

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 Environmental Management Structures

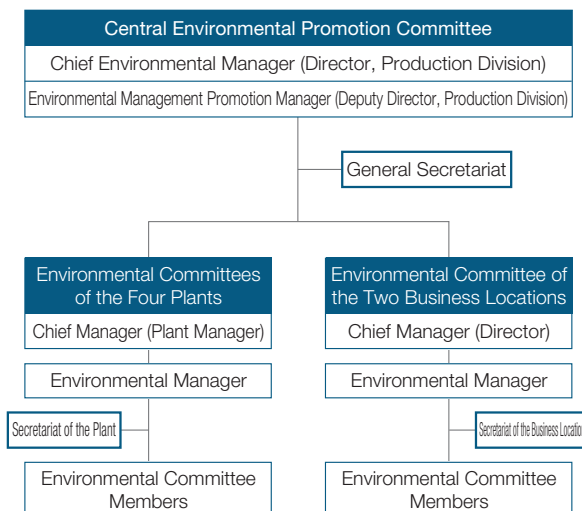
G-TEKT considers the global environmental issue to be a problem of the highest priority that should be addressed by a company and has been working to acquire the ISO 14001 environmental management system (EMS) certification since 1998. Each plant is making ongoing efforts to promote environmental compliance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

Tochigi, to manage matters related to company-wide global environmental improvement activities.

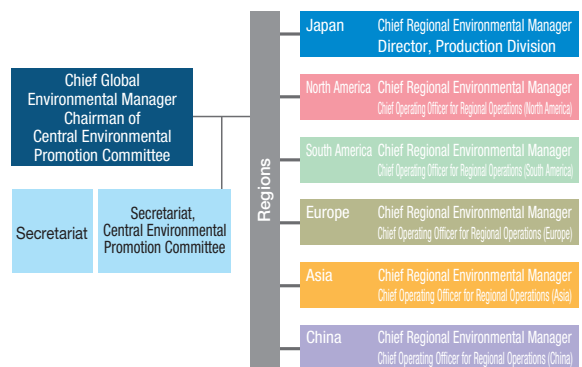
In FY2018, we conducted an expanded examination at the headquarters, C&C Tochigi and GTL (G-TEKT Tokyo Lab), and the certification acquisition rate is now 100% (based on number of business locations) in Japan.

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 Chief Operating Officer for Regional Operations overseas.

●G-TEKT Domestic Environmental Management Structure

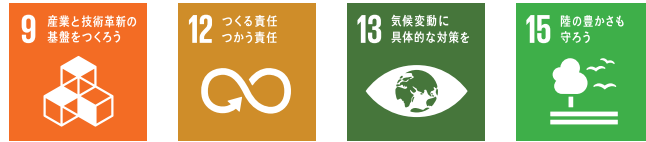


●Global Environmental Management Structure



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





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%	Improved by 8.1%	
		Assessment	×	○	
	Reduction of usage of water resources	Target	Make preparations to set target	Maintaining FY2017 usage rate	Continue reduction activities
		Actual	Researched past results	Improved by 10%	
		Assessment	◎	◎	
Environmental management	Prevention of noise, vibration, water pollution, soil pollution, atmospheric pollution, waste disposal, and other environmental problems	Target	Comply with environmental laws and regulations Achieve zero leakage and zero complaints	Continue efforts	Continue efforts
		Actual	Had no environmental issues	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	Completed certification at 3 locations	
		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.	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	Issued	
		Assessment	◎	◎	

Material Flow (*Actual figures for FY2018)

INPUT	G-TEKT	OUTPUT
Energy input Electricity 42,839MWh LPG 121t Heavy oil A 158kℓ Diesel oil 90kℓ Kerosene 38kℓ Gasoline 2kℓ Fuel supply (Corporate vehicles)	Design & Development Sales Purchasing Administration Production Pressing & Welding Machining & Processing Internal transport (Corporate vehicles)	Direct emissions (Scope 1) CO ₂ 1,050t-CO ₂ Indirect emissions (Scope 2) CO ₂ 16,193t-CO ₂ Emissions associated with business trips (Scope 3, Category 6) CO ₂ 188t-CO ₂ Drainage 42,248m ³ Industrial waste (quantity generated) 622t

Environmental Accounting

	FY2018 (Million yen)	
	Investment amount	Expense amount
Business area cost	85.3	33.5
(Pollution prevention cost)	—	2.1
(Global environmental conservation cost)	85.3	2.7
(Resource recycling cost)	—	28.5
Upstream/downstream costs	1.1	61.6
Administration cost	—	64.6
R&D cost	—	36.9
Social activity cost	—	3.9
Environmental remediation cost	—	—
Total	86.4	200.7

* Data was collected by including business locations in Japan into the scope of environmental accounting by using "Environmental Accounting Guidelines 2018" of the Ministry of the Environment as reference.

Global Environmental Burden Data

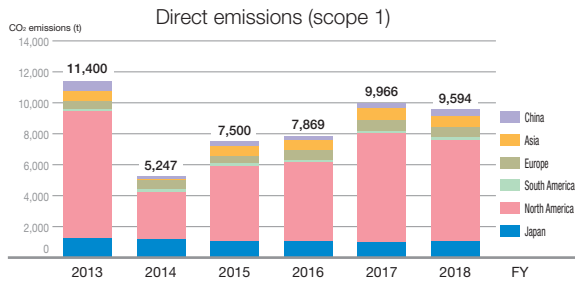
In order to reduce environmental burden in all areas of our corporate business activities, the G-TEKT Group is working to reduce energy consumption and waste at each of its business locations.

In FY2018, sales in Japan, Europe and China were strong, resulting in an increase in energy consumption due to production, while the amount of CO₂ emissions from electricity use (scope 2) increased by 6% year-on-year. Going forward, we will continue to promote initiatives to improve the environment, such as the use of renewable energy, and strive to reduce CO₂ emissions.

Scope of Coverage

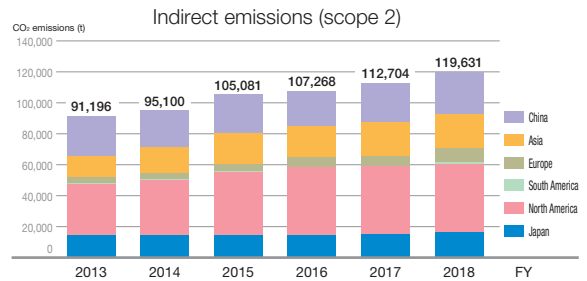
“Environmental burden data” includes data on the activities of 20 companies in conjunction with G-TEKT and its overseas consolidated subsidiaries and affiliates accounted for using the equity method (calculated at 50%).

Greenhouses Gas Emissions



Scope 1:

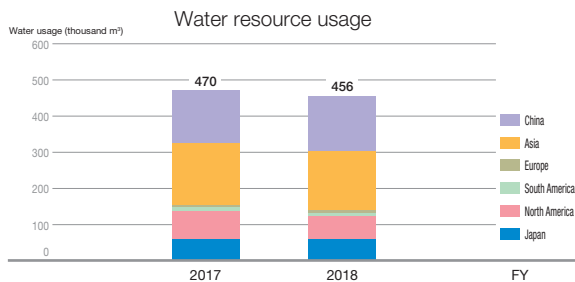
Direct emission of greenhouse gases from corporate activities (energy use by combustion of heavy oil A, diesel oil, kerosene, gasoline, LPG and natural gas, including emissions from fuel consumption of LPG, gasoline, diesel oil used for forklifts).



Scope 2:

Indirect emissions of greenhouse gases from corporate activities (use of electricity energy). Japan uses the emission factor (0.378t-CO₂/MWh) based on the Act on Promotion of Global Warming Countermeasures, and countries outside Japan uses the emission factor of 2008 in IEA's CO₂ Emissions from Fuel Combustion.

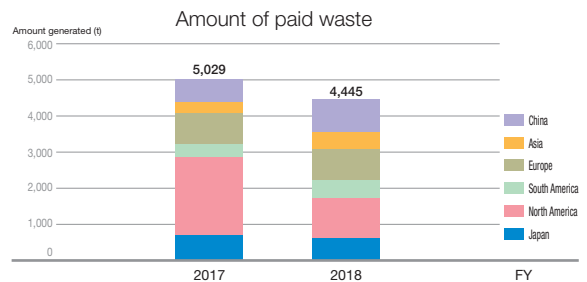
Water Resource Usage



Calculation method:

Amount used = ∑ (Amount purchased from water supply facilities + groundwater intake)

Amount of Waste Generated



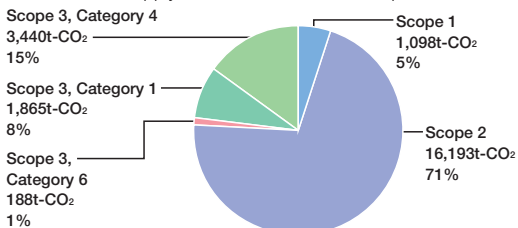
Calculation method:

Amount generated = ∑ (Amount of industrial waste + amount of business related general industrial waste)
Areas other than Japan show the amount of industrial waste that is consigned to waste disposal services for a fee.

Supply Chain Environmental Burden Data in Japan

By understanding the environmental burden of the supply chain, G-TEKT works with its suppliers to reduce CO₂ emissions throughout the supply chain.

Breakdown of supply chain CO₂ emissions in Japan for FY2018



Scope 1:	Direct emissions by the Company
Scope 2:	Indirect emissions by the Company (power consumption portion)
Scope 3, Category 6:	Emissions by the Company associated with business trips (considering the amount of company vehicles used)
Scope 3, Category 1:	Emissions associated with manufacturing activities until the products are purchased by the Company (actual figures + estimated figures of 12 major trading partners)
Scope 3, Category 4:	Emissions associated with the transportation in which the Company is the consignor (considering the amount during transportation by truck to customers)