



CSR Report 2017

G-TEKT Corporation



G-TEKT endeavors to contribute to the creation of a better global future.

Corporate Philosophy



Code of Conduct

- To commit to self-development with mutual trust and affection
- To pursue cutting-edge technology and offer the best product quality at a competitive and affordable price
- To contribute to society self-initiatedly with intelligence and dexterity

Management Vision

To become a company that contributes to a low-carbon society by integrating cutting-edge technology with high quality products at an affordable price, while serving customers around the globe to their fullest satisfaction.

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Editorial Policy

Purpose of this Report

We are issuing our CSR Report to inform our stakeholders of our CSR activities based on our "G-TEKT Philosophy" aimed at realizing a sustainable society. The purpose of the report is to deepen your understanding of our CSR activities through the disclosure of such non-financial information.

Our CSR Report defines our own CSR theme that is of significance to our business activities and provides a compilation of reports on our efforts related to the theme. Positioning the Report as an important tool for communication with our stakeholders, we will strive for its further improvement going forward.

Reference Guidelines

- ISO26000
- GRI (Global Reporting Initiative) "Sustainability Reporting Guidelines"
- United Nations Global Compact
- Ministry of Environment "Environmental Reporting Guidelines"

Period Covered

FY2016 (April 1, 2016 to March 31, 2017)
However, some past efforts as well as the most recent activities are also included.

Scope

The Report covers the entire G-TEKT Group, including our overseas subsidiaries.

Release Schedule

June 2017 (Next issue scheduled for June 2018)

Contact Information

Corporate Business Planning Division
G-TEKT Corporation
Omiya JP Building 18F
1-11-20, Sakuragi-cho, Omiya-ku, Saitama City, Saitama Prefecture
330-0854 Japan
Phone: +81-48-646-3400 (main line)



Seeking to Realize a Sustainable Society



In April 2017, G-TEKT began implementing its third Medium-term Management Policy. To mark the start of our new three-year journey, we added “innovation in three fields” and the universal goal of “SUSTAINABLE BUSINESS GROWTH” to our “2020 Vision”, which sets out the Company’s future direction.

We will strive to further strengthen our competitiveness and corporate structure by promoting innovation in three fields, with the aim of achieving sustained growth in the future.

To realize a “sustainable society”, it is of the utmost importance that businesses achieve sustained growth and remain committed to fulfilling their social responsibilities.

We would like to ask for the continued support of all our stakeholders for our future endeavors.

Enhancing CSR Activities

With the goal of further enhancing our CSR activities, we have established a well-defined implementation framework for all our offices worldwide. Furthermore, we are upgrading the “World Environmental Safety Conference”, which has primarily addressed environmental issues in the past, to the “Global CSR Conference”, which will be meeting to discuss overall CSR issues. Corporations in Europe and North America are generally said to be strongly committed to CSR



Shape the Future

activities. G-TEKT, as a global company, will strive to create a corporate culture in which we will make a group-wide effort to address CSR.

Corporate Slogan

We believe it is vital that we fulfill our social responsibilities through our CSR activities and develop forward-looking, innovative technologies and ideas to ensure that G-TEKT continues to achieve sustained growth and evolution going forward.

What we are making are not simply automobile parts. We are shaping the very future that is to come.

By constantly anticipating needs ahead of the times, pursuing the era's most sought-after, high value-added technology, and continuing to propose unprecedented, innovative products to the world, G-TEKT seeks to shape the future of people, automobiles and the Earth.

To express our strong commitment to realizing this vision, we have adopted "Shape the Future" as our corporate slogan.

G-TEKT will continue to meet the expectations of all our stakeholders by actively engaging in CSR activities.

June 2017

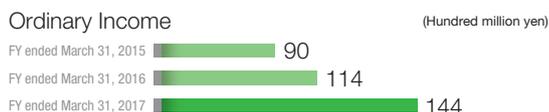
**Naohiro Takao, President
Chief Executive Officer**



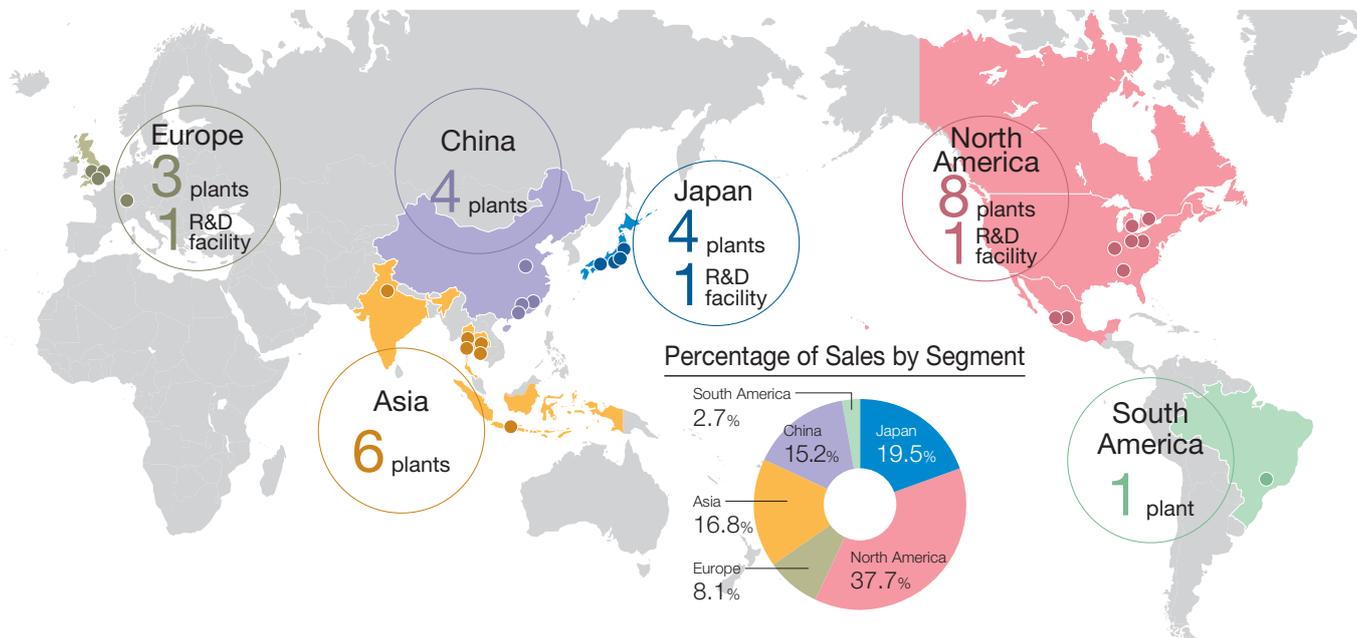
Corporate Data

Company Overview

Company Name	G-TEKT Corporation
Established	April 1, 2011
Capital	4,656,227,715 yen
Representative	Naohiro Takao, President/ Chief Executive Officer
Lines of Business	Manufacturing and sales of auto body frame components, transmission parts, stamping dies/weld equipment, etc.
Number of Employees	7,731 (Consolidated), 1,181 (Japan) (As of March 31, 2017)

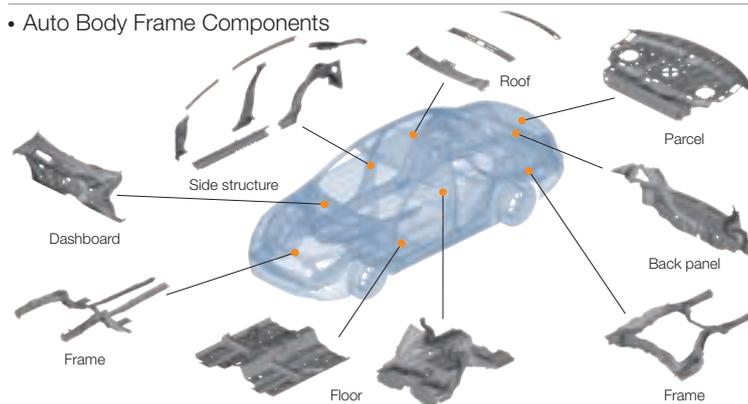


Global Network

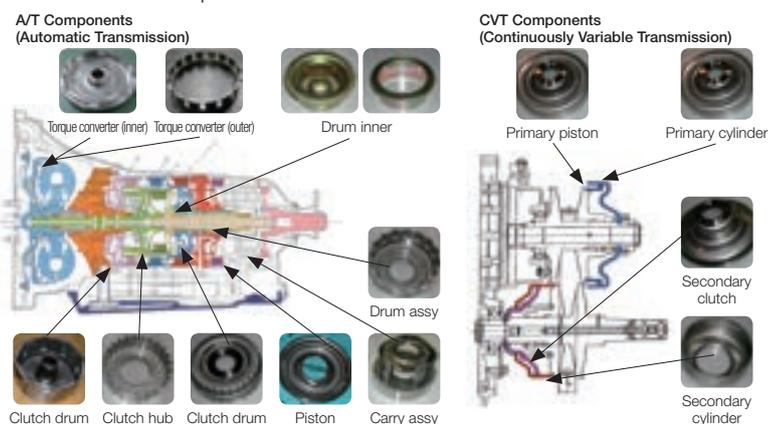


Main Components

• Auto Body Frame Components



• Transmission components





G-TEKT's CSR

Fundamental Policies on CSR

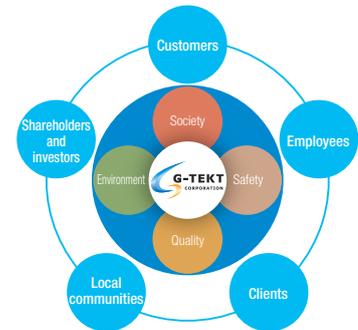
As our moral and social responsibilities increase, the Company will achieve sustained growth together with society through CSR activities and become a company for which there are high expectations.

G-TEKT's Responsibilities to Be Fulfilled in Response to High Social Expectations

4 Basic Domains	Themes	CSR
<p>Subdivided into 7 CSR themes</p> <ul style="list-style-type: none"> Engage in fair and transparent business activities by enhancing corporate governance Provide good quality products from a safe and comfortable environment Respect human resources, pay regard to human rights, and improve the work environment Contribute to the conservation of the global environment as well as to local communities 	Corporate Governance	We will strive to increase the transparency of our business activities, while proactively addressing various matters and disclosing information.
	Information Management	We will establish a trustworthy corporate culture by strengthening our security management system.
	Safety and Health	We will establish a safe and comfortable work environment.
	Quality	We will continually provide reliable products that satisfy customer needs.
	Human Rights/Labor Practices	We will respect the individuality of our employees and strive to create a fair and equitable workplace that provides job satisfaction.
	Environment	We will give utmost priority to the conservation of the global environment and strive to achieve a low-carbon society.
	Social Contribution	We will make social contributions that can be passed on to the next generation through coexistence with the local communities.

Relationships with Stakeholders

In order to become a trustworthy company for which our stakeholders, including customers, employees, clients, local communities, shareholders and investors, continuously hold high expectations, we have established "Our Code of Conduct" as the code of conduct to be followed by our employees in an effort to ensure that each employee acts with full awareness as a member of society and a member of a company constituting a part of the automobile industry.



Basic Stance towards Stakeholders

Customers

We will remain a trustworthy partner of our customers, to whom we deliver our products, by providing the desired products in the desired quantities at the desired time.

Local communities

We will proactively seek to integrate and harmonize with the local residents through such means as participation in social contribution activities and seek to establish favorable relationships based on mutual understanding.

Employees

Based on the principle of respecting human dignity, we will endeavor to establish a safe, secure and lively workplace that provides each employee with job satisfaction and does not permit harassment of any kind.

Shareholders and investors

We will strive to enhance our corporate value and achieve an appropriate share price by actively establishing opportunities for dialogues with our shareholders and investors based on our commitment to prompt and fair disclosure.

Clients

We will conduct business in a fair and reasonable manner and establish cooperative relationships with our clients through mutual respect, recognizing them as partners indispensable to our production activities.

Identification of Material Issues

Material aspects as of 2016 were identified based on the view that G-TEKT should engage in business activities while understanding the social impact of its business activities, managing the possibility of having such an impact, and controlling the impact itself. We have organized and enhanced the method of managing material issues that have been identified, and integrated them into the policies for the third medium-term plan.

Four material issues that have been identified	<ul style="list-style-type: none"> •Enhancement of corporate governance •Human resource development 	<ul style="list-style-type: none"> •Development of environmentally-friendly products and technologies •Environmental management
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Third Medium-term Management Policy

Toward G-TEKT's 2020 Vision G4-20: SUSTAINABLE BUSINESS GROWTH

G-TEKT has adopted "G4-20" as its vision for 2020 and has been working to promote the integration of technologies and to build a competitive manufacturing structure. As we begin implementing our third Medium-term Management Policy, we have added to the 2020 Vision "innovation in three fields" in addition to the universal goal of "SUSTAINABLE BUSINESS GROWTH" in order to accelerate the evolution of the four areas of "Genba", "Global" "Grow up" and Green".

With respect to the material issues identified in 2016, we will continue to work on the "enhancement of corporate governance" worldwide, and address other material issues by undertaking innovation in various fields.



Innovation in three fields

Technology innovation

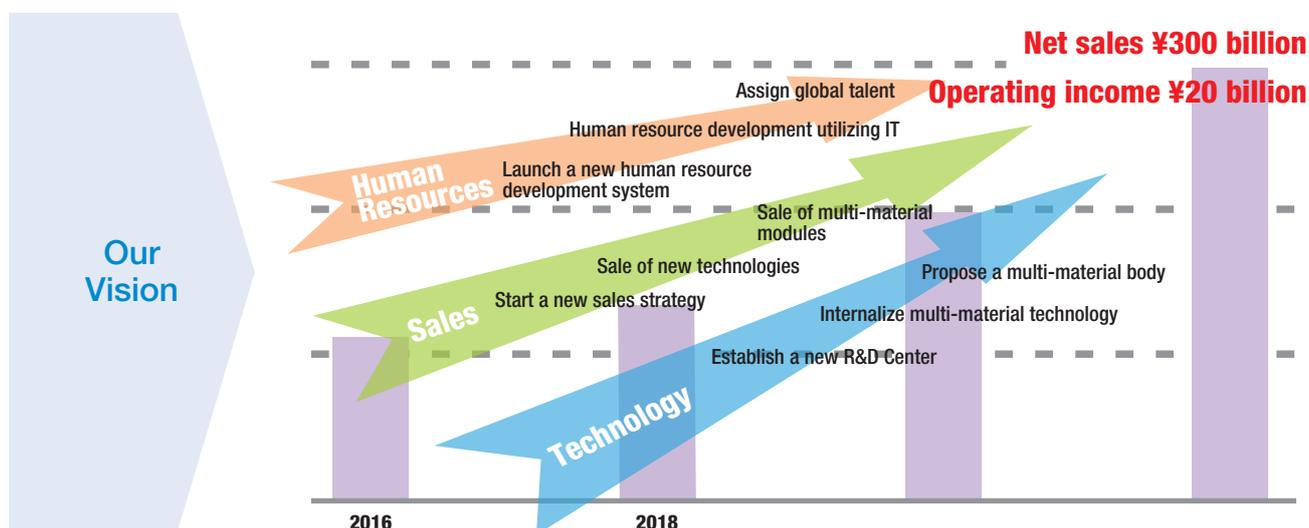
G-TEKT will establish GTL (G-TEKT Tokyo Lab), a new facility that will play a central role in the development and global expansion of cutting-edge technologies such as multi-material body technology. GTL will leverage new innovative technologies for sales expansion while developing environmentally-friendly products, and strive to manufacture products that are good for the environment and people.

Sales innovation

G-TEKT will make a clear shift from the conventional marketing style centered around Japan with a structure based on the sales teams of Japan and the individual locations, and establish a new global-scale sales structure in which the regional divisions will be connected with one another through collaboration to implement the sales strategies formulated by the headquarters. We will meet the technological and local needs of all global automobile manufacturers, not just those of Japanese manufacturers.

Human resources innovation

In G-TEKT's new personnel system, we abolished the seniority system and incorporated an even more stringent promotion review processes and performance evaluations. In G-TEKT's new human resource development system, we have reviewed all curriculums starting with our new employee training sessions to better prepare for employees' future career plans. We will focus efforts into the development of "global management talent" and the "next generation of management leaders" by utilizing the new promotion reviews and performance evaluations and the digital tools supporting them.



Establishment of GTL (G-TEKT Tokyo Lab)



(Conceptual drawing)

Location: Hamura City, Tokyo Completion: March 2018

- Concept**
- Accelerate technology innovation in a new research environment.
 - Establish an attractive research environment to secure creative talent.

From an automotive component manufacturer to an automotive body manufacturer

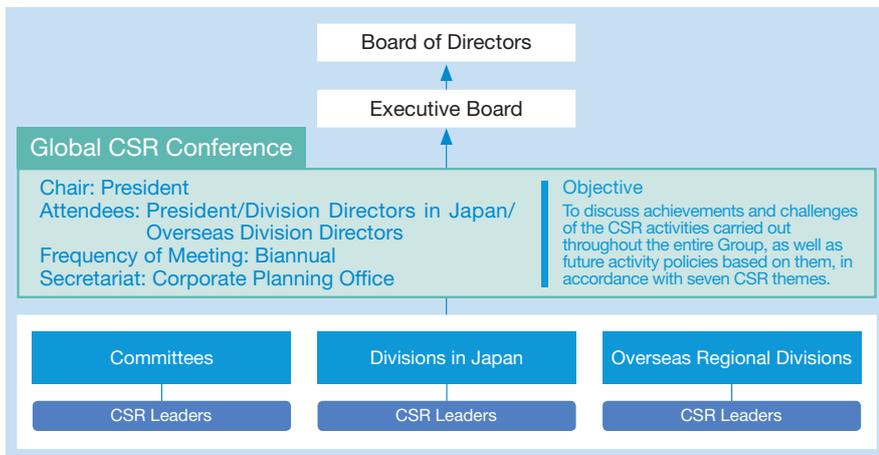
A comprehensive research facility will drastically enhance G-TEKT's development capabilities. In GTL to be newly established, G-TEKT will not only engage in innovative new technology development, but also hone its one-body analysis technology and realize the lightweight, high-rigidity automotive bodies the company envisions.

With these efforts, G-TEKT will evolve into an automotive body manufacturer capable of proposing a full automobile body.

Enhancement of CSR activities

Enhancement of CSR structure

G-TEKT revamped its CSR structure with the goal of implementing systematic CSR activities. By equipping the Head Office Corporate Planning Office with the function of the CSR secretariat and assigning a CSR Leader in all the Committees and Departments in Japan as well as overseas subsidiaries, G-TEKT has established a system which the CSR activity policies communicated by management are implemented throughout the entire Company. A deeper understanding of CSR by all employees will allow G-TEKT to take a proactive approach toward CSR activities.



Global CSR Conference

G-TEKT began holding the Global CSR Conference biannually this fiscal year as part of its efforts to enhance its CSR activities. At the Global CSR Conference, which is chaired by the President and where overseas division directors also attended, we will discuss future policies and initiatives by reviewing the various activities carried out throughout the entire Group and sharing issues. At G-TEKT, senior management takes the lead in participating in CSR activities for the realization of sustainable society.

Our Employees'

VOICE



CSR Activities Aimed at the Empowerment of Women

Ikumi Okubo Corporate Business Planning Division

Following a one-year factory training program, I was assigned to the Corporate Planning Office in April and began my second year as a working member of society. Having transferred from the factory to the headquarters, I am still adjusting to the new environment and learning something new every day. I still have much to learn in life, and I am doing my best to balance my work with my personal life. G-TEKT has a lower ratio of female employees partly because it is an automobile parts manufacturer. Even in this environment, our senior female employees have managed to build their careers as they went through various stages of life such as marriage, childbirth and parenting. I will work hard to be a role model like my senior employees, and endeavor to create a pleasant work environment for women through CSR activities.

Social Contribution Activities in North America

The G-TEKT Group seeks to fulfill its corporate responsibilities through its interactions with local communities and social contribution activities, with the goal of realizing sustained growth and evolution.

Among our social contribution activities overseas, this Report will focus on G-NAC, JIC, JEC and JSC in North America and introduce their various activities.



G-NAC is very proud of its contributions to our community. We have provided meals to those in need in multiple events supporting "Meals on Wheels". We have given children school supplies for them to get a good start in their education through "Operation Backpack". We have also supported events that help our environment through "Branch Out". We look forward to more opportunities to support our community in the upcoming year.

Next we will introduce some of our activities.

Tami Grywalski G-NAC H.R. Manager



Holiday Wish

November 2016
In this event we donated toys as Christmas presents for children.



Red Nose Event

May 2016
We took part in the activity to help fight childhood poverty.



Meals on Wheels

June and August 2016
We prepared and provided meals to seniors with mobility issues and individuals with disabilities.



Dublin Irish Parade

March 2017
Every year we participate in the parade that takes place in the city to engage with the community.



Operation Backpack

July 2016
This program supports children in need. G-NAC donated 16 backpacks to help students start a new school life.



Branch Out Columbus

October 2016
We offered our support to help plant trees in communities near Columbus.



Relay for Life Walking

June 2016

JIC took part in Relay for Life Walking, a charity walk hosted by the Madison County Office of the American Cancer Society. In honor of the achievements of cancer patients and caregivers and in the hope of eradicating cancer, JIC employee volunteers walked laps around West Jefferson High School from 6 pm to 1 am the next morning. JIC also took part in fund-raising activities to make donations to the American Cancer Society.



Canned Food Drive

November 2016

In celebrating Thanksgiving, JIC organized an inter-departmental contest to collect canned goods, and donated them to a local food supply center.



Blood Drive

Biannual

JIC hosts a blood drive at a venue in the company premises.

*JIC takes part in many other fund-raising campaigns to help support the local government, police and schools.



Charity Raffle for Chance to Win a Set of Tickets

June 2016

JEC organized a charity raffle to raise funds to donate them to a general hospital scheduled to be built in the community. Raffle winners received tickets to a concert featuring a famous Canadian Band.



Health Week

June 2016

We held a yoga class, and discussed health issues with employees and wellness.



Donation-Sock Program

All year round

We sell socks to employees who forgot them, and donate the proceeds to a specific charity.



*We also organize neighborhood clean-up projects and donate Matching Gifts to various organizations. JEC also provides employment opportunities to students during summer vacation. Matching Gift: The company will provide a 50% match (up to a limit) on the donations made by employees to a non-profit organization.



Angel Tree Project

December 2016

We cooperated with elementary schools to prepare and donate Christmas presents to children. Our donations brought many presents to children, and our efforts were featured in a local newspaper.



5km Zombie Dash

November 2016

We organized a very exciting fundraising event in which we worked with all community residents ranging from children to seniors. All donations were used to repair a local athletic facility.



JSC received the award for "Polk County Industry of the Year" from a local industrial association for creating employment opportunities for local residents and making community contributions.



*JSC also contributes to the scholarship funds of local junior and senior high schools.



Corporate Governance

We strive to proactively address various matters and disclose information in order to increase the transparency of our business activities.

Fundamental Policies on Corporate Governance

G-TEKT acknowledges the importance of management as a company with social responsibility in order to become a company in which customers, employees, shareholders, investors and society place high expectations. We also recognize that one of the top-priority management issues is to develop an organization and framework to ensure transparent, speedy, fair and bold decision-making in consideration of risks, and to build a relationship based on trust with all stakeholders.

We will seek to attain sustained growth and improve corporate value in the medium and long run by implementing corporate governance more effectively and making ongoing improvement efforts.

To view our Fundamental Policies on Corporate Governance, please check the following link:

URL https://www.g-tekt.jp/english/company/pdf/governance_guideline_en.pdf

Corporate Governance Code

Our Corporate Governance Code has been established with the aim of realizing “aggressive governance.” In light of the spirit of the Code, the Board of Directors has passed a resolution for “G-TEKT’s Fundamental Policies on Corporate Governance”, which set out our basic approach, framework and implementation policy regarding corporate governance, for the purpose of establishing a structure of governance that would be most effective for the management of G-TEKT with the aim of attaining sustained growth and improving medium/long-term corporate value, as disclosed in the Corporate Governance Report.



“Corporate Governance Report”

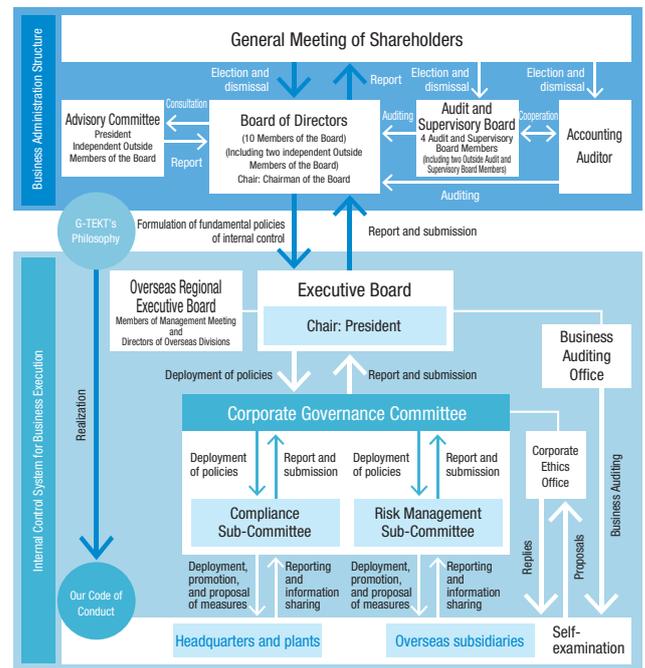


“Our Code of Conduct”

Corporate Governance Structure

Our corporate governance structure, including the internal control system, is as shown in the figure below.

Corporate governance structure



Compliance

Since we have the highest respect for compliance, we endeavor to act conscientiously at all times in compliance with every law, internal regulation, and any other rule as a matter of social norm. Looking at compliance from the perspective of meeting the expectations of our stakeholders, we have

established “Our Code of Conduct” as the code to be followed by each employee so as to act with high ethical standards, and we are ensuring that our employees are familiar with the Code. In addition to activities that promote the spread and establishment of compliance, we will engage in ongoing improvement to prevent and/or promptly address scandals as well as ensure compliance, as we strive to raise the level of compliance further.

Risk Management

We are striving to identify, analyze, and appropriately control the various risks surrounding our business in order to ensure sound execution of our business activities. Although the risks related to our business operations are diversifying and becoming more difficult to manage, we are promoting risk management activities by establishing a Risk Management Sub-Committee under the Corporate Governance Committee for the purpose of ensuring

the appropriate monitoring of risk situations, company-wide measures regarding risk management issues, and horizontal deployment of measures.

Recently, we have formulated a business continuity plan (BCP) for each plant in Japan based on a large-scale disaster (e.g., earthquake) scenario and made other such preparations for speedy recovery in the unlikely event of such disaster.

Communication with Shareholders and Investors



A plant visit for shareholders

Regarding disclosure to shareholders and investors, we are conducting disclosure operations and IR activities on a daily basis with a commitment to promptness and fairness.

Furthermore, in the belief that it is important for us to communicate proactively with our shareholders and investors in order to deepen their understanding of G-TEKT as a company, we organize company information sessions for individual investors, plant visits for shareholders and other events, in addition to the shareholders' reception at the general meeting of shareholders, financial results briefings for institutional investors and individual IR visits, in order to provide opportunities for the top management to converse in person with the shareholders and investors.

Additionally, we update our home page in a timely manner, issue shareholder newsletters and send out other information in an effort to further deepen our shareholders' and investors' understanding of G-TEKT's business activities, while studying our evaluation obtained primarily through shareholder surveys and our share price information as we seek to achieve the ideal state as a company.



IR website



Shareholder Newsletter



Enhancement of Corporate Governance: An Identified Material Issue

For G-TEKT, a global corporation with affiliates all over the world, building a sound governance structure for the entire G-TEKT Group would not be possible if the governance structure of any of those companies collapses. Given this, in addition to the periodical reviews of states of governance structures in our overseas subsidiaries, we share issues and plan to implement improvement measures while ensuring information exchanges as needed between the headquarters and those subsidiaries, with the goal of maintaining and enhancing the governance level of the entire G-TEKT Group.



Information Management

We will establish a trustworthy corporate culture by strengthening our security management system.

Objectives of Information Security

By establishing security policies as fundamental rules for preventing information leakage, we aim to enhance the awareness of G-TEKT employees worldwide on thoroughly protecting our information assets, and to establish information security systems and structures capable of adapting to changes and trends over time.

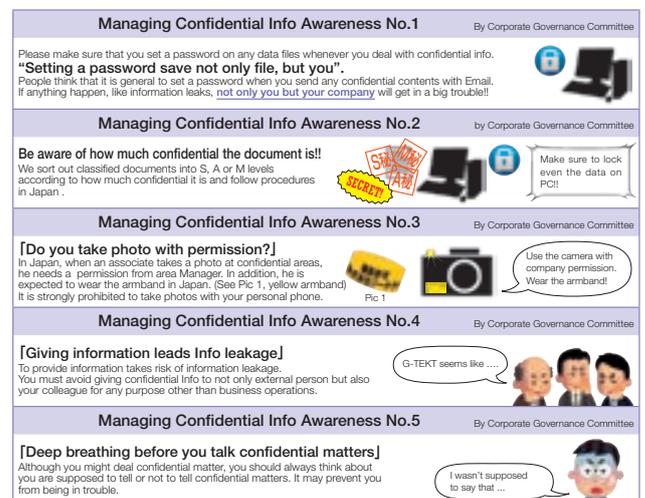
Fundamental Policies on Information Security

The fundamental policies for protecting the Company's information assets shall be set as follows:

- All actions shall be taken with the understanding of the risks of information leakage.
- G-TEKT employees worldwide shall manage information and prevent information leakage under the same security policies regardless of the location or the technologies in use.
- Cases of information leakage and other risk information shall be shared worldwide, reflected in the security policies, and used to prevent the occurrence or recurrence of information leakage at G-TEKT.
- The approach as set forth in the security policies shall be observed when establishing a new system or structure relating to information management or processing.
- Changes in the social environment shall be addressed expeditiously and measures shall be taken in anticipation of future needs.
- The security policies shall be reviewed and revised constantly.

Education on Information Security

Confidential information of our clients and our own company, personal information of our employees, and various other information that must not be divulged to the outside world exist in vast amounts in the course of our business operations. Since it is believed that the leakage and other mismanagement of information are basically largely attributable to a decline in employee awareness on information security, we regularly educate our employees on information security in order to prevent information leakage. Regarding the method of education, it is disseminated through company news letters and reading of the "Ten Commandments of Information Management", which summarize the gist of the security policies.



From "G-TEKT News", a company newsletter.



Safety and Health

We will establish a safe and comfortable work environment for all who work at G-TEKT.

Safety and Health Policies

Since safety and health activities form the foundation of corporate management, we will aim to achieve a work place that we can be proud of by managing corporate activities in terms of safety and hygiene to minimize the impact on the safety and health of both the people working at G-TEKT and those of the local communities.

1. Efforts shall be made to further manage safety and health in compliance with the relevant safety and health laws and regulations, and internal standards.
2. The Company shall assess risks to define the danger factors in the workplace and determine the priority of relevant measures for the progression from an “accident-free” to a safe and comfortable “danger-free” workplace.
3. The Company shall establish communication, not only with all its employees, but also with the cooperating manufacturers and other parties concerned, in order to conduct safety and health-related activities with the participation of all parties.
4. The Company shall strive to raise awareness on safety through the education and training of its employees.
5. The Company shall appropriately allocate management resources to the execution of safety and health-related activities to ensure effective and continuous improvement.

Employee Safety Training

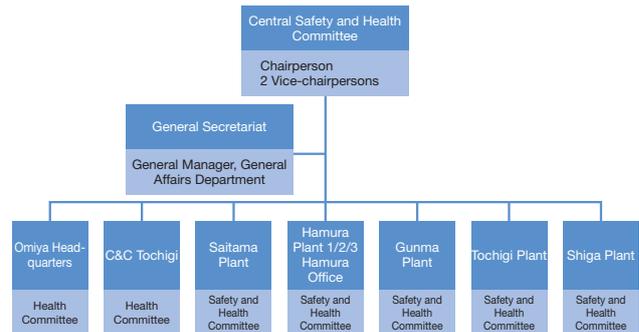
We hold a “Safety Convention” each year in July to reflect on industrial, traffic and other accidents of the past, while concurrently seeking to raise awareness on achieving an accident-free and incident-free work environment.

Furthermore, in order to allow our employees to maintain a high level of awareness on accident and incident prevention at all times as they engage in their daily work, we share information with them on accidents at other business locations as well as other companies in the industry.



Employees in a training session

Organization Chart of Central Safety and Health Committee



Evacuation Drills

In preparation for fires and large earthquakes, we regularly conduct evacuation drills at each of our business locations in order to raise awareness of fire and disaster prevention for injury prevention and the protection of our employees’ lives. A series of drills that start from initial fire extinguishing efforts and reporting of the fire to evacuation are conducted in partnership with the local fire department in preparation for emergency situations. We also conduct first aid drills using AED concurrently and have emergency rations in stock for those who are unable to return their homes in case of a disaster.



Evacuation drills at Omiya Headquarters



First aid and evacuation drills

Safe Driving Initiatives for Forklifts

Many forklifts are being used to transport products in the premises of our plants.

An accident involving a forklift may result in a fatality; therefore, we are particularly committed to promoting safe operation and handling practices of forklifts. We have introduced a unique in-house driving license system in which workers who have a certificate for completing the forklift operator training course are given an annual examination, in an effort to make them perform their tasks with more advanced skills and greater awareness of safe driving. In FY2015, forklift operators received training on reflective learning for the accidents that occurred in the past year, as well as an in-house seminar designed to raise their awareness of the importance of “following the rules.”



A seminar on forklift operation safety



quality

Quality

We will continue to provide reliable products that satisfy customer needs.

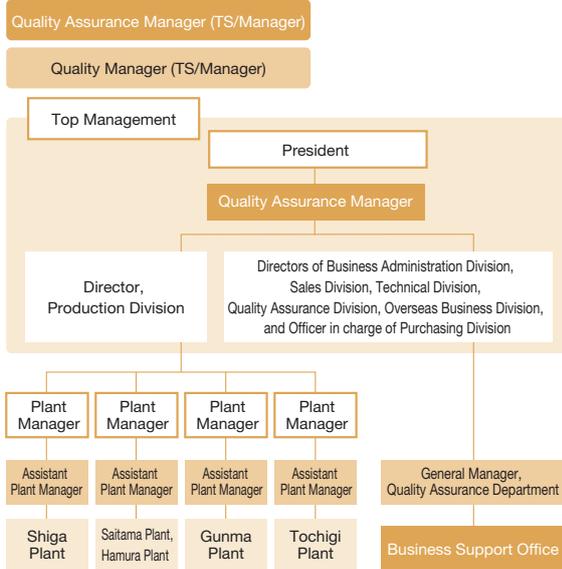
■ Policies on Quality

The Company shall create and provide products that delight and inspire customers, placing the highest possible quality at the core of its management principles.

■ Quality Assurance System

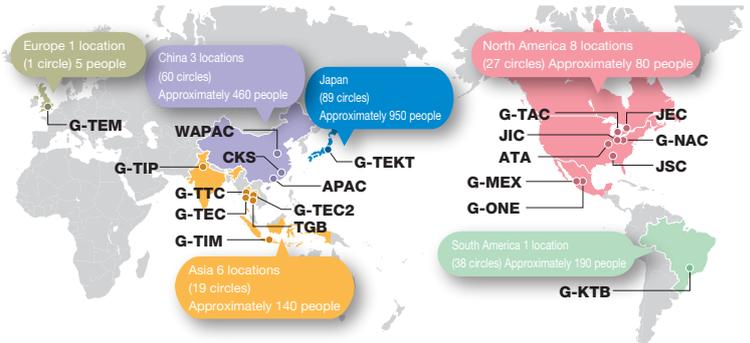
We have established the “1 assurance system, 1 manual” rule at all 19 G-TEKT locations in order to produce high-quality products that bring about customer satisfaction. Furthermore, with each business location following this rule, horizontal deployment of the quality assurance system is rendered possible, thereby allowing the system to extend to all locations and contributing to the quality assurance not only of the production activities, but also of distribution and logistics.

■ Quality Management System Based on International Standard ISO/TS 16949



■ G-TEKT Circle

The G-TEKT Group voluntarily and actively conducts activities geared towards education in small groups for the continuous management and improvement of the quality mainly of products, services, and work.



G-TEKT Circle World Conference

Every year in autumn, the circles selected from all over the world gather together in Japan for the G-TEKT World Conference. Examples of improvements achieved are shared worldwide to foster international human resources.

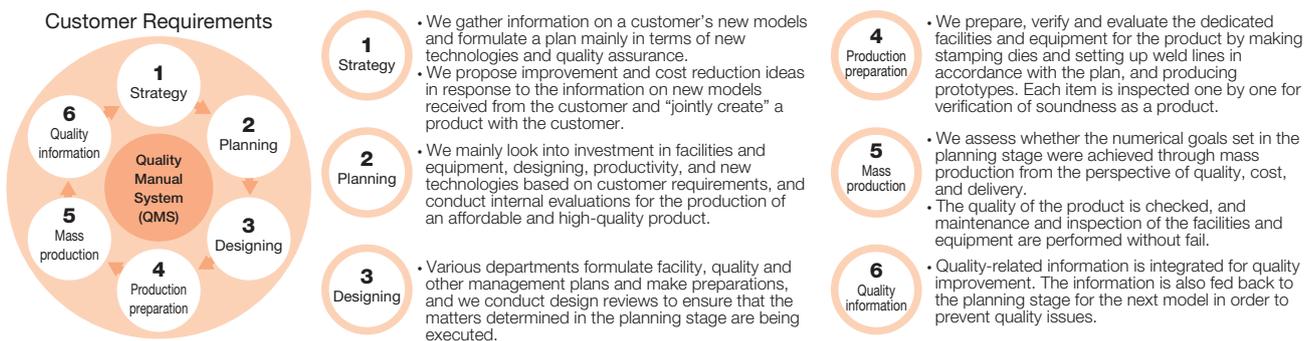


■ Acquisition of IATF 16949 Certification

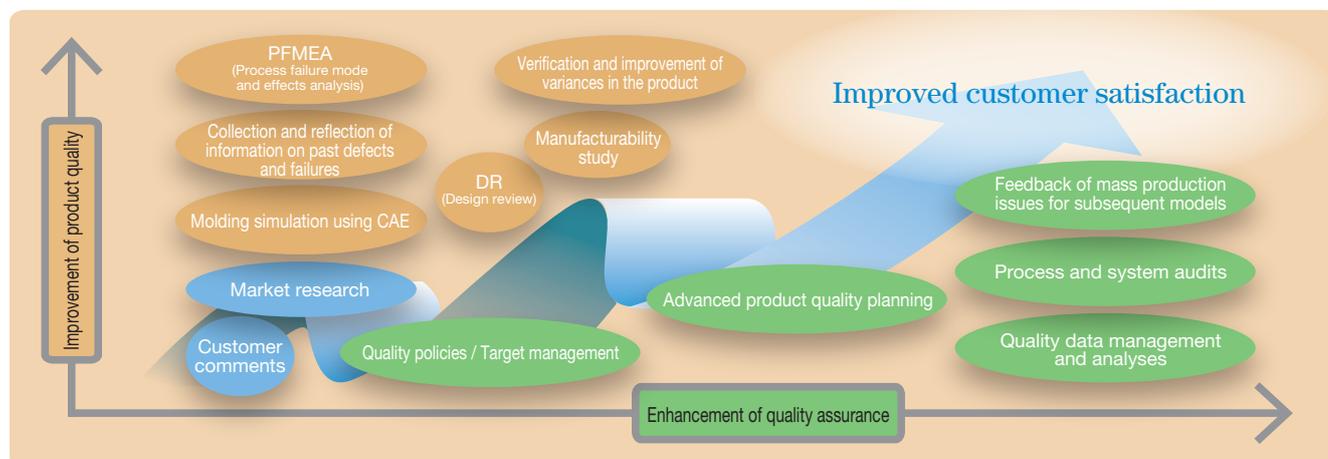
The ISO/TS 16949 standard is set to expire on September 14, 2018. As of April 2017, we are working with G-TEKT locations worldwide that have acquired ISO/TS 16949 to make a transition to IATF 16949, a new quality management system in the automobile industry, before the current standard expires in 2018. Once the transition is complete, we will be able to satisfy the quality requirements of our customers with even more advanced quality management.

■ Quality Improvement Efforts

■ Quality Assurance System



Customer Satisfaction Improvement Policies



Purchasing/CSR Procurement Policies

We will raise awareness on CSR procurement involving the use of supplier status regarding efforts on compliance and eco-friendliness as well as human rights and labor environment as a criterion for doing business, and ask our suppliers to share in our approach of making products in an eco-friendly manner in compliance with laws and regulations.

Activity Guidelines

1. Formulate the CSR procurement policies and guidelines
2. Investigate the current status of the supplier
3. Propose to the supplier and implement corrective and/or improvement measures
4. Conduct audits of the supplier

Publication of G-TEKT's Supplier CSR Guidelines

It is becoming important to engage in CSR activities covering the entire supply chain, including compliance with laws and regulations, respecting human rights, occupational safety and quality—not just environmental problems. While we have been making CSR efforts with suppliers to date, we established and implemented “G-TEKT's Supplier CSR Guidelines” in April 2016, in order to further clarify G-TEKT's CSR approach and share it at a deeper level. We have asked our main suppliers to respond to a self-inspection questionnaire to evaluate their current status. We will continue making efforts to enhance our supply chain into the future, with the aim of identifying and resolving issues in the supply chain.

Communication with Suppliers

In order to beat the tough environment as “Team G-TEKT”, we are endeavoring to enhance cost competitiveness, safety and quality by creating opportunities to share information with clients at all times. As part of communication with our clients, we also hold a convivial gathering with our clients every year, in which G-TEKT's policies are explained to them.



New Year's reception for clients

Our Employees'

VOICE



The Parental Role of the Quality Assurance Department

Atsushi Nakane

Quality Assurance Section, Quality Assurance Division, Quality Assurance Operations

I have been responsible for organizing the quality records of overseas business locations and communicating with them, making use of my experience of studying abroad as a G-TEKT language exchange student. Specifically, I compile and analyze all the information on malfunctions collected from each business location. Furthermore, I contribute to the quality of the Company as a whole in a broad range of fields by managing quality management systems such as ISO and promoting the QC circle activities in Japan and overseas, among other things. I believe it is the job of the Quality Assurance Department to work with local offices to implement improvements one at a time to maintain and enhance quality at each business location, and we will continue to do our best to ensure that quality information is analyzed and shared quickly.



Human Rights/Labor Practices

We have adopted “respect human dignity” as a G-TEKT philosophy, and will apply this principle not only to our relationship with all of our employees, but also to that with the people and companies we work with, and strive to create a fair and equitable workplace that provides job satisfaction.

We will also ensure complete compliance with laws and regulations, social norms, and company rules, and promote fair and honest business practices.

Respect for Human Rights

“Our Code of Conduct” establishes the principle of respect for human rights, expressly stating the need to not only comply with laws and regulations, but also to respect the customs, cultures, religions and lifestyles of all countries.

The Code of Conduct also prohibits all forms of harassment, including sexual harassment and power harassment.

Diversity

In the belief that diversity is the source of innovation, we consider it important to view the differences in sex, nationality, work history, age, personality, values and other external/internal aspects as the “individuality of that person” and respect them as such. We will continue to gather diverse talents and competence to address the diverse customer needs in the global market.

Action Plan based on Act of Promotion of Women’s Participation and Advancement in the Workplace

In order to become a “truly global company”, G-TEKT is making enhancement efforts in the area of people who support the enterprise by treating it as a key management issue. In Japan, where women’s participation and advancement is regarded as one of our priority issues, our principal initiatives are “hiring more women”, “enhancing female training”, and “implementing continual employment and working style reform.”

Fundamental Policies on Human Resource Development

1. The Company shall develop human resources fit for a global leading expert manufacturer of parts for automotive body and transmission through the development of employee capabilities, with a view to achieving the ideal pool of human resources.
2. Employees shall have the enthusiasm and the attitude of taking the initiative to learn and think on their own, and we shall proactively support the growth of each employee.
3. Foster the “culture of learning”, and the “culture of nurturing” through systemized job rotation in addition to the departmental education consisting of rank-based education, OJT at the workplace, OFF-JT training, and voluntary education, and thereby establish the culture of prioritizing human resource development.

Human Resource Development: An Identified Material Issue

G-TEKT has established a human resource development system consisting of rank-by-rank training sessions and its signature global basic education with the view to “develop human resources that will create value in the next era.” The system is applied from the time of new employee training sessions in preparation for employees’ career plans five to ten years in the future. We have also implemented and began operating the Human Capital Management System, a digital tool for supporting human resource development. Individual accounts enable mutual access between employees and their supervisors, allowing a timely review of progress and the sharing of goals and, as a result, facilitating training for supervisors and self-improvement for employees. By utilizing these programs and systems, G-TEKT will take an organized, efficient and proactive approach to human resource development and remain committed to developing “global management talent” and the “next generation of management leaders”.

Our Employees’



Enhancing Employee Engagement

Satoshi Sorimachi

Human Resource Development Section, Human Resource Development Division, Corporate Management Operations

In order to realize sustained growth in a rapidly changing business environment, it is vital for a corporation to develop the next generation of globally competitive leaders who possess both passion and integrity. Accordingly, the Human Resource Development Department has the mission to develop such leaders. We are driven by a sense of purpose to enhance employee engagement by respecting the feelings of each and every employee to ensure that they find their work “enjoyable and busy”, and that G-TEKT continues to be an attractive corporation that meets the needs of a diverse range of customers.



Environment

We will give utmost priority to the conservation of the global environment and strive to achieve a low-carbon society.

Environmental Philosophy

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 Earth to the next generation, it shall strive to both engage in environmentally considerate business activities and help conserve the global environment under the slogan, “The Earth is our shared resource”.

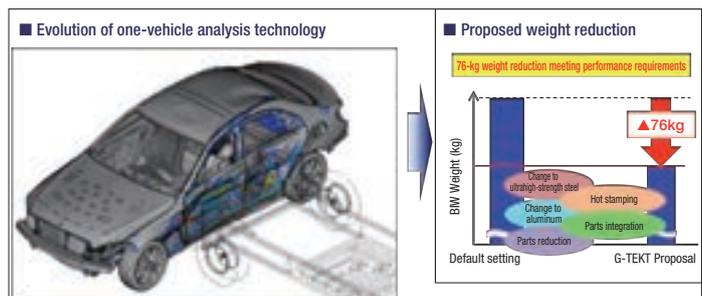
Environmental Policies

- 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.

Development of Environmentally-friendly Products and Technologies: An Identified Material Issue

The fuel efficiency of an automobile is greatly influenced by its weight. At G-TEKT, we manufacture products with a low environmental burden by using our proprietary analysis technology during the automobile development stage to reduce the body weight without compromising its performance.

For example, we were able to propose a weight reduction of about 76 kg for an automobile manufacturer undergoing a model change. We will continue to develop environmentally-friendly products and technologies while striving to reduce the body weight even further.



Our Employees'

VOICE



Environmental Contribution through Quality Improvement

Mai Maebayashi Quality Section, Production Division

At the Quality Section, our job is to check that the quality of products manufactured daily on the production floor complies with the standards. At first, I had no idea how our daily tasks are connected to the global environment. Maintaining quality means not producing defective products. In other words, it means not producing waste. The realization that high quality leads to a reduction in energy consumption and waste of steel (resources) during production has given me motivation for my day-to-day work.

Environmental Management Structures across G-TEKT

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 working to acquire the ISO 14001 environmental management system (EMS) certification since 1998 in Japan. Each plant is making ongoing efforts to promote environmental compliance and improvement activities on an ISO 14001 EMS Environmental Committee basis with the respective Plant Manager serving concurrently as the Chief Environmental Manager. The Company has established the Central Environmental Promotion Committee as an upper-level organization of the plants and two additional business

locations, specifically the Head Office and C&C Tochigi, to manage matters related to company-wide global environmental improvement activities.

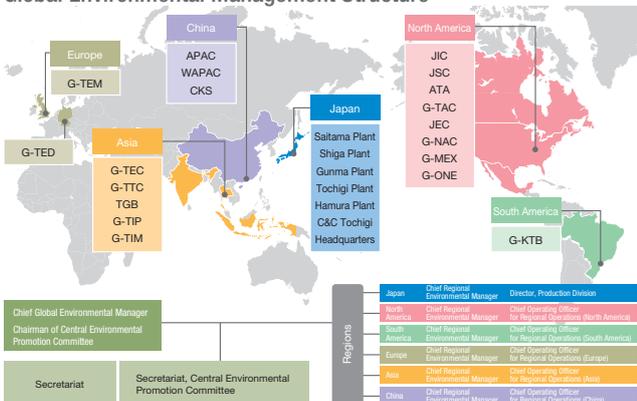
The “World Environmental Safety Conference”, which was established in June 2014, is also meeting regularly in an effort to strengthen our environmental management worldwide as well as to share information with each Director of each overseas division serving as a person-in-charge.

In April 2017, it is transitioned to the “Global CSR Conference”, in an effort to further enhance our CSR activities.

G-TEKT Domestic Environmental Management Structure



Global Environmental Management Structure



ISO 14001 Certification Acquisition Status

(Acquisition Date, Transition Date)

Domestic Site		ISO14001:2004	ISO14001:2015
Tochigi Plant		December 1998	*Scheduled to transition in December 2017
Saitama Plant		April 1999	Transitioned in April 2017
Hamura Plant 1/2			
Hamura Office			
Shiga Plant		April 1999	Transitioned in April 2017
Gunma Plant		December 2004	Transitioned in December 2016
Overseas Site		ISO14001:2004	ISO14001:2015
North America	JEC	January 2003	*Scheduled to transition in November 2017
	JIC	January 2006	*Scheduled to transition around fall 2017
	JSC	April 2015	*Scheduled to transition in 2018
	ATA	May 2009	*Scheduled to transition around August 2017
	G-TAC	—	*Scheduled to acquire certification after 2017
	G-NAC	—	March 2017
	G-ONE	—	*Scheduled to acquire certification in June 2017
G-MEX	—	*Scheduled to acquire certification in September 2017	
South America	G-KTB	February 2011	Transitioned in February 2017
Europe	G-TEM	December 2002	*Scheduled to transition around September 2017
Asia	G-TIP	—	*Scheduled to acquire certification around November 2017
	G-TEC	January 2001	*Scheduled to transition in 2017
	G-TTC	November 2005	*Scheduled to transition in 2017
	TGB	February 2006	*Scheduled to transition around November 2017
	G-TIM	—	January 2017
China	APAC	July 2004	Transitioned in December 2016
	WAPAC	January 2008	*Scheduled to acquire certification in July 2017
	CKS	February 2009	*Scheduled to transition in 2017

ISO 14001 Registration Certificate

Saitama Plant
Hamura Plant 1/2
Hamura Office



G-TEKT Environmental Road Map

Fundamental Environmental Philosophy: Realizing the idea of “The Earth is our shared resource”

We are establishing environmental goals and engaging in ongoing improvement activities pursuant to environmental activity plans designed to achieve the goals.

[2020 Vision G4-20]

Green (Environment/Safety/Social contribution)

Deployment of an eco-friendly and safety conscious business

[High-Priority Corporate Goal]

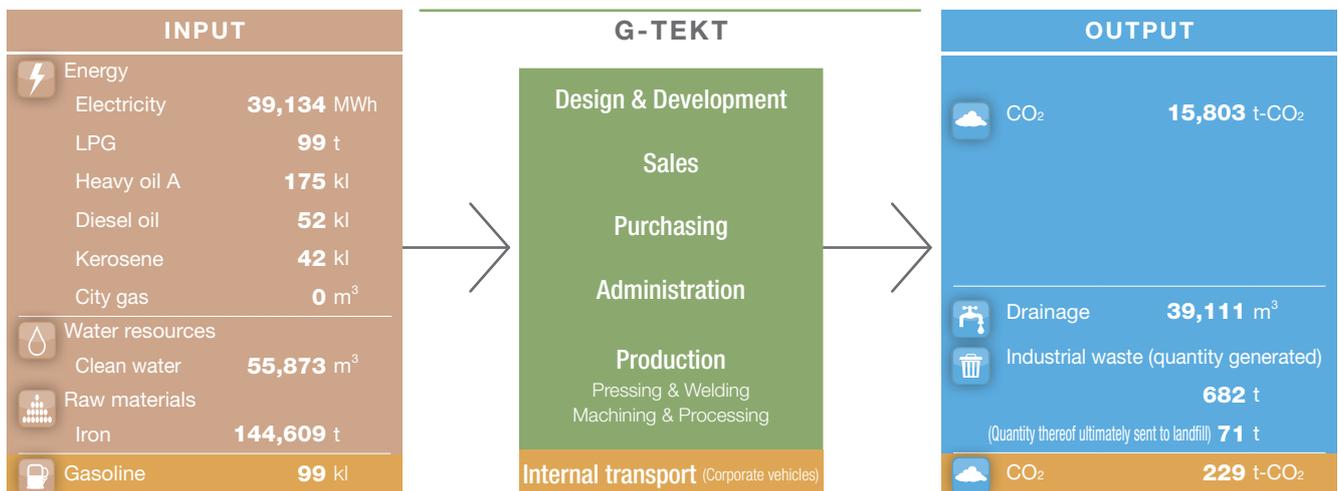
Reduction of environmental burden and environmental risks

[Environmental goals of each business location]

1. Prevention of water pollution
2. Prevention of factory noise and vibrations
3. Reduction of energy consumption
4. Reduce waste (3R)
5. Contribution to local communities

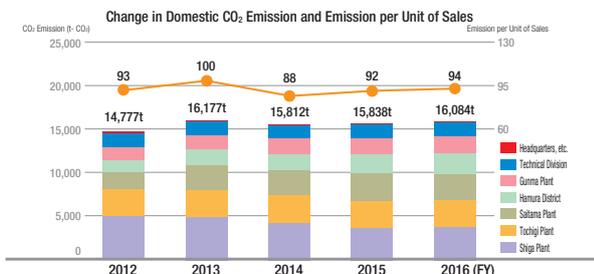
Area	Description	Target/Actual	FY2014	FY2015	FY2016
Production	Reduction of greenhouses gas (GHG) emissions per unit of sales	Target	Improve by 1% (from 2013)	Improve by 2% (from 2013)	Improve by 3% (from 2013)
		Actual	Improved by 12.5%	Improved by 8.1%	Improved by 5.8%
		Assessment	◎	◎	◎
	Strengthening of the global environmental management system	Target	- Reduce emissions on a global scale - Increase the accuracy of environmental data	Reduce emissions	Continue efforts
		Actual	- Established the World Environmental Conference - Made preparations to build an overseas environmental data system	- Shared examples of environmental improvements at the World Environmental Conference	- Shared examples of environmental improvements at the World Environmental Conference
		Assessment	◎	◎	◎
Environmental management	Prevention of noise, vibration, water pollution, atmospheric pollution, waste disposal, and other environmental problems	Target	Comply with environmental laws and regulations Achieve zero leakage and zero complaints	Comply with environmental laws and regulations Achieve zero leakage and zero complaints	Continue efforts
		Actual	Had no environmental issues	Had no environmental issues	Had no environmental issues
		Assessment	◎	◎	◎
	Transition to the revised 2015 ISO 14001 EMS	Target	Make preparations	Re-establish systems	Transition to the new systems
		Actual	Gathered information	Reviewed system documents	Three sites (Saitama Plant/Hamura District, Shiga Plant, and Gunma Plant) completed transition
		Assessment	◎	◎	◎
Corporate activities	Biodiversity measures	Target	Formulate activity guidelines Make preparations and implement activities	Implement activities	Continue efforts
		Actual	- Issued guidelines - Commenced activities	Implemented forestation activities, etc.	Implemented forestation activities, etc.
		Assessment	◎	◎	◎
	Dissemination of information to society	Target	Make preparations to issue an environmental (CSR) report	Issue CSR Report 2015	Issue CSR Report 2016
		Actual	Information gathering and preparation	Issued first edition in June 2015	Issued CSR Report 2016
		Assessment	◎	◎	◎

Material Flow (*Actual figures for FY2016)



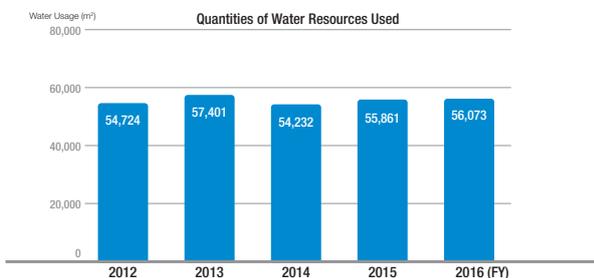
Reduction of Greenhouses Gas (Japan)

We engaged in efforts to reduce our CO₂ emissions in Japan, setting our target at an annual reduction rate of 1% relative to the FY2013 level in terms of emissions per unit of sales. In FY2016, while mass production sales rose due to such factors as increased production for key customers, the overall decline in sales and other factors resulted in a 5.8% reduction in emissions per unit of sales and a decrease in CO₂ emissions by 93 t compared to FY2013.



Reduced Usage of Water Resources

Activities to reduce the usage of precious water resources help reduce the energy used to power the pumps at the water basins. Furthermore, our visualization efforts are contributing to the early detection of leaks in water pipes on our premises. In FY2016, we were able to detect a malfunction in the water supply system for a cooling water tank at Saitama Plant at an early stage.

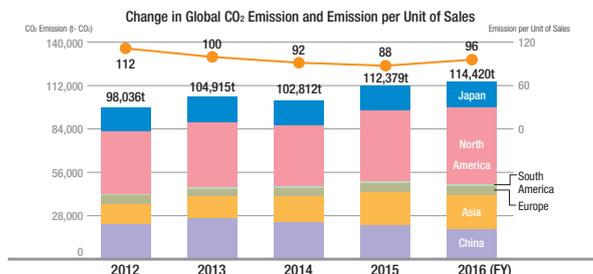


Green Procurement Efforts

We are aspiring to contribute to the realization of a sustainable society by promoting global manufacturing practices designed to reduce the environmental burden attributable to the production processes present in the supply chain overall. As a part of these efforts, we are engaging in green procurement efforts in order to procure

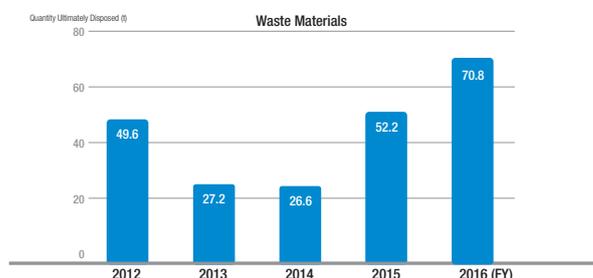
Reduction of Greenhouses Gas (Global)

We commenced our global efforts to reduce our CO₂ emissions, setting our target at an annual reduction rate of 1% relative to the FY2013 level in terms of emissions per unit of sales. In FY2016, increased production for key customers in Europe and robust production in North America resulted in an increase in CO₂ emissions. Furthermore, due to the impact of the exchange rates, there was a 4.1% reduction in emissions per unit of sales and an increase in CO₂ emissions by 9,505 t compared to FY2013.



Reduction of Waste Materials

We are promoting the reduction of waste materials through the 3R (reduce, reuse, recycle) of unnecessary materials. The following table shows the amount of sludge collected for final disposal before intermediate waste processing. In FY2016, the amount increased due to the full-scale mass production of hot stamping materials. Going forward, we are considering introducing a dehydrator to reduce waste production.



Note: The figures represent the quantity collected before intermediate processing

products, which are made with the appropriate use of chemical substances using processes resulting in less environmental burden and contribute to the conservation of the ecosystem, from suppliers who are active in environmental conservation activities.



Environmental Improvement Efforts

Reduction of Power Usage by Replacing Factory Ceiling Skylights with LED Lights

Since FY2016, Saitama Plant has been subject to Saitama Prefecture's cap-and-trade program and is required to achieve an annual reduction target of 6%, or a 240-t reduction in CO₂ emissions per year from baseline emissions by FY2019. To achieve this, the factory planned a three-phase replacement of the metal halide lamp lights used for the plant's ceiling skylights with LED lights. In FY2016, the plant replaced 40 lights out of 176 lights in the press building and 52 lights out of 195 lights in the welding building.



Reduction of CO₂ by the Double Benefits Generated by Installing Solar Panels

APAC and WAPAC in China began generating solar power since January 2015 by renting out their roofs to cooperate with a government scheme. Installing solar panels has generated the double benefits of solar power generation (for self-consumption) and an insulating layer blocking direct sunlight and is contributing significantly to the reduction of CO₂ emissions in the region.

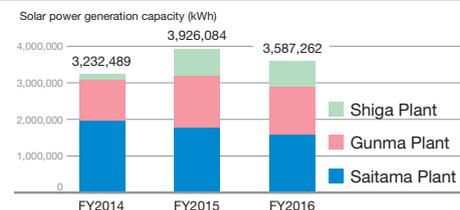


Measures against Global Warming

As a measure against global warming, we installed solar panels on the roof tops of plants and began a power generation business in 2014 from the perspective of generating power in a manner that renders the reduction of CO₂ emissions possible. A secondary benefit is that the panels shield the roofs from solar heat and suppresses the increase in temperature inside the plants, leading to reduced load on air-conditioning equipment during summer.

	Saitama Plant Solar Power Station	Gunma Plant Solar Power Station	Shiga Plant Solar Power Station
Domestic locations			
Grid connection commencement date	March 31, 2014	April 25, 2014	December 5, 2014
Photovoltaic cell capacity	1,605 kW (245 W × 6,552 panels)	1,306 kW (245 W × 3,920 panels, 250 W × 1,386 panels)	602 kW (245 W × 2,408 panels)
Maximum power output	1,500 kW (PCS: 500 kW × 3 units)	1,000 kW (PCS: 500 kW × 2 units)	500 kW (PCS: 500 kW × 1 unit)
FY2016 power generation	1,594,517 kWh	1,302,469 kWh	690,276 kWh
CO ₂ equivalent	805 t-CO ₂	658 t-CO ₂	360 t-CO ₂

Change in solar power generation capacity





G-TEKT's Biodiversity Efforts

In FY2014, G-TEKT established the “G-TEKT Biodiversity Guidelines”, and commenced further efforts with respect to “biodiversity”, one of the matters relating to its highest priority issue “conservation of the global environment”, which its business activities may possibly impact.

G-TEKT Biodiversity Guidelines

G-TEKT recognizes the “conservation of and sustainable usage of biodiversity”, as a significant issue to be addressed as a part of the “conservation of the global environment” under the “G-TEKT Environmental Philosophy”, and shall strive to promote both the conservation efforts and business activities while maintaining a balance between the two.

Priority Measures

1. Pursuit of environmentally-friendly cutting-edge technologies

The Company shall contribute to the conservation of biodiversity through the development and mass production of products resulting in one of the smallest environmental burdens in the industry.

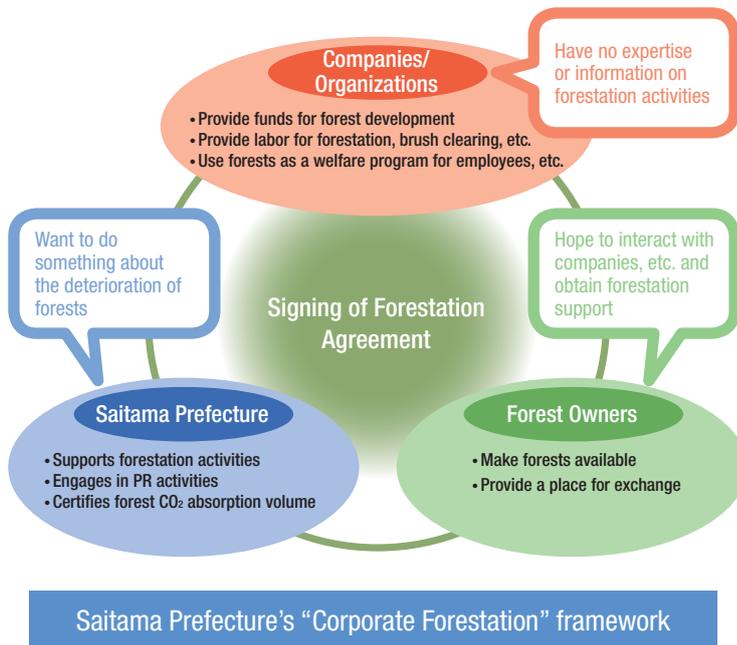
2. Undertakings related to business activities

The Company shall reduce environmental burden through the pursuit of higher production efficiency, as well as reduce the impact on biodiversity while striving to achieve the sustainable use thereof.

3. Communication with local communities

The Company shall endeavor to interact with the local communities as well as society at large by actively cooperating in the environmental conservation activities and social contribution activities in partnership with the local communities.

G-TEKT's Forestation Program



G-TEKT launched “Corporate Forestation” activities in 2014 as part of its biodiversity initiatives.

“Corporate Forestation” is an initiative in which three parties—namely, municipal government, etc. (which provides the place for forestation activities), prefectural government (which supports the activities) and companies/ organizations (which engage in forestation activities)—enter into an agreement and carry out forestation in cooperation with each other.

G-TEKT participates in this initiative under the slogan “passing on a lush and green earth to future generations of children”.



Signboard made of wood sourced from Saitama Prefecture installed near the summit of Mt. Yumitate

█ Saitama Prefecture Forestation Agreement

● Signing of Agreement

Saitama Plant, Hamura District, Headquarters and Gunma Plant
 On February 4, 2015, we entered into a “Saitama Prefecture Forestation Agreement” with Saitama Prefecture and Tokigawa-cho.

● Activities and Achievements

Mt. Yumitate in Tokigawa-cho, Saitama Prefecture
 Mt. Yumitate, which is 420m high, suffered a forest fire in May 2013, resulting in approx. 7.6 hectares of forest land being reduced to ashes. To revive Mt. Yumitate, we launched the G-TEKT Forestation activities in April 2015. On April 23, 2016, we implemented the “Third G-TEKT Forestation” tree-planting activities. With the participation of 47 employees of Saitama Plant, Hamura District, Head Office and Gunma Plant, 101 broad-leaf trees were planted, including flower “*Rhododendron dilatatum*” and tree “*Acer palmatum*”, both of which are Tokigawa-cho’s symbols.

On October 1, we conducted the “Fourth G-TEKT Forestation” activities, in which 28 employees used grass scythes and manually removed overgrown weeds around the young trees (brush clearing).

In addition to the above, we are engaged in a management project commissioned by the Saitama Prefectural Agricultural and Forestry Corporation; in FY2016, we planted 231 trees in total, and obtained certification from Saitama Prefecture for the absorption of 6.9 tons of CO₂ emissions.



Saitama Prefecture’s certification scheme for volume of CO₂ absorption by forests

● Activities scheduled for FY 2017

- April: the “Fifth G-TEKT Forestation” tree-planting activities (completed)
- Late September: the “Sixth G-TEKT Forestation” brush clearing activities



Signing ceremony of Saitama Prefecture Forestation Agreement
 Photo (from left): G-TEKT Chairman (then President) Toshitsugu Kikuchi, Saitama Governor Ueda, Tokigawa-cho Mayor Sekiguchi



“Fourth G-TEKT Forestation” brush clearing activities



President Takao planting *Rhododendron dilatatum*, a commemorative tree

█ Lake Biwa Forestation Partnership Agreement

● Signing of Agreement

Shiga Plant
 On December 10, 2014, Shiga Plant entered into a “Lake Biwa Forestation Partnership Agreement” with Shiga Prefecture and Ohno Forest Property Ward Management Association.

● Activities and Achievements

At Ohno Forest in Tsuchiyama-cho, Koka City, Shiga Prefecture
 On March 3, 2017, we engaged in the “Third Lake Biwa Forest Partner” forestation activities. Fifteen young trees of Japanese cherries were planted with the participation of 15 employees of Shiga Plant. A net was installed around the area to keep deer and other animals from the new trees.



“Third Lake Biwa Forest Partner” forestation activities.



social contribution activities

Social Contribution

We will continue to make social contributions that can be passed on to the next generation through coexistence with the local communities.

Efforts in Japan

Each of the business locations is engaging in various activities, recognizing the importance of interacting and mutually developing with the people of the local communities.

Shiga Plant

The plant took part in cleaning activities that are carried out as a joint effort among the corporations and governments of Konan City and Koka City on "Lake Biwa Day" and "Environmental Beautification Day", which are established by Shiga Prefecture through a municipal ordinance. In terms of local environmental beautification campaigns, 23 employees participated in cleaning activities around Ohzuchi Dam.



Shiga Plant: Local environmental beautification activities

Tochigi Plant

The Tochigi Plant participated in activities to clean the park on the bed of Kinugawa River. 30 employees of the plant participated and cleaned the park and the river bed. In an effort to beautify industrial complexes, employees also participated in the Omaruyama Park Resuscitation Basic Plan in Sakura City.



Tochigi Plant: Kinugawa River bed and park cleaning activities

C&C Tochigi

In the Great Kinugawa River and Kokaigawa River Cleaning Effort, 26 employees participated in river bed cleaning activities. Employees also take part in periodic cleaning activities in Soft Research Park Joho-No-Mori once every month.



C&C Tochigi: Kinugawa River and Kokaigawa River cleaning activities

Hamura Plant

Employees participated in Hamura City's anti-littering and etiquette improvement activities and distributed awareness goods near Hamura Station. For the second year in a row, employees also took part in the "Full of Flowers Project", cleaned and removed weeds from roadside flower beds.



Hamura Plant: Employees removing faded flowers

Saitama Plant

Employees of the Saitama Plant engaged in tree-planting activities at Mt. Yumitate as part of the efforts to enhance biodiversity, and participated in brush-clearing activities.



Saitama Plant: Tree-planting activities

Gunma Plant

11 employees participated in the Kanayama cleaning project hosted by the SUBARU Community Exchange Association. The event was a big success with 820 participants taking part in weed removal activities, exceeding last year's 800 participants. In the Full of Flowers Project, 120 flower seedlings were purchased three times during the year and were planted in the ground within the factory premises.



Gunma Plant: Kanayama cleaning activities

Overseas Efforts

The Company is engaging in environmental conservation activities not only in Japan, but also in North America, Europe, Asia, China and South America while holding one Environmental Safety Conference in each region. We are also engaging in activities that contribute to local communities in each region. In North America, along with the activities introduced in the Feature Article on pages 9 and 10, our employees take part in charity auction and tree-planting projects. In Europe, we have been implementing employment support, community welfare and local environmental activities. In China, energy conservation and CO₂ reduction efforts are under way, along with social contribution activities. In South America, we also actively promote environmental improvement projects while engaging in social welfare activities, such as donating to children's welfare facilities.

Europe



Charity cake sale



Student programs (plant visits, etc.)



Support for a local youth club (employee repairing fence welding)

China



Hosting a Japan-China friendly match at a basketball court in a development district



Making funding contributions to a local elementary school



Commending outstanding students and supporting students in need

South America



Holding a cavity prevention class at an orphanage with a dental hygienist



Donating toothbrushes and hygiene products



Organizing a cancer awareness seminar to employees

Asia



Tree-planting activities near Wan Bong Dam



Purchased 1 ton of rice to support local farmers



Donated food packages to four neighboring villages



third party an opportunity to submit

Third-Party Opinion



Kazuhiro Bai

Professor, Faculty of Economics and Business
Administration and Graduate School of
Economics and Business Administration, Reitaku
University
Deputy Director, Business Ethics and Compliance
Research Center, Reitaku University
Ph. D. (Management)

Assumed position as a faculty member of Reitaku University in 2001 and has been with the university ever since. Vice-President, ICBM (International Conference on Business Management); Member, Japan Federation of Management Related Academies, etc. 2008: Visiting Professor, Faculty of Business, Bond University (Australia); Author of numerous publications, including “Outlook on CSR Accounting”, (Moriyama Shoten), “Deployment of Financial Reporting Theory Based on Global Governance”, “CSR Management Control”, and “Requirements for Corporate Survival: Five Basic Rules for Overcoming Environmental Changes” (all from Reitaku University Press).

G-TEKT Corporation (hereinafter “the Company”) has adopted “G4-20”, as its 2020 Vision and summarized, in the form of a “CSR Report”, its initiatives aimed at sustained growth and evolution. The following is a third-party opinion from the perspective of promoting CSR accounting, which is designed to quantify CSR activities, and business continuity.

Aspects to Be Lauded

What is praiseworthy about this Report is that, first of all, it clearly expresses the Company’s views on CSR activities based on the relationship between CSR activities and its corporate activities.

The fact that the Company added “innovation in three fields”, and the universal goal of “sustained growth and evolution” to “2020 Vision”, which is defined as the Company’s goal (pp. 3 to 4), demonstrates the Company’s strong belief in forging ahead with business activities by enhancing its CSR activities, as well as its commitment to creating a corporate culture of strengthening its business structure and aiming for sustainable growth based on its medium- and long-term vision. Second, the inclusion of a global perspective deserves recognition. The report explains the circumstances leading up to the establishment of the “Global CSR Conference”, a forum for discussing overall CSR themes (pp. 3 to 4), and the description of the efforts to link the Conference with the expansion of CSR activities on a global scale is very fascinating (Feature Article 2: pp. 9 to 10). The Company’s global CSR activities, which are linked to its social contribution activities in North America, one of the Company’s most important bases of operation, will not only promote various company-wide efforts but also serve as a role model for other companies aspiring to realize a sustainable global society.

Finally, the Report should be highly commended for its structure in which the Company’s commitment to CSR is developed into the “Third Medium-term Management Policy”, a strategy for advancing CSR activities at an accelerated pace (Feature Article 1: pp. 7 to 8), and which then takes the discussion to concrete initiatives starting with corporate governance (p. 11 and onward). This structure reflects the Company’s efforts to directly face the challenge of “coming up with creative ideas (mechanisms) to further boost its power to appeal to stakeholders”, and “providing an easy-to-understand explanation in concrete terms of the relationship between the accomplishments of individual CSR activities and the Company’s business performance and operational improvements”, which were pointed out in the previous year. The Company’s CSR efforts are evolving year by year, and its CSR report is playing an effective role as a communication tool to convey the progress made in the Company’s CSR activities.

Improvements Expected

Since this Report includes the expansion of global CSR activities as an important keyword, I would like to focus on this point to indicate some areas that need improvement for the future. Today, corporations conducting business worldwide tend to apply an accounting standard that best suits the company, and it is difficult to conduct a proper performance evaluation of a global corporation. Against this backdrop, there is an increasing interest in Alternative Performance Measures (APMs), which disclose information in an easy-to-understand manner by correcting distortions in financial statement values caused by accounting standards. Explaining the relationship between CSR activities and business activities in easy-to-follow terms is essential to enable business-to-business performance comparisons. When looking at the prospect of global business expansion, it will be even more important in the future to consider developing APMs, the relationship between CSR activities and APMs, and disclosing APMs as key performance indicators (KPIs). I look forward to seeing the Company forge ahead with its unique CSR activities with the aim of achieving the 2020 Vision while considering these additional issues.

In Response to the Third-Party Opinion

Corporate Business Planning Division

I would like to thank Dr. Bai for his valuable comments and opinions on G-TEKT Corporation’s CSR Report 2017.

Last year, as we formulated our next Medium-term Plan, we moved forward with activities such as incorporating material issues identified into our business plan and revamping our structure with the aim of advancing CSR activities in a systematic manner, among other things. In CSR Report 2017, it was a challenge communicating our efforts to our stakeholders, but we were very encouraged when we received feedback from Dr. Bai that the Report is serving as an effective communication tool.

Going forward, we will continue to respect the feedback received on areas that need improvement and actively push ahead with our CSR activities, and strive to enhance the Company’s CSR Reports so that our stakeholders will gain a better understanding of our activities.

G-TEKT Corporation

Omiya JP Building 18F
1-11-20, Sakuragi-cho, Omiya-ku, Saitama City, Saitama Prefecture,
330-0854 Japan
Phone: +81-48-646-3400 (main line)

<http://www.g-tekt.jp/english/index.html>



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