

## Governance

Board Members, Audit & Supervisory Board Members, and Executive Officers (as of June 30, 2023)

### 1 Naohiro Takao

President, Chief Executive Officer

**Reasons for selection**  
As a result of his involvement in manufacturing, sales, and the overseas business, etc., he has gained extensive business experience and deep insight into group management, and is thus well-suited to the role of supervising the Company as a whole.

### 2 Hiroshi Seko

Member of the Board, Senior Managing Officer of the Company

**Reasons for selection**  
As a result of his involvement in technology and overseas business, etc., he has gained extensive business experience and deep insight into group management, and is therefore equipped with the experience and knowledge required for management, mainly in the technology field.

### 3 Fumihiko Hirotaki

Member of the Board, Managing Officer of the Company

**Reasons for selection**  
As a result of his involvement in sales and the overseas business, etc., he has gained extensive business experience and deep insight into group management, and is therefore equipped with the experience and knowledge required for management, mainly in the sales field.

### 4 Akira Kakizaki

Member of the Board, Managing Officer of the Company

**Reasons for selection**  
As a result of his involvement in the areas of technology and development, he has extensive business experience and deep knowledge, and is overseeing the transformation of the Company in the form of such initiatives as the DX Project.

### 5 Keiji Kasamatsu

Lead Independent Outside Member of the Board

**Reasons for selection**  
As a result of his involvement over many years in general trading company transactions for steel plates for automobiles, he has extensive and wide-ranging knowledge of business relationships and commercial practices within the automotive industry. He is also equipped with a high level of insight into various management decisions.

### 6 Rieko Inaba

Independent Outside Member of the Board

**Reasons for selection**  
As a result of her involvement in research at academic institutions centered on information technology, language, and communication, as well as her engagement in educational activities, she has gained advanced knowledge as a researcher and educator.

### 7 Keso Tamura

Audit & Supervisory Board Member

**Reasons for selection**  
After acquiring experience in the finance and production divisions, as well as in the overseas assignments, etc., he was involved in overseeing the overseas business operations and is capable of auditing corporate management in general.

### 8 Yoshiaki Kawakubo

Audit & Supervisory Board Member

**Reasons for selection**  
After joining the company he was involved in department related to overseas operations, and has accumulated both knowledge of management through his oversight and support for the overseas business, as well as a track record in the oversight of audit operations.

### 9 Yasunori Niizawa

Independent Outside Audit & Supervisory Board Member

**Reasons for selection**  
He has extensive business experience in national taxation and professional knowledge as a tax accountant, and is capable of auditing corporate management in general from an objective perspective.

### 10 Yasuo Kitamura

Independent Outside Audit & Supervisory Board Member

**Reasons for selection**  
He has extensive insight derived from his role as a lawyer and from serving as outside auditor and outside director at other companies, and is capable of auditing corporate management in general from an objective perspective.



#### Executive Officers

Senior Managing Officers of the Company

Mitsutoshi Nakamoto

Officers of the Company

Taiichiro Morishita

Takuto Fujii

Managing Officers of the Company

Masayuki Hayashi

Naoki Mizuki

Officers of the Company

Keiichi Ueki

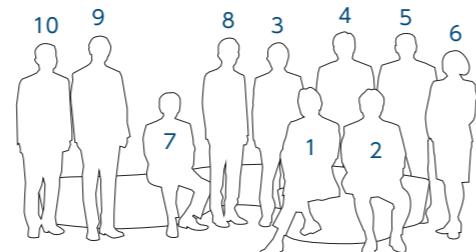
Tomohiko Tsukiyama

Koki Sugawara

Takeshi Bamba

Yoshitaka Suzuki

Kenichi Sakamoto



#### Board Members and Officers

<https://www.g-tekt.jp/english/company/management.html>



#### Criteria of Independence for Outside Directors

<https://www.g-tekt.jp/ir/governance/management.html>



## Basic approach

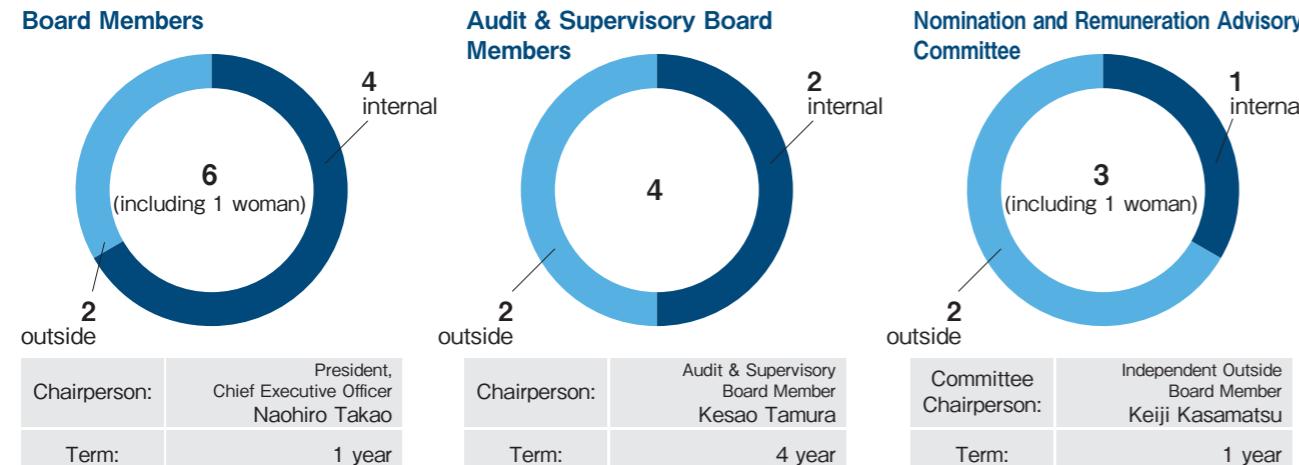
G-TEKT recognizes that we have a responsibility to contribute to the resolution of environmental and social issues that we face through our business activities so that society can develop sustainably, and in order to fulfill this responsibility, it is necessary for us to improve our business performance and achieve sustainable growth over the medium to long term. To achieve this we have drawn up the G-TEKT Basic Corporate Governance Policy, which incorporates our basic approach and framework for corporate governance, and have established an appropriate system of corporate governance.

that enables us to provide information and engage in dialogue with our stakeholders, including shareholders, customers, employees, and local communities, to increase our transparency as a company, and to conduct ongoing business activities under an effective and sound organizational structure that ensures the rights of our shareholders.

▶ Basic Corporate Governance Policy  
[https://www.g-tekt.jp/company/pdf/governance\\_guideline\\_en.pdf](https://www.g-tekt.jp/company/pdf/governance_guideline_en.pdf)

## Outline of corporate governance system

Organizational structure: Company with a board of auditors (as of June 30, 2022)



## Message from newly appointed Director



Member of the Board,  
Managing Officer of the Company

Akira Kakizaki

## Taking G-TEKT's manufacturing to the next stage with speedy management that brings about change

My name is Kakizaki, and I have been elected to assume the position of Director at the 12th Ordinary General Meeting of Shareholders. It has been 33 years since I started my career in production engineering of presses and dies. During that time, I was transferred to a partner manufacturer and stationed at a North American site, and was mainly engaged in the areas of production engineering and technology development. Since April of this fiscal year, I have been serving as Quality Assurance Operations Director, and DX Charge Officer.

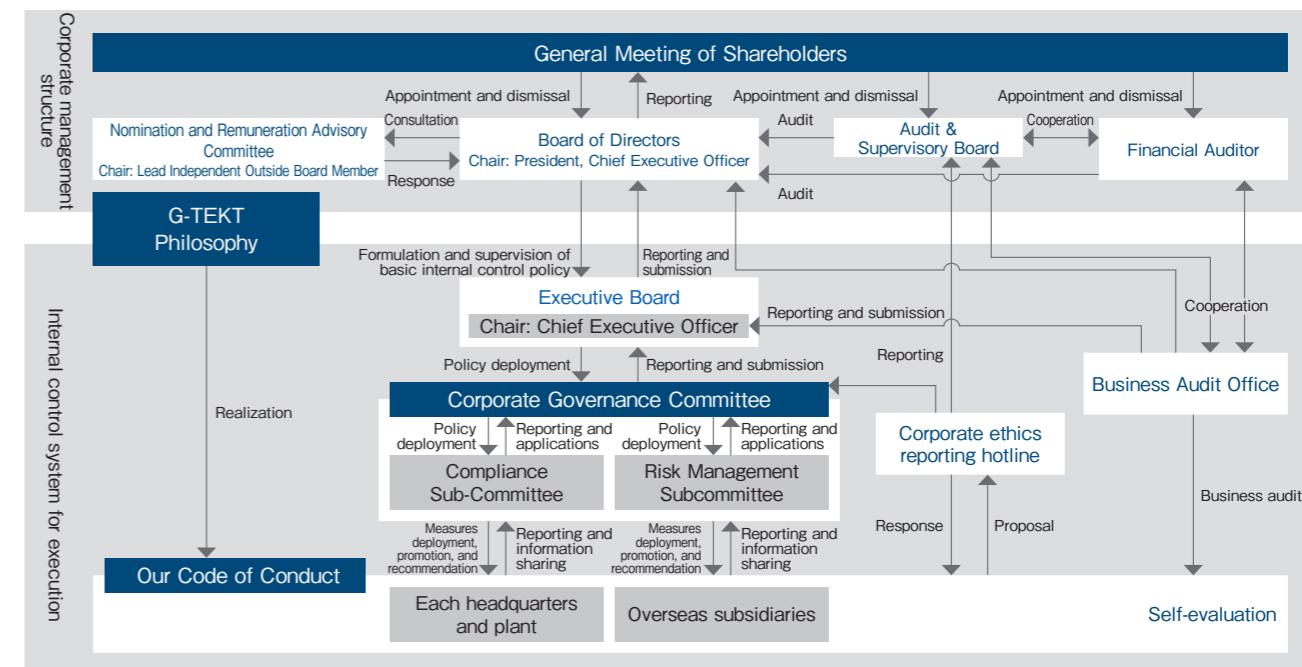
The automotive industry that surrounds us is in the midst of a competition for survival, with the rapid shift to EVs and manufacturing reforms due to decarbonization, and it is expected that consolidation will accelerate, not only in the supply chain but also among OEMs. We are also facing a period of major transformation in manufacturing accompanied by digital innovation. Although we are in an environment with many issues to be addressed, we believe that in order for G-TEKT to achieve further growth and continue to be a company with high expectations, it is important to turn each difficult situation into an opportunity to steadily achieve results and to make challenging, yet sound and speedy management decisions. In order to achieve the new management strategy as soon as possible and lead G-TEKT to the next stage, I will fulfill my responsibilities as a Director, not to mention my areas of responsibility, and will do my utmost to advance G-TEKT's development.

#### Reasons for adopting the current corporate governance system

We have chosen to establish a company with a board of auditors as our governance system. This is because we believe that the Board of Directors, as the highest decision-making body of management, can fulfill its authority and responsibility for business execution, and

that the Audit & Supervisory Board Members and the Audit & Supervisory Board, who are independent of business execution and the Board of Directors, can perform auditing functions for the Board of Directors.

## Corporate governance system outline drawing



## Major meeting bodies

|  | Number of times held in FY2023   | Total number of members | Internal Board Members   | Outside Board Members                     | Chair  |
|--|--|-------------------------|--|---|--|
| Board of Directors                             | <b>15 times</b>  | <b>7</b>                | <b>4</b>   | <b>3</b>                                  | <b>President, Chief Executive Officer</b>    |
| Summary  | The Board of Directors meets on a regular basis or on an extraordinary basis as necessary, and under the direction of the President, Chief Executive Officer, makes resolutions on matters stipulated in laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations, and makes important management decisions. In addition, the Board of Directors receives reports from each Board Member and executive officer on business matters and fulfills its monitoring and supervisory functions. |                         |  |   |  |
|  | Number of times held in FY2023   | Total number of members | Internal Board Members   | Outside Board Members                     | Chair  |
| Nomination and Remuneration Advisory Committee | <b>2 times</b>   | <b>5</b>                | <b>2</b>   | <b>3</b>                                  | <b>Lead Independent Outside Board Member</b> |
| Summary  | An advisory committee to the Board of Directors has been established, and the Board of Directors consults with it on important agenda items, such as the nomination of candidates for Board Members and Audit & Supervisory Board Members and executive remuneration, as appropriate.  |                         |  |   |  |
|  | Number of times held in FY2023   | Total number of members | Internal Audit & Supervisory Board Members   | Outside Audit & Supervisory Board Members | Chair  |
| Audit & Supervisory Board                      | <b>14 times</b>  | <b>4</b>                | <b>2</b>   | <b>2</b>                                  | <b>Audit &amp; Supervisory Board Member</b>  |
| Summary  | The Audit & Supervisory Board meets at least once a month in principle. Each Audit & Supervisory Board Member attends meetings of the Board of Directors, investigates the status of business and assets in cooperation with the Financial Auditor, and audits the execution of duties by the Board Members in accordance with the audit policy, division of duties, and other matters determined by the Audit & Supervisory Board.  |                         |  |   |  |
|  | Number of times held in FY2023   | Summary                 | The Executive Board is an organization that deliberates in advance on matters to be discussed at meetings of the Board of Directors and resolves management matters authorized by the Board of Directors. In addition to the regular meetings of the Executive Board, the Global Executive Board has been established to intensively discuss business plans. |   |  |
| Executive Board                                | <b>25 times</b>  | Summary                 | The Executive Board is an organization that deliberates in advance on matters to be discussed at meetings of the Board of Directors and resolves management matters authorized by the Board of Directors. In addition to the regular meetings of the Executive Board, the Global Executive Board has been established to intensively discuss business plans. |   |  |

\* The structure of Board Members and Audit & Supervisory Board Members is as of March 30, 2023.

## Main agenda of the Board of Directors meeting for the fiscal year ended March 31, 2023

### [General management]

- Report on major agenda items at the Executive Board
- Business plan for the next fiscal year
- Investments to expand capacity at overseas plants
- Investments to expand capacity at domestic plants
- Construction plans for a new domestic plant
- Conclusion of basic agreement on joint development with Ahresty
- EV business initiatives and progress

### [General Meeting of Shareholders related]

- Convocation of General Meetings of Shareholders and determination of agenda items
- Approval of business reports, financial statements, etc.
- Determination of candidates for Board Members

### [Board Members and Audit & Supervisory Board Members and organization related]

- Selection of Chief Executive Officer
- Remuneration and bonuses for Board Members and Audit & Supervisory Board Members
- Election of Executive Officers and site managers

### [Shareholders]

- Implementation of interim dividend

### [Other]

- Conducting and reporting on evaluation of the effectiveness of the Board of Directors
- Report on the results of shareholder questionnaires
- Donation for humanitarian assistance in Ukraine

## Policy for determining the amount of remuneration for Board Members and Audit & Supervisory Board Members or calculation methods thereof

The decision-making policy regarding the details of individual remuneration, etc. for Board Members is resolved by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Board Member.

### (1) Basic approach

The Company's remuneration system for officers is designed to motivate officers to contribute to the improvement of the Company's performance in the short- and medium-term in order to enable sustainable growth

and increase in corporate value. Based on this, the Company's remuneration system for officers consists of three types of remuneration: basic remuneration as fixed and monthly salary, bonuses linked to short-term performance, and share-based remuneration linked to stock price and performance.

Remuneration for Outside Board Members and Outside Audit & Supervisory Board Members consists only of basic remuneration from the perspective of their roles and independence.

### Composition of remuneration

| Type of remuneration                     | Payment standard   | Composition of remuneration (approximate) | Classification            |
|--|--|---|---------------------------|
| Basic remuneration                       | For the Chief Executive Officer and below, remuneration is set as a fixed monthly salary based on the position, taking into account the responsibilities, length of service, the level of other companies, and the level of employee salaries.   | 70%                                       | Monetary remuneration     |
| Performance-based remuneration (Bonuses) | (1) In the event that operating profit for the current fiscal year increases compared to the previous year, the total amount to be paid will be determined by setting a performance coefficient based on operating profit for the current fiscal year and taking into consideration various factors such as the operating margin, the year-on-year growth rate of operating profit, the growth rate of EPS, and the contribution of ESG (climate change, social contribution activities, and governance).<br>(2) The amount of individual remuneration is calculated by multiplying the base amount according to the position by a coefficient corresponding to the level of contribution. | 10%                                       | Monetary remuneration     |
| Share-based remuneration*                | (1) Points are granted to Board Members and Executive Officers, excluding Outside Board Members, for each fiscal year according to their position, performance, etc., and shares corresponding to the total number of points are delivered upon retirement of each officer.<br>(2) Consists of a non-performance-linked portion and a performance-linked portion that uses operating profit as a performance indicator, and the amount of performance-linked remuneration is determined by multiplying the standard amount for each position by a coefficient based on the performance of operating profit.  | 20%                                       | Non-monetary remuneration |

\* The target for operating profit, which is the indicator for performance-linked share-based remuneration in FY2021, was ¥12.4 billion, and the actual result was ¥10.931 billion. For performance-linked share-based remuneration, points equivalent to ¥11 million have been granted.

### (2) Procedures for determining remuneration, etc.

Basic remuneration, bonuses, and share-based remuneration, including the details of remuneration, etc. for each individual, are deliberated by the voluntary Nomination and Remuneration Advisory Committee chaired by the Lead Independent Outside Board Member. Based on the results of the deliberations of the Nomination and Remuneration Advisory Committee, the final decision is made by a resolution of the Board of Directors at the discretion of the President.

The process is set forth in the Regulations of the Board of Directors and the Regulations of the Nomination and Remuneration Advisory Committee. In determining the details of individual Board Member remuneration, etc., the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Board Member, examines the draft in light of the decision policy, and the Board of Directors believes that the content of the draft is in line with the decision policy.

## Total remuneration for Board Members and Audit & Supervisory Board Members

| Categories of officers  | Total amount of remuneration, etc. (Millions of yen) | Amount of remuneration, etc. by type (Millions of yen) |         |                          | Number of recipient officers (people) |
|---|--|--|---------|--------------------------|---------------------------------------|
|   |  | Basic remuneration                                     | Bonuses | Share-based remuneration |                                       |
| Board Members (excluding Outside Board Members)   | 206  | 156  | 9       | 41                       | 4                                     |
| Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) | 32   | 32   | —       | —                        | 3                                     |
| Outside Board Members and Outside Audit & Supervisory Board Members                     | 24   | 24   | —       | —                        | 5                                     |

\* Remuneration for Board Members is for the fiscal year ended March 31, 2023.

## Anti-corruption initiatives

In December 2017, we established an anti-bribery policy in response to the anti-bribery laws and regulations of various countries, including Japan, the United Kingdom, and the United States, with the aim of maintaining healthy and transparent relationships with public officials, customers, and business partners. To ensure that bribery is not only prohibited but also effectively prevented, this policy stipulates that G-TEKT will promote the development of organizational structures and internal regulations, educate employees, request cooperation from

business partners, and properly conduct accounting records and audits. Based on this policy, we are working daily to prevent corruption by establishing a management system at the global level, using a manual that describes the policy, and reporting the use of expenses before and after the expenses are used.

### Corporate Governance Report

[https://www.g-tekt.jp/company/pdf/governance\\_report.pdf](https://www.g-tekt.jp/company/pdf/governance_report.pdf)



### Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>



## Promotion of fair business practices

We recognize that a healthy competitive environment among companies is important for the development of society. With the aim of complying with the competition laws of each country and region (including related legislation), G-TEKT established a Competition Law Compliance Policy in December 2017, declaring that it will not tolerate any conduct that violates competition laws. This policy specifically stipulates the procedures to be followed by officers and employees of the G-TEKT

Group when participating in meetings with other companies in the same industry, as well as prohibited activities at such meetings, so that compliance with competition laws can be more effectively maintained. We ask our suppliers to comply with these rules in accordance with our CSR guidelines.

### Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>



## Tax Policy

G-TEKT CORPORATION (the "Company") establishes its tax policy and complies with it to fulfill responsibility for appropriate tax payments throughout its group.

|   |   |
|---|---|
| 1. General Principle                              | The Company contributes to financials of each country by appropriate tax payment in accordance with local laws and regulations in each country.   |
| 2. Transfer Pricing                               | The Company applies OECD transfer pricing guideline and the Base Erosion and Profit Shifting (BEPS) as overarching guiding principles for international transactions. It does not apply tax incentives that deviates from the intent of laws and regulations.   |
| 3. Governance                                     | The Company is committed to resolve tax issues in a timely manner in cooperation with our overseas subsidiaries when it identifies them. Further, when it specifies highly important issues, it reports them to The Board of Directors of the Company. It reports them to Audit and Supervisory Board as well.  |
| 4. Promoting Tax Compliance Mindset and Knowledge | The Company is committed to educating its employees on tax compliance through its training programs.  |
| 5. Relationship with Tax Authorities              | The Company makes efforts to have a productive relationship with each tax authority and sincerely responds to a request from tax authorities for providing information and takes measures to prevent recurrence to matters that tax authorities pointed out. Further, if disagreement arises, the company makes efforts to resolve it with constructive dialogue. |
| 6. Scope of Application                           | This policy applies to The Company's all officers and employees. The Company also requests all business partners involved in its business activities to understand and cooperate with this policy.  |
| 7. Positioning                                    | This policy supplements The Company's Philosophy and Code of Conduct.   |

### Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>



## Dialogue with shareholders and investors

We have established a Policy concerning Dialogue with Shareholders and strive to disclose information in an accurate, timely, fair, and proactive manner, and promote constructive dialogue through the General Meetings of Shareholders, financial results briefings, factory tours, and individual interviews.

The results of the shareholder questionnaire survey conducted twice a year are all reported to the Board of Directors, and discussions are deepened to reflect the honest opinions of shareholders in management.

## Main IR activities in FY2022

| Activity   | Number of activities | Details   |
|--|----------------------|---|
| Financial results briefings for analysts and institutional investors | 4                    | Financial results briefings attended by the President twice a year (second quarter and fiscal year end), and online briefings by the officer in charge of finance and IR at the end of the first and third quarters |
| Individual dialogue with analysts and institutional investors        | 22 <sup>1</sup>      | The IR department plays a central role in setting up opportunities for individual dialogue between analysts and institutional investors and the officer in charge of finance and IR.                                |
| Factory tour for shareholders  | 2                    | Twice a year (spring and fall), tours of factories and research facilities in Japan are conducted.  |

<sup>1</sup> Of these, dialogue with overseas institutional investors was held three times.

## Skill matrix for Board Members and Audit & Supervisory Board Members

The holding of lively discussion from different perspectives between diverse persons of varying specialties will result in management that enables the realization of our corporate philosophy through improvement in corporate value in the medium to long term. The Skills Matrix shows the correspondence between the expertise and experience that we expect from our Board Members and Audit & Supervisory Board Members in promoting the New G-TEKT Management Strategy and the expertise and experience possessed by each. In addition to "Business administration," which handles the proposal and advancement of supervision and strategy for the

corporate organization, "Legal affairs and risk management" and "Finance," which are key to sound organizational operations, and "Technology/R&D," "Sales and marketing," and "Manufacturing/Quality Management," which are central to our business activities, we consider "Sustainability and ESG", which is essential for sustainable growth, as necessary expertise and experience. In terms of composition, at least one-third of Outside Board Members also meet the requirements set out by the Company for independent officers, such as individuals with experience of corporate management, and researchers.

| Name and affiliation                           | Gender              | Title   | Length of service   | Business administration | Technology/R&D | Sales | Manufacturing/quality management | Finance | Legal affairs and risk management | Sustainability ESG |
|--|---------------------|---|---|-------------------------|----------------|-------|----------------------------------|---------|-----------------------------------|--------------------|
| <b>Naohiro Takao</b><br>August 27, 1960        | Male                | President, Chief Executive Officer<br>Nomination Advisory Committee Member<br>Remuneration Advisory Committee Member<br>Chairperson of the Board of Directors | 30 years  | ●                       | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Hiroshi Seko</b><br>June 6, 1961            | Male                | Member of the Board, Senior Managing Officer  | 3 years   | ●                       | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Fumihiko Hirotaki</b><br>November 23, 1964  | Male                | Member of the Board, Managing Officer   | 2 years   | ●                       | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Akira Kakizaki</b><br>April 9, 1965         | New candidate       | Male  | Member of the Board, Managing Officer   | —                       | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Keiji Kasamatsu</b><br>January 20, 1955     | Outside Independent | Male  | Member of the Board<br>Chairperson, Nomination Advisory Committee Member<br>Chairperson, Remuneration Advisory Committee Member | 1 year                  | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Rieko Inaba</b><br>October 23, 1975         | Outside Independent | Female  | Member of the Board<br>Nomination Advisory Committee Member<br>Remuneration Advisory Committee Member                           | 4 years                 | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Kesao Tamura</b><br>June 2, 1961            | Male                | Audit & Supervisory Board Member  | 8 years   | ●                       | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Yoshiaki Kawakubo</b><br>September 13, 1963 | Male                | Audit & Supervisory Board Member  | 1 year  | ●                       | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Yasunori Niizawa</b><br>December 6, 1954    | Outside Independent | Male  | Audit & Supervisory Board Member  | 4 years                 | ●              | ●     | ●                                | ●       | ●                                 | ●                  |
| <b>Yasuo Kitamura</b><br>March 8, 1965         | Outside Independent | Male  | Audit & Supervisory Board Member  | 4 years                 | ●              | ●     | ●                                | ●       | ●                                 | ●                  |

## Business risks

We recognize that the following are risks that may affect the financial position and operating results of the Group, and that they may have a significant impact on the decisions of investors. Based on the risk map for each location and region implements countermeasures.

|  | Description of risk   | Response to risk  |
|--|---|---|
| Changes in the economic environment                  | <ul style="list-style-type: none"> <li>▲ Global recession, falling asset prices, and changes in the tax system have dampened the appetite of consumers for purchasing automobiles, leading to lower sales of automobiles.</li> </ul>  | <ul style="list-style-type: none"> <li>• Analysis of macroeconomic trends and changes in fiscal and monetary policies in each country and their impact on the automotive market, and reviewing future investment and employment from time to time</li> </ul>  |
| Changes in the automotive market                     | <ul style="list-style-type: none"> <li>▲ Trends in the shift to EVs in line with stricter environmental regulations toward decarbonization</li> <li>▲ Technological and price competition with other companies in the same industry, and market share fluctuations due to new entrants</li> </ul>   | <ul style="list-style-type: none"> <li>• Accurately understand the standardization of environmental regulations and strengthen the acquisition of EV-related component development and production technologies</li> <li>• Developing and proposing high value-added products by understanding customer needs with an eye to creating value for customers</li> </ul>   |
| Development technologies and production technologies | <ul style="list-style-type: none"> <li>▲ Processing and production technologies for further weight reduction</li> <li>▲ Changes in production technology due to the spread of multi-materials</li> </ul>  | <ul style="list-style-type: none"> <li>• Development of weight saving technologies to meet customer needs quickly</li> <li>• Promoting joint development with other industries</li> </ul>   |
| Intellectual property rights                         | <ul style="list-style-type: none"> <li>▲ Investment burden in the event of inferiority in obtaining rights for technologies under development</li> </ul>  | <ul style="list-style-type: none"> <li>• Establish a department dedicated to the management of intellectual property to accelerate searches and applications for patent rights related to development projects</li> </ul>   |
| Quality  | <ul style="list-style-type: none"> <li>▲ Loss of new projects and liability for damages due to decreased customer confidence resulting from quality issues</li> </ul>   | <ul style="list-style-type: none"> <li>• Design, installation, and operation of production lines in compliance with laws and regulations and international quality control standards</li> <li>• Image/video analysis and nondestructive testing in the manufacturing line, establishment of quality assurance functions that do not rely on human sensibilities</li> <li>• Preventive maintenance of quality by visualization and monitoring of quality information of the Group</li> </ul> |
| Dependence on specific sales partners                | <ul style="list-style-type: none"> <li>▲ Impact on our business due to factors such as business strategies, production adjustments, and sales trends of specific customers who hold nearly one-third of our total voting rights and account for approximately 60% of our net sales</li> </ul>       | <ul style="list-style-type: none"> <li>• Reduction of dependency risk by expanding transactions with customers other than specific customers</li> <li>• Maintain an appropriate governance structure, including a Board of Directors that is independent of the influence of specific customers to protect minority shareholders' interests</li> </ul>  |
| Supply chain   | <ul style="list-style-type: none"> <li>▲ Difficulty in procuring key components and purchased goods due to the shutdown of our suppliers as a result of factors including the pandemic and flooding</li> </ul>  | <ul style="list-style-type: none"> <li>• Check hazard maps of procurement sites and secure alternative suppliers from cooperating manufacturers</li> <li>• Reduce risk by shortening the time required for mold production and the dispersion of processes, and establish a system for early recovery</li> </ul>  |
| Natural disasters, pandemics, man-made disasters     | <ul style="list-style-type: none"> <li>▲ Impact on business continuity due to natural disasters such as major earthquakes, tsunamis, volcanic eruptions, floods, and tornadoes, as well as terrorism, mass movements, labor movements such as employee strikes, power and energy crises.</li> </ul> | <ul style="list-style-type: none"> <li>• Formulate emergency measures and minimize damage based on the frequency of risk, financial impact, and other factors, based on a risk matrix analysis of each global production site</li> </ul>  |
| Compliance   | <ul style="list-style-type: none"> <li>▲ Decline in stakeholder trust and damage to corporate value due to legal violations, harassment, etc., by Group officers and employees</li> </ul>   | <ul style="list-style-type: none"> <li>• Review and report to the Audit &amp; Supervisory Board on the organization's self-examination, training, and corporate ethics proposals by the department specializing in compliance</li> <li>• Ensure that employees are fully aware of the basic policy based on the commitment of top management</li> </ul>   |
| Exchange rate fluctuations                           | <ul style="list-style-type: none"> <li>▲ Foreign exchange gains (losses) due to significant exchange rate fluctuations against the yen and changes in foreign currency translation differences</li> </ul>   | <ul style="list-style-type: none"> <li>• Reduce the impact of exchange rate fluctuations by flexibly making forward exchange contracts for exports of equipment such as dies, jigs, and fixtures, and services such as dividends and royalties</li> </ul>   |
| Cyber security                                       | <ul style="list-style-type: none"> <li>▲ Increased sophistication of cyber attacks</li> <li>▲ Malfunction of production management system and leakage of confidential data</li> </ul>   | <ul style="list-style-type: none"> <li>• Review rules and improve training and education on cyber security</li> <li>• Implementing the latest cyber security software, monitoring and blocking cyberattacks 24 hours a day</li> </ul>   |
| Geopolitical risks                                   | <ul style="list-style-type: none"> <li>▲ Occurrence of unrest, political tension, terrorism, conflict, or war in the countries or regions where we operate</li> </ul>   | <ul style="list-style-type: none"> <li>• Always collect information by taking a bird's eye view of international affairs and deepening our knowledge of geopolitical risks</li> <li>• Pre-set safety arrangements for people dispatched and their families</li> <li>• Recovery of overseas assets in high-risk areas</li> </ul>   |
| Economic security                                    | <ul style="list-style-type: none"> <li>▲ Military diversion, etc. of technology, data, and precision equipment exported outside Japan</li> </ul>  | <ul style="list-style-type: none"> <li>• Compliance with relevant laws and regulations, and strict operation of export control systems in accordance with the intent of laws and regulations</li> </ul>   |

## Message from Outside Board Member

### Background

I was elected Outside Board Member in June 2022, and am currently in my second year of service. I have been involved in the sale of steel products, particularly steel sheets for automotive use, at a major general trading company, where I have also been engaged in business administration and corporate management, including 14 years during which I was resident overseas. Leveraging this experience, I intend to do everything I can to improve corporate value by helping to strengthen governance and internal control systems.

### Looking back on the past year

The automobile industry is undergoing a once-in-a-century transformation that is being called the CASE revolution, and over the past 12 months we saw electrification take further strides forward. G-TEKT also made progress in its response to electrification, focusing on development of new products to address the BEV market, as well as establishing a new DX Promotion Division to handle the ongoing transformation, and taking the decision to construct the new, cutting-edge Chubu Plant. FY 2022 was also the year in which the Tokyo Stock Exchange executed its market restructuring. Because the Company is listed on the Prime Market, over the past year the Board of Directors focused its efforts on achieving higher levels of governance, and management with an awareness of the cost of capital and the share price. In response to COVID-19 the Board of Directors had adopted an approach of using online meetings, but in November 2022 it reverted to full face-to-face meetings, which allowed for smoother discussions. The Company also implemented tours of factories and of the G-TEKT Tokyo Lab (development hub), as well as holding meetings, seminars, and other events for Outside Board Members and Outside Audit & Supervisory Board Members, making particular efforts to facilitate a better understanding of the current situation of the Company among Outside Board Members from a variety of backgrounds.



Lead Independent Outside Member of the Board

**Keiji Kasamatsu**

### Future expectations

We are seeing a trend of improvement in restrictions on automobile production volume caused by shortages of semiconductors, and we expect production volume and net sales to increase. On the other hand, Japanese automotive OEMs, which were slow to shift to BEVs, are exposed to fierce competition from Chinese and European players, as well as Tesla. First, the Company must ensure that the Chubu Plant begins operations, and that these cutting-edge facilities are used to focus on organic expansion in the existing business as a continuation of the growth trend there. At the same time, the key point is that launching the development and manufacture of products to address electrification, as a new business, and promoting the sale of these products throughout G-TEKT's global network is essential for achieving sustainable growth over the medium and long term.

### Future challenges

In addition to the above, there are many other forward-looking issues to be addressed. In particular, further enhancing governance and internal control systems at G-TEKT subsidiaries and affiliated companies in countries around the world is an important risk management issue in terms of preventing unforeseen losses. Also, although we have actively worked to improve personnel and other systems over the past year, ensuring that these measures lead as quickly as possible to the development of human resources and the recruitment of high-quality talent, and strengthening our human capital through the promotion of diversity, are issues that must not be forgotten in our pursuit of sustainability. The Board of Directors will work steadily together as one to resolve these issues, and strive to further improve corporate value. I hope for the continued warm support and understanding of our stakeholders.