

G-TEKT Basic Corporate Governance Policy

Preamble

G-TEKT (the “Company”) establishes this G-TEKT Basic Corporate Governance Policy (this “Policy”) pursuant to a resolution of the board of directors (the “Board”), to indicate the Company’s basic approach, frameworks and operating policies concerning corporate governance.

This policy follows Japan’s Corporate Governance Code. Some of the principles and supplementary principles in certain articles are quoted directly from the text in the code.

Chapter 1 Basic Approach to Corporate Governance

(Basic approach)

Article 1 The Company recognizes that it has a responsibility to contribute to the resolution of environmental and social issues it faces through its business activities so that society can develop sustainably, and in order to fulfill this responsibility, the Company must improve its performance and achieve sustainable growth over the medium to long term. In order to achieve this, the Company establishes appropriate corporate governance that increases corporate transparency by providing information and engaging in dialogue with our stakeholders, including employees, customers, business partners, shareholders, and local communities, and to maintain business activities under an effective and sound organizational structure that ensures the rights of our shareholders.

Chapter 2 Corporate Governance Structure

Section 1 Company with an Audit & Supervisory Board

(Reasons for choosing to be a Company with an Audit & Supervisory Board)

Article 2 The Company chooses to be a company with an Audit & Supervisory Board. The reason for this is that the Board, as the highest decision-making body of management, can fulfill its authority and responsibility for the business execution, and Audit & Supervisory Board Members and Audit & Supervisory Board, who are independent from the Board, can carry out the business execution and audit functions of the Board.

Section 2 Board Members and the Board

(Roles and Responsibilities of the Board) [Supplementary Principle 4-1-1, 4-2-2]

Article 3 The Board serves the function of supervising the execution of operations and deciding on important management matters, and makes decisions on our fundamental management policies such as business plans, allocation of management resources, business portfolio and other important management matters as well as on the execution of important operations that should be determined by the Board in accordance with laws and regulations and our articles of incorporation. The details are provided for in our internal rules and regulations, namely the “Regulations of the Board of Directors” and “Deliberation Standards.”

- 2 Decision making and the execution of matters other than those which the Board determines in accordance with the internal rules referred to in the preceding paragraph are delegated to the executive board, and executive officers which are decision-making bodies at an executive level.

(Composition of the Board) [Supplementary Principle 4-11-1]

Article 4 The Board consists of an appropriate number of no more than 8 Board Members.

- 2 The Board considers balancing the diverse knowledge and experience of the Board as a whole to fulfill the functions of determining important corporate matters and monitoring and supervising the execution of operations.
- 3 At least one-third of the Board Members shall be independent outside Board Members selected in accordance with the criteria established by the Company [Appendix 1]. The Company's criteria for selecting candidates for outside Board Members meet all of the independence standards of the Tokyo Stock Exchange.
- 4 The Board appoints, from among independent outside Board Members, a chief independent outside Board Member who will act externally as a point of contact for shareholders and internally liaise and coordinate with outside Board Members and the management team and collaborate with Audit & Supervisory Board Members and Audit & Supervisory Board.

(Policy of Nominating Board Member Candidates) [Supplementary Principle 4-11-1]

Article 5 Upon proposal by the president, the Board nominates Board Member candidates who have experience, knowledge and the skills necessary to create mid- and long-term corporate value, while giving consideration to diversity.

- 2 Nominations of candidates for the Board are made after deliberations by a voluntary Nomination Advisory Committee.
- 3 Internal Board Members are appointed based on their expertise with regard to the Company's operations and knowledge that enables them to accurately and fairly supervise the overall management of the Company.
- 4 Outside Board Members are appointed based on their extensive experience and insight into the relevant fields and ability of accurately and fairly supervise operations independently from internal management.
- 5 In nominating Board Member candidates, the Board states the reasons for their respective nominations

in disclosure documents such as a notice of general meeting of shareholders and securities reports.

(Appointment and Dismissal of a Chief Executive Officer) [Supplementary Principle 4-1-3, 4-3-2, 4-3-3]

Article 6 A president who serves as a Chief Executive Officer is aware that the training of his/her successor is one of his/her most important duties. The president selects a candidate, and trains a successor candidate in accordance with a long-term development plan.

- 2 The Board properly supervises a successor training plan, and in principle upon proposal of the president, deliberates and appoints a person with flexible and decisive determination and an excellent personality and knowledge necessary for top management as a successor president who serves as a Chief Executive Officer.
- 3 The Board dismisses the Chief Executive Officer in the event that the Chief Executive Officer make an act that is significantly contrary to the election requirement for the Chief Executive Officer or the Chief Executive Officer does not fully demonstrating its responsibility based on the evaluations of corporate performance and other factors.

(Internal Control) [Supplementary Principle 4-3-4].

Article 7 The Board establishes an appropriate internal control and company-wide risk management system that includes the entire Group, and supervises the operation of the system while utilizing the internal audit department, who reports the operation status to the Board.

(Efforts to Improve the Effectiveness of the Board)

Article 8 The Board conducts the following initiatives to improve the effectiveness of the Board.

[Information Provision] [Supplementary Principle 4-12-1]

- (1) To ensure meaningful discussions at each Board meeting, the Company endeavors to provide sufficient information by distributing to Board Members and Audit & Supervisory Board Members materials regarding the agenda and proposals for the relevant Board meeting before the date of the Board meeting and providing prior explanations to outside Board Members and Audit & Supervisory Board Members as necessary.
- (2) The Board Secretariat decides the annual schedule of Board meetings for the next fiscal year and notifies the same to Board Members and corporate auditors before the start of such fiscal year.

[Training for Board Members and Audit & Supervisory Board Members] [Supplementary Principle 4-14]

The Company assists new outside Board Members and outside Audit & Supervisory Board Members in acquiring knowledge about the Company's business activities by showing them around the Company's plants and other facilities and providing explanations at a Board meeting or Audit & Supervisory Board meeting.

The Company provides opportunities, from time to time, to help all Board Members and Audit & Supervisory Board Members better understand their roles and responsibilities as a Board Member or Audit & Supervisory Board Member by providing at its own expense external education and training to them so that they can learn

fundamental knowledge required of officers and providing internal corporate governance training specifically for officers.

[Concurrent Position as an Officer of Other Companies] [Supplementary Principle 4-11-2]

Outside Board Members and outside Audit & Supervisory Board Members of the Company ensure, to fulfill their respective fiduciary duties to the Company, that their duties as an officer of listed companies other than the Company do not exceed a reasonable extent.

The important status of outside Board Members and outside Audit & Supervisory Board Members who serve as an officer of other companies is disclosed each year in a notice of convening of a shareholders meeting or other document.

[Self-evaluations, etc.] [Supplementary Principle 4-11-3]

The Board considers analyzing and evaluating how the effectiveness of the Board as a whole, using self-evaluation results from each Board Member.

[Information Exchange etc. between Independent Outside Board Members] [Supplementary Principle 4-8-1]

The Company holds a meeting consisting only of independent outside Board Members to promote information exchange and shared awareness among independent outside Board Members.

[Ensuring Collaboration between Audit & Supervisory Board Members / Audit & Supervisory Board and Outside Board Members] [Supplementary Principle 4-4-1]

The Company provides opportunities for Audit & Supervisory Board Members and outside Board Members to regularly exchange information to promote information sharing and collaboration.

[Establishment of a Voluntary Nomination and Remuneration Advisory Committee] [Supplementary Principle 4-10-1]

The Company establishes a voluntary Nomination and Remuneration Advisory Committee chaired by an independent outside Board Member in order to strengthen the independence, objectivity and accountability of the Board functions with respect to important matters such as the nomination of senior management and Board Members and the determination of their remuneration. The Nomination and Remuneration Advisory Committee deliberates on matters, considering the diversity of human resources and the expertise of their duties, and reports to the Board. The Company strives to ensure that the majority of its members are independent outside Board Members.

(Conflict of Interest Transactions) [Principle 1-7]

Article 9 Board Members do not engage in any transaction on behalf of themselves or a third party that may

conflict with the Company's interest.

- 2 If a Board Member intends to trade with the Company on behalf of himself/herself or a third party, he/she must obtain approval from the Board in accordance with the procedures prescribed in the Companies Act.

Section 3 Executive Officer Structure

(Basic Approach) [Supplementary Principle 4-1-1].

Article 10 The Company allocates executive officer(s) in charge of the execution of operations in the relevant fields to each head office division or key organization in five overseas regions and for each function to enhance the execution of global and local operations and enable prompt and appropriate management decisions.

- 2 The Company establishes an executive board and develops deliberation standards for these boards to clearly define the scope of powers granted to executive officers and their decision making processes, thereby establishing a system enabling prompt and appropriate management decisions.

(Method of Appointment and Dismissal and Term of Office of Executive Officers) [Supplementary Principle 4-3-1]

Article 11 Upon recommendation by the president, after deliberation by the voluntary Nomination Advisory Committee, the Board deliberates and appoints a person who is able to execute certain important group operations as an executive officer.

- 2 An executive officer is required to be an expert in operations with an excellent personality, knowledge and execution ability, and capable of fulfilling their duties.
- 3 Executive officers execute a mandate agreement, and the term of office for executive officers is one year.
- 4 When appointing or removing an executive officer, the evaluations of corporate performance and other factors are properly reflected, and if the executive officers' performance of their duties or their results are judged to be inadequate, they shall be dismissed at the decision of the Board based on the dismissal criteria prescribed in the rules of the executive officers.

Section 4 Audit & Supervisory Board Members and Audit & Supervisory Board

(Composition of Audit & Supervisory Board) [Principle 4-11].

Article 12 Audit & Supervisory Board consists of an appropriate number (no more than five) of Audit & Supervisory Board Members, the majority of whom are independent outside corporate auditors that meet separate impartiality requirements. In addition, one or more Audit & Supervisory Board Members

shall have a considerable amount of knowledge about finance and accounting.

(Policy of Nominating Audit & Supervisory Board Member Candidates) [Principle 4-11]

Article 13 The Board, in principle upon proposal by the president, deliberates and nominates Audit & Supervisory Board Member candidates who are able to appropriately execute audit duties in response to the mandate granted by shareholders. The president makes proposals to the Board having obtained prior approval of Audit & Supervisory Board.

- 2 Audit & Supervisory Board Member candidates are required to have excellent personality and knowledge with expertise in business management and our operations or with strong expertise and extensive experience in finance, law, accounting, irrespective of gender, nationality or other personal attributes.
- 3 In nominating Audit & Supervisory Board Member candidates, the Board provides the reasons for their respective nominations in disclosure documents such as a notice of general meeting of shareholders and securities reports.

Section 5 Remuneration for Board Members and Audit & Supervisory Board Members

(Policy for Determining Remuneration for Board Members and Audit & Supervisory Board Members) [Principle 4-2]

Article 14 The Board establishes a policy for making decisions pertaining to the details of remuneration, etc. for individual Board Member. In accordance with this policy, the remuneration system for Board Members and Audit & Supervisory Board Members is designed with the aim of motivating them to contribute to the improvement of the Company's performance in the short, medium and long term, so as to enable sustainable growth and enhancement of corporate value.

- 2 The Company's remuneration system for Board Members and Audit & Supervisory Board Members consists of three types of remuneration: "basic remuneration" as fixed and monthly salaries, "bonuses" linked to short-term performance, and "share-based remuneration" linked to stock value and performance.
- 3 Remuneration for the Company's outside Board Members and outside Audit & Supervisory Board Members does not include performance-based stock incentives.
- 4 The content of remuneration, including the content of individual remuneration, etc., is determined based on the results of deliberations by the voluntary Remuneration Advisory Committee chaired by the lead independent outside Board Member, and ultimately by a resolution of the Board at the discretion of the President.

Chapter 3 Relationship with Shareholders

(General Meeting of Shareholders) [General Principle 1, Supplementary Principle 1-2-4]

Article 15 The Company strives to develop an environment which ensures that shareholders can have sufficient time to consider proposals for a general meeting of shareholders and exercise their voting rights properly, including the use of the electronic voting platform.

(Ensuring the Rights of Shareholders) [General Principle 1]

Article 16 The Company ensures equality among shareholders and gives full consideration to the exercising of rights granted to minority shareholders.

- 2 The Board oversees transactions between shareholders and the Company to ensure that the interests of other shareholders are not harmed by giving priority to the interests of particular shareholders.
- 3 If any proposal is approved but a considerable number of votes are casted against it at a general meeting of shareholders, the Board analyzes the reason why the proposal was voted against and what caused so many shareholders to vote against the proposal and considers necessary measures.

(Basic Capital Policy Principles) [Principle 1-3]

Article 17 The Company strives to both strengthen its financial base and achieve high profitability, aiming for continuous growth and mid- and long-term corporate value enhancement.

- 2 The Board carefully examines the necessity for and reasonableness of any capital policy to ensure it will not harm existing shareholders, and provides explanations to shareholders from time to time as necessary.

(Basic Policy concerning Shareholding and Exercise of Voting Rights in respect of Shares Held) [Principle 1-4, Supplementary Principle 1-4-1, 1-4-2]

Article 18 The Company holds shares in listed companies, taking comprehensively into consideration whether such shareholding contributes to maintaining the trading relationship with customers and business partners, financial institutions etc., and whether it is necessary for the Company's operations or economically reasonable. If, as a result of an annual review, the Company considers there is little rationale for holding shares in a particular listed company, the Company will sell such shares appropriately.

- 2 The Company properly exercises voting rights in respect to shares it holds, after reviewing whether or not relevant proposals will be likely to destroy the Company's corporate value and whether or not they can contribute to the sound management of the relevant issuer and enhancing such issuer's corporate value.
- 3 In principle, if the shareholders indicate the intention to sell the Company's shares, the Company does not prevent the sale etc.

- 4 The Company fully verify the economic rationality of transactions with shareholders and does not conduct transactions that would harm the common interests of the company or shareholders.

(Takeover Defense Measures) [Principle 1-5, Supplementary Principle 1-5-1]

Article 19 In the event that the Company decides to apply measures for the purpose of defending against takeover bids, the Company examines the necessity and rationality of such measures and provides an explanation to shareholders. If a public tender offer for the Company's stock is launched, the Board explains the Company's opinion on such public tender offer to shareholders.

(Policy concerning Dialogue with Shareholders) [General Principle 5, Supplementary Principle 5-2-1]

Article 20 Aiming to provide information that is useful, including the business portfolio and allocation of management resources, for shareholders and investors to make investment decisions in a prompt, fair and accurate manner, to promote better understanding among shareholders and investors and to obtain an appropriate corporate valuation, the Board has introduced the following policy for our efforts towards constructive dialogue with shareholders:

- (1) The Company ensures that top management engages in dialogue with shareholders and the head of Corporate Management manages IR activities;
- (2) To ensure a proper dialogue with shareholders, IR personnel establish an organic collaboration system through regular information exchange with relevant divisions and departments;
- (3) To ensure that shareholders and investors better understand the Company's operations, the Company proactively strives to: hold a results briefing on a regular basis, provide information on its website, explain its business reports and other documents at a general meeting of shareholders, send documents such as newsletters to shareholders, invite shareholders for a plant tour, and undertake a shareholder questionnaire. The Company also conducts individual interviews to ensure constructive dialogue with major shareholders who have an investment policy that serves the mid-and long-term interests of our shareholders;
- (4) The Company regularly provides the Board with feedback on shareholders' opinions captured through dialogue; and
- (5) Before engaging in any of these activities, persons in charge receive training regarding insider trading and handling of confidential information, and properly engage in dialogue with shareholders in compliance with relevant internal rules.

Chapter 4 Relationship with Stakeholders Other Than Shareholders

(Relationship with Stakeholders) [General Principle 2]

Article 21 The Company recognizes that corporate sustainable growth and mid- and long-term corporate value enhancement is a result of the provision of resources and contributions by various stakeholders

including employees, customers, business partners and communities, and strives to establish an appropriate collaborative relationship with these stakeholders. In addition, the Company manages its business in a manner that respects the position of its stakeholders. To enable such management, the Company formulates and promotes a code of conduct to be observed by its members.

(Securing Diversity) [Principle 2-4]

Article 22 The Company sets forth in its basic policy its approach to securing diversity in the appointment of core personnel and establishes targets in line with the policy. In addition, the Company establishes policies regarding the development of core human resources and the internal environment so that the goals can be realized.

(Issues Concerning Sustainability) [Principle 2-3, Supplementary Principle 3-1-3, Supplementary Principle 4-2-2]

Article 23 Recognizing that addressing issues surrounding sustainability can reduce risk and provide profit opportunities, the Company addresses these issues under a basic policy to be formulated by the Board and discloses information on its efforts. Information on the impact of climate change on the Company's business is disclosed in accordance with international frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD).

(Establishment of a Whistleblower Hotline) [Supplementary Principle 2-5-1]

Article 24 The Company establishes a whistleblower hotline that is independent from the management team, which accepts reports on behavior that violates applicable laws or regulations or internal rules, regulations or the Code of Conduct or deviate from social norms.

- 2 The whistleblower hotline consists of both an internal and external hotline operated by an external party.
- 3 The Company does not give any disadvantageous treatment to those who have reported information through the whistleblower hotline or have cooperated in confirming facts relating to a reported issue on the grounds of such conduct.
- 4 Whistleblowing reports including those of management misconduct are also communicated to full-time Audit & Supervisory Board Members.

(Ensuring Compliance with Laws and Regulations, Code of Conduct, etc.)

Article 25 In order to promote compliance by members of the company and its business partners, in addition to laws and regulations, the Company establishes a Compliance Committee that oversees the Company's code of conduct, including our code of conduct and regulations.

(Risk Management)

Article 26 The Company has established a Risk Management Committee for the purpose of managing the

apparent and latent risks associated with business activities and addressing risks as necessary to promote smooth and continuous business activities.

(Asset Owners of Corporate Pension Plans) [Principle 2-6]

Article 27 The Company establishes an Asset Management Committee by appointing personnel suitable for the management of corporate pension plans to ensure the stable asset formation of employees and the sound financial status of the Company.

Chapter 5 Information Disclosure

(Securing Appropriate Information Disclosure and Transparency) [General Principle 3]

Article 28 To further enhance trust and empathy from shareholders, investors and society in general, the Company properly discloses company information including announcing and disclosing its quarterly financial results and management policy in a prompt and accurate manner, and discloses in English to the extent necessary, thereby enhancing corporate transparency.

(External Accounting Auditor) [Principle 4-4]

Article 29 The Company selects an independent external accounting auditor with expertise, secure a sufficient audit period, and establishes a cooperative system that can respond to requests from the external accounting auditor so that appropriate audits can be conducted.

End

History

December. 17, 2015	Effective.
July 31, 2017	Revised.
December 25, 2018	Revised.
November 5, 2021	Revised.

[Appendix 1] [Independence standards for outside Board Members / Outside Audit & Supervisory Board Members]

In the event of determining that an outside Board Member or outside Audit & Supervisory Board Member meets the requirements set forth below, we will judge that such a person has sufficient independence from the Company.

1. The individual has never worked at the Group.
2. The individual has never worked at an organization that is a major shareholder of the Company.
3. The individual has never worked at a major trading partner (Note) 1 of the Company.
4. The individual has never worked at a major lender (Note) 2 of the Company.
5. The individual has never worked at the lead managing underwriter of the Company.
6. The individual has never worked at the audit firm of the Company.
7. There is currently no major trading relationship (Note) 3 between the Company and the individual, such as in the form of a consulting or advisory agreement, and there has been no such relationship in the past five years.
8. The individual has never worked at an organization in which the Company had decided to invest under policy holding purposes.
9. No relatives (Note) 4 of the individual work for the Company.
10. The tenure of the individual as outside Board Member or outside Audit & Supervisory Board Member at the Company is less than ten years in total.

(Note)

1. “Major trading partner” refers to a party for which the sales, etc., through the transactions with said trading partner occupy a considerable portion of the sales, etc., of the Company, or to a party that provides a considerable amount of business property, such as important equipment and materials that are indispensable to the Company for their business activities.
2. “Major lender” refers to our so-called main banks and quasi-main banks.
3. “Major trading relationship” refers to cases where the payments received from the Company exceed ¥10 million per year.
4. “Relative” refers to the spouse of the individual or to a relative within the fourth degree of kinship.

[Appendix 2] [Summary of Remuneration System for Board Members and Audit & Supervisory Board Members]

《Basic remuneration》

For President and Executive Officers and below, remuneration is set as a fixed monthly salary, in accordance with the position, in consideration also of the individual's responsibilities, length of service, as well as standards and employee salary levels at other companies.

《Bonuses》

In regard to bonuses, in the case of operating profit for the period having increased year-on-year, a performance coefficient is determined in consideration of various circumstances, such as operating profit margin, year on year growth rate of operating profit, EPS growth rate, and contribution to ESG (Environment, i.e., climate change, Social contribution activities and Governance), etc., based on operating profit this period, and the aggregate amount is determined accordingly. Individual remuneration is calculated by multiplying the standard amount determined in accordance with position by the coefficient in accordance with the level of contribution, and is paid at the defined time each year.

《Share-based remuneration》

We have introduced a share-based remuneration system that uses a trust, in which we grant points each fiscal year and issue shares in accordance with the total number of points at the time the officer leaves their position. This comprises a non-performance based part for the medium-to long-term improvement of the stock price, as well as a short-term performance-based part, and the specific allocation of points is determined by the Board and operated based on the Share Issuance Rules.