



## Masahiko Kawamura

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Mr. Kawamura has served as President and Chief ESG Analyst of Sun Messe Innovative Network Center (Sinc) of Sun Messe Co., Ltd. since June 2019.

He also serves as Visiting ESG Analyst of NLI Research Institute (former Head of ESG Research Office), Vice Chairman of Sustainable Management Forum of Japan, Fellow of Business Ethics Research Center (BERC), Representative Director of Sustainability Professionals Development Organization, Senior Visiting Scholar of Disclosure & IR Research Institute Ltd., etc.

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 thinking and reporting, climate change adaptation, XaaS, etc. His published works include "New Company and Finance with SRI", "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: Enhancing reporting as a global company

The composition of the G-TEKT's CSR Report itself has reached almost the level of completion. Last year, I pointed out the need for a comprehensive summary table of the relationship between CSR themes and material issues, and this year "Outline of CSR Activities (Plan and Results)" was added to the report. This clarified the CSR system and the content of the initiatives, as well as plans, results and issues. However, the goals and results have been set for a single fiscal year until now, and therefore G-TEKT will need a medium/long-term timeline in the future.

G-TEKT now has overseas production bases in a wide variety of locations with an overseas net sales ratio approaching 80%, proving G-TEKT to be a global corporation. However, the content of the disclosed information is still focused on Japan, and this must also be globalized. With the "Global CSR Conference" being held, G-TEKT should report in detail on what is discussed, how it promotes the initiatives and what the issues are. Additionally, it is necessary to report on CSR management beyond the scope of social contribution activities in each country.

### Contents of the CSR Report: Global CSR management as a strategy

Progress has been made in environmental initiatives and disclosures. Global data of environmental burden is described in chronological order by region, and scope 1 and 2 descriptions of GHG are commendable. However, the CO<sub>2</sub> emission reduction target remains at "9% improvement compared to FY2013", and it cannot be said that G-TEKT is actively contributing to the Paris Agreement and SDGs. Therefore, I would recommend G-TEKT to try the SBT (Science Based Targets; corporate version 2°C target), including the introduction of renewable energy.

In social terms, there are many qualitative explanations of domestic initiatives regarding talent development, human rights and occupational safety and health, yet the achievements are unknown. There is no description of overseas employees, who account for 86% of consolidated employees. Human rights and labor risks can occur in countries with different labor practices from Japan. Furthermore, in terms of women's participation and advancement, five female managers were appointed in April 2019, and this is a step forward.

With regard to the SDGs, Company initiatives are linked with the SDGs targets (just by pasting the logos), but this only means that G-TEKT's initiatives falls under the areas of the SDGs targets. What is required is a specific contribution to the achievement of the SDGs in 2030, and G-TEKT should report what quantitative targets are put into practice at the target level. In Japan, G-TEKT can also refer to the SDGs action plan by the Cabinet Office.

With the automotive industry in the midst of the CASE revolution, G-TEKT is taking on various challenges with an eye on the mobility society of the future. The "2030 Vision" is being drawn up led by young managers, and in the Message from the President, it is clearly stated that "if society is not sustained, we will have no future". I look forward to seeing G-TEKT making progress toward solving social issues through its core business.

## In Response to the Third-Party Opinion

We would like to thank Mr. Kawamura for his valuable comments and opinions on the G-TEKT Group's CSR Report 2019.

The positive evaluations on some of the initiatives introduced in this Report are a great encouragement to us in continuing with our CSR initiatives going forward.

On the other hand, we consider the opinions expressed as being a reflection of his expectations for the Company and would like to make the most of the feedback in future CSR activities.

Starting from this fiscal year, we have been stepping up activities with the appointment of female Outside Directors

and female managers, and the establishment of a Diversity Promotion Committee. We are also aware that how well we can globally carry out sustainable activities which lead to our core business, is one of our issues. We will work to continuously activate our initiatives relating to CSR activities, and as a global corporation, aim to publish CSR Reports that are rich in content to gain the understanding of all of our stakeholders.

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