



## CSR Report 2018

G-TEKT Corporation





# Shape the Future

We are Shaping the future of people, automobiles and the Earth.

## Our Gredo

Respect human  
dignity

Cutting-edge  
technology

Sound corporate  
management

## Code of Conduct

- Strive for self-development under the motto of admiration and mutual trust
- Provide high-quality, low-cost products using cutting-edge technologies
- Be independent and use knowledge and agility to give back to society

## Management Vision

To be a company that truly satisfies customers around the world and that contributes to a low-carbon society by combining cutting-edge technologies with technologies for delivering high-quality, low-cost products

## Fundamental Policies on CSR

The Company will help solve social issues through business activities and seek to achieve sustained growth together with society.



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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 and Standards
- United Nations Global Compact
- Ministry of Environment "Environmental Reporting Guidelines 2012"

### Period Covered

FY2017 (April 1, 2017 to March 31, 2018)  
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 2018 (Next issue scheduled for June 2019)

### Contact Information

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We will realize a sustainable society  
as a company that “shapes the future”

**Naohiro Takao**, President Chief Executive Officer

## Review of financial results for FY2017 (Seventh fiscal year)

The financial results for the fiscal year ended March 31, 2018 were: net sales in the amount of ¥219.8 billion (year-on-year increase of ¥13.7 billion), operating income of ¥14.3 billion (year-on-year decrease of ¥0.1 billion), ordinary income of ¥14.6 billion (year-on-year increase of ¥0.2 billion) and net income attributable to owners of parent of ¥11.5 billion (year-on-year increase of ¥1.8 billion). Although the plan at the beginning of FY2017 had anticipated a temporary decrease in the sales of non-mass-produced items and thus projected a year-on-year decrease in both sales and profits, we managed to post increased sales as well as profits, as a result of net sales being pushed up by brisk sales in China and the European region, combined with the impact of the exchange rate. The G-TEKT Group is currently forging ahead with its medium/long-term growth strategy, in which the targets set for the consolidated financial results for FY2021 (11th fiscal year) are ¥300 billion in net sales and ¥20 billion in operating income. We were able to make a smooth start in FY2017, the first year of the three-year Medium-term Plan, which is regarded as a period of preparation for achieving these targets.

(Hundred million yen)

	FY2016 (actual)	FY2017 (actual)	FY2018 (forecast)
Net sales	2,061	2,198	2,450
Operating income	144	143	171
Ordinary income	144	146	170
Net income attributable to owners of parent	97	115	116



## What are CSR Activities for G-TEKT?

In recent years, expectations placed in corporate social responsibility (CSR) have become higher and higher. Such responsibility cannot be fulfilled without healthy corporate management. We believe that, namely, CSR activities essentially consist of a cycle in which contributions are made to solve social issues through core operations and such contributions result in an increase in corporate value.

G-TEKT's corporate slogan "Shape the Future" indicates our approach to fulfilling our responsibility towards realizing a sustainable society while achieving sustained growth ourselves.

In the core operations of G-TEKT, which is an automotive body manufacturer/distributor,

reduction of weight and improvement of rigidity of automotive bodies that lead to better fuel efficiency is an important theme in terms of environmental conservation. Even in the trend towards electric vehicles (EV), in which internal-combustion engines are replaced with motors, reduction of body weight is indispensable for increasing the distance to empty.

G-TEKT's basic stance on CSR activities is to contribute to the solution of the social issue of environmental conservation and realize corporate value and social value simultaneously, in pursuit of advanced technologies that shape the ideal automotive body.



## Four material issues that have been identified

In 2016, G-TEKT identified the following four material issues for the purpose of understanding the social impact of its business activities and managing them in the context of CSR: "Enhancement of corporate governance"; "Talent development"; "Development of environmentally-friendly products and technologies"; and "Environmental management".

"Enhancement of corporate governance" is mandatory for the sustained growth of a company. "Development of environmentally-friendly products and technologies" is the core element of social value to be realized by G-TEKT. "Environmental

management" is a duty that must be fulfilled by the manufacturing industry. G-TEKT is working to address each of these issues as a matter of high priority. Among the four material issues, "Talent development"—which involves training of staff who will play the principal role in dealing with these issues—is a theme on which most of our efforts are currently focused.

As part of the "Human resources innovation" based on its medium/long-term growth strategy, G-TEKT has reviewed its personnel evaluation system and adopted a new talent development

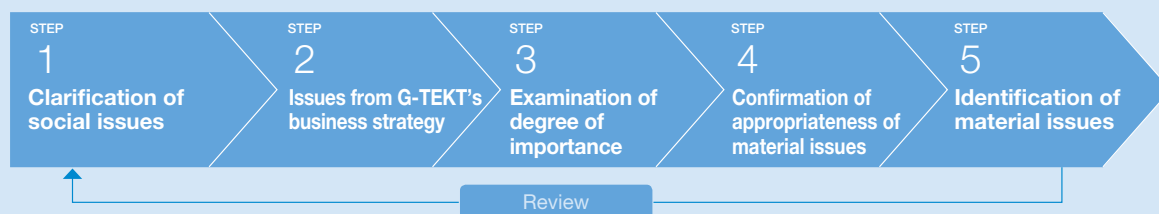


program. In addition, we will promote improvements in productivity per employee from FY2018 onwards. This will not be limited to improving the operational efficiency of production sites and technological development; it will also involve making the respective roles of all employees more sophisticated,

including those of the administration division. Employees will be given support at the company level to make self-improvements by utilizing the extra time created as a result of higher productivity, so that it will lead to the development of talent for the “creation of new value”.

## Process for Identifying Material Issues

We believe that the G-TEKT Group should engage in business activities while understanding the social impact of its business activities, managing the possibility of having such an impact as well as controlling the impact itself. Based on such view, we identified the material aspects as of 2016 in consideration of the characteristics of G-TEKT’s business, while seeking the opinions of stakeholders. 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



### Enhancement of corporate governance

We recognize that in particular, the enhancement of the Group's governance and the maintenance of a sound governance structure are extremely important issues for G-TEKT, a global corporation with affiliates all over the world. Given this, in addition to the periodical reviews of states of governance structures in our domestic and overseas subsidiaries by using a checklist, etc., we share issues and plan to implement improvement measures between the headquarters and those subsidiaries, with the goal of maintaining and enhancing the level of governance.



### Talent development

A company cannot grow without growing its people. We put a great deal of effort into company-led talent development at G-TEKT, where various talent development programs are available for all employees from new to experienced ones. To be a company that undergoes sustained growth and evolution, G-TEKT is committed to treating each and every employee as an individual.



### Development of environmentally-friendly products and technologies

Automobiles created from G-TEKT's business are one of the products that require utmost consideration for the environment. In particular, the fuel efficiency of an automobile is greatly influenced by its weight, so reduction of body weight is a major challenge. At G-TEKT, we manufacture products with a low environmental burden by reducing the body weight without compromising its performance by applying G-TEKT's proprietary design concepts and weight reduction technologies.



### Environmental management

In order to realize a sustainable society, the task of tackling climate change risks is a major corporate social responsibility. G-TEKT not only proactively engages in initiatives to reduce greenhouse gas (GHG) released through its businesses in a systematic manner, but also endeavors to reduce the environmental burden in the value chain.



## CSR issues in future business operations

G-TEKT's global network currently consists of 21 subsidiaries/affiliates, 29 plants, one R&D center, two R&D facilities and two research offices in Japan, China, Asia, North and South Americas and Europe (as of the end of May 2018). For G-TEKT, which is seeking to further expand its global

business operations in the future, we recognize that the priority issue in the context of CSR is the “enhancement of Group governance”.

In FY2017, the in-house Compliance Committee played a central role in establishing the “Global Fundamental Policies on Compliance”. In FY2018,



we will build a robust Group governance structure required of a global enterprise by reviewing rules and regulations at each overseas business location in accordance with the “Global Fundamental Policies on Compliance”.

Another CSR issue to be addressed by G-TEKT going forward is the “enhancement of information

disclosure”. We intend to proactively disclose not only financial information but also information in the non-financial domain that covers corporate activities in a comprehensive manner, in order to improve the transparency of management and build a strong relationship with stakeholders based on trust.

## Relationship between G-TEKT's business activities and Sustainable Development Goals (SDGs)

The United Nations-led Sustainable Development Goals (SDGs) set for 2030 are regarded as a benchmark that we should place importance on when portraying the future vision of G-TEKT. As described at the beginning of this CSR Report, we will fulfill our responsibility towards realizing a sustainable society while achieving sustained growth ourselves, in accordance with our corporate slogan “Shape the Future”. G-TEKT's ideal way to solve social issues is in consistent with creation of the future sought by SDGs.

SDGs consist of 17 goals set on a field-by-field basis, as well as 169 targets (to measure the level of achievement), but not all of these goals are within the scope of efforts to be made by companies that have adopted SDGs. G-TEKT

believes that it can help achieve SDGs by realizing a number of highly relevant goals through its efforts in tackling the aforementioned four material issues. In particular, goals such as “AFFORDABLE AND CLEAN ENERGY”, “DECENT WORK WITH ECONOMIC GROWTH”, “INDUSTRY, INNOVATION AND INFRASTRUCTURE”, “RESPONSIBLE CONSUMPTION AND PRODUCTION” and “CLIMATE ACTION” may be deemed to be highly relevant. In this CSR Report 2018, we indicated the link between such SDG goals and our business activities.

G-TEKT will continue to meet the expectations of all our stakeholders at all times as a company that “shapes the future”.

## To Our Stakeholders

The G-TEKT Group has been issuing the CSR Report since 2015 for the purpose of disclosing information to its stakeholders and helping them gain a better understanding of its CSR activities. In this year's CSR Report, we have made conscious efforts to proactively disclose more information than ever before, in order to improve the company's transparency. We hope to continue being a trustworthy company by listening to our stakeholders' opinions and through the proactive execution of stakeholder engagement.

As a global business enterprise, we have also covered the status of many overseas subsidiaries/affiliates' activities in this CSR Report.

We will continue to help solve social issues through our businesses, and thereby improve our corporate value and achieve sustained growth.

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





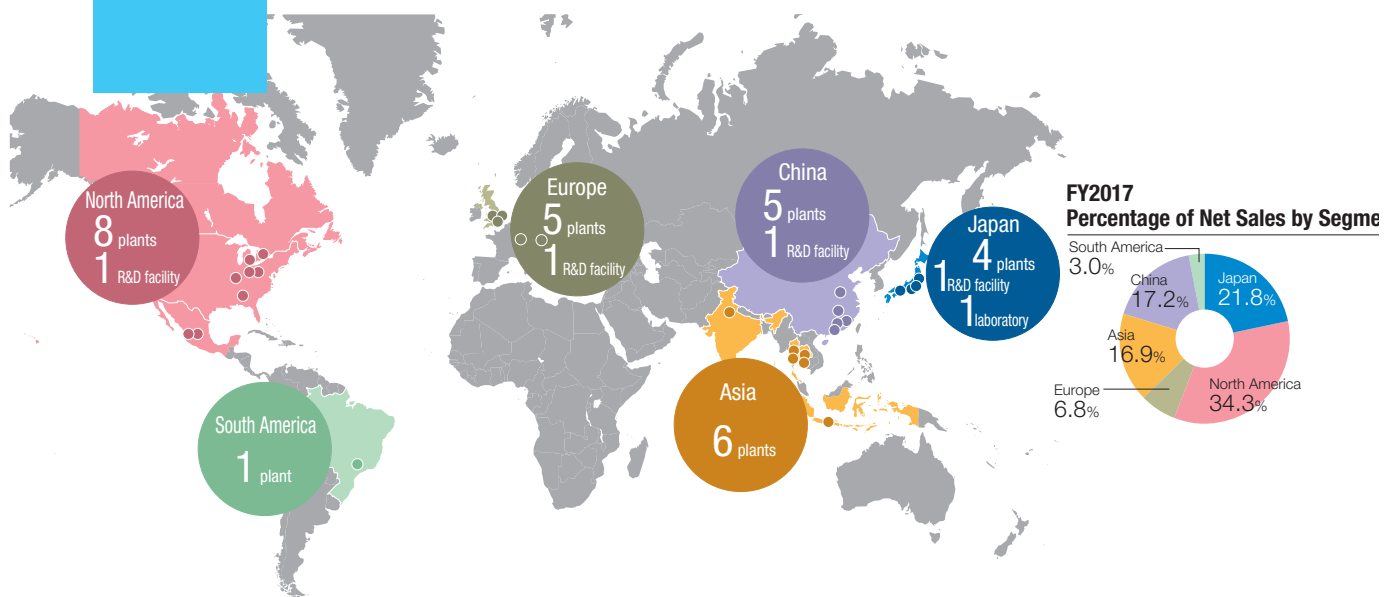
## Corporate data

### 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** 8,232 (Consolidated), 1,170 (Japan) (As of March 31, 2018)

### Global Network



### History

**June 1952** TAKAO KINZOKU KOGYO Co., Ltd. was established in Tanabe City, Wakayama Prefecture.

**November 1953** KIKUCHI CO., LTD. Kikuchi Body Kogyo, Ltd. was established at Mitaka City, Tokyo.

**November 1966** TAKAO KINZOKU KOGYO Co., Ltd.

Shiga Plant was established in Tsuchiyama-cho, Koka District, Shiga Prefecture (currently, Tsuchiyama-cho, Koka City, Shiga Prefecture).

**January 1969** KIKUCHI CO., LTD.

Hamura Plant was established and began operations at Hamura-machi, Nishitama District, Tokyo (currently Hamura City, Tokyo).

**May 1984** Joint venture by both companies

KTH Parts Industries, Inc. was established in the U.S. state of Ohio as a joint venture company involving five companies including KIKUCHI CO., LTD. and TAKAO KINZOKU KOGYO Co., Ltd.

**May 1988** Joint venture by both companies

Jefferson Industries Corporation was established in the U.S. State of Ohio, as a joint venture company involving three companies including KIKUCHI CO., LTD. and TAKAO KINZOKU KOGYO Co., Ltd.

**October 1996** TAKAO KINZOKU KOGYO Co., Ltd. KIKUCHI CO., LTD.

Jefferson Elora Corporation was established in Ontario, Canada.

**1997-1999** TAKAO KINZOKU KOGYO Co., Ltd. KIKUCHI CO., LTD.

Acquired ISO9001 certification.

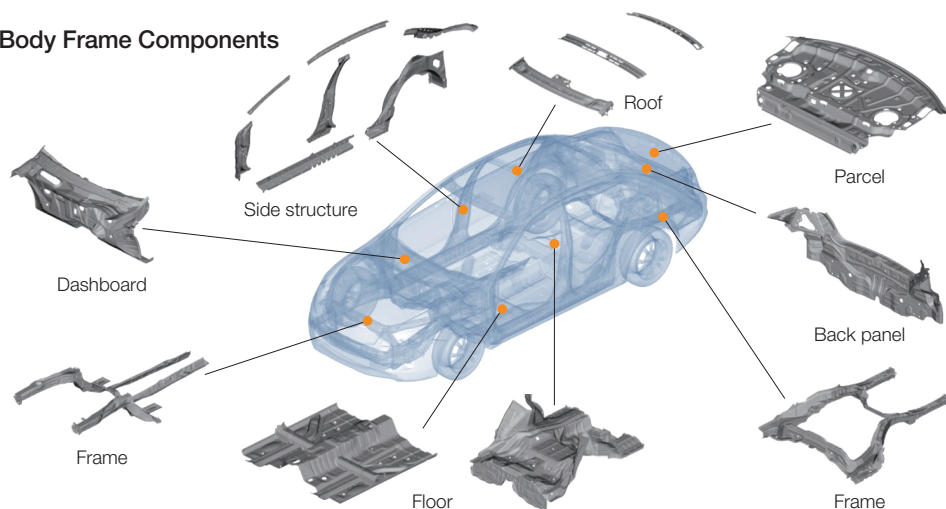
**1997-1999** TAKAO KINZOKU KOGYO Co., Ltd. KIKUCHI CO., LTD.

Acquired ISO14001 certification.



Main  
Components

## Auto Body Frame Components



## Transmission Components



July 2000

TAKAO KINZOKU KOGYO Co., Ltd.  
KIKUCHI CO., LTD.

Jefferson Southern Corporation was established in the U.S. state of Georgia.

October 2001

TAKAO KINZOKU KOGYO Co., Ltd.  
KIKUCHI CO., LTD.

Auto Parts Alliance (China) Ltd. was established in Guangzhou, Guangdong Province in China.

March 2005

TAKAO KINZOKU KOGYO Co., Ltd.  
KIKUCHI CO., LTD.

Wuhan Auto Parts Alliance Co., Ltd. was established in Wuhan, Hubei Province in China.

February 2008

KIKUCHI CO., LTD.

Acquired ISO/TS16949 certification.

April 2011

KIKUCHI CO., LTD. and TAKAO KINZOKU KOGYO Co., Ltd. merged. The trade name was changed to G-TEKT CORPORATION, and the headquarters were relocated to Saitama City, Saitama Prefecture.

December 2014

Listing changed to the First Section of the Tokyo Stock Exchange.

June 2015

Published first CSR Report.

March 2016

Issued G-TEKT's Supplier CSR Guidelines.

April 2017

Established an enhanced structure to promote global CSR activities.

April 2018

G-TEKT TOKYO LAB (GTL) was established Hamura City, Tokyo.





# Three Innovations

To clarify the challenges we need to overcome in the form of output of our 2020 Vision “G4-20”, we established management targets in concrete terms, i.e., to achieve ¥300 billion in consolidated net sales and ¥20 billion in consolidated operating income.

At G-TEKT, we are endeavoring to further enhance our corporate structure by aggressively promoting innovation in three fields which we have specified as the bedrock of our growth strategy to achieve these targets without fail—namely, “Technology”, “Sales” and “Human resources”.

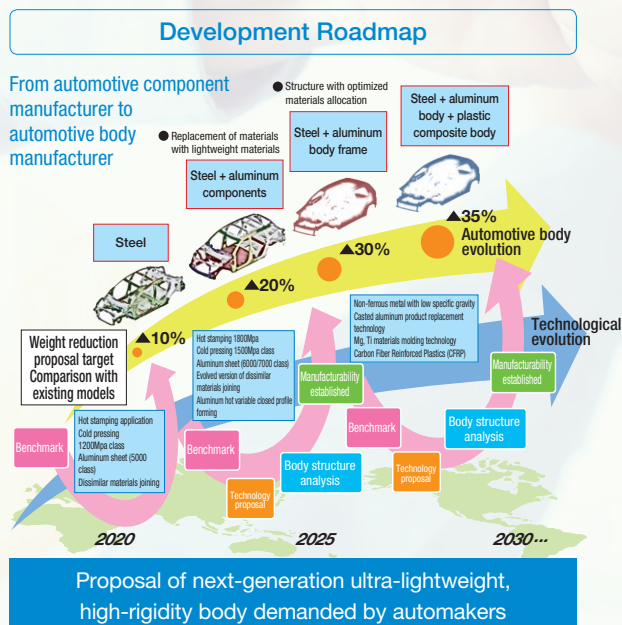
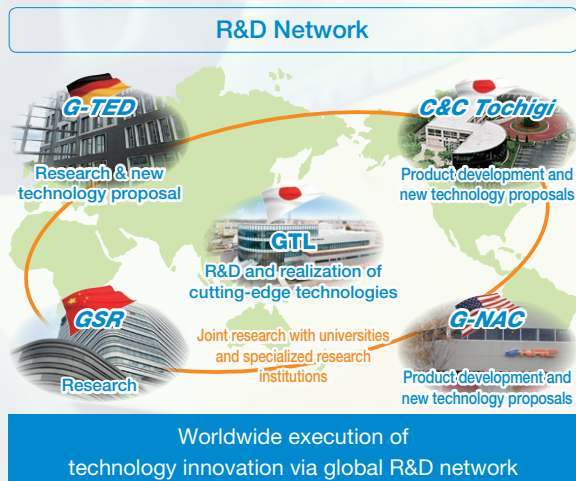
## 1 “Technology” innovation

### G-TEKT TOKYO LAB launched

In April 2018, the Group’s first full-fledged research & development laboratory “G-TEKT TOKYO LAB” (“GTL”) commenced operations with the aim of realizing G-TEKT’s technological innovation.

GTL, which is equipped with state-of-the-art experiment facilities, will serve as the central facility in the research and development (R&D) network spanning Japan, the U.S., Germany and China, in order to meet the needs of customers brought together from around the world with advanced technologies.

Now that the new GTL has been established, technological standards and development speed have been dramatically boosted at G-TEKT, which had long been refining its proprietary technologies to realize high automotive body performance in terms of both “reduced weight” and “improved rigidity”, which are mutually exclusive. As we speak, our researchers continue to take on the challenge of realizing next-generation lightweight, high-rigidity automotive bodies.





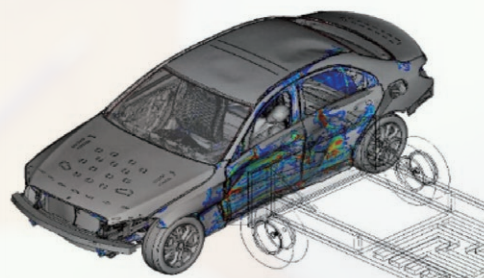
# that Accelerate Growth

## Evolution of collision simulation technology

In an automotive body, collision safety performance is important for protecting the lives of the people in the automotive in the event of an accident. If the automotive body is manufactured more robustly, it will make the vehicle safer but heavier, resulting in poor fuel efficiency. That is why the development of a lightweight, rigid body began. To assess the body's collision performance, automakers used to manufacture a prototype vehicle and assess its collision performance by actually performing crash tests, but due to the time taken and cost incurred, automakers have utilized virtual collision simulation in recent years.

G-TEKT spearheaded in adopting collision simulation technology that had been applied by

automakers and evolved this technology to such a level that simulated tests are no different from tests involving actual vehicles. G-TEKT is an "automotive body manufacturer" that can perform all processes from development to production of automotive bodies on behalf of automakers.

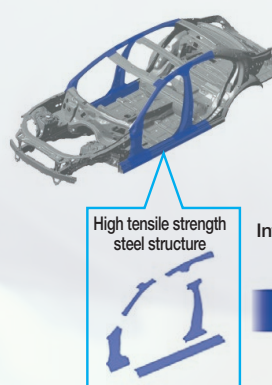


Collision simulation in accident scenario

## Integral molding technology based on hot stamping

Due to molding difficulty and rigidity problems, the sides of an automotive body are structurally divided into multiple components. At G-TEKT, however, we enabled integral molding of the door aperture by applying hot stamping technology that involves steel quenching and molding. Integral molding of the door aperture boosts the body's rigidity and enables further reduction in weight. Another advantage is that less capital investment is required as it allows cutbacks in the welding process.

We have succeeded in creating new value by integrating our proprietary press molding technology that we have nurtured over the years with advanced hot stamping processing technology.



Hot stamping processing



## Mass production of aluminum in Europe

Aluminum is useful for reducing the weight of automobiles, but aluminum press working involves molding difficulty and requires advanced technology. Moreover, for mass production of aluminum, a wide range of know-how is needed to carry out continuous processing. Lately, a European luxury car manufacturer has recognized G-TEKT's aluminum production technology and decided to place large orders for aluminum body components with us. In conjunction with this, we are currently building the Group's first aluminum mass production plant ("G-TES") in the Slovak Republic. The plant is scheduled to commence operation in June 2019.





## 2 “Sales” Innovation

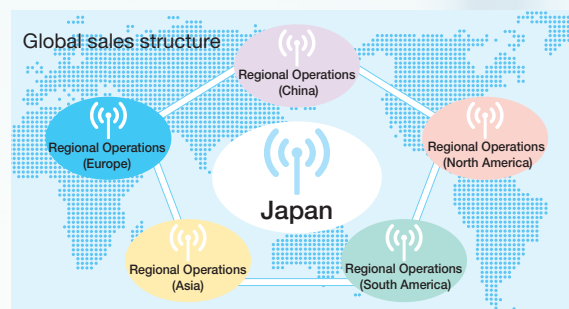
### Building a Global Sales Structure

We have revamped the existing individual region-led sales structure and transitioned to a global sales structure based on collaboration with each overseas region centering on Japan. Based on customers' needs identified by the “research network” spanning worldwide, the new Sales Planning Department established at the headquarters and “each region” collaborate with each other in planning the optimal sales strategy for each region.

We have also strengthened interregional connections and facilitated the sharing of information on customers' needs, as a result of which stand-alone sales activities have evolved into globally coordinated sales activities, while sales strategies

are being planned on an automaker-by-automaker basis.

By strengthening the global sales structure, G-TEKT will undergo sustained growth and evolution.



### Research Office in China, the World's Biggest Market

The G-TEKT Group has been putting efforts into building a global research network based on the view that it is important to have information that is not only up to date but also accurate, in order to promote “Technology innovation” and “Sales innovation” in its growth strategy. In particular, getting a grasp of trends in China—where the flow of information is sluggish despite its automobile market being the world's largest—has important implications for management decisions as well. For this reason, we opened a research office aimed at conducting market research and making technology proposals (“GSR”) in Shanghai in October 2017. GSR not only plans new sales strategies for the Chinese market, but also collaborates with the research facility in Germany and the development facility in North America that are already in place, to share information on ever-

changing trends in the automobile market within the entire Group. This research network plays a vital role in serving as an “antenna”, as the driving force for G-TEKT's growth strategy.



At present, two expatriate staff members and one local staff member are enthusiastically conducting market research.

### G-TEKT Brand

G-TEKT is not just a components manufacturer that produces and sells automotive components. G-TEKT is an automotive body manufacturer equipped with advanced technology and a global production network which can be entrusted with all processes from development to mass production.

We strive to be the one and only partner who can, together with automakers, conceptualize and realize the ideal automotive bodies they demand from the development stage. What we are selling is a brand called G-TEKT.

## 3

# "Human Resources" Innovation

## Reforming the Talent Development System

In order for a company to realize sustained growth while adapting to the business environment surrounding automobiles that changes at an inconceivable pace, it is important that each and every employee takes on challenges based on new ideas from a fresh perspective, without being bound by past success stories, conventional methodologies or common practices. G-TEKT aspires to be a company that accommodates and encourages such ideas on an organization-wide scale. Having already finished the introduction of a new personnel system and talent development system as well as digital tools to assist them, we have started implementing these systems and tools on a full scale. Going forward, we will cherish each and every employees' eagerness to learn and take on challenges, and will also develop "talent that creates new value" through proactive talent development in coordination with business strategies.



New employee training session



**Takeru Baba**  
General Manager, Human Resource  
Development Division, Corporate  
Management Operations

### Message from the General Manager in Charge of Human Resources

Based on the view that employees are important management resources for a company to continue achieving sustained growth, we regard employees as "talent", instead of "human resources." It is nothing but the growth of talent that will create the future of G-TEKT, and what takes place in our talent development system is purely development aimed at cultivating talent that can create the future.

For example, in the short-term overseas study program launched in 2013, we have increased the number of countries to which employees are dispatched (five countries at present). After the employees complete the language school course overseas, they are given the opportunity to experience foreign culture first-hand—not just language study—through internship with local staff at an overseas business location. A total of 25 employees have completed the overseas study program since its launch five years ago. The company's growth strategy is closely linked to talent development, as demonstrated by the fact that an employee with overseas study experience was dispatched as a member of the team at the research office in Shanghai shortly after returning to Japan. In addition, members who are proficient in a language, including those with overseas study experience, voluntarily take part in a program to help improve their colleagues' English skills and periodically make presentations about their own experiences, which has brought about a culture of learning together.

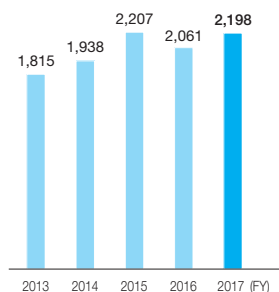
G-TEKT will proactively assist growth-seeking talent and install mechanisms for talented individuals to induce other employees around them to get involved as well, so that employees can truly acknowledge each other's growth, and in pursuit of self-fulfillment, create the next era based on self-initiative and teamwork.



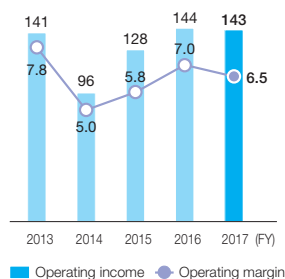
# Financial and Non-financial Highlights

## Financial Highlights

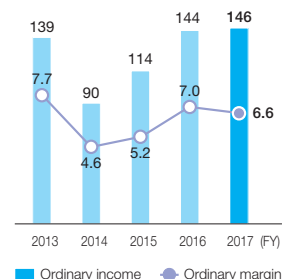
Net sales  
(Hundred million yen)



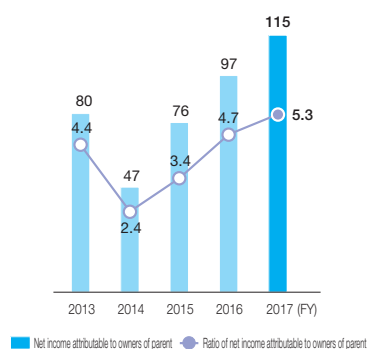
Operating income (Hundred million yen)  
Operating margin (%)



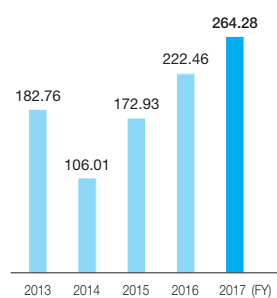
Ordinary income (Hundred million yen)  
Ordinary margin (%)



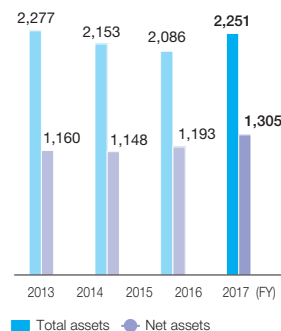
Net income attributable to owners of parent (Hundred million yen)  
Ratio of net income attributable to owners of parent (%)



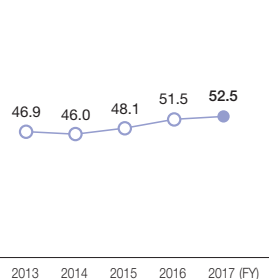
Profit per share  
(Yen)



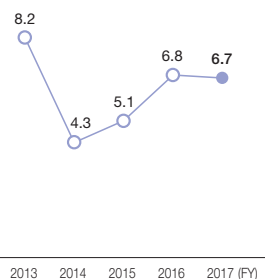
Total assets (Hundred million yen)  
Net assets (Hundred million yen)



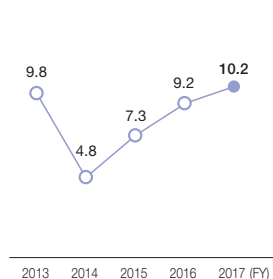
Equity ratio  
(%)



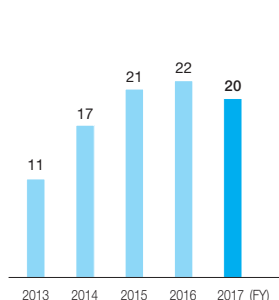
ROA  
(%)



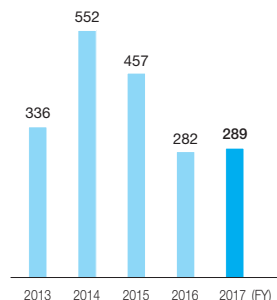
ROE  
(%)



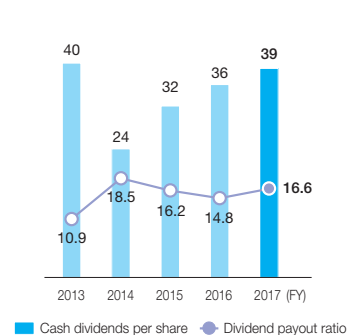
Research and development expenses  
(Hundred million yen)



Interest-bearing liabilities  
(Hundred million yen)



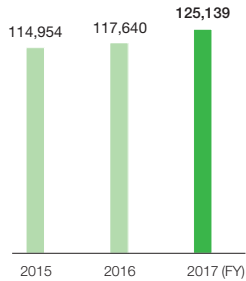
Cash dividends per share (Yen)  
Dividend payout ratio (%)



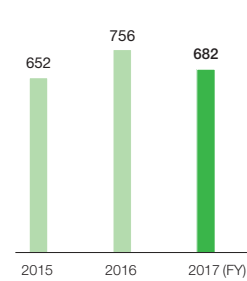
## Non-financial Highlights

### Environmental Indicators

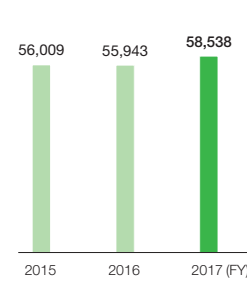
Greenhouses gas (GHG) emissions  
(t-CO<sub>2</sub>)



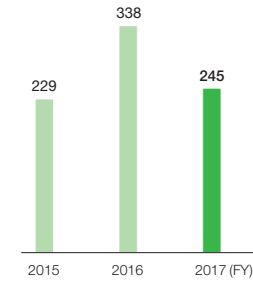
Weight of waste materials released  
(t)



Water usage  
(m<sup>3</sup>)

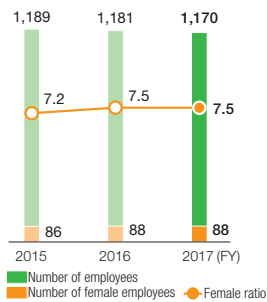


Environmental accounting (cost)  
(Million yen)

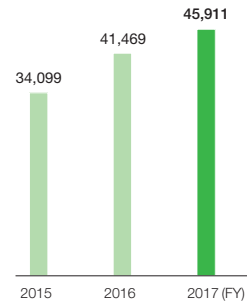


### Social Indicators

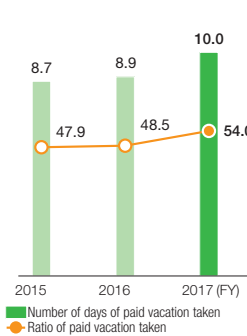
Number of employees (persons)  
Number of female employees (persons)  
Female ratio (%)



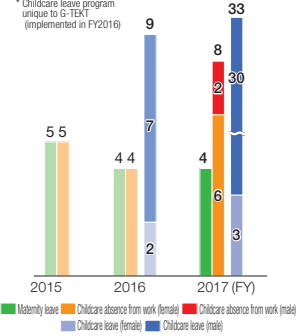
Education and training expenses per person  
(Yen)



Number of days of paid vacation taken (days)  
Ratio of paid vacation taken (%)



Number of employees taking childcare absence from work (persons)  
Number of employees taking childcare leave\* (persons)  
Number of employees taking maternity absence from work (persons)



### Other Non-financial Data

Classification		FY2015 (actual)March 31, 2016	FY2016 (actual)March 31, 2017	FY2017 (actual)March 31, 2018
Environment	Violations of environmental laws & regulations	Nil	Nil	Nil
	Environmental problems (accidents, contamination)	Nil	Nil	Nil
	Environment-related complaints	Nil	Nil	Nil
	Biodiversity conservation expenditure*1	¥3.30 million	¥3.45 million	¥4.08 million
Social	Number of foreign employees	11 persons	9 persons	7 persons
	Average monthly overtime hours	27.3 hours/month	26.0 hours/month	23.0 hours/month
	Personnel turnover rate	2.5%	3.2%	3.5%
	Number and ratio of disabled persons employed	22 persons, 2.0%	24 persons, 2.1%	25 persons, 2.1%
	Number of employees on leave due to accident	1 person	1 person	1 person
	Number of employees on mental health leave	8 persons	5 persons	9 persons
Governance	Expenditure on social contribution activities*2	¥4.65 million	¥8.43 million	¥4.71 million
	Expenditure on political donations and lobbying activities	¥0	¥0	¥0
	Measures against conflict minerals	Not applicable	Not applicable	Not applicable
	Whistleblowing incidents	19 cases	14 cases	27 cases
	Number of violations of domestic/overseas laws & regulations	Nil	Nil	Nil

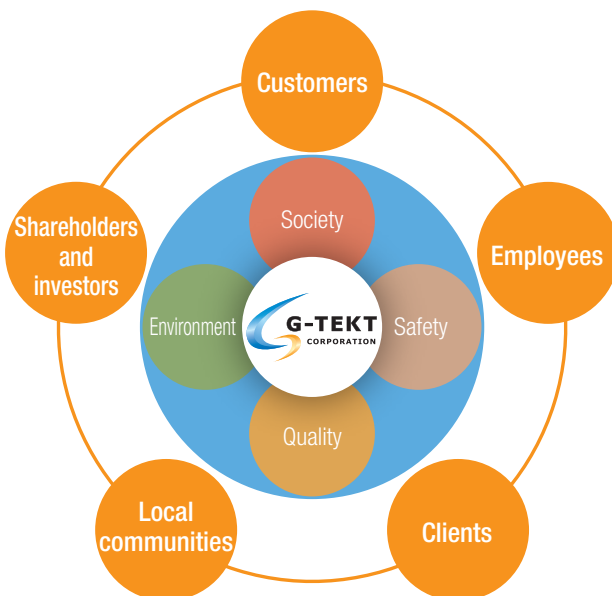
\*1: Included in environmental accounting \*2: External expenditure only



## Fundamental Policies on CSR

The Company will help solve social issues through business activities and seek to achieve sustained growth together with society.

### Relationships with 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.

#### 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.

#### 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.

#### 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.

#### 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.

In order to become a trustworthy company for which our stakeholders continuously hold high expectations, we have established "Our Code of Conduct" as the code of conduct to be followed by G-TEKT employees. Each employee ensures that he/she acts with full awareness as a member of society and a member of a company constituting a part of the automobile industry.

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

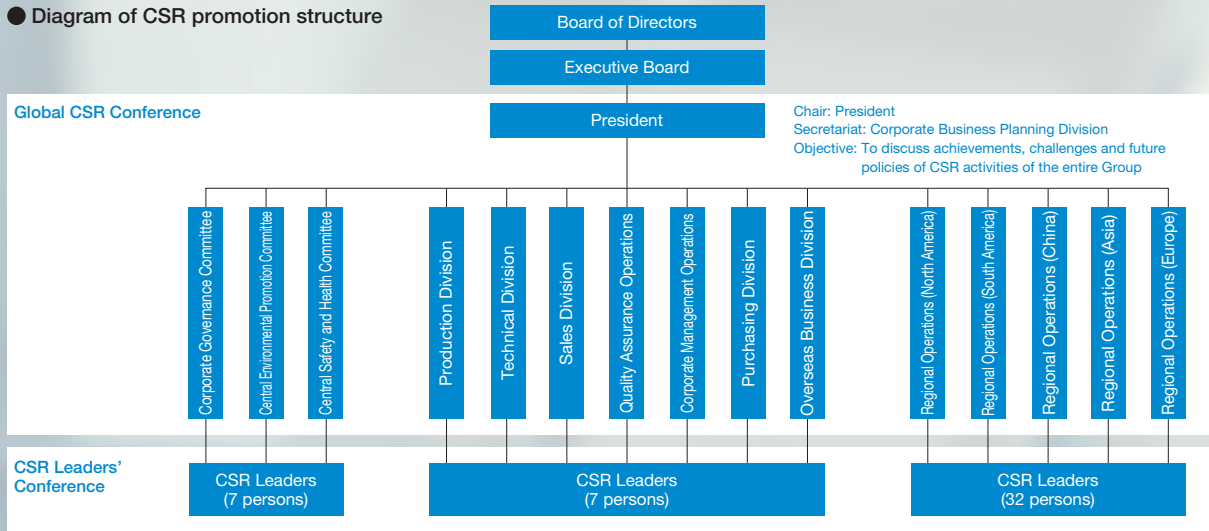
4 Basic Domains		Themes	CSR
<div>Engage in fair and transparent business activities by enhancing corporate governance</div> <div>Provide good quality products from a safe and comfortable environment</div> <div>Respect human resources, pay regard to human rights, and improve the work environment</div> <div>Contribute to the conservation of the global environment as well as to local communities</div>	Subdivided into 7 CSR themes	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.

## G-TEKT Group's Structure to Promote CSR Activities

G-TEKT is structured to promote CSR activities based on an organization that cuts across the entire Company, in which a total of approximately 60 CSR Leaders (including responsible persons and working-level staff) are assigned in Japan and overseas.

In addition to the "Global CSR Conference" held biannually in Japan, the "CSR Leaders' Conference" is held four times a year, for which a framework is in place to share CSR activities' achievements and challenges, distribute the materials and minutes of these Conferences to overseas CSR Leaders, and deal with matters as common issues.

### ● Diagram of CSR promotion structure



## Global CSR Conference

The biannual Global CSR Conference is a forum where members of the management team gather from Japan and overseas to discuss the achievements and challenges of CSR activities as well as future activity policies, etc. based on such achievements and challenges.

In the previous year, a CSR study meeting targeted at management was held at the Global CSR Conference with a lecturer invited from outside G-TEKT. In order to further instill CSR within G-TEKT, the secretariat plays a leading role in holding the "G-TEKT Internal CSR Activities Study Meeting". These events serve as an opportunity to deepen understanding of CSR and G-TEKT's CSR activities, and we will continue to hold them in a planned manner.



CSR study meeting targeted at management



Hidetsugu Kikuchi  
General Manager of Corporate  
Business Planning Division

### Interview with Officer in Charge of CSR

In 2014, we announced the Fundamental Policies on CSR for activities relating to Environment (E), Society (S) and Governance (G)—which had previously been conducted individually—and launched CSR activities corresponding to four domains and seven CSR themes. In 2015, we summarized these activities in the CSR Report and published it as non-financial information. This is the fourth year for the CSR Report. In the meantime, in an effort to improve corporate value by bringing CSR activities closer to business activities while striking a balance between them, CSR self-inspections were launched, material issues were identified by the management, and regulations and structures were developed as a company-wide initiative, among others. Going forward, we will continue to find weak spots in activities and rectify them, and promote activities to deepen our stakeholders' understanding. We will also endeavor to further enrich the content of this CSR Report as a communication tool, so that our CSR activities will be understood widely by the general public.



## Corporate Governance

As a global business enterprise, we are endeavoring to raise the standards of governance on a group-wide scale.

### 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.

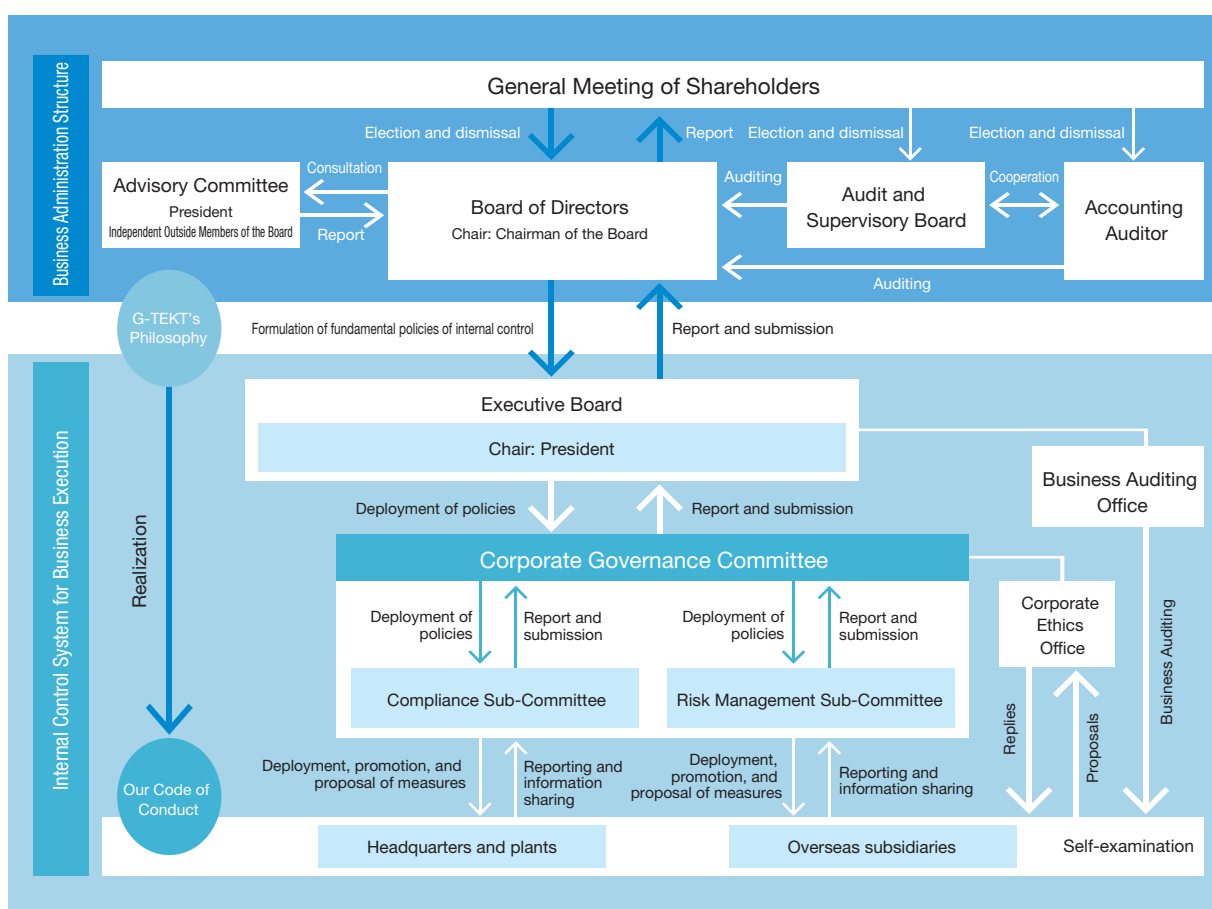
**URL** To view our Fundamental Policies on Corporate Governance, please check the following link:  
[https://www.g-tekt.jp/company/pdf/governance\\_guideline.pdf](https://www.g-tekt.jp/company/pdf/governance_guideline.pdf)

### Compliance with the 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.

**URL** To view our Corporate Governance Report, please check the following link:  
[https://www.g-tekt.jp/company/pdf/governance\\_report.pdf](https://www.g-tekt.jp/company/pdf/governance_report.pdf)

### Corporate Governance Structure



## Functions and Composition of the Board of Directors

At G-TEKT, the Board of Directors is regarded as the decision-making body for management policies and strategies for the future as well as an operations oversight body. The Board of Directors, which consists of nine Members of the Board (including two Outside Members), is convened periodically or whenever necessary. The Chairman of the Board—whose principal role is to oversee management—presides over the Board meeting, where resolutions are passed in regards to matters prescribed by laws and regulations, the Articles of Incorporation and the Rules of the Board of Directors and important management decisions are made. The Board of Directors also receives reports on operations from each Member of the Board and executive officer, and performs monitoring and supervisory functions.

G-TEKT has also established the Board of Directors' Advisory Committee, which is mainly comprised of the President and Independent Outside Members of the Board. The advice of the Advisory Committee is sought as appropriate by the Board of Directors with respect to important agendas such as the selection of candidates for officers.

The term of office of Members of the Board is set at one year, so that the management structure can be formed flexibly in response to changes in the business environment.

## Functions and Composition of the Audit and Supervisory Board

G-TEKT has adopted an audit and supervisory board system. The Audit and Supervisory Board is comprised of four Audit and Supervisory Board Members (consisting of two fulltime Members and two Outside Members), who attend meetings of the Board of Directors in accordance with auditing policies, division of operations, etc. determined at the meeting of the Audit and Supervisory Board. Audit and Supervisory Board Members also investigate the status of operations and assets, and audit the performance of duties of Members of the Board in collaboration with the Accounting Auditor.

## Independence of Outside Members of the Board and Outside Audit and Supervisory Board Members

G-TEKT appoints persons who fulfill the criteria for independence stipulated by the Tokyo Stock Exchange as independent outside officers.

## Efforts to Enhance Corporate Governance

In order to strengthen the management structure to enable rapid response to changes in the business environment, we have required that officers in charge of execution of operations be executive officers hired under a delegation agreement (with a term of office of one business year) and clarified their respective roles and responsibilities for the execution of operations. Furthermore, in an effort to accelerate the management decision-making process, we have established the Executive Board consisting of members who are ranked equal to or higher than division directors as an organ that deliberates matters before the Board of Directors. Having streamlined the Board of Directors by reducing the number of Members, we have adopted a system of appointing multiple Outside Members of the Board and built a structure that focuses on the function of monitoring and overseeing the direction of management and the execution of operations by Members of the Board.

Lately, self-evaluation of the effectiveness of the Board of Directors which is conducted each business year has served as a good opportunity to perform periodic structural review. We are also promoting the establishment of global governance in consideration of the importance of group-wide administration including not only Japan but also overseas.

## Evaluation of Effectiveness of the Board of Directors

G-TEKT conducts a questionnaire survey targeted at Members of the Board who constitute the Board of Directors and Audit and Supervisory Board Members on the effectiveness of the Board of Directors, and shares the survey findings with the Board of Directors. Going forward, we will look into measures to make further improvements to raise the effectiveness of the Board of Directors based on the survey findings.

## Efforts to Establish Global Governance

G-TEKT and its subsidiaries share the basic approach to corporate governance and are enhancing the autonomous and responsible corporate governance structure tailored to the laws and regulations of each country, the local business environment, etc. Furthermore, responsible persons at the subsidiaries are appointed as members of G-TEKT's Compliance Sub-Committee and Risk Management Sub-Committee, with the aim of improving compliance and risk management of the G-TEKT Group as a whole.

In the field of compliance, the Corporate Governance Committee assists in building a corporate governance structure at overseas subsidiaries. In addition, we have established fundamental policies against bribery, cartels, forced labor and child labor at all entities within the Group. In the field of risk management, we have prepared a risk map with respect to each country where G-TEKT has a presence, based on which measures against serious risks are being promoted.



## CSR activities

### Corporate Governance

## Compliance and Risk Management

### Compliance Structure and Risk Management Structure

G-TEKT has established the Corporate Governance Committee consisting of a compliance officer and risk management officer in-house, for the purpose of building a sound business operation structure that complies with various relevant laws and regulations upon promoting business activities and is capable of properly tackling conceivable business risks. We have also established the Compliance Sub-Committee and Risk Management Sub-Committee which consist of the respective officers and working-level staff in charge, in an effort to develop compliance and risk management structures.

### Compliance Efforts

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.



“Our Code of Conduct”

### Risk Management Efforts

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, companywide measures regarding risk management issues, and horizontal deployment of measures.

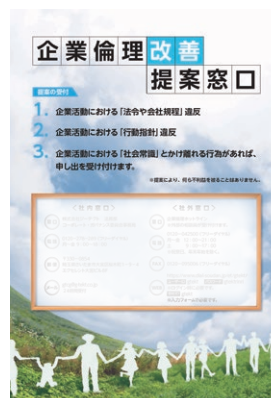
### Formulation Status of Business Continuity Plan (BCP)

With a strong awareness of our corporate responsibility (social responsibility), we are implementing, maintaining and managing a business continuity plan (BCP) that we have formulated at each business location in Japan, in order to quickly resume the supply of merchandise and provision of services, and to protect the interests of our stakeholders (e.g., customers, suppliers, local communities, shareholders, employees) even under difficult circumstances in the event of a large-scale disaster.

### Establishment of Two Corporate Ethics Offices (Corporate Ethics Hotlines)

We have established an internal whistleblowing office to take calls from employees seeking advice and receive proposals on various problems that arise at the workplace, in addition to violations of laws and regulations and breaches of internal regulations and the Code of Conduct in corporate activities.

Also, in order to develop an environment where it is easier to seek advice, we have established an external advisory office where an adviser outside of G-TEKT receives calls. Proposals are also accepted anonymously to protect the proposer, so that he/she will not be subject to unfair treatment.



Corporate ethics hotline

## Information Security

### Objectives and Fundamental Policies on 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

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.

## Stakeholder Engagement

### Communication with Shareholders and Investors

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.

A plant visit for shareholders

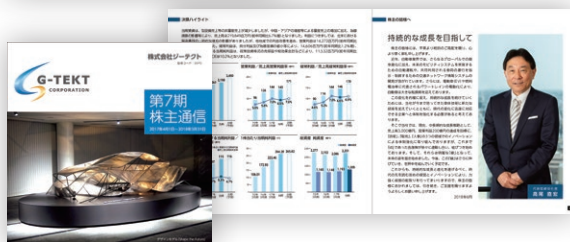


IR website



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

Shareholder Newsletter





## CSR activities

### Environmental Approach



## Environmental Management



G-TEKT is endeavoring to reduce its environmental burden associated with its business activities, based on the view that conservation of the global environment is a matter of top priority.

### 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.

## G-TEKT Group's Fundamental Policies on Environmental Management Structures

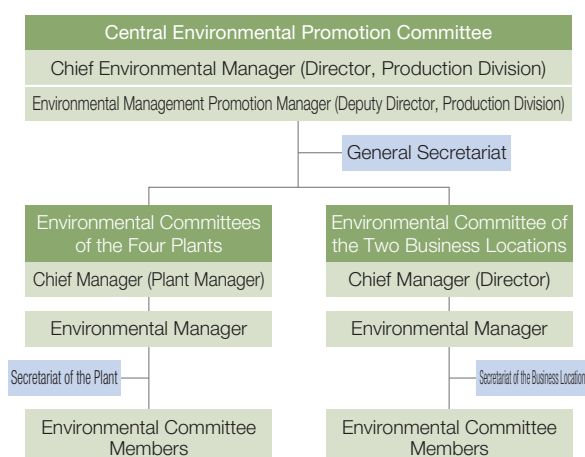
G-TEKT considers the global environmental issue to be a problem of the highest priority that should be addressed by a company and has been working to acquire the ISO 14001 environmental management system (EMS) certification since 1998. Each plant is making ongoing efforts to promote environmental compliance 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.

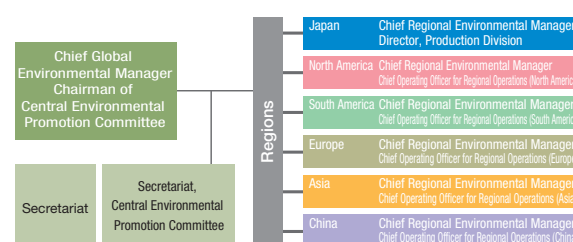
Last year, we worked on transitioning to the revised 2015 ISO14001 at each business location to address environmental management more strategically. Consequently, we completed the transition of the certification at all domestic and overseas business locations (100%) as of April 2018.

Furthermore, since April 2017, we have been holding the "Global CSR Conference" periodically 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.

G-TEKT Domestic Environmental Management Structure



Global Environmental Management Structure



Percentage of sites with ISO14001:2015 certification (based on number of business locations)

Japan: 67%

Overseas: 83%

\* All production plants in Japan have transitioned to the revised ISO14001:2015 (100%).

## G-TEKT Environmental Road Map

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]

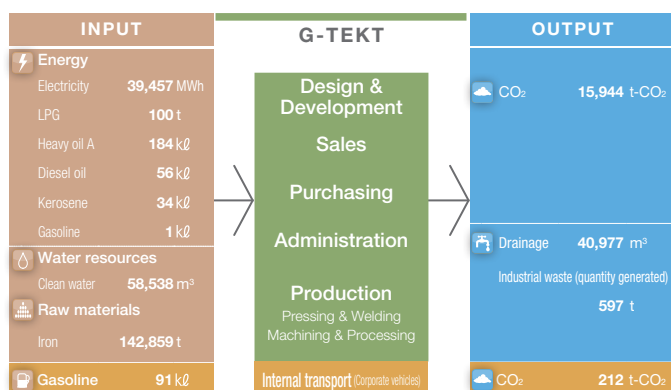
Reduction of environmental burden and  
environmental risks

### [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	Third Mid-term Target and Actual Figures		
			FY2017	FY2018	FY2019
Production	Reduction of greenhouses gas (GHG) emissions per unit of sales	Target	Improve by 9% (from FY2013)	Improve by 9% (from FY2013)	Improve by 9% (from FY2013)
		Actual	Improved by 2.3%		
		Assessment	×		
	Reduction of usage of water resources	Target	Make preparations to set target	Set target and implement reduction activities	Continue reduction activities
		Actual	Researched past results		
		Assessment	◎		
Environmental management	Prevention of noise, vibration, water pollution, soil pollution, atmospheric pollution, waste disposal, and other environmen- tal problems	Target	Comply with environmental laws and regulations Achieve zero leakage and zero complaints	Continue efforts	Continue efforts
		Actual	Had no environmental issues		
		Assessment	◎		
	Acquisition of 2015 ISO 14001 EMS certification (Headquarters, GTL, C&C Tochigi)	Target	Make preparations	Acquire certification in expanded examination	Maintain certification
		Actual	Reviewed documents		
		Assessment	◎		
Corporate activities	Establishment of community contribution activities (Biodiversity measures)	Target	At least one activity per plant	Continue efforts	Continue efforts
		Actual	Implemented forestation activities, etc.		
		Assessment	◎		
	Dissemination of information to society	Target	Issue CSR Report 2017	Issue CSR Report 2018	Issue CSR Report 2019
		Actual	Issued		
		Assessment	◎		

## Material Flow (\*Actual figures for FY2017)



## Environmental Accounting

(Million yen)

	FY2017	
	Investment amount	Expense amount
Business area cost	19.1	31.8
(Pollution prevention cost)	3.8	1.6
(Global environmental conservation cost)	15.3	25.6
(Resource recycling cost)	—	4.7
Upstream/downstream costs	5.3	73.2
Administration cost	—	67.7
R&D cost	5.5	65.5
Social activity cost	—	7.1
Environmental remediation cost	—	—
Total	29.9	245.3

\* Data was collected by including business locations in Japan into the scope of environmental accounting by using "Environmental Accounting Guidelines 2005" of the Ministry of the Environment as reference.



## CSR activities

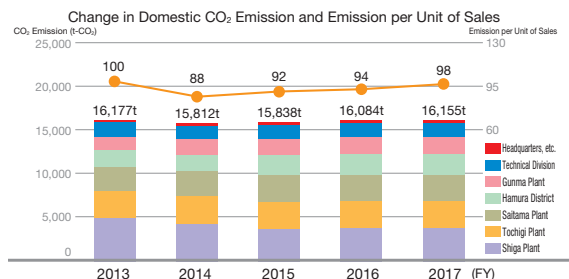
### Environmental Approach

#### Reduction of Environmental Burden

##### Reduction of Greenhouses Gas (Japan)

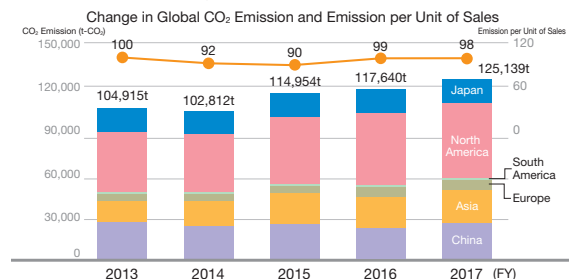
We engaged in efforts to reduce our CO<sub>2</sub> emissions in Japan, setting our target at an annual reduction rate of 1% relative to the FY2013 level in terms of emissions per unit of sales.

In FY2017, the impact of the increase in mass production sales resulted in an increase in CO<sub>2</sub> emissions by 71t, while emissions per unit of sales decreased by 2.3% compared to FY2013. Going forward, we will work on achieving the targets by promoting energy saving in air conditioning facilities, boilers, etc.



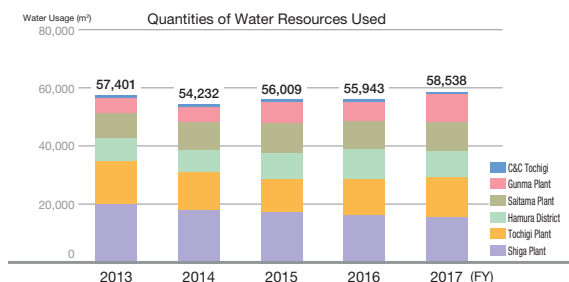
##### Reduction of Greenhouses Gas (Global)

We commenced our global efforts to reduce our CO<sub>2</sub> 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 FY2017, increased mass production sales in China and Asia resulted in an increase in CO<sub>2</sub> emissions by 7,499t, while emissions per unit of sales decreased by 1.7% compared to FY2013 due to the impact of the exchange rates. We will continue our efforts to reduce greenhouses gas by making energy-saving efforts on factory ceiling lights and air conditioning facilities.



##### Reduced Usage of Water Resources (Japan)

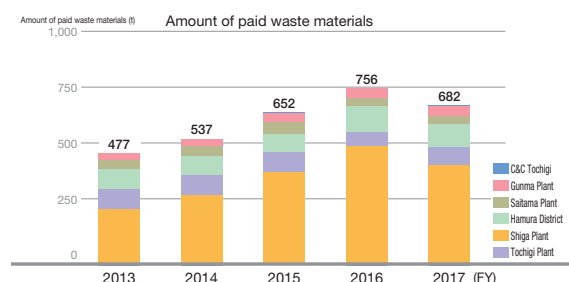
Water resources are used primarily as machinery coolant water at production sites. We are striving to reduce water risks by engaging in activities to reduce water usage.



##### Reduction of Waste Materials (Japan)

We are promoting activities to reduce waste materials through 3R (reduce, reuse, recycle) of unnecessary materials.

Since the previous fiscal year, we have changed the basis of measurement to the amount of paid waste materials.



#### Eco Test (Certification Test for Environmental Specialists®\*)

G-TEKT recommends that employees pass the Eco Test (Certification Test for Environmental Specialists®) as an opportunity for each and every employee to deepen his/her understanding of environmental problems and improve his/her environmental knowledge. In FY2017, G-TEKT produced ten "eco people" (those who passed the Eco Test).

\* The Certification Test for Environmental Specialists® is a registered trademark of The Tokyo Chamber of Commerce and Industry.

#### 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 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.

## Development of Environmentally-friendly Products and Technologies



G-TEKT is seeking to achieve sustained growth and evolution by contributing to society through products with a low environmental burden.

### 1180MPa-class High Tensile Strength Steel Processing Technology

Our auto body frame component using ultra high tensile strength steel, materials that are four times stronger than normal steel plates (1180MPa-class high-tensile steel plate), has been adopted for the new model of N-BOX. The high strength of the material allows plate thickness to be reduced, thus realizing substantial weight reduction and contributing to improved fuel efficiency. On the other hand, hard materials tend to return to its original shape during press working, making advanced molding technology a requirement. G-TEKT has succeeded in product commercialization by overcoming this challenge with its proprietary design concept and advanced molding technology.



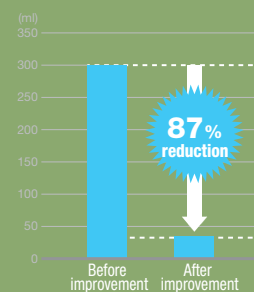
Front crossmember

## T O P I C S

### QC Circle at Canadian Subsidiary: Oil Slickers Honored at “Supplier Sustainability Symposium” by Honda in North America (November 2017)

Large pressing machines involve the use of 24 spray nozzles for metal working and application of drawing oil. However, it is difficult to apply the oil uniformly, resulting in the application of more oil than necessary, and in turn, causing the problem of factory equipment, work clothes, etc. becoming greasy. To resolve this, our attention was turned to the spraying system for food products. With this spraying system, which can ensure the optimal application volume and range with merely six nozzles without affecting quality, we succeeded in reducing drawing oil by as much as 87%. The idea to use nozzles for food products as a substitute, instead of clinging to spray nozzles for metal working, has led to huge reduction effects.

Quantity of drawing oil used



Members of Oil Slickers (Left: Phil, center: Kaila, right: Jamie)

We are grateful for having received such an amazing award. We were thrilled to go up on stage and be applauded by everyone. Our idea was to reduce drawing oil used during press working. By reducing waste, you can contribute to the environment. Thinking of the result after having had various difficulties, we appreciate the support many people gave us. We are proud to have received this award, and we intend to continue making efforts to protect the environment by trial and error.



## CSR activities

### Environmental Approach

## Environmental Improvement Efforts

### Automatic Steel and Aluminum Separator

At Shiga Plant, employees have voluntarily manufactured a device that automatically separates empty cans made of steel from those made of aluminum. Their aim of manufacturing the separator by drawing upon their own wisdom and creativity was to brush up their skills that are also applicable to the production site.

This automatic separator first separates steel and aluminum automatically by exploiting their respective metallic properties, then crushes the cans one by one by applying pressing technology. This has enabled the collection of many empty cans at once. The device even has the function to expel any half-finished cans or bottles without crushing them, even if they are thrown in the device.



This has given employees a good opportunity to learn the art of manufacturing, and at the same time, improve their environmental awareness.

### Installation of Plug-in Hybrid Cars and Charging Stations




At the U.K. plant, we replaced eight company vehicles with plug-in hybrid cars as part of our measures against global warming. The Company decided to take the initiative to introduce vehicles with a low environmental burden in response to employees' opinion that G-TEKT be a company that gives consideration to the global environment.

At the charging station adjacent to the entrance of the plant, recharging is free of charge for employees; this has gradually prompted them to switch to plug-in hybrid cars.

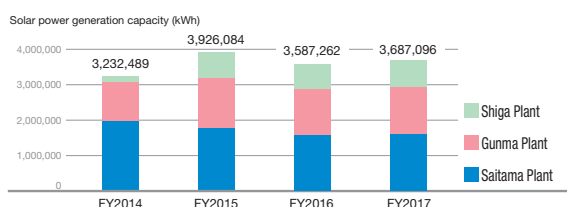


### Creation of Renewable Energy

As a measure against global warming, we installed solar panels on the roof tops of plants and began a power generation business (all power is sold) in 2014 from the perspective of generating power in a manner that renders the reduction of CO<sub>2</sub> 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)
FY2017 power generation	1,627,302kWh	1,318,969kWh	740,825kWh
CO <sub>2</sub> equivalent	781t-CO <sub>2</sub>	641t-CO <sub>2</sub>	377t-CO <sub>2</sub>

Change in solar power generation capacity



### Overseas Solar Power Generation

At overseas business locations, we are also adopting the utilization of natural energy sources to the greatest extent possible, and promoting the business of renting out roof space and the use of electricity generated by solar power. APAC and WAPAC in China as well as G-TTC in Thailand have been consuming electricity in-house since adopting solar power generation. G-TIP in India newly adopted solar power generation in April 2018, and has been consuming approximately 30% of the generated electricity in-house.

## Biodiversity Efforts

### 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.

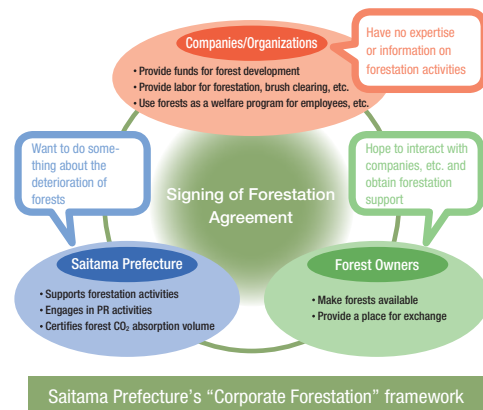
#### Priority Measures

- 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”.



### 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.  
At the “Fifth G-TEKT Forestation” event held on April 15, 2017, we planted 160 young trees, and at the “Sixth G-TEKT Forestation” event held in September 2017, we engaged in underbrush-clearing activities. The number of forestation participants totaled 78 employees.



### 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

On March 2, 2018, we engaged in forestation activities, in which 14 Shiga Plant employees participated and planted 15 young trees of Japanese cherries. On this occasion, a lattice fence was installed around each cherry tree planted, as a measure to prevent damage caused by deer.





## CSR activities

### Relationship with Society

## Talent Development /Human Rights

G-TEKT cherishes an environment in which employees can work with vigor and a corporate culture that allows each and every employee to grow and thrive.

### Policy on Talent Development

G-TEKT considers that talent is the most important management resource and has established its policy to “provide all employees with opportunities for growth and assist in their voluntary upskilling efforts” and “create talent that generates new value towards the next era”, in pursuit of growth of both employees and the Company.

### Training Scheme

We have established a development/training scheme aimed at developing talent who are enthusiastic about taking on the challenge to learn, think and grow of their own accord.

#### ■ FY2017 Training Achievements

	Scope	Name	Number of persons
Rank-by-rank training sessions	Junior	Pre-employment training	17
		Group training of new recruits	32
		Follow-up training of new university-graduate recruits	13
		Chief/team leader training (coaching)	28
	Mid-career	[Technical] training	27
		[Production] training	61
		Training of newly-appointed assistant managers	12
		Basic training for management	27
	Managerial	Training of newly-appointed managers	4
		Practical training for management	22
		Training of global leaders	26
		Training of female managers	4
		Training of expatriate staff members	4
		Training of newly-appointed officers	2
		Life plan seminar	54
Correspondence education and e-learning	All employees	Program for improving basic English skills	200
		Production meister	159
		Basics of financial statements	2

#### ■ Number of Persons Dispatched to Language Training (Training period: One year or more)

Fiscal Year	2013	2014	2015	2016	2017
Male	4	3	4	5	5
Female	0	2	1	0	1
Total	4	5	5	5	6

### Diversity

In the belief that diversity is the source of innovation, we 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.

#### Women’s Participation and Advancement

G-TEKT is putting efforts into the “development of a female-friendly workplace” and “career advancement of women”. To make it easier for women who have given birth to go back to work, we have a short-time work scheme for employees to take care of children aged four and above (which is more generous than the statutory obligation). We also conduct training of female managers and provide opportunities to acquire leadership skills and share information.

#### Employment of Disabled Persons

Since 2013, we have built a framework of cooperation with the regional support center and made proactive efforts to increase the employment of disabled persons as well as to expand workplaces where they can thrive. We assist disabled persons to advance into society so that they can live independently with pride through work.



### Respect for Human Rights

G-TEKT sets forth the principle of respect for human rights in a leaflet titled “Our Code of Conduct”, carried by all employees.

It expressly states the need to not only comply with laws and regulations, but also to respect the customs, cultures, religions and lifestyles of all countries. It also prohibits all forms of harassment, including sexual harassment and power harassment. We do a read-through of “Our Code of Conduct” once a year to thoroughly familiarize employees with its content.

### Adapting to Working Style Reform

From the viewpoint of work-life balance, we have been making efforts to reduce actual working hours since the previous fiscal year. To begin with, we introduced an advance application system for overtime work, and repeatedly notified employees of the days on which they must leave the office on time, which have yielded results to a certain extent (down 11.4% year-on-year). The percentage of paid vacation taken has also improved as a result of formulating an annual vacation plan (up 12.4% year-on-year).

We also dramatically reviewed how work is being performed, and in order to create more leisure time, we launched the “Productivity Improvement Project” this fiscal year and have been enhancing our efforts with the entire company acting as one.

Individual upskilling support schemes are also in place—e.g., we have created allowances for obtaining qualifications—to encourage employees to take on the challenge of improving their various skills by utilizing the newly-created leisure time. We will continue seeking the development of a work environment that enables diverse working styles by addressing each and every employee on an individual basis.

#### Company Implementing Diverse Working Styles “Gold + (Plus)”



In February 2018, G-TEKT obtained “Gold + (Plus)” certification under the “Certification Scheme for Companies Implementing Diverse Working Styles” in Saitama Prefecture. Our various childcare support schemes and track record of male employees’ taking childcare absence from work have been highly rated.

#### “Company Declaring Promotion of Senior Employee Advancement”



In March 2018, G-TEKT was certified as a “Company Declaring Promotion of Senior Employee Advancement” by Saitama Prefecture.

We have been highly rated for ongoing employment, clarification of wage standards, development of a work environment in which employees can work with peace of mind, and implementation of “Life Plan Seminars”.

#### Childcare Supporting Company: “Kurumin” Certification



In 2018, G-TEKT was certified as a “Childcare Supporting Company” by the Minister of Health, Labor and Welfare. We will continue to support employees in balancing childcare and work into the future, in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children.

# Occupational Safety and Health

## 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.

## Overseas Efforts

### G-KTB in Brazil

A week is specified as “Safety Week” each year in an effort to maintain a safe work environment. We also hold lectures approximately 30 times in total on the theme of prevention of industrial accidents and safety & health by inviting a lecturer from outside the organization.

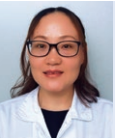


### APAC in China



The medical room not only offers emergency treatment but also has eye rinsing equipment installed. It is extremely popular among employees for removing dirt in their eyes.

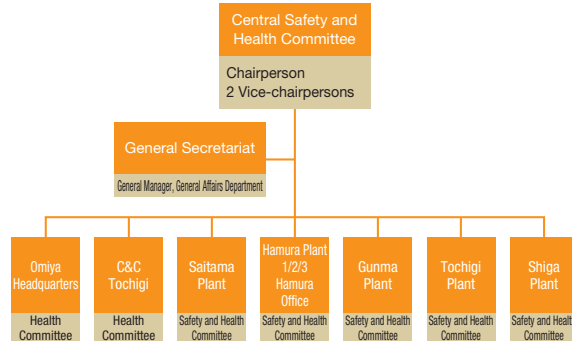
**Ceng Xueli** Staff in charge of health management, Plant I



We have set up a health management notice board in the plant's medical room and corridors, and engage in activities to raise awareness of health management at the morning assembly. In daily safety patrols, we check whether and how employees are wearing protective gear, and give guidance on such matters as how to put them on.

**Li Fang** Staff in charge of health management, Plant II

■ Organization Chart of Central Safety and Health Committee



The following efforts are being made centering on the 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 (at least once a year).

### ● Safe Driving Initiatives for Forklifts

At G-TEKT, 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.

### ● 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. In addition to the “Safety Convention”, we hold lectures on traffic safety and occupational safety (at least 30 times a year).

### Hamura Office received certificate of appreciation from the Tokyo Metropolitan Police Department (December 2017)

Hamura Office received a certificate of appreciation from the Tokyo Metropolitan Police Department for having engaged proactively in traffic safety initiatives.

It received recognition for making significant contributions to traffic safety in the region over many years by proactively promoting traffic safety measures and endeavoring to properly manage vehicles.



Two employees at Hamura Office participated as representatives in the ceremony





## CSR activities

### Relationship with Society

## Quality Improvement Efforts

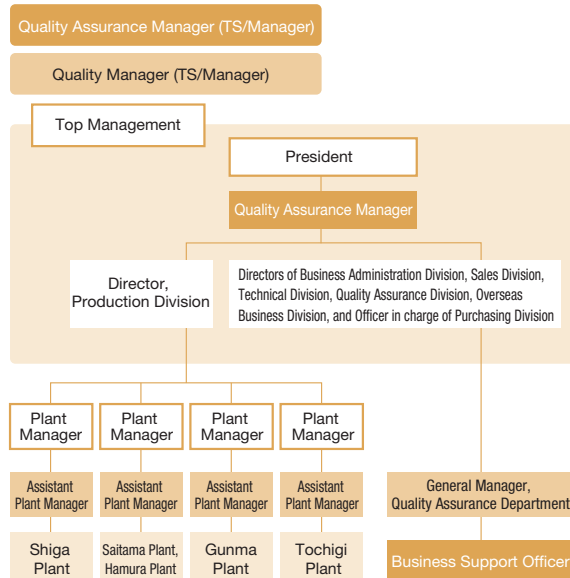
### Policies on Quality

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 21 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



### Acquisition of IATF 16949 Certification

The ISO/TS 16949 standard is set to expire on September 14, 2018. As of April 2018, 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.



Having been transferred from the Mold Technology Section to the Quality Assurance Section this year, I am in charge of reflecting past glitches in the production preparation stage and operations such as process failure mode and effects analysis (PFMEA). The improvement in the quality assurance system of G-TEKT as a whole is being pursued by making the most of my experience as a former mold designer.

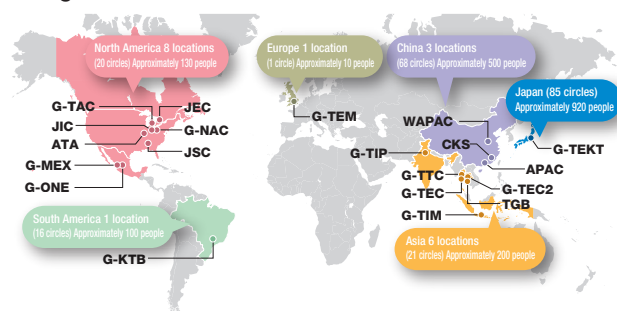
**Wataru Yanagiya** Quality Assurance Section, Quality Assurance Division, Quality Assurance Operations

### Implementation of QC Activities

The G-TEKT Group voluntarily and actively conducts circle activities (activities in small groups) aimed at learning quality control (QC) methods for the continuous management and improvement of the quality of products, services, work, etc.

Activities are conducted in an organized manner in pursuit of further enhancement of activities, with managers serving as supervisors.

Approx. 210 circles are engaged in activities, in six regions around the world.



### G-TEKT Circle World Conference

Every year in autumn, QC circles selected from all over the world gather together in Japan for the G-TEKT World Conference. Examples of activities are shared worldwide to demonstrate synergies and enhance communication among business locations around the world. At the seventh G-TEKT World Conference, Shiga Plant's Mujin-kun Circle won the highest award. For G-TEKT's first unmanned production line, the Circle eliminated problems, engaged in improvement activities in all steps from its launch to mass production and established its highly cost-effective production structure.



Presentation given by Mujin-kun Circle

### Sharing Quality Information Worldwide

The G-TEKT Group has a framework in place that enables the sharing of quality information at all business locations in a timely manner, from the viewpoint of giving top priority to quality. A problem occurring at another business location is treated as a problem for the G-TEKT Group as a whole, not someone else's problem; the Quality Assurance Operations plays a central role in solving problems to improve quality.

## Supply Chain Management

### Fundamental Policies on Procurement (Purchasing/CSR Procurement Policies)

In pursuit of customer satisfaction with respect to manufacturing, G-TEKT shall engage in procurement activities in accordance three fundamental policies:

1. Compliance and green procurement
2. To maintain a fair and healthy relationship with suppliers (from Our Code of Conduct)
3. Mutual prosperity based on mutual trust

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

### 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

### Measures against Conflict Minerals

Tin, tantalum, tungsten and gold (3TG) mined in the Republic of Congo and surrounding countries are called conflict minerals due to concerns that they serve as a financial source for armed groups, in addition to concerns of inhumane labor, child labor and human rights violations, etc. at the mining sites. While the G-TEKT Group does not use these minerals directly, we have been conducting investigations since 2013. Based on investigation findings, neither purchasing nor use of conflict minerals has been confirmed throughout the entire supply chain. We will continue to conduct investigations on conflict minerals into the future.

### Publication of G-TEKT's Supplier CSR Guidelines

CSR activities across the entire supply chain are becoming important, including not only activities relating to environmental problems but also those relating to compliance with laws and regulations, respect for human rights, occupational safety and quality. On top of the CSR efforts we have made with suppliers to date, we established "G-TEKT's Supplier CSR Guidelines" in April 2016 to further clarify G-TEKT's CSR approach and share it at a deeper level, and have implemented them afresh, together with G-TEKT's Fundamental Policies on Procurement (Purchasing/CSR Procurement Policies). We asked our main suppliers to respond to a self-inspection questionnaire and conducted interviews to evaluate their current status based on the questionnaire. In the course of conducting interviews and current-status evaluations based on the questionnaire survey results, we gave feedback and took action including proposing improvement measures aimed at identifying and resolving issues in the supply chain. We will continue engaging in CSR activities to enhance the supply chain together with suppliers.

### Suppliers' Quality Award

Given that quality management including suppliers is important for maintaining a high level of quality, G-TEKT conducts quality improvement activities together with suppliers. We have established the "Suppliers' Quality Award Scheme" to express G-TEKT's appreciation and respect especially to suppliers who have achieved quality targets, and to motivate other suppliers to make quality improvements. In 2017, we granted the award to two outstanding suppliers based on their performance in the previous fiscal year. The Award Scheme has helped push up the level of quality overall.



Representatives of two award-winning suppliers with President Takao



## CSR activities

### Relationship with Society

## Social Contribution

The G-TEKT Group is engaged in social contribution activities to become a better partner to local communities in regions where it conducts business activities, in order to realize a sustainable society. Our social contribution activities are wide-ranging, including assisting environmental activities, regional beautification activities and welfare activities, in addition to providing educational support for local students.

### Efforts in Japan

#### Shiga Plant

Shiga Plant employees cleaned Ohzuchi Dam's Blue River Park as a local environmental beautification activity, in which 25 employees participated and collected 32.5kg of garbage. Shiga Plant employees also took part in the Light Down Campaign advocated by Ministry of the Environment, and succeeded in reducing power consumption by 119.6kwh in one day and 239.2kwh in two days by turning off lights that could be switched off for two hours from 8 p.m. to 10 p.m.

Shiga Plant is registered for the "Urban Beautification Campaign (Machi-bika-katsudo)" in Koka City, where it carries out environmental beautification in the self-designated area around the Plant, including not only picking up garbage but also performing such tasks as cutting grass at least four times a year. In FY2017, Shiga Plant employees performed environmental beautification five times.



#### Gunma Plant

In connection to the Safe Driving Supervisors scheme in Gunma Prefecture, Gunma Plant employees volunteer to call out to people to drive safely. During the period commencing two days before the springtime National Traffic Safety Campaign and ending two days thereafter, volunteers chanted traffic safety slogans in commuting time in the morning.

Every year, Gunma Plant employees take on the challenge of creating a "green curtain" by planting young plants of bitter gourd. The plants, which grew densely and covered the windows from corner to corner, yielded a rich harvest of the fruit. The harvested bitter gourd were offered to the employees for their culinary pleasure.



#### Tochigi Plant

Tochigi Plant was able to donate polio vaccine for approximately 12 people by delivering 11,080 PET bottle caps collected at the Plant to Sakura City's Social Welfare Council.



#### Saitama Plant

Employees of the Saitama Plant perform weeding and cleaning activities along the roads surrounding the Plant, in an effort to beautify the industrial complexes.



#### Hamura Plant

In cooperation and collaboration with the local neighborhood community association, Hamura Plant employees participate in the "Full of Flowers Project", which involves planting flowers in roadside flowerbeds. They also performed the task of pulling out flowers that have finished blooming, and engaged in cleaning activities along the surrounding roads.



### Overseas Efforts



#### China

**APAC** As part of an initiative to assist disabled persons in collaboration with the government, APAC has subsidized the living expenses of disabled persons of the local neighborhood community association since 2011. During the visit at the Mid-Autumn Festival, APAC employees deepened exchanges including celebrating with mooncakes, a tradition of the Festival. On the day of the visit, APAC received words of appreciation from the head of the disabled persons administration center.

**CKS** Mingzhu Industrial Park, which is home to CKS, is located in an underprivileged area where the conditions of school facilities, etc. leave much to be desired. Students of the local school include many children of CKS employees. CKS donated 2,000 books and eight book cabinets to the schools in hope that more children will broaden their horizons by learning a wide range of things from books. CKS was thanked by the schoolmaster for bringing joy to the children.

**WAPAC** WAPAC engaged in cleaning activities at a neighboring ocean park, not only to meet the government's request to improve the environment surrounding companies, but also to raise WAPAC employees' awareness of 5S—i.e., Seiri (Sort), Seiton (Set in order), Seiso (Shine), Seiketsu (Standardize) and Shitsuke (Sustain). At WAPAC, 30 employees participated in performing such tasks as picking up rubbish and pruning branches in the park.



## Overseas Efforts



### Thailand



**G-TTC** G-TTC has created an environment that makes donation activities highly accessible to its employees. Last year, G-TTC employees donated cash, food and sweets to a children's orphanage in Kanchanaburi Province and deepened exchange with the children. At the National Children's Day festival hosted by Ayutthaya Province, G-TTC employees set up a booth, handed out sweets, toys and other presents to children and interacted with the local children.

**G-TEC / G-TTC** G-TEC/G-TTC employees planted marigolds to express their condolences with respect to the late King, who was loved by the people of Thailand. A flower offering stand was installed inside the building, where all employees observed a moment of silence.

**G-TEC** G-TEC supports children who are going after their dreams. In the lead up to the National Children's Day, representatives of the welfare committee and employees donated crayons to 15 local elementary schools.

To familiarize children with G-TEC, employees engaged in activities to plant young vegetable plants together with local school children. For children who participated in the activities, the activities have served as extracurricular lessons that are also applicable at their homes.



### India

**G-TIP** In appreciation of its employees and their families, G-TIP held the FAMILY DAY event, in which 500 people participated. G-TIP presented awards to employees, held a game competition, provided a special lunch and conducted a factory inspection tour to show participants what G-TIP's work involves.

In order to familiarize employees with the environment, trees were planted in the factory premises and a poster contest with the theme of the environment was held, in line with the World Environment Day. These events served as a good opportunity for all employees to think about the environment.



### Indonesia

**G-TIM** G-TIM is located in a region where, compared to urban areas, the population of the underprivileged segment is high. Accordingly, G-TIM participates in voluntary club activities to donate school supplies, etc. in the hope that children of the future generation will concentrate on their schoolwork, regardless of wealth disparity. G-TIM is deepening friendly ties with local communities through its participation in such programs.

Four teams consisting of 16 G-TIM employees participated in and ran towards the goal in the Jakarta Kizuna Ekiden, an international event held for promoting friendship between Japanese and Indonesians that also runs campaigns to assist the prevention of tuberculosis. G-TIM engages in medical contribution activities through sports.





## CSR activities

### Relationship with Society

#### Overseas Efforts



#### United States

**JSC** JSC carried out a project in which items written by children on decorations of an angel were purchased and delivered by compassionate employees as a gift to them.



**ATA** As activities to contribute to the local community, ATA contributes scholarship funds to a local high school and engages in activities to provide educational support to students. Having continued these activities for 15 years, ATA is committed to continuing them into the future.



#### Brazil

**G-KTB** G-KTB sponsored the replacement of lawn at a local facility to make contributions to the local city in which it conducts business activities. G-KTB has received not only a compliment "Wonderful" but also a letter of appreciation from the local mayor. G-KTB has also received words of appreciation from members of neighboring local communities.

All children have the right to become happy. To this end, G-KTB collected donations from employees in the "Happy Children Campaign" and delivered gifts to an orphanage. G-KTB employees gave presents to the children in person and deepened exchange with the staff members.

In order to provide livelihood support to the underprivileged people, G-KTB donates food and clothing contributed by its employees and the Company to a social welfare fund, and delivers the donated items to the social welfare fund. G-KTB also donated food and clothing to charity organizations, which were received by 23 families.

G-KTB holds an environment contest to raise environmental awareness among its employees and their children. G-KTB not only sought submissions of environment-related pictures and essays to the contest, but also conducted factory inspection tours. It was an extremely precious experience for the children who participated in the event as they were able to see the company where their parents worked.

\* G-KTB in Brazil conducts an investigation on facilities to ensure that no bribery, misappropriation or other such acts are performed before engaging in activities.

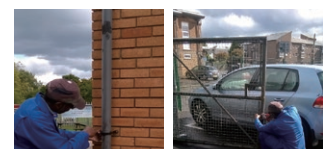


#### United Kingdom

**G-TEM** G-TEM ran a fundraising drive for support groups of cancer patients and heart disease patients to enable people to undergo periodic medical checkups free of charge or at a low fee. G-TEM employees donated the proceeds from the sale of cakes and confectionery baked and sold by them. As some employees suffer from these diseases, G-TEM is committed to supporting them together with support groups through fundraising drives.

G-TEM, which has been conducting company inspection tours as part of a lesson for local university students, invited students, gave a presentation on the Company and took them on a factory inspection tour. G-TEM will find young talent who will play a leading role at G-TEM in the future by communicating closely with local communities through the support it gives to schools and its students, and will continue making efforts to build a good relationship with them.

When G-TEM received a request to repair a damaged fence and incidental facilities at a neighboring elementary school, which had been dangerous to children, G-TEM employees rushed to the site and repaired them. G-TEM is committed to engaging in activities on an ongoing basis to build a good relationship with local communities by cooperating even on the most trivial matters.



## Masahiko Kawamura

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(Visiting ESG Analyst, NLI Research Institute)



Mr. Kawamura has served as President and Chief ESG Analyst of Alterna Research Institute, Alterna Co., Ltd. as well as the Head of its CSR Department Members' Tutoring School since 2016. He also serves as Visiting ESG Analyst of NLI Research Institute (former Head of ESG Research Office) and Vice Chairman of Sustainable Management Forum of Japan. After earning his master's degree in civil engineering from Kyushu University Faculty of Engineering and joining Mitsui Ocean Development & Engineering Co., Ltd. (MODEC) in 1976, he joined NLI Research Institute in 1988. His areas of expertise are environmental management, CSR management, integrated reporting, and climate change adaptation. His published works include "Carbon Disclosure", "New Trends in Integrated Reporting", "Perfect Guide to CSR Management (CSR Keiei Paafekuto Gaido)", and "Integrated Thinking and ESG Investment".

### Structure of the CSR Report: Scenario-oriented PDCA report is desired

Taking a look at the structure of the Report, it begins with Message from the President, followed by Company Overview, a feature article on Innovations, Financial and Non-financial Highlights, Fundamental Policies on CSR and CSR Management, and a detailed explanation of individual activities. Overall, disclosed information is richer in both quality and quantity than in the previous fiscal year, reflecting the enthusiasm towards CSR. In particular, the practice-focused Message from the President, explanations of material issues in concrete terms, the appeal of Our Vision, and enhancements of non-financial indicators are to be applauded.

The detailed explanation of individual CSR activities is also easy to understand in terms of policies and efforts. However, the relationship between the four material issues and the four CSR domains/seven CSR themes is opaque. Non-financial Highlights show the trends in the main data of environment, human resources/labor and corporate governance over the past three years, but their assessment and issues are unknown.

In other words, it gives the impression that the information is somewhat disjointed. I therefore recommend that the CSR system be redefined first, and then a summary table be prepared so that you can see the targets, achievements/assessment and issues on an item-by-item basis. In particular, reflecting the results of "CSR self-inspections" (referred to in the column on page 16) would be effective.

The original objective of a CSR report is to not only report on CSR activities, but also describe the plan-do-check-act (PDCA) cycle aimed at improving such activities. Fulfilling this objective will make the report more scenario-oriented and easier to read.

### Content of the CSR Report: Global risks should be recognized

The Message from the President shows the strong commitment towards realizing a sustainable society by solving social issues through core operations. Notably, G-TEKT has declared to contribute towards environmental conservation and realize corporate value and social value simultaneously by weight reduction and rigidity improvement in the process of transitioning from an automotive component manufacturer to an automotive body manufacturer.

Also, in the identification of material issues, it is commendable that the social impact of business activities has been identified. However, the impact may either be positive or negative, and in the context of "human resources development", in which utmost efforts are being made, due consideration needs to be given to the working style and work-life-balance of employees as well. This means that not only compliance but also human rights/labor are potential serious risks.

In regards to Sustainable Development Goals (SDGs), G-TEKT has declared to contribute towards the achievement of SDGs and linked the material issues to targets, but it should clearly state which ones are the targets. The "SDG Compass" identifies positive and negative impacts by mapping of companies' value chain, and recommends that numerical targets be set for 2030.

For example, G-TEKT's greenhouses gas (GHG) reduction target (i.e., reduction of 1% per year in terms of emissions per unit of sales) cannot be deemed ambitious; setting a long-term total emissions reduction target is a task that needs to be addressed urgently. Times have changed, from the era of low carbon to zero carbon. I hope the Global CSR Conference will be held with this in mind.

## In Response to the Third-Party Opinion

We would like to thank Mr. Kawamura for his valuable comments and opinions on G-TEKT Group's CSR Report 2018.

Last year, we engaged in activities by putting our thinking cap on together with the management as to how we should link CSR activities and business activities to each other, and improve corporate value while creating social value. As far as information disclosure is concerned, we believe that it is important to improve the transparency of the Company by sharing various information with stakeholders. Upon editing the latest CSR Report, we enhanced financial and non-financial information and reviewed the layout of the Report, for the purpose of disclosing information more aggressively than ever before.

On the other hand, the inadequate arrangement of information has made the content of the Report somewhat difficult to understand in regards to the relevance of some of the information with other information, and in terms of individual issues. The opinions we have been given will be treated as a reflection of the expectations placed in G-TEKT and utilized as reference in future CSR activities and the task of editing reports on CSR activities.

Going forward, we will continue to proactively push ahead with our CSR activities with the aim of achieving sustained growth together with society, and improve our CSR Reports to make them easier to read and understand for our stakeholders.

**Secretariat of CSR activities:  
Corporate Business Planning Division**

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