ENVIRONMENTAL REPORT 2023

Scenery of Mt.Oyama from Isehara Plant

ICHIKOH INDUSTRIES, LTD.

ICHIKOH
a Valeo company

CONTENTS

Report Year
FY2022
Scope
Isehara plant, Fujioka plant, Mirror plant, Nagoya Technical Center, Atsugi plant

Issued by
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1. Message from Chief Executive of Environmental Management

Nowadays, it is recognized that the action for environmental protection is the corporate responsibility for sustainable economic growth.
Companies are required to achieve both economic growth and solution of the issues such as climate change, drain on resources and energy and biodiversity conservation.

We Ichikoh Industries is working on technological development such as reduction of the thickness and weight of products, development of resin materials that reduce the amount of raw materials used, development of products of LED light source that aim at the low price and at improvement of dismantability, and development of paints that aim at lower solvent and at reducing drying time of coating.
Regarding facilities, we are promoting further energy saving and resource recycling by renewal of electric molding machines to more energy-efficient one, conversion from heavy oil boilers to heat pumps and expanding the recycling of resin waste.

All of our manufacturing sites in Japan acruired ISO50001 certification for energy management system in April 2022, and are promoting voluntary reductions in energy consumption and carbon dioxide emissions.

To realize a sustainable society, we will continue to develop technologies for a safe and environmentally friendly autonomous driving era that will come in the future , and strive for “Monozukuri that is people/environment-friendly and creates safety and comfort”.

December 2023

Chief Executive of Environmental Management
Managing Executive officer

Tetsuya Shida

2.Environmental Policy

As environmental policy of Ichikoh, the environmental philosophy is posted in the working place, and each employee is educated to declare their own "behavioral objective" based on the basic policy and to act consciously about the environment anytime in awareness training .

Environmental Philosophy

For the customer satisfaction, Ichikoh group, based on the management policy 5 Axes(*), considers the global environmental conservation as one of the most important issues and promotes "*Monozukuri* that is people/environment-friendly and creates safety and comfort" through the development, design and production of head lamps/mirrors for cars considering life cycle including the supply chain.

Basic Policy

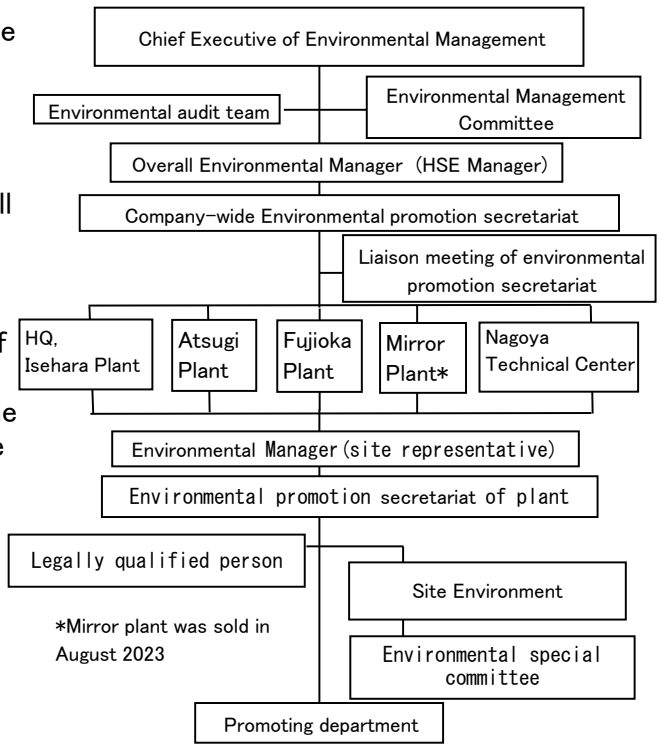
1. We will strive for carbon neutral through our business activities and products.
2. We will strive for efficient use and recycling of resources including water.
3. We will strive for management of chemical substances contained in products and packaging materials.
4. We will strive not only for prevention of environmental problems but for biodiversity preservation and creating society in harmony with nature
with nature.
5. We will strive to comply with environmental laws and other requirements we agree to.
6. We will strive for periodic review and continuous improvement of environmental activities.

***5Axes are five basic philosophies for customer satisfaction**

①Total Quality
②Constant Innovation
③Supplier Integration
④Production System
⑤Involvement of Personnel

3. Environmental Action System

We supervise environmental activities of the all plants under the direction of the Chief Executive of Environmental Management who is also the head of environmental system of the whole company supporting the activities, with the assistance of Overall Environmental Manager.
The Site Environmental Management Committee is held once a month for activity reports and the direction of a lot of environmental protection activities inside the plant is discussed and defined in it. The special committee, substructure of the Site Environmental Management Committee, mainly patrols the work site and instructs from the professional point of view.



*Mirror plant was sold in August 2023

4. Production Process and Environmental Impacts

The production process of the main products of Ichikoh such as head lamp, rear combination lamp and mirror etc. starts from resin molding and is composed of painting, vapor deposition and assembly. In these processes, we are working on a lot of activities focusing on the management of energy, chemicals and waste called "3 management items for environmental protection", to minimize environmental impact by reducing the use of enegy and raw materials, emission of carbon dioxide and waste.

Production Process

Input

- **Energy**
  - Electricity
  - Heavy oil
  - Propane gas
  - Water
- **Raw material**
  - Resin
  - Thinner
  - Paint
  - Acid/alkaline solution
  - Purchase part
  - Package/packing material

Resin molding

Painting

Vapor deposition

Assembly

Output

- **Air emission**
  - Carbon dioxide
  - Organic solvent (paint)
- **Waste**
  - Resin waste (resin molding)
  - Oil waste(molding machine/other machines)
  - Paint waste(painting)
  - Alkaline waste(washing fluid)
  - Sludge(painting, etc.)
  - Incinerated waste
  - Landfill waste
  - Papers (all working area)
- **Wastewater**
- **Noise/vibration**

5. Activities to Prevent Environmental Accidents

(1) Drills for environmental accidents/emergency

We conduct drill assuming environmental accidents every year as activities for emergencies.
Also, assessment of the environmental impact from operation is conducted based on "Guideline for Environmental Impact Assessment", and in case such operation is above a certain level, it is specified as an operation that may cause emergency and periodic trainings is conducted based on the "Guideline for emergency correspondence".
In case an environmental accident occurs, it is immediately reported based on the communication route for industrial accidents and emergency, and emergency

(2) Disaster prevention activities

To prepare for a large-scale earthquake and to confirm basic actions necessary on the occurrence of earthquake, we conduct evacuation drills in all plants every year.

Drill in Mirror plant (October 2022)
Fire extinguisher training and water discharge exercise were conducted by the self-defense fire brigade assuming occurence of fire.

Drill in Fujioka plant (November 2022)
After the evacuation was completed, usage of a fire extinguisher was explained and representatives practiced the training. Drill to confirm the status of building damage in the event of a disaster was also conducted.

(3) Reduction of energy load

In order to reduce the energy load, calendar timer for material dryer was installed to Atsugi Plant in March 2022. This made it possible to stop using electricity on weekends when manufacturing is not performed and to reduce CO2 emissions by 238 tons in the year.

We also achieved steam valve opening/closing in conjunction with production facility shutdowns in order to reduce propane gas usage and reduced CO2 emissions by 119 tons in the year.

These activities are launched horizontally to each site by the company-wide sustainability committee as best practices, and are linked to activities for further reduction of energy consumption.

(4) Legally qualified person

To properly promote operations regarding management of environment and energy, we control qualified persons based on "Guideline for Execution of Operation of Qualified Person in Charge".
The main qualifications and the number of qualified persons are as below.
Environmental Manager(plant general manager) assigns the official qualified person from those who have the qualifications, and the person controls daily operations with responsibility and authority.

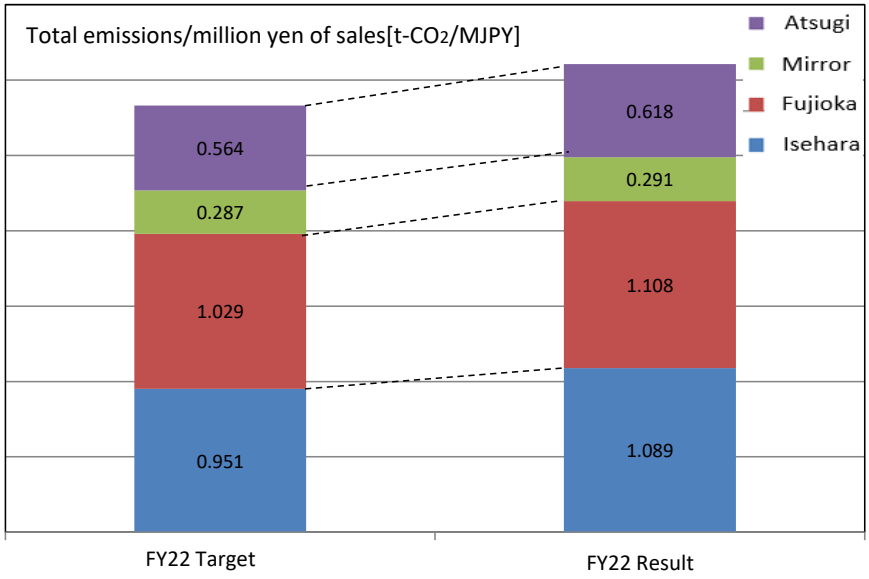
Name of Qualification	Whole company	Isehara	Fujioka	Mirror	Atsugi
	Total	Number (Number of notification)	Number (Number of notification)	Number (Number of notification)	Number (Number of notification)
Qualified energy manager	5(4)	1(1)	1(1)	1(1)	2(1)
Pollution control manager (water)	4(2)	2(1)		2(1)	
Pollution control manager (air)	3(2)		2(1)	1(1)	
Special industrial waste control manager	6(4)	1(1)	1(1)	2(1)	2(1)
Disaster protection manager	1(1)	1(1)			
Class-A fire prevention manager	5(4)	1(1)	1(1)	1(1)	2(1)
Licensed electrician	5(5)	2(2)	1(1)	1(1)	1(1)

6. Environmental Management Program

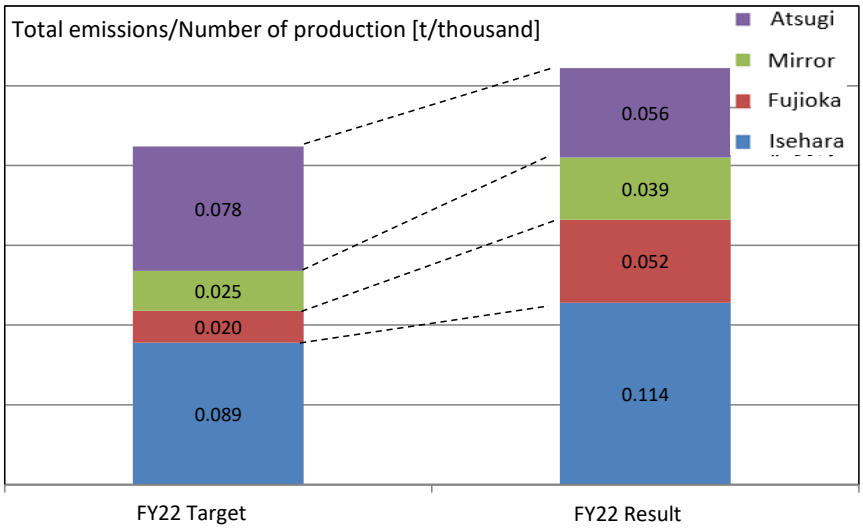
Ichikoh promotes environmental preservation activities based on following five initiatives;
1.Reduction of CO2 emission　2.Reduction of total emission aiming zero emission
3.Reduction of environmental impact in each production process
4.Compliance with law, regulation and standards　5. Communication with outside

FY2022 Activity Result

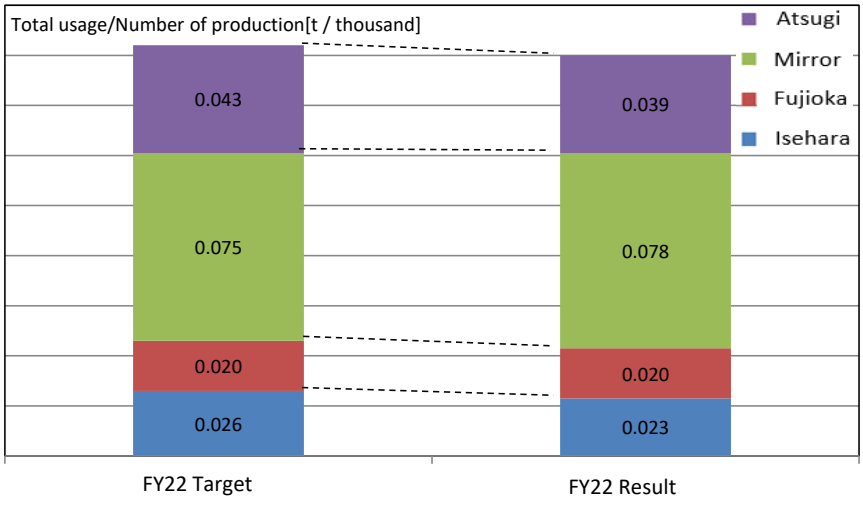
No.	Environmental Objective			FY2022 Target	FY2022 Result	Assessment	Methods/Measures
1	Reduction of CO_2 emission	* Annual target is a coefficient of total manufacturing energy budget of each plant for FY2022 divided by total number of product(total emissions / total number of product)	Whole Company	0.717	0.768	×	① Horizontal dissemination of good examples to each site ②Improvement of production yield in production line ③Energy saving by thoroughly management of temperature of air conditioners ④Energy saving by turning off unnecessary lighting ⑤Promotion to switchover from fluorescent lights to LED Energy consumption increased due to the trial and relocation of facilities by shifting the production from Isehara Plant to Atsugi Plant. Chronic defects and defects in new products also occurred. The target was not achieved due to inefficient production at some plants due
			Isehara	0.951	1.089	×	
			Fujioka	1.029	1.108	×	
			Mirror	0.287	0.291	×	
			Atsugi	0.564	0.618	×	
2	Reduction of total emission aiming zero emission	Reduction of total emission Divide the accumulated emissions of the previous year by the total number of product (total emissions /total number of product) as a coefficient	Whole Company	0.042	0.061	×	①Management of defective product emissions by product design that leads to improvement of production yield, construction of production system, and improvement of production yield in production line ②Promoting recycling by promoting garbage separation The trial and relocation of facilities by shifting the production from Isehara Plant to Atsugi Plant, chronic defects, and defects in new products occurred. In addition, emission from molding machine increased and the target was not
			Isehara	0.089	0.114	×	
			Fujioka	0.020	0.052	×	
			Mirror	0.025	0.039	×	
			Atsugi	0.078	0.056	○	
3	Reduction of environmental impact in each production process	①Development of environmentally friendly materials and processes		100%	100%	○	Execute and deploy based on the annual plan of each department
		②Product design which reduces environmental impact		100%	100%	○	
		③Reduction of usage of paint, sinner and IPA * Annual target is a factor of FY2021usage budget for each plant divided by total number of product (usage / total number of product)	Whole Company	0.035	0.034	○	①Development of production technologies not using paint ②Management of quantity of solvents used by improvement of production yield at production line(Paint / Washing thinner /Diluting thinner / IPA) Inefficient production of small lots continued at Mirror Plant. Company-wide, we were able to reduce the use of paint, cleaning thinner, diluting thinner, and IPA used by improvement of
			Isehara	0.026	0.023	○	
			Fujioka	0.020	0.020	○	
			Mirror	0.075	0.078	×	
			Atsugi	0.043	0.039	○	
		④Activities for reducing environmental risk		100%	100%	○	Execute and deploy based on the annual plan of each department
		⑤Countermeasures for environmentally hazardous substances		100%	100%	○	
4	Compliance with law, regulation and standards	No case surpassing restrictions/standards		100% compliance	100% compliance	○	Executed based on procedures and guidelines
5	Communication with outside	Interaction with local community		Participation based on the plan	Participation based on the plan	○	Participated (Fujioka)



CO_2 Emission per million yen of sales



Waste Emission per Number of Production



Paint/Thinner Usage per Number of Production

7. Reduction of Waste

We are working on reducing waste as one objective of ISO 14001. We count the amount of defectives from production line and waste from all departments to manage the target of total waste, and promote recycle activities.
Resin is collected separately and is recycled internally or by professional companies in accordance with waste type. Although we did not meet the target for FY2021, we will continue our activities to further reduce waste.

FY2022 Target and results

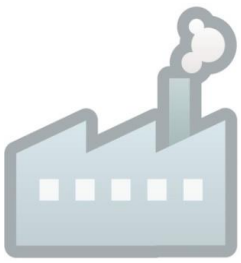
Total Emission	Target Coefficient	Coefficient result
	0.042	0.061

(Total emission[t]/Total number of production[thousand])

＜Recycle program of resin and lens＞

Defectives are separately collected using flexible container bags

Crushed and reused for products



Recycled by professional companies

8.Communication

(1)Environmental cleanup activities for local community

Ichikoh HQ and Isehara plant are located in the Isehara region which is rich in nature with a view of Tanzawa-Oyama Quasi-National Park. Ichikoh is a member of Isehara liason council for environment conservation.
In Fujioka, many activities aiming environmental preservation of the local area are carried out. Ichikoh would like to interact with local community by supporting the activities and actively participating in Fujioka Environmental Committee.
In the Fujioka Environmental Committee held on December 21, 2022, Ichikoh discussed a wide range of fields such as reduction of waste and carbon neutral.

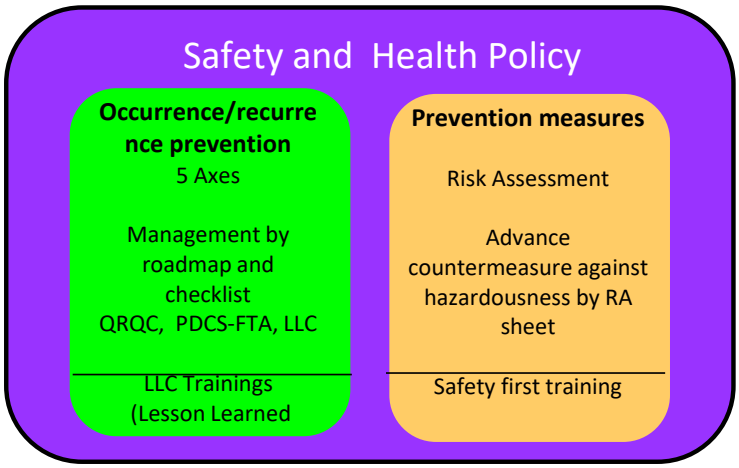
(2)Countermeasures against COVID-19

As a countermeasure against the COVID-19, we distributed non-woven masks to employees for free, installed partitions in the office, and installed alcohol for disinfection in order to prevent the occurrence of clusters in the company.
We established and implemented rules for thorough infection prevention measures, such as request for hand washing and social distancing, early detection of infected person by daily temperature control, working from home, encouraging web meetings and commuting by car.

9. Safety and Health Activities

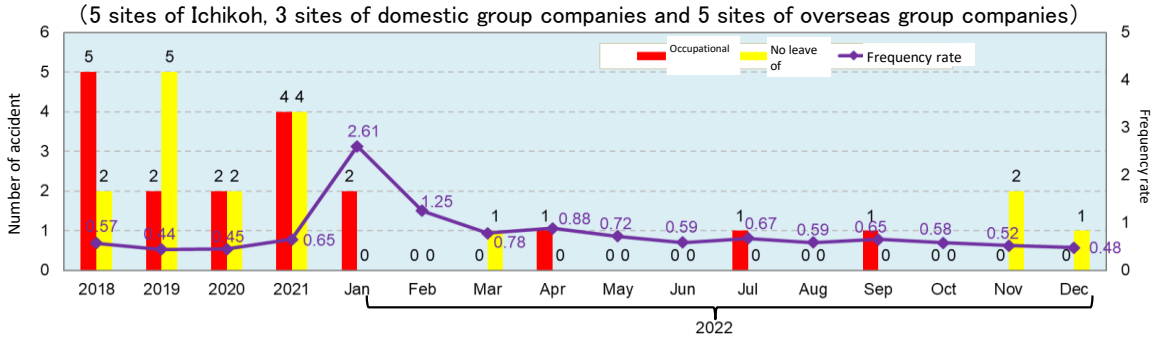
Company Philosophy

We consider safety and health as one of important issues of the management, and make effort for 〈*Monozukuri* which gives the highest priority to safety and health〉 through the development/design/production of lamps, mirrors and accessories for cars.



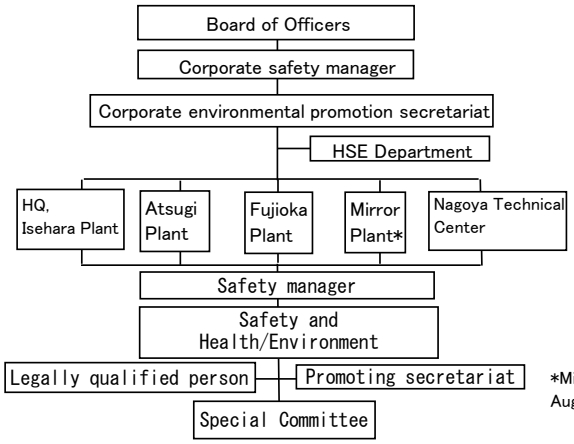
FY2022 Results

Accidents in Ichikoh Group
(5 sites of Ichikoh, 3 sites of domestic group companies and 5 sites of overseas group companies)



Management System

Safety and Health/Environmental Management Committee of each site organizes 8 special committees (Safety, Sanitation and health, Transportation vehicle, Traffic safety, Disaster-prevention, Recycle 5S, Energy saving and Chemical substance) in order to discuss more detail, and conduct more specialized discussion.



*Mirror plant was sold in August 2023

10. Environmental Data

(1) Emission and transfer of class I designated chemical substances (kg/year)

Region	Substance	Emission	YoY	Recycle	YoY	Note
Isehara	Xylene	810	−74%	3,200	−6%	The amount of xylene and toluene used decreased because of the integration of painting booths. Styrene usage decreased because of a decrease in reflector production. On the other hand, the paints containing ethylbenzene increased.
	Toluene	4,900	−55%	19,000	−21%	
	Ethylbenzene	660	144%	2,600	117%	
	Styrene	960	−26%			
Fujioka	Xylene	5,700	−5%	900	−10%	The amount of emissions and recycling almost the same and showed the same trends as last year.
	Toluene	24,000	−4%	4,900	−2%	
	Ethylbenzene	5,200	4%	1,700	0%	
Mirror	Xylene	3,500	0%	2,500	0%	The amount of emissions and recycling were the same as last year.
	Toluene	8,000	0%	6,000	0%	
	Ethylbenzene	2,800	0%	200	0%	
Atsugi	Xylene					Atsugi Plant started to independently calculate emission and transfer from this fiscal year (2022 result).
	Toluene	1,200		6,400		
	Ethylbenzene					
	Styrene					

*Atsugi Plant was reported together with Isehara Plant until FY2022 (2021 results).

(2) Measurement result at the boundary based on offensive odor control law

Region	Odor index (Target Value)	Odor concentration (Measurement value)
Isehara	15 or less	Less than 10
Fujioka	21 or less	Less than 10
Mirror	21 or less	Less than 10
Atsugi	15 or less	Less than 10

Odor index＝10×Log(Odor concentration)

Odor concentration is the multiple when diluted until it no longer smells

(3) Measurement result at exhaust duct based on Kanagawa prefecture ordinance

Measurement item	Regulation standard	Isehara		Atsugi		Unit
		Measurement result		Measurement result		
		Maximum	Average	Maximum	Average	
Toluene	100	22	3.3	5.7	2.6	vol ppm
Xylene	150	4.1	0.46	<0.5	<0.5	vol ppm

(4) Measurement result of gas exhaust of heavy oil boiler facility

Boilers in Isehara were completely changed to propane gas boiler in July 2012. Atsugi uses gas boiler.

	Measurement item	Fujioka		Unit
		Regulation standard	Measurement	
Machine 1	Dust	0.3	0.005	g/m^3_N
	Sulfur oxides	1.1	0.097	m^3_N/h
	Nitrogen oxides	180	110	ppm
Machine 2	Dust	0.3	0.005	g/m^3_N
	Sulfur oxides	1.1	0.095	m^3_N/h
	Nitrogen oxides	180	140	ppm
Machine 3	Dust	Removed in 2013		
	Sulfur oxides			
	Nitrogen oxides			
Machine 4	Dust	Removed in 2020		
	Sulfur oxides			
	Nitrogen oxides			
Machine 5	Dust	0.3	0.005	g/m^3_N
	Sulfur oxides	0.7	0.047	m^3_N/h
	Nitrogen oxides	180	85	ppm
Machine 6	Dust	0.3	0.015	g/m^3_N
	Sulfur oxides	0.7	0.073	m^3_N/h
	Nitrogen oxides	180	92	ppm
Machine 7	Dust	0.3	0.007	g/m^3_N
	Sulfur oxides	0.7	0.072	m^3_N/h
	Nitrogen oxides	180	92	ppm
Machine 8	Dust	0.3	0.005	g/m^3_N
	Sulfur oxides	0.7	0.035	m^3_N/h
	Nitrogen oxides	180	78	ppm
Machine 9	Dust	0.3	0.005	g/m^3_N
	Sulfur oxides	0.7	0.030	m^3_N/h
	Nitrogen oxides	180	86	ppm

	Measurement item	Mirror		Unit
		Regulation standard	Measurement	
Machine 1	Dust	0.3	0.005	g/m^3_N
	Sulfur oxides	1.1	0.08	m^3_N/h
	Nitrogen oxides	180	110	ppm
Machine 2	Dust	0.3	0.005	g/m^3_N
	Sulfur oxides	1.1	0.013	m^3_N/h
	Nitrogen oxides	180	130	ppm
Machine 3	Dust	Removed in 2018		
	Sulfur oxides			
	Nitrogen oxides			
Machine 4	Dust	Rremoved in 2018		
	Sulfur oxides			
	Nitrogen oxides			