

Environmental Initiatives

G-TEKT considers the global environmental issue to be a problem of the highest priority that should be addressed by a company and has been engaged in efforts to reduce the environmental impact of business activities such as working to acquire the ISO 14001 environmental management system (EMS) certification since 1998. We are currently working to reduce greenhouse gas emissions during production with the goal of becoming carbon neutral.

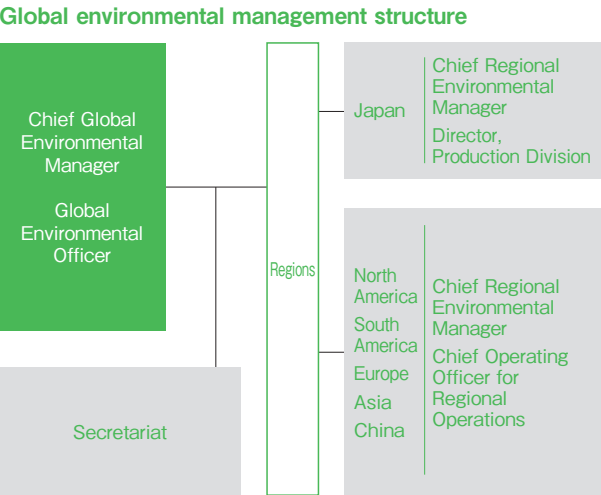
Environmental policies

The Company places the highest priority on the conservation of the global environment and local environments. As a member of society responsible for passing on the green environment to the next generation, it shall strive to both engage in environmentally considerate business activities and help conserve the global environment under the basic philosophy that “The environment is our shared resource.”

- 1. The Company shall assess the environmental impact of all its business activities, voluntarily formulate improvement plans, and actively work on environmental conservation.
- 2. The Company shall comply with related environmental laws and regulations and other requirements and establish its own management standards to prevent environmental pollution.
- 3. The Company shall define purposes, set goals and formulate implementation plans for its environmental protection activities, and reduce its environmental burden by engaging in ongoing improvement, and conduct business in harmony with the environment. Furthermore, the Company shall review and revise the purposes, goals and plans as necessary.
- 4. The Company shall ensure all employees and all people working at the Company are aware of and understand its environmental policies by providing them with environmental education and training activities.
- 5. The Company shall disclose its environmental information to the general public. The Company shall conduct activities aimed at achieving a deeper level of communication with the community and society at large and actively cooperate in community- or society-based environmental conservation activities.

Implementation system

Since FY 2022, a global environmental management system has been headed by the Chief Global Environmental Manager (Senior Managing Officer of the Company: Mitsutoshi Nakamoto), with the Corporate Business Planning Division as the secretariat, promoting global efforts toward carbon neutrality by 2050. The existing Central Environmental Promotion Committee for the environmental management system (EMS) has been transferred to the committee that oversees the Japan region and continues its activities. In terms of EMS, G-ONE (Mexico) and G-TES (Slovakia) were newly certified in FY 2021, and 97% of G-TEKT's global plants have already acquired certification.



100% of electricity purchased for use in own domestic factories and offices now sourced from renewable energy

In May 2023, the Shiga Plant in western Japan switched all purchases of electricity used to that derived from renewable resources. Our factories and offices in eastern Japan had already shifted to renewable energy in April 2021, and this latest switch means that all of our own domestic factories and offices have achieved net zero in terms of greenhouse gas emissions associated with the use of electricity (Scope 2). This is expected to lead to reductions in total annual emissions in Japan (Scope 1 + 2) equivalent to approximately 95%*, or 15,232 tons*2.

*1 Ratio calculated using total annual emissions for FY 2022.
*2 Emissions factors are calculated using the adjusted emission factors in the "Emission factors for each specific electricity provider - actual figures for FY 2021" released by the Ministry of the Environment on May 26, 2023.

Message from the Officer in Charge of Environment

Senior Managing Officer of the Company,
Corporate Business Planning Division Charge Officer
and Chief Global Environmental Manager

Mitsutoshi Nakamoto

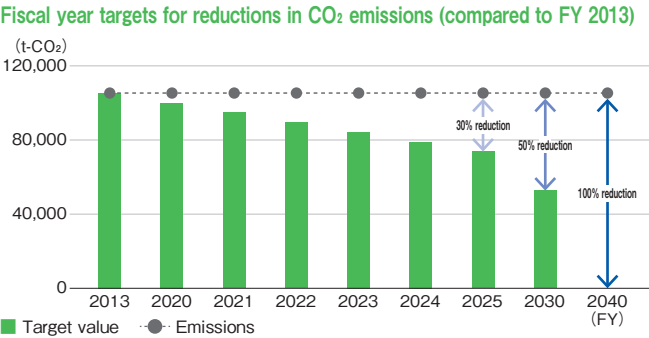


G-TEKT is working on measures aimed at achieving its targets of reducing FY 2030 Scope 1 and Scope 2 CO₂ emissions by 50% compared to those of FY 2013, and by 100% by FY 2040, and of achieving carbon neutrality, including Scope 3, by FY 2050. In FY 2022 we achieved a reduction of 8% compared to those of FY 2013, but this was 7% short of our target. Although emissions in Japan have declined dramatically due to the considerable increase in the ratio of the use of electricity derived from renewable energy, the issue is the North American and Chinese businesses, where the scale of production is significant. The reality is that variations have arisen due to differences in energy policies in the regions in which our overseas sites are located, and going forward it is essential that we consider how we can change the composition of power sources that generate the electricity that we purchase. In the United States, the enactment of the IRA* is expected to stimulate investment in renewable energy businesses such as wind and solar power, and the ratio of traditional coal-fired power generation is on a dramatic downward trend. Even in China, some forecasts have the combination of renewable and nuclear energy accounting for around 60% of power sources by 2030. On the other hand, because the amount of electricity used increases as production rises, we believe that measures to reduce energy consumption through the promotion of in-house solar power generation, combined with the data gathered through the DX Project, are important initiatives. We are in the process of identifying eligible products and moving forward with verification at domestic locations, but we plan to gradually expand this to overseas sites as well. Moreover, if we take a bird's eye view of the supply chain as a whole, materials such as steel and aluminum account for more than 90% of CO₂ emissions. We have arrived at the stage where it is essential to implement tripartite measures to deal with this in cooperation with material manufacturers and vehicle OEMs, and it is my hope that this kind of close collaboration will yield results going forward.

*IRA (Inflation Reduction Act): a United States law designed to reduce inflation, which incorporates measures to combat climate change

Environmental Road Map

- **Long-term target**
Scope1+Scope2
FY 2030 50% reduction *Compared to FY 2013
FY 2040 100% reduction *Compared to FY 2013
Scope1+Scope2+Scope3
FY 2050 Virtually zero emissions
- **Single-fiscal year target**
This is calculated by increasing the targeted reduction (compared to actual Scope 1 + Scope 2 figures for FY 2013) by 5 percentage points every fiscal year from FY 2020 onwards. The target for FY 2025 is a reduction of 30% compared to FY 2013 (target amount: 75,741 t-CO₂).



Environmental Road Map

	FY 2021 to FY 2025	FY 2026 to FY 2030	to FY 2040	to FY 2050
Energy saving (Scopes 1 + 2)	Energy-saving measures at factories (~10% in FY 2030)			
Utilization of electricity derived from renewable energy (Scope 2)	Phase 1: Procurement of electricity derived from renewable energy	Phase 2: Energy generation for own use through installation of solar power generation equipment	Phase 3: Energy generation + Off-site renewable energy power supply + Energy supply from storage batteries	
Fuel/equipment replacement CO ₂ absorption (Scope 1)	Replacement with low-carbon fuel (for example, replacement with natural gas derived from renewable energy)	Replacement/substitution with decarbonization equipment	G-TEKT's Forestation Program (afforestation) (forest-based CO ₂ absorption)	Utilization of new technologies
Scope 3 action (Supply chain/materials)	Supplier engagement (Scope 3 emissions zero by 2050)	Switching to low-carbon materials		