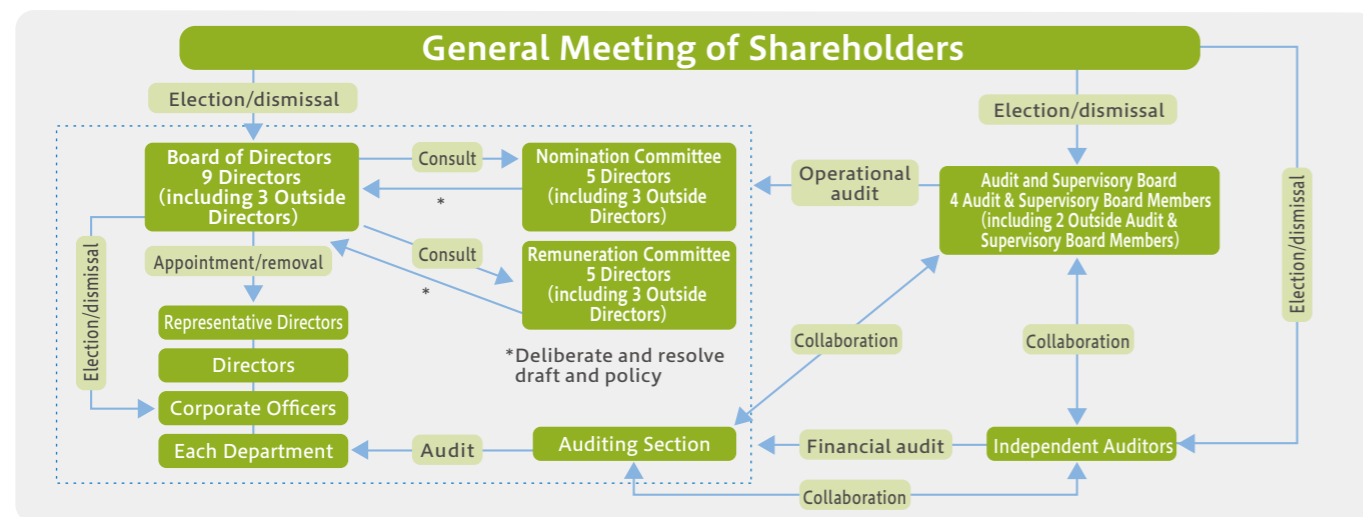


Governance

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



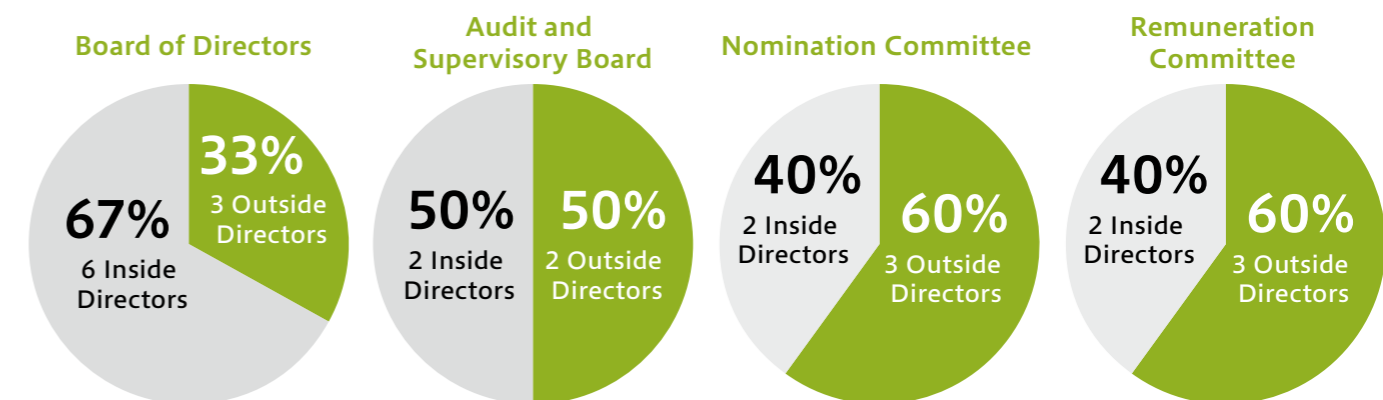
Inside Directors/Audit Members Outside Directors/Audit Members

	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 Kimeda	○	○		

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

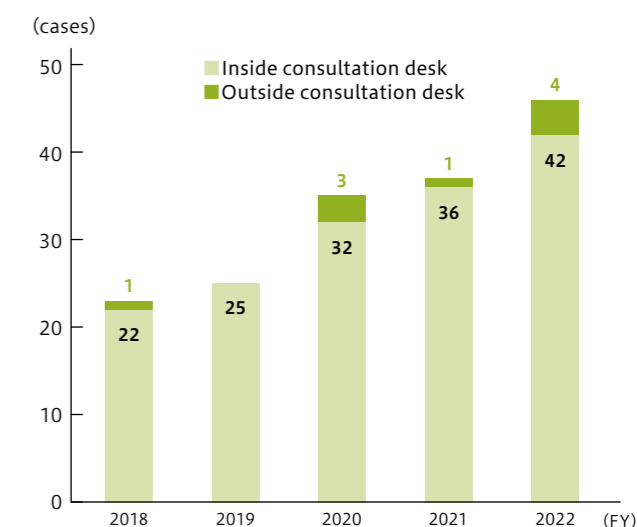
In order to further strengthen our fair procurement activities, KOITO periodically holds “Compliance training session” for employees of relevant administrative divisions and business partners (subcontractors and others). In FY 2022, a total of 314 people participated in this training, and we are working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