

## Value Creation Strategy 3 Sustainability Strategy Our Sustainability Strategy

## Toward Sustainable Management



Managing Executive Officer  
Assistant to Head of Administrative Division  
General Manager of Corporate Strategy Department  
In Charge of New Business Development  
**Kazuyoshi Hayashi**

JVCKENWOOD believes it important to meet the expectations of all stakeholders through its business activities in keeping with its corporate philosophy of "Creating excitement and peace of mind for the people of the world." Continuing to be a company that is trusted by, and that contributes to, society will ensure our sustained growth.

In April 2023, we formulated a new medium-term management plan "VISION 2025" aimed at improving sustainable corporate value and shareholder value by further evolving our change for growth as a company. Specifically, we aim to realize sustainability management that simultaneously achieves "profitable growth" and "solving social issues on a global scale" by organizing our corporate social responsibility into Fundamental CSR such as thorough compliance and risk management, and Strategic CSR including a CSV perspective on ESG in our business strategies.

### Action policy for sustainability initiatives

JVCKENWOOD has established the following five-point action policy to realize sustainability management. These points are reflected in specific sustainability promotion activities for implementation throughout the JVCKENWOOD Group under the sustainability promotion system.

1. Top management promotes initiatives
2. Set KPI and targets consistent with the medium-term management plan
3. Encourage the participation of all employees by linking the sustainability initiatives to all business activities
4. Achieve SDGs by contributing to Society 5.0
5. Proactively disclose the initiatives in an easy-to-understand manner to stakeholders via websites and other means



**JK Sustainability**

We have developed a new logo that expresses our intention to grow into the future through sustainability management with a motif of branches and colors of the eight social issues of the SDGs that our Group can contribute to solving.

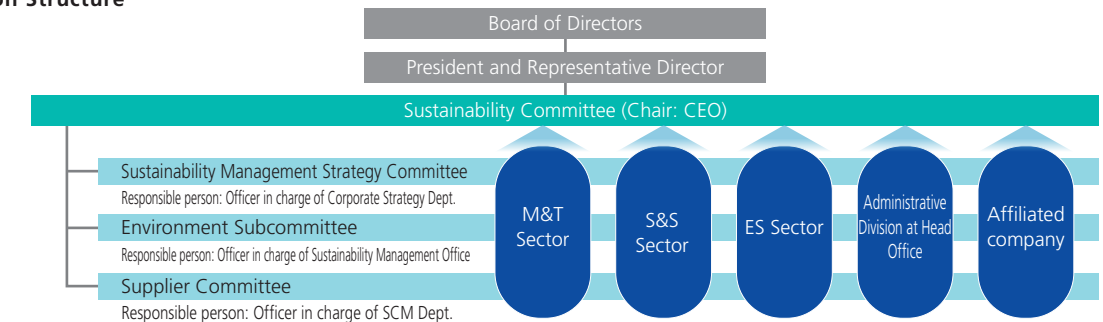


### Sustainability promotion system

JVCKENWOOD established the Sustainability Management Office in April 2018 under the supervision of the Board of Directors to quickly implement its sustainability strategy. In FY2023, we also established the Sustainability Committee, an organization that promotes sustainability in general, as a governance structure under the direct control of the CEO to formulate sustainability strategies and examine measures. The Committee meets regularly twice a year plus holds extraordinary meetings as necessary and reports the content of discussions to

the Executive Officers Committee and the Board of Directors. In addition, as a subordinate organization of the committee, we established specialized subcommittees headed by the director in charge of each theme to set climate change initiatives as well as identify other issues related to various themes, formulate targets and implementation plans to achieve them, and discuss and work on concrete measures. The Board of Directors monitors and oversees the Sustainability Committee and subcommittees, and makes decisions.

#### Promotion Structure

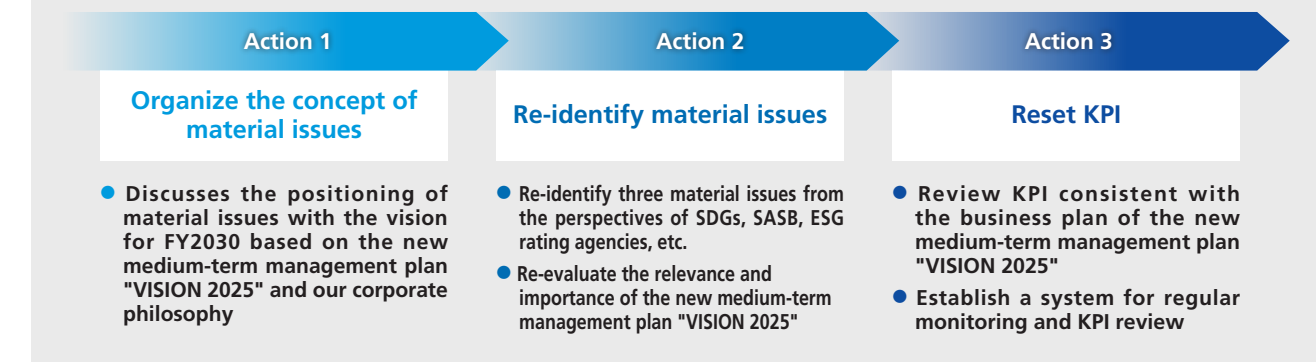


### Process for identifying material issues

With the value underpinned by our corporate philosophy of "Creating excitement and peace of mind for the people of the world" at the core, the Company has determined social issues strongly connected with its business on the basis of the Sustainable Development Goals (SDGs) and identified material issues. KPI is set for each material issues to monitor

the progress of efforts to resolve the issues. In September 2023, in conjunction with changes in the social environment and the formulation of the new medium-term management plan "VISION 2025" among other factors, the Sustainability Committee reorganized the concept of materialities, and revised the materialities and the KPI.

#### Three steps from organizing the concept of material issues to resetting KPI



### Our three material issues

Considering the importance to both the JVCKENWOOD Group and its stakeholders and the consistency with our corporate philosophy, business strategy, and sustainability strategy, and looking ahead to our vision in 2030, we have reidentified the following three material issues: (1) Safety & security initiatives (2) Environmental response, and (3) Sustainable Monozukuri (manufacturing). In addition, we have established sub-material issues linked to each material issues, and have broken them down into themes and KPI for each material issues to deepen the connection with our business. It is also important to strengthen our corporate base so that the Group can work together as one to address the three issues. This is why we set sub-material issues, themes, and KPI to strengthen our corporate base.

Material issues	Sub-material issues
(1) Safety & Security Initiatives	<ul style="list-style-type: none"> <li>Reduction and prevention of traffic accidents</li> <li>Creating safe and secure communities</li> </ul>
(2) Environmental response	<ul style="list-style-type: none"> <li>Response to climate change</li> <li>Reduction of environmental loads</li> </ul>
(3) Sustainable Monozukuri	<ul style="list-style-type: none"> <li>Responsible supply chain</li> <li>manufacturing reform</li> <li>Accelerating innovation</li> </ul>
Strengthening the corporate base	<ul style="list-style-type: none"> <li>Promoting active roles for employees</li> <li>Diversity &amp; inclusion</li> <li>Strengthening governance</li> </ul>



Material Issue 1: Safety & Security Initiatives

Theme 1

KPI

Contribute to reducing and preventing traffic accidents by providing information to support safe driving and congestion information

Number of car navigation and display audio system units sold

FY2023: 1.5 million units  
FY2023 - FY2025: 5.2 million units (cumulative)  
FY2023 - FY2030: 13 million units (cumulative)  
\*Number of units sold up to FY2022 (cumulative)

Contributing products

Car navigation and display audio systems

The "Saisoku Navi" AV navigation system series with enhanced car navigation functions contributes to reducing and preventing traffic accidents. In addition to its high image quality, high-speed response performance, user-friendly operation system, and high-precision car navigation functions, the following safety and security support functions assist safe driving.

Main functions that support safe and secure driving

**Reverse run warning guidance:** Gives a warning on dangerous driving on the display screen and in voice when a reverse run condition is detected in an interchange, service area, parking area, etc., while driving on an expressway.

**30 km zone display:** Indicates areas where the speed limit of 30 km/h is enforced, such as residential areas, on the map to ensure the safe passage of pedestrians and cyclists.

**Voice control:** Allows the driver to speak out without taking his/her hands off the steering wheel to control the necessary navigation and entertainment functions while driving (2023 models\* only)

\*MDV-M910HDF, MDV-M910HDL, MDV-S810F, etc.

The "Saisoku Navi" series deployed in the Aftermarket Business has been recognized for its high-quality technology and product capabilities that support these functions, as well as for its industry-leading market share performance. In the OEM Business, automotive manufacturers are increasingly adopting the series.

Theme 2

KPI

Contribute to reducing traffic accidents and supporting safe driving by expanding the use of dashcams

Number of dashcam units sold

FY2023: 1.3 million units  
FY2023 - FY2025: 3 million units (cumulative)  
FY2023 - FY2030: 8 million units (cumulative)  
\*Number of units sold up to FY2022 (cumulative)

Contributing products

Dashcams

The Company's dashcam contributes to reducing and preventing traffic accidents with various driver support functions, including a recording function that protects the user in the case of an accident or tailgating.

For example, our dashcams offer an AI-sensing feature, which automatically detects sudden approaches from behind and meandering driving and starts recording, as a recording function to reduce the occurrence of traffic accidents. We also offer products with forward collision and lane departure warnings as functions to assist safe driving.

In addition, we provide connected-type dashcams that comes with communication functions for automobile insurance services of auto insurance companies. The communication function allows automatic reporting in the event of a traffic accident, enabling prompt and accurate initial response and contributing to preventing multiple traffic accidents.

The Company combines visual and optical technologies cultivated over many years with its in-vehicle technology to achieve the high performance, high reliability, and high quality recording that are essential in dashcams. In the domestic aftermarket, we have a top-

class market share in the industry. Given our strong reputation and product capabilities in the aftermarket, our products have been adopted by many Japanese automakers also in the OEM Business. Ever since our connected-type dashcams were first adopted for the automobile insurance services provided by MS&AD Insurance Group Holdings in 2018, they have been continuously used for the

automobile insurance services provided by the said group, and have been highly recognized.

Theme 3

KPI

Provide a stable means of communication even at the site of a disaster or accident or in an emergency

Number of professional radio system units sold

FY2023: 1.2 million units  
FY2023 - FY2025: 4 million units (cumulative)  
FY2023 - FY2030: 12 million units (cumulative)  
\*Number of units sold up to FY2022 (cumulative)

Contributing products

Professional radio systems

In the Safety & Security Sector, the Company has developed a number of products tailored to each industry and application for the sake of creating safe and secure communities, and we engage in a total solution business utilizing a wide range of distribution channels.

In the Communications Systems Business, in particular, we are focusing on providing professional radio systems for the public safety market, such as police, fire, and emergency medical services (EMS), where the safety and security of people's lives and living must be secured at the time of initial response to a large-scale natural disaster or suchlike, in addition to ensuring the safety and security in everyday life.

Professional radio systems are essential for creating safe and secure communities as a means of communication in the event of a disaster, etc. because they enable us to create proprietary communication networks that do not rely on the existing mobile phone infrastructure and to transmit information accurately and quickly. Especially at a disaster site where every minute counts, accurate information transmission is required to save lives and prevent secondary damage. To meet these needs, our radio terminals are designed to offer robustness and low latency transmission, and to be used in any unforeseen situation, such as for direct communication between terminals without the use of a repeater. Furthermore, in order to support the execution of operations that are directly linked to safe and secure living, we pay attention not only to communication performance but also to excellent operability based on ergonomic design. For example, our VP8000 tri-band P25 digital portable radio, launched in January 2023, has been further enhanced to offer both functionalities that assist demanding tasks and ergonomics, in terms of shape and motion to prevent operational error, protection from impact, and display equipment that allows users to check communication status even while wearing the device, so that firefighters wearing thick gloves at a fire scene or police officers wearing a lot of equipment on their waists can surely operate the radio.

The Group's radio systems are widely used not only in the public safety market such as police, fire, and EMS, but also in the private sector markets such as public utilities (e.g., electricity, water, gas and public transportation) and general businesses (e.g., hotels, casino resorts, and retail). For example, the systems are adopted by railway companies in North America, South Africa, and China. In Japan, our products are used for mobile disaster prevention administrative radio, etc. The Company is recognized worldwide for its high quality and reliability, underpinned by our expertise and know-how accumulated over the years, and for its flexible system proposals that meet customer needs and budgets.

⇒ See p.26-27

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Material Issue 2: Environmental Response

JVCKENWOOD continues to minimize environmental impact in all our business activities, product development, and service provision. In FY2021, we formulated our environmental vision and basic environmental policy "JK Green 2025." We have now revised the basic environmental policy to "JK Green 2030" in order to achieve carbon neutrality by 2050.

Environmental vision

Through the creation of products and services based on advanced technological capabilities and our environmental activities, we will work with all stakeholders to preserve the global environment and contribute to the realization of a sound and sustainable society, not only now but also into the future.

Basic environmental policy, "JK Green 2030"

Following our environmental vision, we comply with environmental laws and regulations in all our products and business activities and contribute to the sustainable use of and coexistence with energy, resources, and organisms that are the property of the earth. To achieve this goal, we set and implement goals that focus on the following four key environmental objectives.

Responses to climate change Achieve carbon neutrality by 2050

Reduction of CO<sub>2</sub> emissions generated from business activities

- Scope 1 + 2 target: 46.2% reduction from FY2019 levels by FY2030

Reduction of CO<sub>2</sub> emissions through the use of purchased, transported, and sold products

- Scope 3 target: 13.5% reduction from FY2019 levels by FY2030 (Categories 1, 4, 11)

Effective use of resources Achieving Zero Emissions (Promotion of 3R\*1 Management)

Improvement of waste recycling rate

- Maintain the recycling rate of at least 90%

Reduction of waste emissions (per unit of net sales)

- 11% reduction from FY2019 levels by FY2030

Reduction of plastics

- Plastic consumption volume for containers and packaging 35.9% reduction from FY2019 levels by FY2030

Reduction in water consumption

- 11% reduction from FY2019 levels by FY2030

Environmental conservation and management Proper management of environmentally hazardous chemical substances

Proper management of chemical substances (hazardous chemical substances)

- Define and manage "environmentally controlled substances" based on in-house standards determined to have significant impacts (aspects) on the global environment and the human body.

Conservation of biodiversity Maintenance of ecosystems

- Seeing nature-related risks as opportunities, we will actively promote activities aimed at the realization of the basic environmental policy at each stage of the life cycles of our own products and services in the supply chain, contribute to the realization of a sustainable society, and conserve biodiversity.

\*1: Collective term for Reduce, Reuse, and Recycle

Responses to climate change

Theme	KPI		
	FY2023	FY2025	FY2030
Reduction of CO <sub>2</sub> emissions (Scope 1 + 2) (compared to FY2019)	-16.8%	-25.2%	-46.2%
Reduction of CO <sub>2</sub> emissions (Scope 3) (Categories 1, 4, 11) (compared to FY2019)	-1.23%	-4.92%	-13.5%

Approach to the initiatives to reduce CO<sub>2</sub> emissions

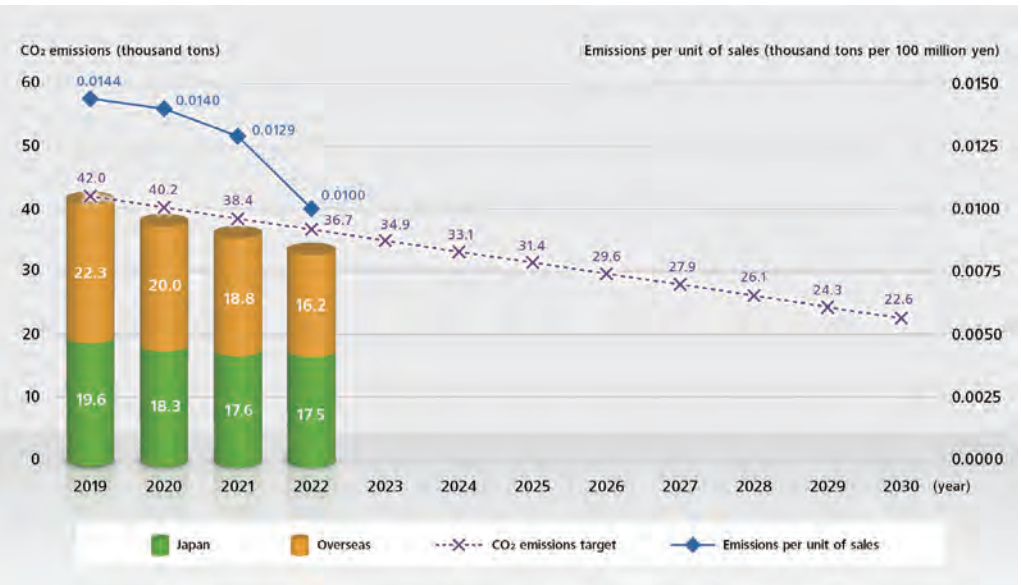
To respond to climate change, we are working on initiatives as needed that can be initiated by setting targets through management and information disclosure.

CO<sub>2</sub> emissions (Scope 1, 2 and 3)

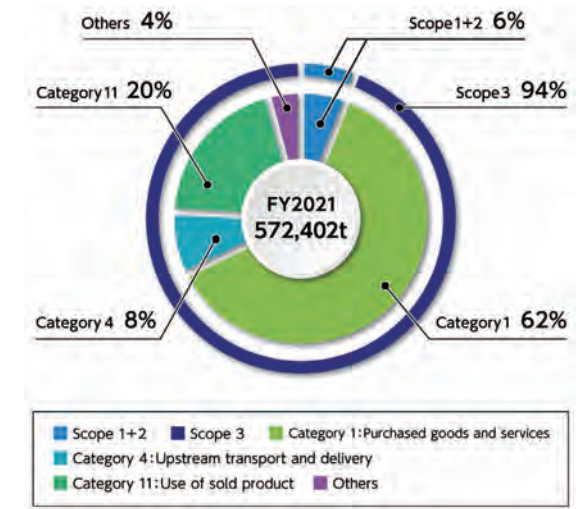
The total amount of CO<sub>2</sub> emissions (Scope 1 + 2) associated with our business activities has been set in consideration of the reduction target set by the Paris Agreement, and has decreased since FY2019.

We calculate indirect CO<sub>2</sub> emissions (Scope3) generated from various processes in our corporate activities, from procurement to manufacturing, transportation, use, and disposal of raw materials. Actual CO<sub>2</sub> emission volume is calculated in accordance with the "Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain" issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry. We will continue to endeavor to reduce CO<sub>2</sub> emissions by reducing the number of parts and developing energy-saving products with the utilization of life cycle assessments.

CO<sub>2</sub> emission reduction targets (Scope1 + Scope2) and emission trends



CO<sub>2</sub> emissions (Scope 1 + 2 + 3) (FY2021)



Activities to achieve CO<sub>2</sub> emission reduction targets

At our head office in the Yokohama area, we are constructing Value Creation Square, a base for value creation, with the aim of completing it in the summer of 2024. We have acquired ZEBReady certification<sup>\*1</sup> and adopted CASBEE (Comprehensive Assessment System for Built Environment Efficiency).

\*1: Building energy conservation performance labeling system, which is a certification system led by the Ministry of Land, Infrastructure, Transport and Tourism by a third-party evaluation organization specializing in building energy conservation performance.

In the first half of FY2024, we will significantly reduce CO<sub>2</sub> emissions by eliminating fossil fuel boilers at all domestic sites by replacing them with electric air conditioning systems.



Fossil fuel boiler before decommissioning (JVCKENWOOD Nagano Corporation)

Material Issue 2: Environmental Response

Reduction of environmental loads

Theme	KPI		
	FY2023	FY2025	FY2030
Reduction of waste			
•Waste recycling rate	90% or more	90% or more	Maintain at least 90%
•Reduction in waste generation (per unit sales) (compared to FY2019)	-4%	-6%	-11%
Effective use of resources			
•Reduction in water consumption (compared to FY2019)	-4%	-6%	-11%
•Reduction of plastic consumption volume for containers and packaging (compared to FY2019)	-13.1%	-19.6%	-35.9%

■ Reduction of waste

Aiming to maintain a global recycling rate of at least 90%, we are actively working to recycle and monetize wastes generated from our business activities by sorting and decomposing them frequently within the company.

As a result, we have achieved a global recycling rate of 91% in FY2022. Going forward, we will strengthen our 3R management initiatives to achieve zero emissions and further promote the reduction of the total amount of waste and the recycling of resources.

■ Control of water usage

It is becoming increasingly important to understand the impact of water risks on corporate business activities and to take countermeasures against the risks. The Company is also working to reduce its water consumption, and as a result, water intake at production bases has decreased. Due to concerns about ongoing global water shortages, we are aiming to reduce water consumption by 11% from FY2019 levels by FY2030. At the same time, we will continue to treat wastewater generated from our business activities and make it a reusable water resource to the extent possible.

TCFD initiatives

In April 2023, the Group expressed its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). Accordingly, in order to promote the four items of governance, strategy, risk management, and indicators and targets, we are restructuring our governance structure and analyzing and examining risks and opportunities through scenario analysis.



Governance	Restructuring the governance structure ⇒ See P.30
Strategy	<p>The scenario analysis was conducted in accordance with the TCFD recommendations to identify risks and opportunities, and to analyze and examine impact levels and countermeasures.</p> <ul style="list-style-type: none"><li>•Consider transition risks, physical risks, and opportunities</li><li>•Quantifying the impact of each risk and opportunity on the Company’s business</li><li>•Consider countermeasures for each risk</li></ul> <p>Work to reduce energy consumption by promoting manufacturing reforms linked to the new medium-term management plan "VISION 2025."</p> <ul style="list-style-type: none"><li>•"Returning to domestic production" for the Japanese domestic market products</li><li>•Optimization of the layout of production bases in consideration of the total production volume</li><li>•Product development considering reduction of environmental loads, consideration of substitution of natural resource facilities, and use of renewable energy power</li></ul>
Risk management	Risk Management ⇒ See P.48
Indicators and targets	To achieve carbon neutrality by 2050, we will promote various energy conservation activities based on the Basic Environmental Policy, "JK Green 2030" ⇒ See P.34

Environmental response in products

We believe it is crucial as a manufacturing company to contribute to reducing environmental loads through the manufacturing process, sales process, and use of products.

Reduction of CO<sub>2</sub> emissions through evolution of Car Navigation performance

Advances in Car Navigation performance will contribute to the reduction of CO<sub>2</sub> emissions by providing optimal route guidance and traffic information, thereby promoting travel loss and congestion mitigation. Under the theme of providing products to reduce environmental loads by proposing functions on a sustainable basis, we will use the number of shipments of car navigation and display audio system as KPI. ⇒ See P.32

Launch of portable power station using recycled batteries in electric vehicles

Three companies, Nissan Motor Co., Ltd., 4R Energy Corporation and the Company, have jointly developed a portable power station using recycled batteries from the Nissan LEAF electric vehicle, which will be released by the end of 2023. It is resistant to heat and cold, can be mounted in a vehicle, and can be stored for a long time, so it can be used as an emergency power source in times of disaster. With design and development to optimize the safety and reuse of used batteries, it is now possible to reduce CO<sub>2</sub> emissions produced from manufacturing.



Portable power station using recycled batteries of EVs

Reduction of environmental loads of product packaging

We are expanding the use of cushioning and fixing materials with low environmental loads. For example, by changing from petroleum-derived styrofoam to pulp mold, we have improved recyclability, and by changing to bio-based materials, we have contributed to the reduction of CO<sub>2</sub> emissions.

Reduction of environmental impact by miniaturization of products

The NXR-1700/1800, a new repeater for professional digital radio system catered for overseas use, contributes to reducing environmental loads through miniaturization.



This product is 1/5 smaller in volume than the existing NXR-710/810 repeater. This increases the number of vehicles that can be loaded per volume during transportation, thereby improving transportation efficiency and reducing the environmental impact of the transportation.

Reduce power consumption of Bluetooth® headphones

All Bluetooth® headphones are designed to reduce power consumption. With the evaluation of the environmental load of Bluetooth® compatible headphone products, we set a five-year plan to reduce the environmental loads.



Responsible parts procurement (packing paper for headphones)

We are promoting responsible parts procurement (Protecting forest biodiversity and the rights of local communities, indigenous peoples and workers) by increasing the usage rate of FSC\* certified packaging materials for all headphones. We set KPI for each fiscal year to reduce the usage rate of FSC-compliant materials.

\*: A certification granted by the Forest Stewardship Council to timber produced from properly managed forests.

We will continue to monitor international trends and actively work to develop products that reduce environmental load.

Sustainability-linked loan

Sustainability-linked loans aim to promote environmentally and socially sustainable economic activity and growth by setting Sustainability Performance Targets (SPTs) based on the borrower's sustainability strategy and linking loan terms to the achievement of the SPTs, thereby strengthening the

incentive to achieve the targets. In FY2022, the Company concluded a sustainability-linked loan agreement with the Group's CO<sub>2</sub> emission reduction rate (Scope 1 + 2) as SPTs, financing the loan. In FY2022, we achieved the SPTs.



Material Issue 3: Sustainable Monozukuri

Responsible supply chain

By building a sustainable supply chain, the Company contributes not only to our growth but also to realizing a sustainable society.



Director of the Board  
Senior Managing Executive Officer  
in charge of SCM Reform  
**Akira Suzuki**

SCM<sup>\*1</sup> reform

In JVCKENWOOD, operating cash flow worsened in the fiscal year ended March 2022 from a year earlier due to an increase in material inventories brought by political and military tensions in certain regions, as well as global shortages in semiconductor supplies and COVID-19. In response to this situation, the Corporate Risk Management Committee identified SCM risks (such as loss of profit due to excess inventory and loss of customer satisfaction due to delays in product delivery) as important risks for the

Company. In April 2022, we appointed an officer in charge of Supply Chain Management Reform and established the SCM Innovation Department to start SCM reform for risk mitigation. In October 2023, in order to accelerate SCM reform, the SCM Innovation Department and the Procurement & Logistics Department were integrated into the SCM Department. The department has two main missions to strengthen the supply chain.

Main missions and specific activities of the SCM Department

Main missions	Initiative
<ul style="list-style-type: none"> <li>Construct a supply chain that enables supplying the necessary goods to customers and markets when needed and in the necessary volume at the appropriate cost (SCM reform)</li> <li>Promote S&amp;OP<sup>*2</sup> management through SCM reform and achieve the business plan</li> </ul>	<ul style="list-style-type: none"> <li>Maximize cash flows from operating activities <ul style="list-style-type: none"> <li>Proper management of inventories</li> <li>Reduction of sales opportunity losses by strengthening SCM</li> <li>Reduction of total cost by improving the efficiency of SCM-related operations</li> </ul> </li> <li>Manage SCM Risk (Obstacle for Business Plans) <ul style="list-style-type: none"> <li>Assessment and management of procurement, production, and logistics risks</li> <li>Development of inventory strategy and strengthening supply chain for stable supply</li> <li>Optimization of lead time for supply chain-related processes</li> </ul> </li> </ul>

We anticipate diversifying risks such as natural disasters and geopolitical risks and build supply chains that can tolerate emergencies, as well as adapt to changes in the external environment surrounding the Company. Furthermore, we will restructure the entire supply chain, from the arrangement of raw materials to the supply of goods to final customers, from perspectives of optimality for the whole company.

We aim to improve corporate value by achieving business plans through S&OP management, maximizing profits, and maximizing operating cash flow while achieving to enhance data analysis by SCM reform, visualizing the reality of SPI<sup>\*3</sup>, revamping the SPI process, ensuring stable product supply, and minimizing opportunity loss in sales.



\*1: Supply Chain Management  
\*2: Sales and Operations Planning  
\*3: Abbreviations for Sales, Production, and Inventory

Promotion of sustainable procurement

Theme	Ideal state for FY2030 (KPI)
Respect for human rights	<ul style="list-style-type: none"> <li>Conducting training on human rights in procurement and logistics-related divisions (continuing)</li> <li>Conducting training on human rights for business partners (continuing)</li> <li>Establishing and operating an external consulting desk</li> </ul>
Promotion of sustainable procurement	<ul style="list-style-type: none"> <li>Obtaining signatures in support of our CSR procurement guidelines when opening a new account</li> <li>Requesting the implementation of CSR self-audits by business partners and implementing corrective measures for business partners with identified problems</li> <li>Participating in alliances such as RBA and taking advantage of global frameworks</li> </ul>

We recognize that building sustainable supply chains is important not only for pursuing corporate growth but also for contributing to realizing a sustainable society. Based on this recognition, we established the JVCKENWOOD Group Procurement Policy (the "Procurement Policy") in October 2018 to promote sustainable procurement in a comprehensive supply chain that includes our business partners. Prior to this, the JVCKENWOOD CSR Procurement Guidelines (the "CSR Procurement Guidelines") were established in 2017 (revised in 2020) in accordance with the Code of Conduct of the Japan Electronics and Information Technology Industries Association (JEITA).

We request business partners to accept the conclusion of contracts using our Master Agreement based on the Procurement Policy and also ask for their understanding and cooperation of the CSR Procurement Guidelines. We aim to contribute to the development of a sustainable society by promoting effective sustainable procurement through the implementation of the Guideline.

Initiatives for business partners

The "Regulation for Selecting New Business Partner," which is used for determining new business partners, sets forth the items concerning sustainability including human rights and labor safety in addition to environmental aspects such as sustainable resource use and chemical substance management, as well as quality, cost, delivery time, technical capability, and stable supply capability. For existing business partners, as a process of evaluating these items, we sent a self-assessment sheet (SAQ<sup>\*4</sup>: FY2022 revised version), which is developed in accordance with the CSR Procurement Guidelines and received responses from more than 90% of those business partners.

We analyze the responses to the SAQ and provide feedback to existing business partners who are identified as having a high risk of response to the items that could lead to significant violations of laws and regulations, particularly regarding human rights, making written requests to improve in the relevant risks. Through these continuous requests for improvement, we will work to avoid, prevent, and mitigate risks related to human rights and other sustainability issues.

\*4: Self-Assessment Questionnaire

Communication with business partners

The Group has been strengthening communication with business partners to realize sustainable procurement together with them. At the annual Partners' Meeting, we promote awareness and understanding of the Procurement Policy and the CSR Procurement Guidelines. In addition, we explain our commitment to developing a sustainable supply chain by confirming the status of business partners' sustainable procurement efforts and making continuous improvement activities with the use of the SAQ, and request their understanding and cooperation.



Declaration of building partnership

The Company has declared that it will work to build new partnerships by promoting cooperation, co-existence, and co-prosperity with suppliers in the supply chain and businesses that are striving to create value.

Declaration of building partnership

- Co-existence and co-prosperity of the entire supply chain and new cooperation across the boundaries of business size and affiliation
- Compliance with the Promotion Standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises

# Material Issue 3: Sustainable Monozukuri

## Manufacturing reforms and accelerating innovation

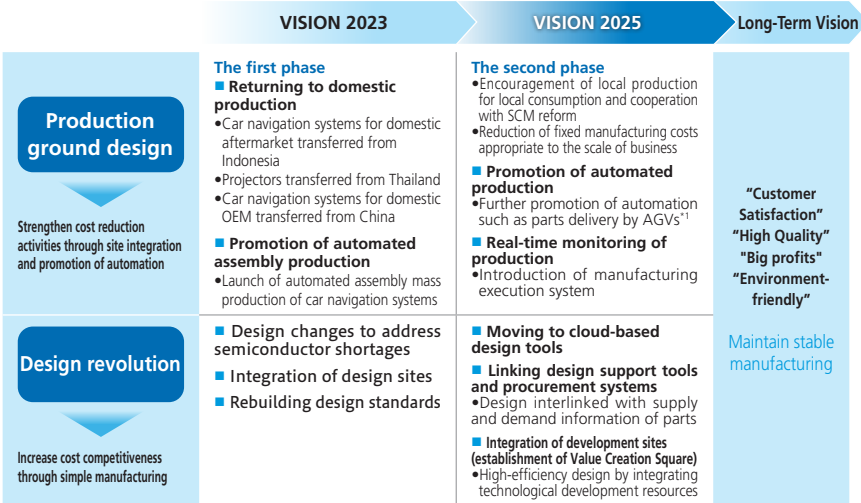
Through production reforms, IT reforms, improvement in the research and technology development environment, and intellectual property strategy, the Company will establish manufacturing standards and data-driven management to realize stable and sustainable manufacturing that responds promptly to changes in the business environment.



Director of the Board,  
Managing Executive Officer  
Chief Technology Officer (CTO)  
Chief Information Security Officer (CISO)  
**Yoshio Sonoda**

### Basic strategy for manufacturing reforms

Focusing on the integration of production bases, promotion of automated production, encouragement of local production for local consumption, and establishment of a supplier ecosystem, we have been working on "production ground design" and "design revolution" that fit the total production volume and total man-hours. We aim to establish manufacturing standards in which anyone is enabled to design, any place is suited to produce, production systems are optimized and standardized, shipping quality is ensured, and work styles are diversified.



\*1: Automatic Guided Vehicles

### Progress in manufacturing reforms

In efforts to return to domestic production, for which we have been working as a part of production ground design, we made decisions at an earlier stage to take on the challenge of realizing a production model based on local production for local consumption, and promoted automated production aiming to enhance our management assets. To begin with, we started with reviewing the product structure of car navigation systems for the domestic aftermarket, which had been produced at a factory in Indonesia, to make them suitable for assembly and manufacturing on an automated line. In February 2022, we began full-scale production transfer to a factory in Nagano. Thereafter, we transferred the production of projectors from

a Thai plant to the Yokosuka Business Center. In addition, we transferred the production of car navigation systems for domestic OEM from a factory in China (Shanghai) to a factory in Nagano, and in September 2023 we ceased production in China (Shanghai). In March 2023, we transferred the car audio development functions from Singapore to Japan. While we proceed to reorganize production bases in an accelerated manner, we aim to manufacture products in a way in which the "design environment is standardized and products of any categories can be designed" as well as so that "products of any categories can be produced independent of a particular base."

Timing	Contents	Readiness for geopolitical risk	Foreign exchange measures	SCM optimization	Security enhancement	Returning to Japan	Efficiency Automation	SDGs ESG
February 2022	Production transfer of car navigation systems for domestic aftermarket Indonesia to Japan (Nagano)	●	●	●	●	●	●	●
March 2022	Production transfer of projectors Thailand to Japan (Yokosuka)	●	●	●	●	●	●	●
March 2022	Production transfer of professional cameras Thailand (JKET <sup>*2</sup> ) → Thailand (JKOT <sup>*3</sup> ) Termination of JKET production activities	●		●			●	●
November 2022	Production transfer of car navigation system for domestic OEM China (Shanghai) to Japan (Nagano)	●	●	●	●	●	●	●
March 2023	Transfer of M&T development functions from Singapore to Japan Close of development sites in Singapore					●	●	
September 2023	Termination of production activity in the Shanghai plant in China	●	●	●	●	●	●	●

\*2: JVCKENWOOD Electronics (Thailand) Co., Ltd. \*3: JVCKENWOOD Optical Electronics (Thailand) Co., Ltd.

### Initiatives for product quality and safety in manufacturing

The Group established a Group-wide quality management system based on the Quality Philosophy and the Quality Policy, and has been working together to improve the quality and safety of products in all activities from procurement to sales, including the resolution of quality issues by mutual collaboration among each business division and others concerned, and a specialized approach to improving product quality in each business area of design, procurement, and manufacturing. In the OEM Business in the M&T Sector in particular, our business activities need to meet the quality requirements of automotive manufacturers, and we are regarded as superior quality suppliers by Japanese automakers and Tier1 global-scaled manufacturers.

#### Company-wide Quality Management

The Company holds a Company-wide Quality Management Committee every six months. Under the leadership of the Chief Executive Officer (CEO), personnel in charge of quality management throughout the Group, including Executive Officers and business managers, share the quality status of all business areas and make prompt decisions to resolve quality issues. In

addition, in order to realize the policies and measures decided at the meeting, the Quality Managers Conference, which is composed of quality assurance managers from all divisions, decides on specific quality activities and forms organizations such as working groups, projects, and subcommittees as necessary to resolve quality issues.

#### Company-wide quality management organizational structure



For more information, visit our website.

<https://www.jvckenwood.com/en/sustainability/social/safety.html>

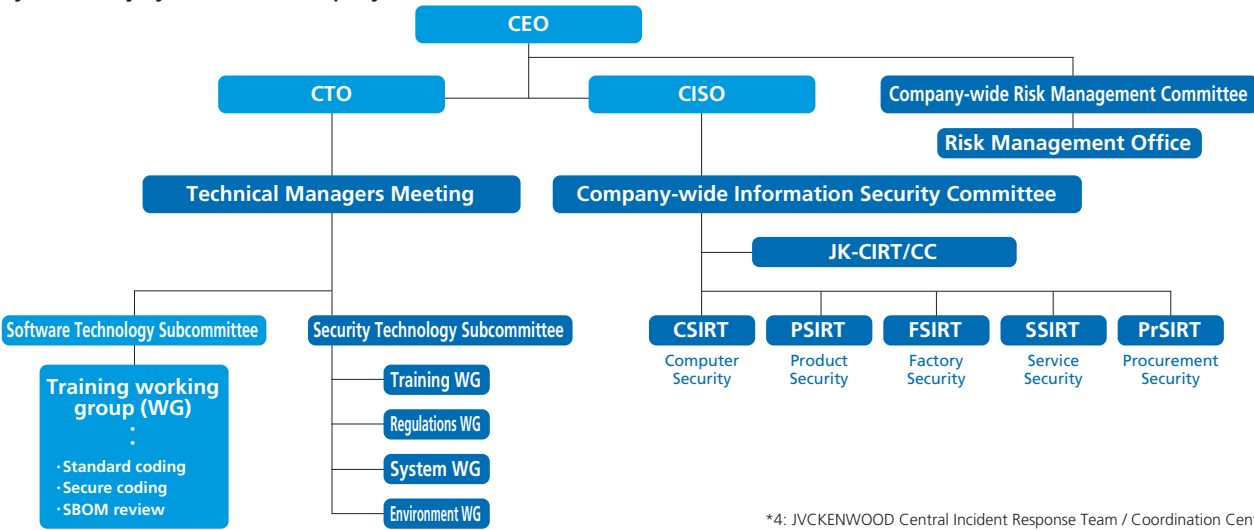


### Strengthening the cybersecurity system

We recognize that the management of confidential information and the protection of personal information in our business activities are important issues for the Company and are working to build a stronger information management system, with all employees constantly maintaining risk awareness and engaging in daily operations.

We established JK-CIRT/CC<sup>\*4</sup> to clarify the Group's security system and proceed to strengthen the system, believing that it is important to protect information assets entrusted to us by our clients around the world and stakeholders such as business partners, shareholders, and employees, as well as the information assets of the entire Group.

#### Cybersecurity System of the Company



\*4: JVCKENWOOD Central Incident Response Team / Coordination Center



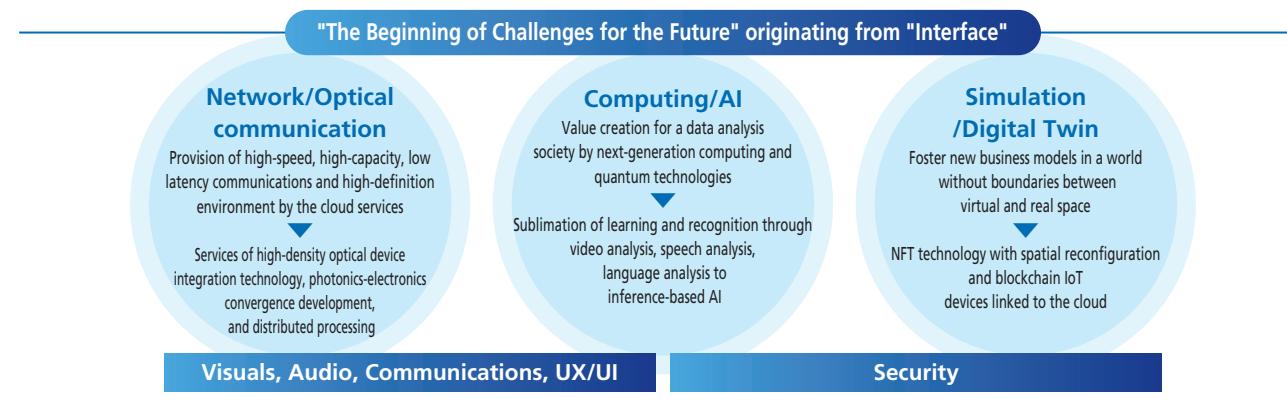
## Material Issue 3: Sustainable Monozukuri

## Accelerating innovation

We aim to realize the basic technology development strategy of "Connecting People with Space and Time to Create the Future," striving to provide sustainable value by technology that responds to people's instincts and desires through future-oriented research and technology development based on the Company's strengths in visuals, audio, communications, and design

management. In addition, with the theme of "The Beginning of Challenges for the Future" originating from "Interface," we will realize user experience from the customers' perspective and the provision of new value by co-creation, through the activities of the Future Creation Research Laboratory, which promotes open-minded activities focusing on the future 10 years ahead.

**Basic strategy: Connecting People with Space and Time to Create the Future**



### Creating new value/Strengthening customer-oriented design management

In October 2023, we established the Innovation Design Center as a new organization to develop an interface for the creation and discovery of new business opportunities and implement the development of service infrastructure.

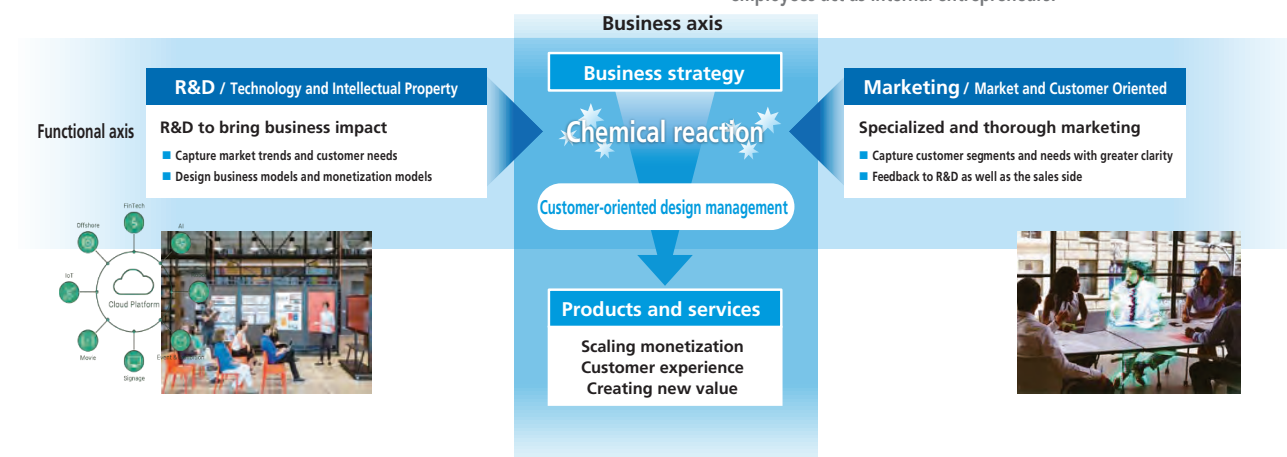
By multiplying the new ideas generated from friction at the interface with people through thorough marketing by the Company's technological capabilities, we will implement customer-oriented design management, creating a chemical reaction in an accelerated manner and realizing customer needs.

**"The Power to Realize Real Customer Needs "**

- Creating customer value through technology and marketing
- Creating an interface that works for people around the world
- Building a digital service infrastructure

## Accelerating innovation

We move the starting point of ideas from "ownership value" to "experience value" and create an environment where hypothesis testing can be carried out in search of "winning games," so that employees act as internal entrepreneurs.



## Intellectual property strategy

Theme	KPI		
	FY2023	FY2025	FY2030
Percentage of patent applications related to the Company's material issues that contribute to ESG enhancement	10% or more	15% or more	25% or more

We will continue to conduct activities in line with our intellectual property strategy and aim to maximize corporate value by creating innovation and strengthening business competitiveness.

## Intellectual Property System

The Company continues to develop a patent portfolio that supports its business and promotes activities in line with its intellectual property strategy utilizing the IP landscape\* (IPL).

These intellectual property activities are regularly reported to the Board of Director, and a system has been established in which the Board of Directors effectively supervise them.

\*: Techniques for developing management and business strategies using intellectual property information

## Patent portfolio to support business

In light of the Company's business structure, we have acquired patents to support our business since FY2017, by increasing the number of patent applications in the Mobility & Telematics Services Sector (M&T), while maintaining the number of the applications in the Entertainment Solutions Sector (ES) and the Safety & Security Sector (S&S).

In addition, since the establishment of the R&D Division in 2018, the division has strengthened its applications and has been continuously engaged in patent-creation activities that contribute to the creation of customer value in the future.

### Patent portfolio that enhances competitive advantage

By collaboration between business and R&D strategies, we proceed to optimize the patent portfolio through intellectual property activities based on KPI set forth by the use of the IPL.

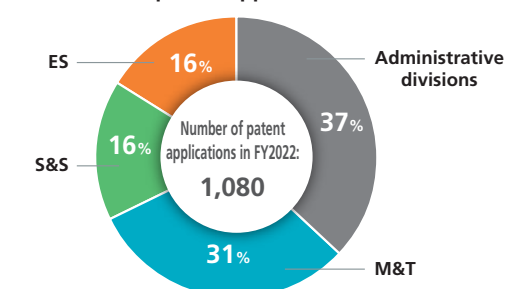
In addition, we expand invention and creation activities by all employees to understand customer needs at each phase in the value chain and to create patents focusing on the provision of customer value.

### Utilization of intellectual property to connect "creation" and "earning"

We analyze and assess the value of the Company's intellectual property (intangible assets) in a broad sense, including data and know-how, leading to strengthening its business competitiveness.

Creating intellectual property by investing in intellectual capital and generating profits by increasing customer value will promote our intellectual creation cycle of "Create," "Protect," and "Earn," which brings a virtuous cycle for reinvestment.

- Breakdown of patent applications in FY2022



- Trends in the number of applications

(Number of cases)

