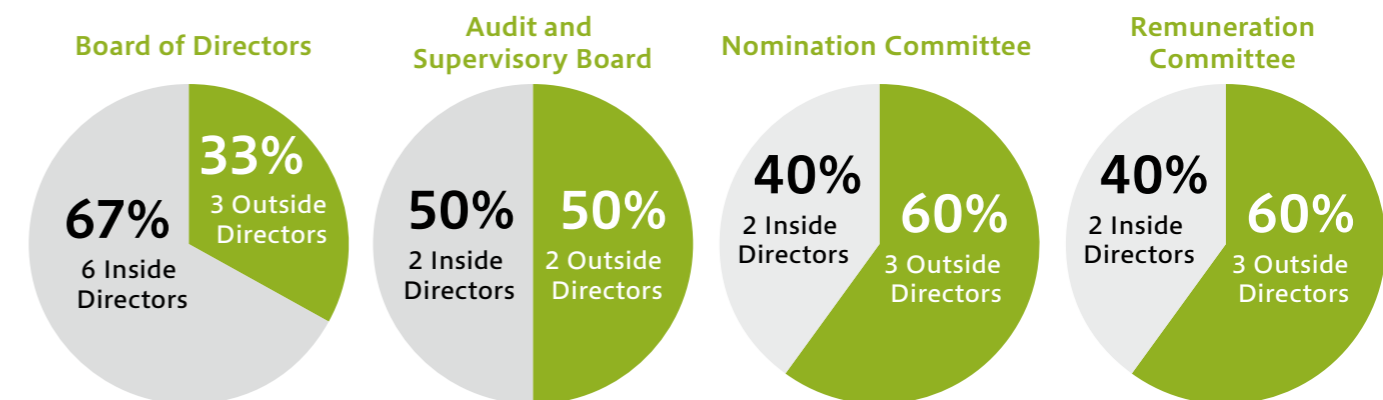
Inside Directors/Audit Members Outside Directors/Audit Members

	Board of Directors	Audit and Supervisory Board
Composition	9 Directors (6 inside Directors + 3 outside Directors) Chaired by the President	4 Audit & Supervisory Board Members (2 inside members + 2 outside members)
Frequency	Once per month in principle	Eight times (FY 2022)
Function	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.
Structure	<ul style="list-style-type: none"> All Audit and Supervisory Board Members attend meetings of the Board of Directors to monitor Director’s business operations. 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. The governance structure is being reinforced; new proposal agendas are required to be approved at the Managing Committee and then to the Board of Directors. 	<ul style="list-style-type: none"> 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. 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.

Members of the Board of Directors, Audit and Supervisory Board, Nomination Committee and Remuneration Committee (as of June 29, 2022)

			Board of Directors	Audit and Supervisory Board	Nomination Committee	Remuneration Committee
Directors	Chairman and CEO	Masahiro Otake	○		◎	◎
	President and COO	Michiaki Kato	◎		○	○
	Executive Vice President	Kenji Arima	○			
	Executive Vice President	Masami Uchiyama	○			
	Senior Managing Director	Hideharu Konagaya	○			
	Senior Managing Director	Katsuyuki Kusakawa	○			
	Outside Director	Haruya Uehara	○		○	○
	Outside Director	Kingo Sakurai	○		○	○
	Outside Director	Chika Igarashi	○		○	○
Audit & Supervisory Board Members	Standing Audit & Supervisory Board Member	Mitsuo Kikuchi	○	◎		
	Standing Audit & Supervisory Board Member	Koichi Sakakibara	○	○		
	Outside Audit & Supervisory Board Member	Yukinobu Suzuki	○	○		
	Outside Audit & Supervisory Board Member	Hiroshi Kameda	○	○		

Ratio of Outside Directors



Main Proposals and Reports at the Board of Directors (from April 2021 to March 2022: 12 meetings)

	Proposals	Reports	Total	Ratio
Business strategies, sustainability and governance	18	9	27	33%
Settlement, dividends and other financial matters	7	9	16	19%
Internal control, risk management and compliance	4	4	8	10%
HR, appointment and remuneration	15	3	18	22%
Other matters	3	10	13	16%
Total	47	35	82	100%

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 nomination committee deliberate and resolve a draft of Director candidates, and then the Director candidates are determined by the Board of Directors. As a consultative body of the Board of Directors, the nomination committee consists of three independent outside Directors and two inside Directors, in order to ensure objectivity and transparency of the nominations of the director candidates.

Each Director has a thorough knowledge of the respective business management. Including outside Directors, KOITO regards Director's knowledge, experience, and capabilities as diverse and well balanced. KOITO will continue to consider the appropriate structure for the Board of Directors.

As for the election of Audit and Supervisory Board Members, KOITO expects candidates to have a good personality and a strong sense of ethics to accurately, fairly, and efficiently execute the audits of the execution of Director duties.

Specialties and Experience of Directors

		Corporate Management	Sales, Procurement	Engineering, R&D	Production, Quality Management, Safe & Environment	Overseas Segment	Finance & Accounting	Corporate Planning, Legal, Personnel
Chairman and CEO	Masahiro Otake	○	○			○	○	○
President and COO	Michiaki Kato	○	○			○		
Executive Vice President	Kenji Arima	○	○	○	○	○		
Executive Vice President	Masami Uchiyama	○			○			○
Senior Managing Director	Hideharu Konagaya	○	○			○	○	
Senior Managing Director	Katsuyuki Kusakawa	○		○		○		○
Outside Director	Haruya Uehara	○				○	○	
Outside Director	Kingo Sakurai						○	
Outside Director	Chika Igarashi							○

*Note: Above chart does not represent all skill of each Director.

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.

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.

Other than attending and expressing opinions at the Board of Directors, Audit and Supervisory Board Members audit the execution of Directors' duties, legality and appropriateness of KOITO's decision-making based on their knowledge and experience in each specialized field. In addition to Audit and Supervisory Board Members' on-site audits and interviews with administrative divisions, Audit and Supervisory Board Members attend the audits performed by the independent auditors and the Internal Audit Department. Audit and Supervisory Board Members strive to improve the effectiveness of audit by maintaining collaboration with relevant parties, including outside Directors by exchanging information as needed.

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. Prior to the beginning of the fiscal year, the annual meeting schedules are announced to Directors and Audit and Supervisory Board Members, including its outside members, making it easier for them to attend the meetings. To facilitate discussion on management issues of the Board of Directors, the matters to be deliberated and reported at the meeting and the content of the materials are discussed in advance.
3. In addition to Directors, who have experience in the various business divisions such as management, sales, technical, production and others, the Board of Directors also receives advice and proposals from outside Directors with extensive knowledge and experience of corporate management, or with expertise in legal and financial matters. The Board of Directors ensures sufficient time and discusses management issues from a variety of perspectives.

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 to further reinforcing its functions as the highest decision-making entity and improving the speed of making administrative decisions to increase its effectiveness.

Remuneration of Directors

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 Board of Directors consults with the remuneration committee regarding the policy to determine the remuneration of all and each Director.

The remuneration of each Director is determined by consultations among the Representative Directors, based on the above determination policy authorized by the Board of Directors. To ensure objectivity and transparency of the Directors' remuneration determination procedure and others, the remuneration committee, an advisory body to the Board of Directors, consists of two inside Directors and three independent outside Directors.

The remuneration of each Audit and Supervisory Board Members has been determined by consultations among Audit and Supervisory Board Members. For outside Directors, 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	15	786	349	1,136
Audit and Supervisory Board Members	5	103	—	103
Total	20	890	349	1,239

Notes: 1. The above table includes one retired Director and one retired Audit and Supervisory Board Member at the conclusion of the 121st Ordinary General Meeting of Shareholders held on June 29, 2021.
2. Aggregate remuneration for the outside Directors and outside Audit and Supervisory Board Members, a total of four individuals, was ¥55 million (fixed remuneration only).
3. In addition to the above, KOITO resolved to abolish its Directors' and Audit and Supervisory Board Members' executive retirement bonuses payment system at the conclusion of the 112nd Ordinary General Meeting of Shareholders held on June 28, 2012 and to grant executive retirement bonuses, at the time of the retirement of each person involved, to cover the period in post up to the abolition of the system to Directors and Audit and Supervisory Board Members continuing in post subsequent to the conclusion of the aforementioned General Meeting of Shareholders. On the basis of this resolution, an executive retirement bonus of ¥63 million was paid to one retired Director. These amounts included ¥40 million, which were transferred from provision for Directors' retirement benefits included in the total remuneration, etc. to executives in the business report for past years.
4. Besides the above, one outside Audit and Supervisory Board Member receives executives' remuneration of ¥0 million from Koito Insurance Services Co., Ltd., KOITO's subsidiary.
5. For Performance-linked remuneration, recurring profit is used as an indicator since it reflects the overall results of KOITO's management activities, and the remuneration is calculated giving consideration to the year-on-year change in this indicator. The amounts listed for recurring profit for the fiscal year under review and for the previous fiscal year are the amounts presented in the non-consolidated statements of income.

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.

Shareholdings

Based on KOITO's management strategies and plans, we believe that strengthening business relations with other companies is essential to expanding our business and achieving sustainable growth.

From this perspective, we comprehensively consider the issues and hold shares that are held for purposes other than pure investment. With regard to shareholdings, we regularly scrutinize and verify whether they are commensurate with dividend yields and the cost of capital, while also keeping in mind reductions, in order to determine the appropriateness of stockholdings.

● Basic Standards and Policy for Classification of Investment Shares

With respect to the classification of investment shares held for pure investment purposes and otherwise, KOITO designates shares held solely for the purpose of receiving profits from changes in the value of shares or dividends on shares as investment shares for pure investment purposes, and as other shares for investment shares held for purposes other than pure investment.

● Basic Policy for Voting Rights

The exercise of voting rights is not based on a uniform standard, but rather is based on the perspective of whether it will lead to sustainable corporate growth and enhancement of corporate value over the medium- to long-term.

■ Number of brands and amount posted in balance sheet

	Amount posted in balance sheet (March 31, 2021)	Brands for which we increased our shares in FY 2022	Brands for which we decreased our shares in FY 2022	Amount posted in balance sheet (March 31, 2022)
Unlisted shares	16 brands	—	—	16 brands
	¥ 2,104 million	—	—	¥ 2,102 million
Other shares	49 brands	1 brand	11 brands	43 brands
	¥ 22,987 million	¥ 5,787 million	¥ 1,606 million	¥ 29,214 million

*Stocks whose number of shares fluctuated due to the consolidation of shares, stock splits, stock transfers, stock exchanges, mergers, and other organizational reorganizations are not included.

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

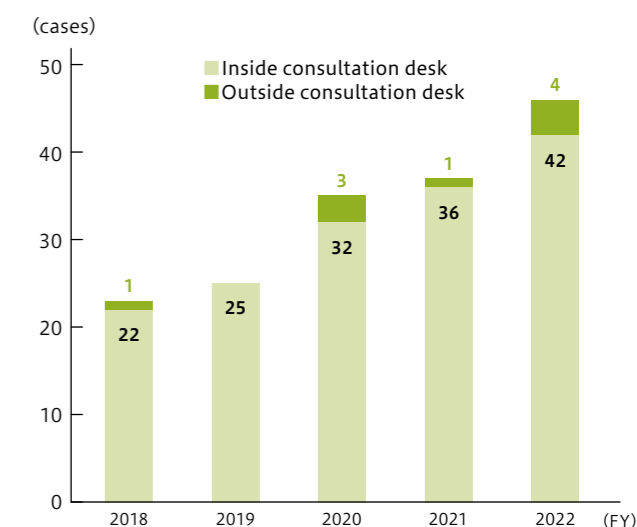
In order to further strengthen our fair procurement activities, KOITO periodically holds “Compliance training session” for employees of relevant administrative divisions and business partners (subcontractors and others). In FY 2022, a total of 314 people participated in this training, and we are working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



Risk Management

KOITO enriches and reinforces comprehensive 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 Procurement Headquarters 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 BCP activities 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.

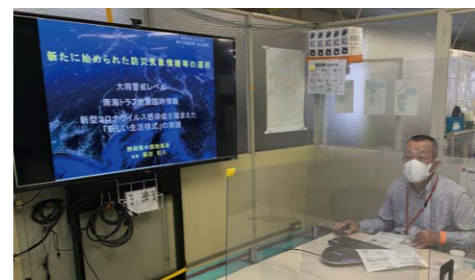
To control damage from natural disasters, such as earthquakes, KOITO implements aseismic reinforcement of production site buildings, anti-fall measures for facilities and equipment, installation of emergency earthquake notification systems, regular disaster drills including evacuation and firefighting, 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.



■ Firefighting 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 has implemented various measures based on requests from the government and local governments for the purposes of preventing the spread of COVID-19 infections. We will continue to utilize telework and online meetings to reduce the risk of infections and to promote smooth operations and improve efficiency.

● Major countermeasures against infections

- 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
- Introducing teleworking in administrative and indirect departments
- Measuring employees' temperature when entering the office etc.

● Business travels and meetings

- Formulating rules for domestic and overseas business trips, and implementing measures to prevent infectious diseases
- Introducing online meetings
- Measuring outside visitors' temperature and requesting them to hand sanitizing and wearing mask.

Information Security

KOITO has identified “information security” as one of our materiality, and ensuring 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.

We have established a cyber security system that can detect the latest viruses and abnormal conditions at all sites, including domestic and overseas affiliates. At the same time, we have established CSIRT (specialized team that deals with information security issues) at each site to ensure an immediate response in the event of an emergency.

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 monitors computers and networks of the Group as a whole, including its domestic and overseas affiliates, and is building CSIRT (Computer Security Incident Response Team), capable of responding immediately to any cyber-attacks or abnormal conditions on a global basis.

KOITO's information security is managed by the Information System Department, along with General Affairs Department and Compliance Promotion Office. 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. Divisions for design, development, sales, purchasing and quality management of 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

To strengthen information security measures against 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.

In addition, KOITO periodically conducts internal and external intrusion tests by external specialist agencies to thoroughly inspect and confirm security vulnerabilities and strive to improve information security.

Fostering Awareness of Information Security

To prevent information security incidents, KOITO strives to foster awareness within the company by holding annual information security training sessions for all employees.

In addition, targeted email drills are conducted once a year for all employees. The results are reported to Managing Committee and IT Meetings, and necessary measures are taken.

Moreover, KOITO periodically provides information on information security to all employees via email, introducing examples of information security, precautions for teleworkers and alert anticipated targeted email attacks.

To our suppliers, we are asking them to implement information security-related measures, and conducting necessary assessments and improvements using checklists and other means.

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 2018	FY 2019	FY 2020	FY 2021	FY 2022
R&D expenditures (billion yen)	36.1	34.0	36.1	32.6	34.0
Number of patents applied	800	1,230	1,130	938	867
Number of patents held	2,630	2,890	2,830	2,813	2,900

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 strategy 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.

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 June 29, 2022)



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)

Reason for appointment:

Mr. Masahiro Otake has acquired extensive experience and a high level of insight through previously serving as President. He has also been involved with KOITO's management as a Director, and has contributed significantly to the improvement of KOITO's performance and corporate value.

Number of the Board of Directors attended (FY 2022) 12/12 (100%)



President and COO
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
June 2021 President (present position)

Reason for appointment:

Mr. Michiaki Kato has acquired extensive experience and a high level of insight through serving as President and in other positions. He has also been involved with KOITO's management as a Director, and has contributed significantly to the improvement of KOITO's performance and corporate value.

Number of the Board of Directors attended (FY 2022) 12/12 (100%)



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)

Reason for appointment:

Mr. Haruya Uehara serves as Senior Advisor to Mitsubishi UFJ Trust and Banking Corporation, so that his knowledge and experience may be reflected in KOITO's management and he may fulfill a supervisory function from this perspective.

Number of the Board of Directors attended (FY 2022) 12/12 (100%)



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)

Reason for appointment:

Mr. Kingo Sakurai is a certified public accountant, so that his knowledge and experience may be reflected in KOITO's management and he may fulfill a supervisory function from this perspective.

Number of the Board of Directors attended (FY 2022) 11/12 (92%)



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, Sales Headquarters, In charge of Mobility Strategy Department, Research & Development Department and DX Promotion (present position)

Reason for appointment:

Since joining KOITO, Mr. Kenji Arima has acquired extensive experience and a high level of insight through serving as Head of Engineering Headquarters, Sales Headquarters and in other positions. He has also been involved with KOITO's management as a Director, and has contributed significantly to the improvement of KOITO's performance and corporate value.

Number of the Board of Directors attended (FY 2022) 12/12 (100%)



Executive Vice President
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
June 2021 Executive Vice President (present position)
Production Headquarters, Shizuoka Plant, In charge of Shizuoka General Affairs Department, Logistics Department, Safety Environment Department, Production Control Department, Electronics Products Production Department and CN Promotion (present position)

Reason for appointment:

Since joining KOITO, Mr. Masami Uchiyama has acquired extensive experience and a high level of insight through serving as Head of Production Headquarters and in other positions. He has also been involved with KOITO's management as a Director, and has contributed significantly to the improvement of KOITO's performance and corporate value.

Number of the Board of Directors attended (FY 2022) 11/12 (92%)



Outside Director
Chika Igarashi

April 1997 Registered as an attorney
Joined a law firm in Tokyo
July 2006 Joined Asahi Law Offices (currently Nishimura & Asahi) (present position)
June 2007 Registered as an attorney at law in New York State
June 2022 Outside Director, KOITO (present position)

Reason for appointment:

Ms. Chika Igarashi is an attorney so that her knowledge and experience may be reflected in KOITO's management and she may fulfill a supervisory function from this perspective.



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, Procurement Headquarters (present position)

Reason for appointment:

Since joining KOITO, Mr. Hideharu Konagaya has acquired extensive experience and a high level of insight through serving as Head of Finance & Accounting Headquarters, Procurement Headquarters and in other positions. He has also been involved with KOITO's management as a Director, and has contributed significantly to the improvement of KOITO's performance and corporate value.

Number of the Board of Directors attended (FY 2022) 12/12 (100%)



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)
In charge of Corporate Planning Department, Compliance Department, Personnel Department, Cost Administration Department and DX Promotion (present position)

Reason for appointment:

Since joining KOITO, Mr. Katsuyuki Kusakawa has acquired extensive experience and a high level of insight through serving as Deputy Head of Engineering Headquarters and in other positions. He has also been involved with KOITO's management as a Director, and has contributed significantly to the improvement of KOITO's performance and corporate value.

Number of the Board of Directors attended (FY 2022) 12/12 (100%)

Executive Management (as of June 29, 2022)



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)

Reason for appointment:

Since joining KOITO, Mr. Mitsuo Kikuchi has acquired extensive experience and a high level of insight through serving as Head of Sales Headquarters, Deputy Head of Production Headquarters and in other positions. He has also been involved with KOITO's management as a Director, so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.

Number of the Board of Directors attended (FY 2022)	12/12 (100%)
Number of Audit and Supervisory Board attended (FY 2022)	8/8 (100%)



Standing Audit and Supervisory Board Member
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
 June 2021 Standing Audit and Supervisory Board Member (present position)

Reason for appointment:

Since joining KOITO, Mr. Koichi Sakakibara has acquired extensive experience and a high level of insight through serving as Head of Production Headquarters and in other positions. He has also been involved with KOITO's management as a Director, so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.

Number of the Board of Directors attended (FY 2022)	12/12 (100%)
Number of Audit and Supervisory Board attended (FY 2022)	6/6 (100%)



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)

Reason for appointment:

Mr. Yukinobu Suzuki is a certified tax accountant, so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.

Number of the Board of Directors attended (FY 2022)	12/12 (100%)
Number of Audit and Supervisory Board attended (FY 2022)	8/8 (100%)



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)

Reason for appointment:

Mr. Hiroshi Kimeda is an attorney, so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.

Number of the Board of Directors attended (FY 2022)	11/12 (92%)
Number of Audit and Supervisory Board attended (FY 2022)	8/8 (100%)

Senior Managing Corporate Officer

Jun Toyota

Managing Corporate Officer

**Hideo Yamamoto
 Takayuki Katsuda
 Atsushi Inoue
 Masatoshi Yoneyama
 Toshiyuki Katsumata
 Kakuya Yamamoto
 Eisuke Shibata
 Takahito Otake**

Corporate Officer

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

**Kohei Yamasaki
 Kirk Gadberry
 Kazuhiro Aoshima
 Masayasu Ito
 Masayuki Otake
 Koji Shimakura**