

# 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.

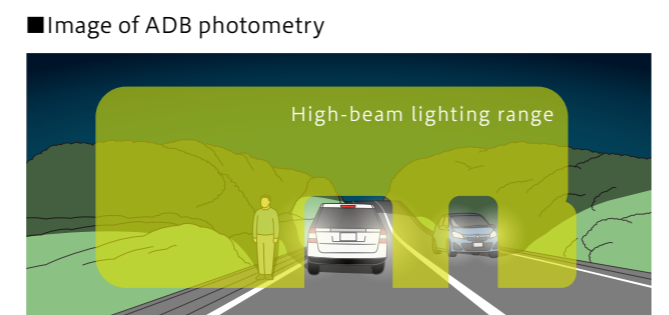
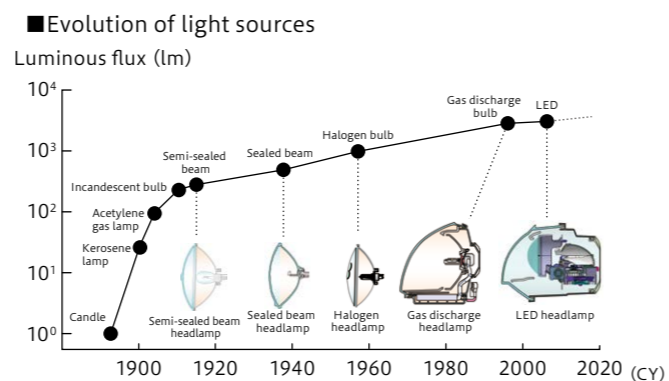
LED headlamps are KOITO's main products. They help drivers to gain clear night views as they are bright, turn on instantly and are close to daylight. KOITO is also developing laser headlamps to further improve distance visibility.

### 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.

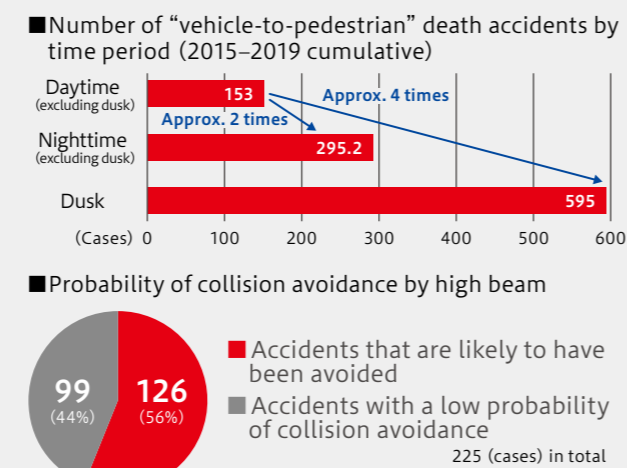
Please refer to the Growth Strategies from P.18 to P.19 of this report.



## 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.



\*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.

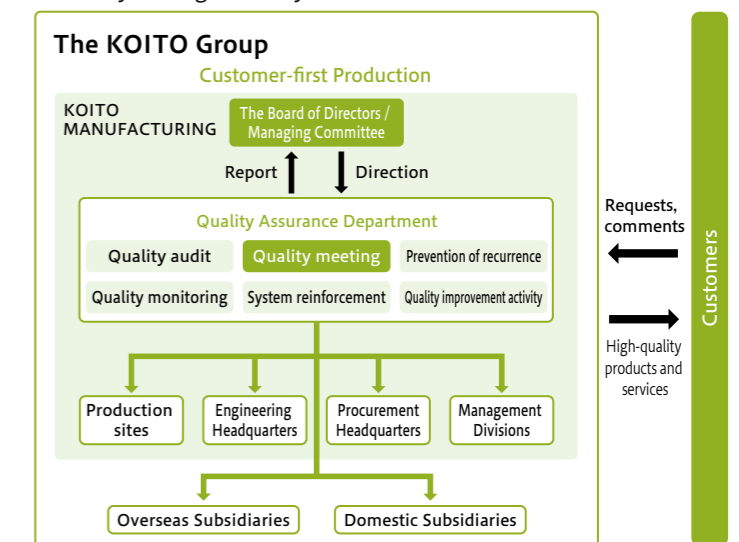
## Quality Management Structure

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)
Shizuokadensho	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)

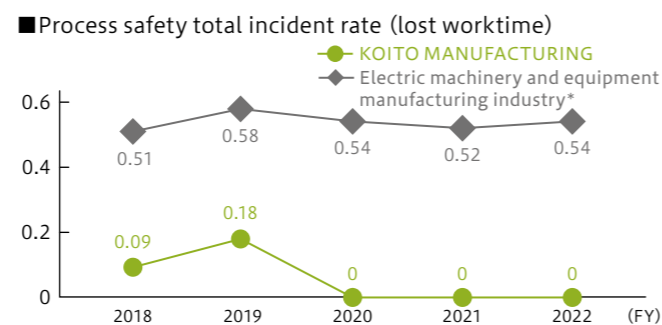
		FY 2019	FY 2020	FY 2021	FY 2022	
Total workforce	Male	3,471	3,551	3,570	3,534	
	Female	907	908	912	883	
	Total	4,378	4,459	4,482	4,417	
Regular recruitment	General administrative positions	Total (male and female)	17	19	25	0
		Ratio of female	47.0%	52.6%	32.0%	0.0%
	General technical positions	Total (male 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	
Number of employment of staff with a disability	Ratio	80	85	84	82	
	Ratio of female	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	
Number of employees taking child care leave	Male	4	4	14	25	
	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.

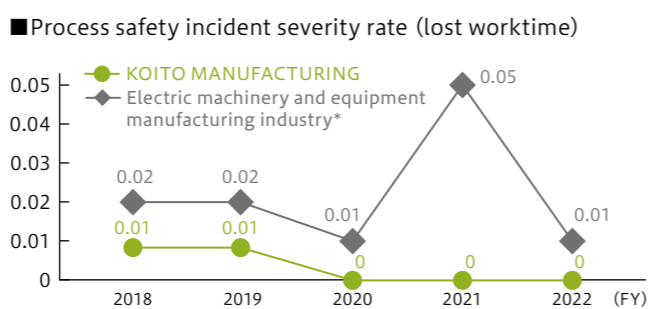
The Safe and Environmental Committee chaired by the Representative Director meets monthly to discuss policies on employee safety and health measures, including measures to prevent and recur problems or accidents, as well as other important issues. The matters discussed at the Safe and Environmental Committee 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.