

G-TEKT CSR Report 2020





Recently, lifestyles have changed dramatically, as have the value we place on cars and the general concept of the automobile. On top of these changes, the global spread of COVID-19 since the start of 2020 has affected our lives, possibly forever. The society that we live in continues to evolve, and we embrace the fact that there is no turning back. As values and the times change, what we view as normal now may not be the case in ten years. With this understanding, companies must also change their business models. Companies that are unable to stay ahead of the curve may not survive.

The automotive industry is currently undergoing an immense transformation on the back of technological innovations, such as CASE, or connected cars, autonomous driving, and shared and electric vehicles, as well as mobility as a service (MaaS). Although the impact of the coronavirus pandemic on the global economy and our business is expected to be huge, G-TEKT will continue taking a bold approach to R&D to help create lightweight, highly rigid, cost-competitive auto bodies. One change we made (in April 2020) to bring this approach closer to reality was to transform our previous Development Department, then within the Engineering Operations, into an independent organization: the R&D Operations. By further improving on our R&D strengths, we intend to design the kind of high-performance auto bodies that have never been seen before.

On the other hand, no matter how the times change, we cannot say that we have a sustainable society unless we are in a world that is friendly to people and the global environment. The way people have come together to tackle the pandemic, though, gives us hope and courage. Similarly, it is people who are the cornerstone of a company's growth and the source of innovative technology. Let's not forget

that people always play the leading part. In times of uncertainty, it's important to look to people who have a strong desire and a passion for solving problems and carving a way forward. We view the development of human resources as one of the key issues (materiality) that we face. I am committed to help nurture employees infused with the unique G-TEKT mindset and who have the skills and enthusiasm to play an active role on the global stage.

For our environmental initiatives, we have set up a specialized department and the in-house Central Environmental Promotion Committee that are focused on enabling environmentally friendly management Group-wide. We have decided to introduce a greenhouse gas reduction target that complies with the Science Based Target (SBT) initiative, or the aim to limit global warming to “well below 2 degrees Celsius.” We are currently preparing to disclose information on this and other environmental initiatives.

In closing, I would like to express my sincerest appreciation to our stakeholders, who have provided their support over the years and helped us reach our ten-year milestone.

G-TEKT intends to keep growing and evolving sustainably, using our technological expertise and exceptional human resources, and we will proactively seek to resolve the issues facing society through our core business operations.

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

President
Chief Executive Officer

Naohiro Takao

Related content

Long-Term Vision

Corporate Philosophy

Code of Conduct

Basic CSR Information

✓ Fundamental Policies on CSR

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

✓ Relationships with Stakeholders

Fundamental Policies on CSR

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

G-TEKT's Responsibility to Meet Society's Expectations

Safety and health

We will build a safe and comfortable work environment.

[> Occupational Safety and Health](#)

Quality

We will continue to provide reliable products that meet customers' expectations.

[> Quality Improvement Efforts](#)

Talent Development /Human Rights

We respect the individuality of our employees and strive to create a fair, impartial, and rewarding workplace.

[> Talent development/human rights](#)

Environment

We will help to create a low-carbon society by giving top priority to the conservation of the global environment.

[> Environment](#)

Social contribution

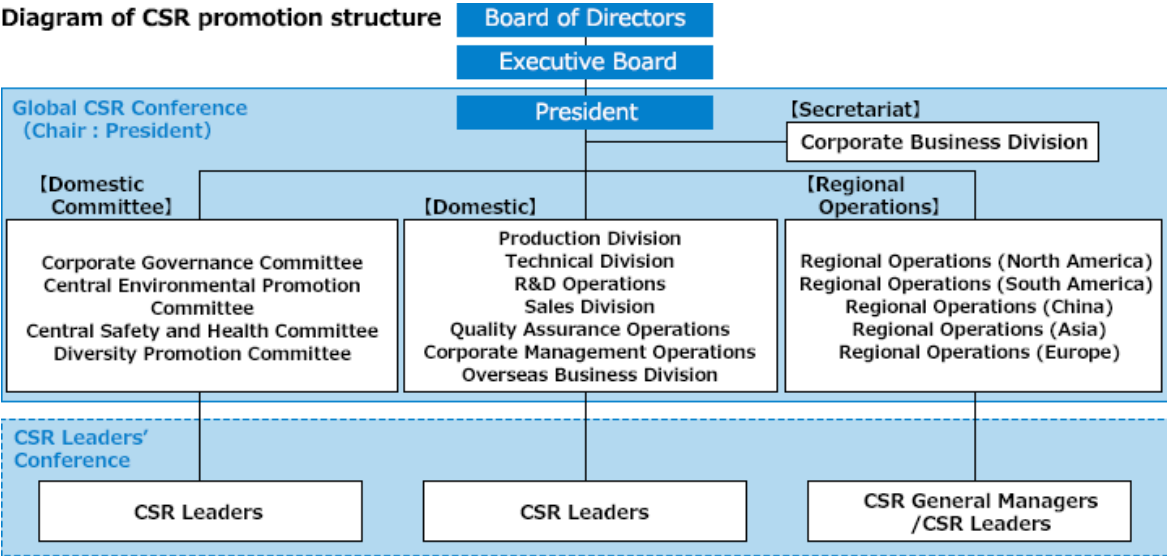
We will continue to contribute to a society that can be passed on to the next generation by pursuing coexistence with the local community.

[> Social contribution](#)

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. Management-level staff hold the "Global CSR Conference" at least once a year to share the issues of the whole Group including overseas bases and

discuss the direction of the activities. Working-level staff hold the “CSR Leaders’ Conference” four times a year, for which a framework is in place to share CSR activities’ achievements and challenges, and distribute the details of these Conferences to overseas CSR Leaders, and deal with matters as common issues.



Relationships with Stakeholders



Basic Stance towards Stakeholders

Customers

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

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.

> Purchasing / CSR Procurement Policies

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.

Message from the CSR Secretariat

G-TEKT views CSR as an important management issue, with related initiatives being implemented Group-wide, led by the management team. We believe that the key is to contribute to resolving social issues through our mainstay auto body components business, in other words, to create shared value. Under the Basic Policies for CSR, our deeply rooted business activities include responding to climate change through technologies that reduce the weight of vehicles and that address human rights issues, which also extend to the supply chain and our parts purchasing network.

Since 2017, we have tied our materiality initiatives to the United Nations Sustainable Development Goals (SDGs), viewing the issues facing the international community as our own and actively taking steps to realize a sustainable society. In recent years, we have placed managing ESG (environment, social, and governance) issues foremost in our mind and we have focused on implementing ways to tackle environmental issues and make a social contribution, while strengthening corporate governance. We understand the importance of having the full cooperation of all employees in the initiatives that we take on. In the previous fiscal year, we used our internal newsletter (distributed online) to inform everyone of the social issues and CSR-related topics that we employ to increase awareness of our CSR activities. This newsletter helps to raise employee understanding of our CSR activities, and we are committed to making consistent improvements to the content going forward.

As a promotion system, we have established an information network by assigning CSR promoters to each department in Japan and each base overseas. Any information gained from discussions by the Global CSR Conference, chaired by the company president, is swiftly shared with the entire Group, while information on activities conducted in the field is collected and delivered to management. This makes it possible to shorten the distance between our activities and the management team.

In the past, we have issued our CSR Report (every year since 2015) and provided a portion of this information on our website. Moving forward, however, we have decided to summarize all of our CSR initiatives in greater detail on our website instead of issuing a report, starting from 2020, to more quickly keep people up to date with our activities.

We will continue to share information on CSR with stakeholders in an easy-to-understand way, and we ask for your understanding and support as we forge ahead.

Corporate Business Planning Division

Material Issues

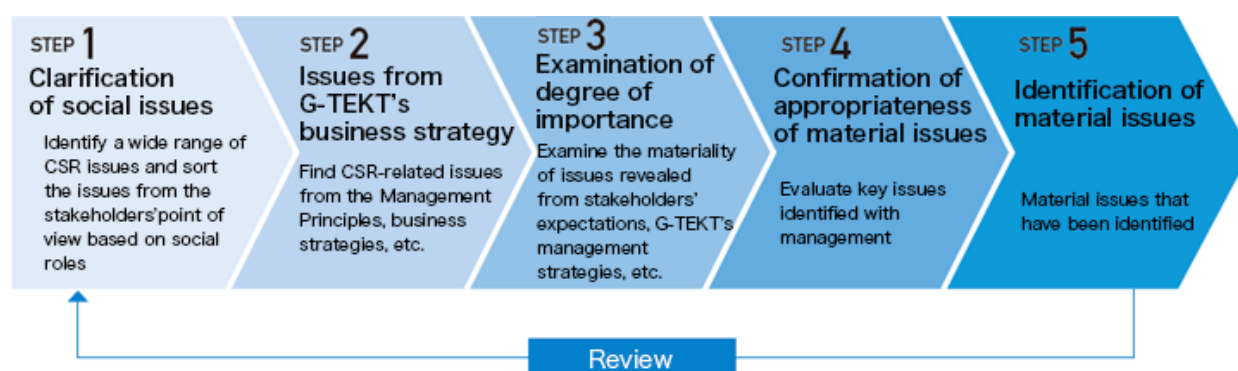
▼ Process for Identifying Material Issues

▼ Four material issues that have been identified

▼ Link with the SDGs

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.



Conducting Self-inspection of CSR

In order to raise the level of CSR activities of the G-TEKT Group as a whole, we conduct self-inspections. Once a year, we conduct self-inspections by distributing a check sheet of CSR initiatives to our domestic headquarters and overseas offices. In response to changes in the business environment in the previous fiscal year, we have revised check sheets with some additions and modifications, so that they can be compared company-wide. For this reason, we are unable to make a simple comparison with the fiscal year before last, but as a result of self-inspection, we could see there was a general improvement trend. Regarding the areas of weakness that have become apparent, we are following up by providing advices, etc., taking into account the conditions in each country.

Four material issues that have been identified

Enhancing corporate governance

In particular, we recognize that the improvement 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. For this reason, we have established Company-wide policies and guidelines to prevent bribery and to help eliminate child and forced labor, which we share throughout the Group. We are also striving to maintain and improve our level of governance through regular self-assessments of governance at domestic and overseas bases.



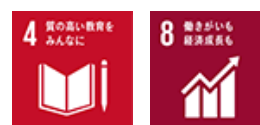
Development of environmentally friendly products and technologies

Boosting fuel efficiency, highly effective for reducing automotive exhaust gases, has become an increasingly important topic in recent years. Reducing the weight of automobiles is a practical way of boosting fuel efficiency, both for electric and fuel cell vehicles. As a company that manufactures auto bodies—handling everything from automobile development to mass production—G-TEKT aims to help resolve environmental issues through technologies and products that make vehicles lighter so that resources can be used more effectively.



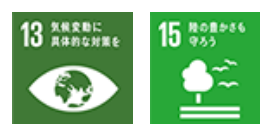
Talent development

To realize a sustainable society, it is important for companies to continue growing. And it is the people inside a company that are the driving force behind this growth. At G-TEKT, we pour energy into training so that every employee can achieve personal growth with a focus on boosting technical and professional skills. As a company aiming at realizing sustainable growth and evolution, G-TEKT pays close attention to every employee.



Environmental management

To help realize a sustainable society, the task of tackling climate change issues is a major corporate social responsibility. G-TEKT has established a global promotion framework for reducing greenhouse gases emitted throughout our operations, and we are working hard to achieve our goals. We are also working to reduce the environmental impact of the value chain. Aside from reducing greenhouse gases, we are helping to protect the environment by planting trees, cutting back on water resources, and minimizing waste.



Link with the SDGs

G-TEKT, as a global company, intends to improve fuel efficiency by reducing vehicle body weight, and we support initiatives that improve collision safety, using our independent developmental and technological skills.



Recently, the public has been demanding significant improvements in automobiles, particularly for reducing CO₂ emissions to protect the environment as well as improving passenger and pedestrian safety. In response to these social issues, we will become a specialized auto body manufacturer handling all the processes from development to mass production. This includes making proposals that go beyond individual components and that consider the optimization of the entire car body. With the aim of creating social value by ensuring harmony with the environment through our products, in 2015 we formulated our Fundamental Policies on CSR: “The Company will help solve social issues through business activities and seek to achieve sustainable growth together with society.” The Corporate Business Planning Division straddles the entire Group and serves as the executive office for appointing CSR officers in each region and operation to promote initiatives. Our initiatives to both achieve technological innovation and resolve social issues fall in line with the philosophy of the Sustainable Development Goals (SDGs) adopted by the United Nations in 2015. G-TEKT has positioned the SDGs as important guidelines, linking the Company’s materiality (identified in 2016) with those goals. We are currently doubling down on achieving our objectives through meticulous planning, implementation, and a review of every theme, as this also contributes to supporting the SDGs.




Action Plan and Results

Outline of CSR Activities (Plan and Results)

Centering on seven themes that are defined as basic areas of CSR activities, G-TEKT is working on the identified four material issues and other items to be addressed for the promotion of CSR activities. To visualize these diverse activities, we have summarized the results of our FY2019 activities and their evaluations in the table below. Based on a review of the previous fiscal year, we will set targets and measures for FY2020 and promote further CSR activities.

ESG	Theme	Items to be addressed	Main activities and results in FY2019	Main activities and results in FY2019	Assessment	Theme
	Environment	Environmental management	Promote and maintain EMS in domestic business locations and promote 100% acquisition in overseas business locations	Implementation of EMS renewal examination at overseas business location Promote and maintain EMS at global	▲	Promote and maintain EMS in domestic business locations and promote 100% acquisition in overseas business locations
		Development of environmentally-friendly products and technologies	Maintenance of quality standards for aluminum components	Completion of quality standards for aluminum components Started mass production	○	Establish concept of light-weight battery case for EV
		Zero environmental problems	Compliance with environmental laws and regulations.Leakage and complaints: 0 incidents Updating of laws and regulations checklists	Compliance with environmental laws and regulations, Leakage and complaints: 1 incidents Updating of laws and regulations checklists	◎	Compliance with environmental laws and regulations, Leakage and complaints: 1 incidents Updating of laws and regulations checklists
		Reduction of greenhouse gas(GHG) emissions per unit of sales	Improvement of emissions per unit of sales by 9% compared to FY2013	Improvement of 0.2% compared to FY2013	■	Improvement of emissions per unit of sales by 9% compared to FY2013
		Reduction of waste generation	Maintain emissions per unit sales compared to FY2017	Promotion of waste separation -2% compared to FY2017	◎	Maintain emissions per unit sales compared to FY2017
		Reduction of water resource usage	Maintain usage per unit sales compared to FY2017	-12% compared to FY2017	◎	Maintain usage per unit sales compared to FY2017
		Biodiversity initiatives	At least one activity per plant	Twice-yearly tree-planting and pruning activities	○	Continuation of activities
	Safety and health	Safety in the workplace	Incidence rate of occupational accidents without lost workdays: 3.4 for the full year Continuation of safety education and review of content	6	■	Less than or equal to 3.4 Continuation of safety education and review of content
			Lost workday occupational accidents (1 day or more): 0 incidents Continuation of safety education and review of content	2 incidents	■	0 incidents Continuation of safety education and review of content
			Forklift damage incidents: 7 incidents or less Continuation of safety education and review of content	23 incidents	■	Less than or equal to 7 incidents Continuation of safety education and review of content
			Traffic accidents (at fault or one-car): 10 incidents or less Continuation of safety education and review of content	20 incidents	■	Less than or equal to 10 incidents Continuation of safety education and review of content
		Regular health checkups, special health checkups	Consultation rate: 100% Follow-up of unexamined people	Results:98%	○	Consultation rate: 100% Follow-up of unexamined people
		Medical checkups	Consultation rate: 101% Follow-up of unexamined people	Results:97%	○	Consultation rate: 101% Follow-up of unexamined people
		Conduct stress checks	Response rate: 100% Review of informing methods	Results:95%	○	Response rate: 100% Review of informing methods
		Elimination of traffic accidents during commuting and business trips	Continuing education on safe driving Conduct awareness-raising activities	Implementation of seminars Participation in the drivers' competition	○	Continuing education on safe driving Conduct awareness-raising activities
		Emergency call safety confirmation training	Conducting regular training Response rate within 24 hours: 100%	Conducting regular training Response rate within 24 hours: 95%	○	Practical training including safety confirmation and follow by managers
	Human rights and labor	Talent development	Implementation of rank-by-rank taining sessions Implementation of selective training (female leaders, overseas assignments ans next generation managers) Correspondence courses and e-learning	※Details are on a separate page	○	Implementation of training programs based on talent development plans
		Creating a comfortable working environment	Initiatives to promote paid vacation Introduction of 5-day consecutive paid leave system	Implementation of the annual paid leave plan at the beginning of the fiscal year Results:62%(Improvement to 4% compared to last year results)	○	Ratio of paid leave taking: more than 60% Continuation of 5-day consecutive paid leave system
			Efforts to reduce overtime hours	Results:Average 25.69 hours/month(-2.66 hours compared to last year results)	○	Efforts to reduce overtime hours
			Promotion of diversity	Active recruitment of female employees (Results: 5 persons, recruitment ratio: 17.1%) Established of the Diversity Promotion Committee and held meetings Promotion of senior participation Job creation for disable persons	○	Active recruitment of female employees Training for female employee to become managerial position Preparation work-at-home rules and environment for productivity improvement Promotion of senior participation Job creation for disable persons
	Social contribution	Interaction with local communities	At least one activity per plant	Plan for beautification activities in all areas and forest planting activities, etc. Implementation rate: 100%	◎	Continuation of activities
	Quality	Renewal and acuisition promotion of IATF16949(quality management system)	Update from ISO/TS to IATF16949	Completion of renewal of all domestic formulation and implementation Promote renewal of overseas business locations	○	Update from ISO/TS to IATF16949

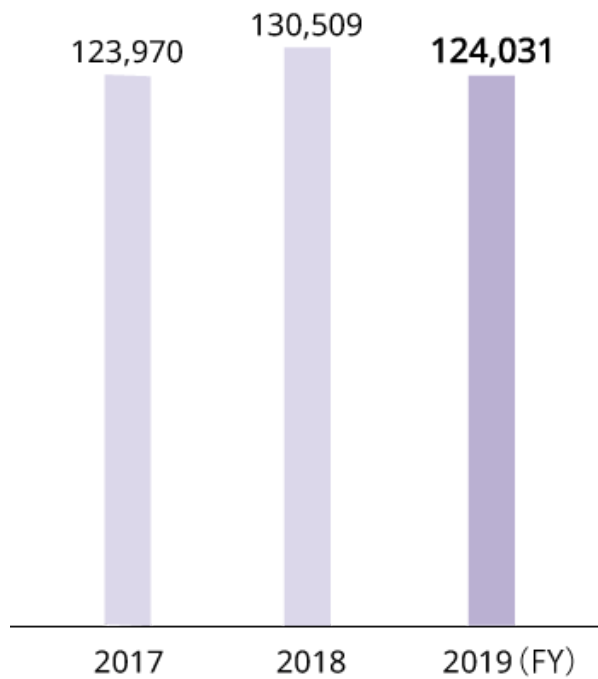
	Corporate governance	Strengthening of corporate governance	Implement compliance training to raise anti-fraud awareness Revise “Our Code of Conduct”	Implementation of raise anti-fraud awareness for domestic employees and overseas expatriates Revised “Our Code of Conduct” (April, 2020)	◎	Support corporate governance of overseas business locations Implement “Our Code of Conduct” reading once a year
		IR activities	IR activities for investors	Held 25 times a year	◎	Continuation of activities (Enrichment of home page contents for investors, issue integrated report and non-face-to-face IR activities using WEB, etc.)
		Corporate governance self-inspection	Review of check sheet and self-inspection method	Revised domestic self-inspection checklists Add new items to overseas business location check sheet	◎	Follow-up of areas of weakness
	Information Management	Retention and management of confidential information, Our Code of Conduct	“Ten Commandments of Information Management” read once a year Strengthen global confidentiality	Implementation of investigation of confidential information system at domestic and overseas	○	Implement information management training Implement “Ten Commandments of Information Management” reading once a year

 : Material issues

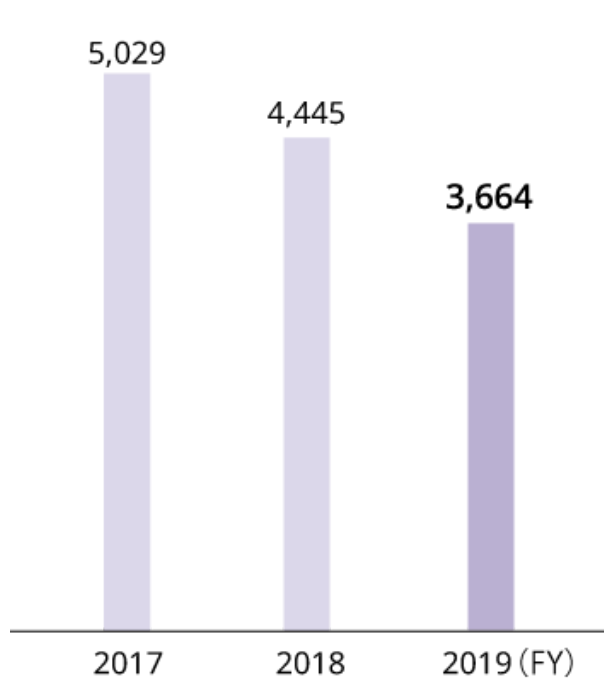
Degree of achievement	
★	110% or more
◎	100% or more — less than 110%
○	95% or more — less than 100%
▲	80% or more — less than 95%
■	Less than 80%

Environmental Indicators

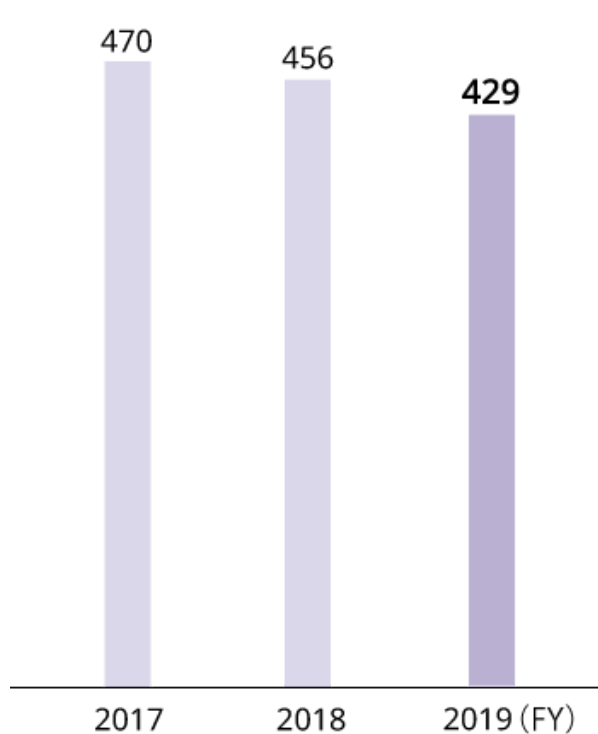
**Greenhouses gas (GHG) emissions
(Consolidated)(t-CO₂)**



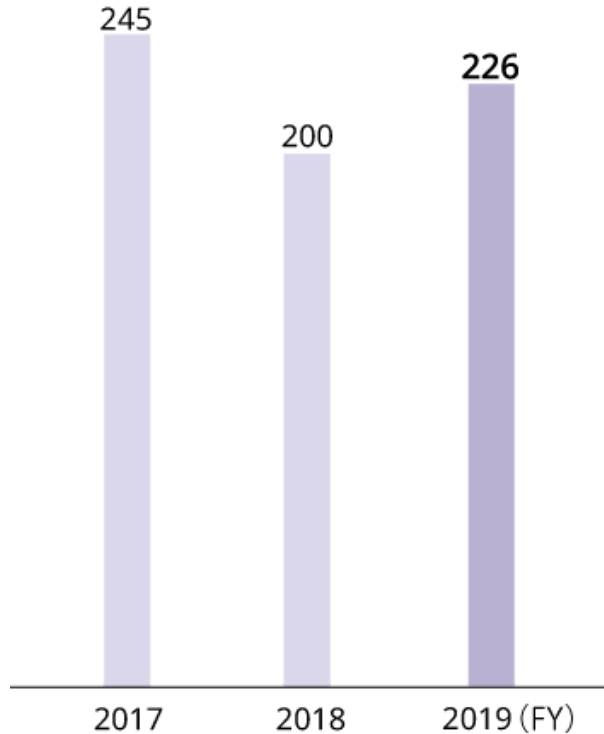
**Weight of waste materials released
(Consolidated)(t)**



**Water usage (Consolidated)(Thousand
m³)**

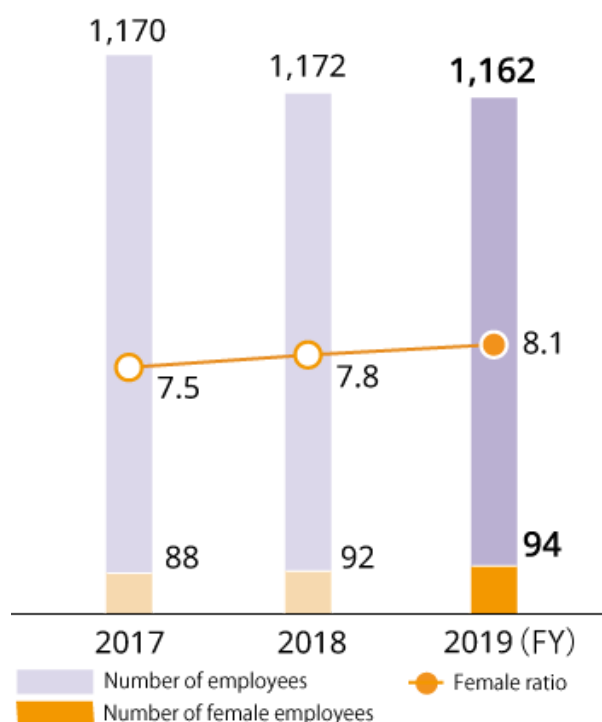


**Environmental accounting (cost)(Million
yen)**

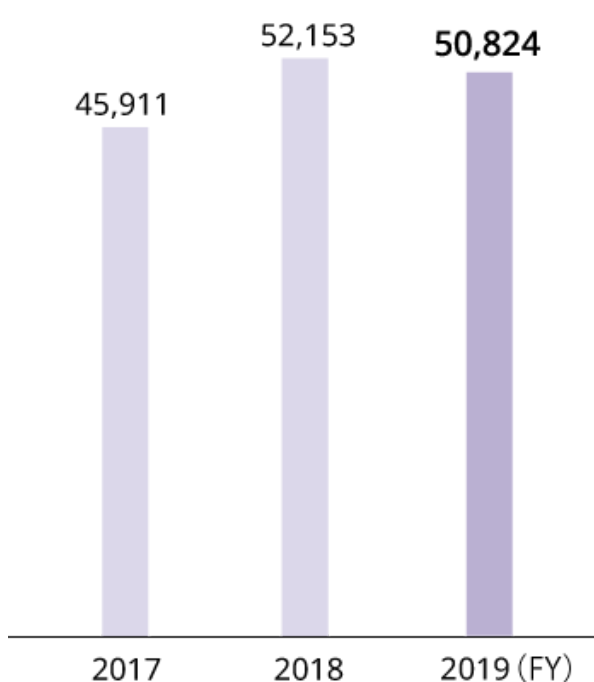


Social Indicators

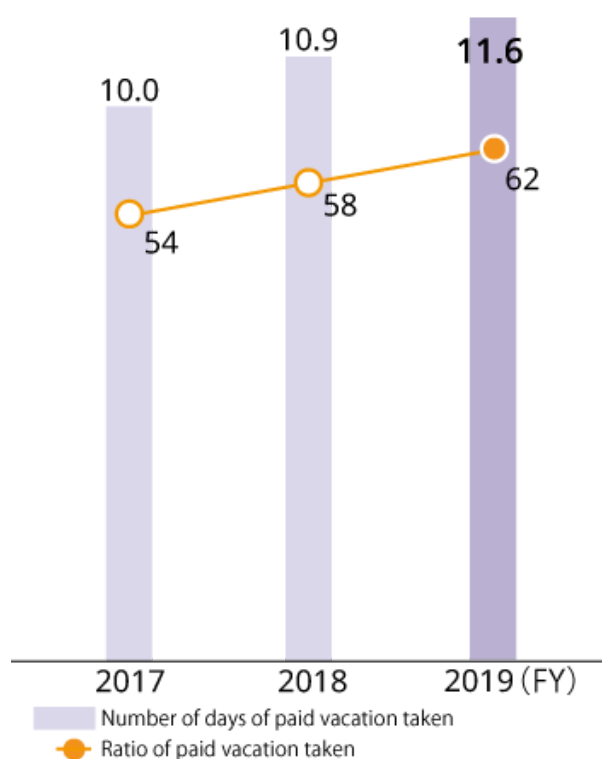
Number of employees (persons)
Number of female employees (persons)
Female ratio (%)



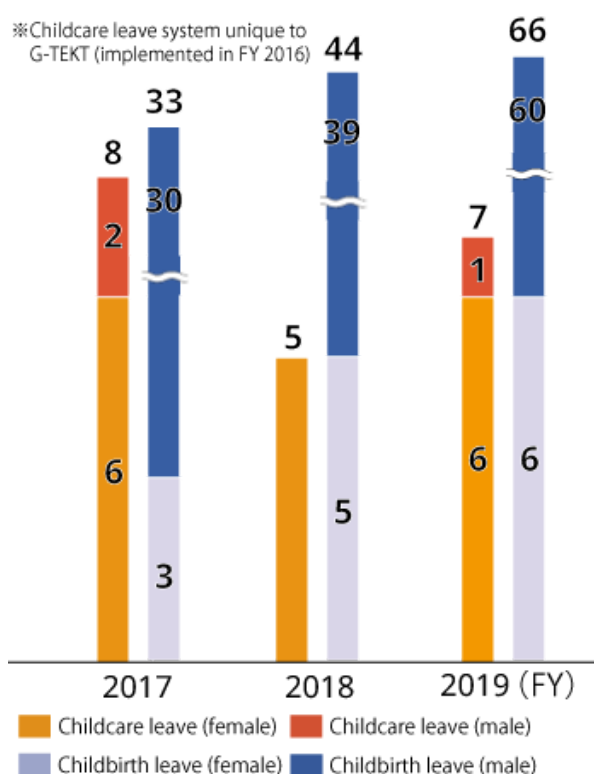
Education and training expenses per person (Yen)



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



Number of employees taking childcare leave (persons)
Number of employees taking childbirth leave* (persons)



Other nonfinancial data

Classification		2017 (actual) March 31, 2018	2018 (actual) March 31, 2019	2019 (actual) March 31, 2020
<div><div>Environment</div><div>環境</div></div>	Greenhouses gas(GHG) emissions	123,970 t	130,509 t	124,031 t
	Weight of waste material released	5,029 t	4,445 t	3,664 t
	Water usage	470 thousand m2	456 thousand m2	429 thousand m2
	Environmental accounting(cost)	¥245 million	¥200 million	¥226 million
	Violations of environmental laws & regulations	Nil	Nil	Nil
	Environmental problems (accidents, contamination)	Nil	Nil	Nil
	Environmantal-related complaints	Nil	Nil	Nil
	Biodiversity conservation expenditure	¥4.08 million	¥3.15 million	¥2.26 million
<div><div>Social</div><div>社会</div></div>	Number of employees, Number of female empyoees	1,170 persons、Female 88 persons	1,172 persons、Female 92 persons	1,162 persons、Female 94 persons
	Number of foreign employees	7 persons	7 persons	7 persons
	Number of female managers and officers	0 persons	0 persons	6 persons
	Number of foreigner managers and officaers	0 persons	0 persons	0 persons
	Average monthly overtime hours	23.03 hours/month	28.35 hours/month	25.75 hours/month
	Personnel leaving employment status	42 persons (Male 40 persons/Female 2 persons)	33 persons (Male 31 persons/Female 2 persons)	41 persons (Male 38 persons/Female 3 persons)
	Number and ratio of disabled persons employed	25 persons、1.93%	25 persons、2.01%	27 persons 1.87%
	Number of days of paid vacation taken, Ratio of paid vacaton taken	10.0 days/year、54%	10.9 days/year、58%	11.6 days/year、62%
	Number of employees on leave due to accident	1 persons	1 persons	1 persons
	Number of employees on mental health leave	9 persons	10 persons	9 persons
	Number of employees taking mataninity leave, Number of employees taking childcare leave	Mataninity leave 4 persons Childcare leave 8persons (Male 2 persons/Female 6 persons)	Mataninity leave 5 persons Childcare leave 5 persons (Male 0 persons/Female 5 persons)	Mataninity leave 5 persons Childcare leave 7 persons (Male 1 persons/Female 6 persons)
	Number of employees taking childbirth leave※ ※Childbirth leave program unique to G-TEKT	33 persons (Male 30 persons/Female 3 persons)	44 persons (Male 39 persons/Female 5 persons)	46 persons (Male 60 persons/Female 6 persons)
<div><div>Governance</div><div>ガバナンス</div></div>	Education and training expenses per person	¥45,911/person	¥52,153/person	¥50,824/peron
	Expenditure on social contributions activities	¥4.71 million	¥8.60 million ※¥5 million West Japan floods and landslides donation	¥56.07 million ※Incruding overseas subsidiaries activities
	Ratio of outside members of the board	18%	20%	40%
	Ratio of female member of the board	0%	0%	20%
	Expenditure on political donations and lobbying activities	¥0	¥0	¥0
	Measures against conflict minerals	Not applicable	Not applicable	Not applicable
	Whistleblowing incidents	27 cases	21 cases	19 cases
	Number of violation of domestic/overseas laws & regulations	Nil	Nil	Nil

Basic Environmental Information

- ▼ Environmental Philosophy and Environmental Policies
- ▼ G-TEKT Group's Environmental Management Structures

Environmental Philosophy and Environmental Policies

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.

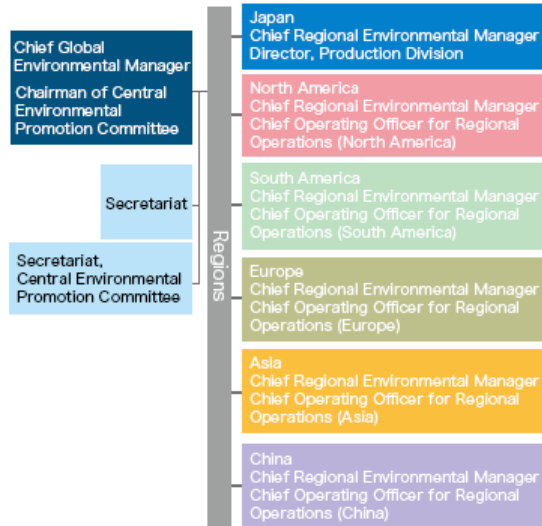
G-TEKT Group's Environmental Management Structures

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)

Japan: 100% Overseas: 89%



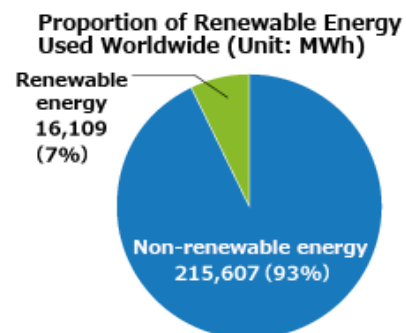
Main Initiatives to Protect the Environment

- ✓ Introduction of Renewable Energy
- ✓ Creation of Electricity by Solar Power Generation
- ✓ Environmental Improvement Efforts
- ✓ Self-consumption of Electricity through Solar Power Generation
- ✓ Environmental Accounting

Introduction of Renewable Energy

G-TEKT's China plants (APAC and WAPAC) and the plant in Brazil (G-KTB) are introducing environmentally friendly renewable energy.

We are also seriously considering the introduction of renewable energy at other plants and offices, both in Japan and overseas.



Self-consumption of Electricity through Solar Power Generation

Solar panels have been installed on rooftops to generate electricity at five of our overseas subsidiaries: APAC and WAPAC in China, G-TEC and G-TTC in Thailand, and G-TIP in India. The electricity is consumed internally or bought enabling the plants to reduce CO₂ emissions by using renewable energy.



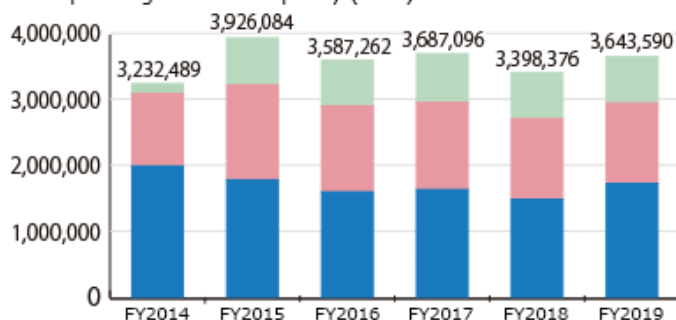
**Solar power generation
at the G-TIP plant in India**

* Renewable energy is, unlike fossil-derived energy which is a finite resource such as petroleum, coal and natural gas, energy that can be reused or is inexhaustible in the natural environment, such as solar, wind, hydroelectric, geothermal and biomass.

Creation of Electricity by Solar Power Generation

In Japan, we have been conducting the power generation business (all power is sold) since 2014 at our three business locations of the Saitama Plant, Gunma Plant and Shiga Plant, from the viewpoint of providing the world with electricity by power generation with less CO₂ emissions.

Change in solar power generation capacity
Solar power generation capacity (kWh)



Saitama Plant

Gunma Plant

Maximum power output

Saitama Plant
1,500kW
Gunma Plant
1,500kW
Shiga Plant
1,500kW



Shiga Plant

Environmental Accounting

(Million yen)

	FY2017		FY2018		FY2019	
	Investment amount	Expense amount	Investment amount	Expense amount	Investment amount	Expense amount
Business area cost	19.1	31.8	85.3	33.5	61.9	40.2
(Pollution prevention cost)	3.8	1.6	-	2.1	0	4.4
(Global environmental conservation cost)	15.3	25.6	85.3	2.7	61.9	15.7
(Resource recycling cost)	-	4.7	-	28.5	-	20.0
Upstream/downstream costs	5.3	73.2	1.1	61.6	1.6	39.8
Administration cost	-	67.7	-	64.6	-	55.6
R&D cost	5.5	65.5	-	36.9	0	86.7
Social activity cost	-	7.1	-	3.9	-	3.6
Environmental remediation cost	-	-	-	-	-	0
Total	29.9	245.3	86.4	200.7	63.5	225.9

* 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.

Environmental Improvement Efforts

India (G-TIP)

In India, water shortages have become an increasingly serious issue for several reasons: population growth, excessive groundwater consumption, and less rainfall. Since the G-TEKT plant in India uses groundwater in certain areas, such as the office, we have been working with the local government on countermeasures for groundwater shortages. By reviewing the layout of the piping in the plant and switching to recycled water for toilets, which is distributed by the government, G-TIP is saving 68,000 liters of water per day.



Mexico (G-MEX)

G-MEX reuses scrap paper internally to reduce the consumption of copy paper. Suppliers are also being asked to cooperate by making electronic versions of corporate brochures, catalogs, pamphlets, and other materials. G-MEX makes a point of pursuing initiatives for our supply chain in addition to the company.



Japan (Tochigi Plant)

A “sky sheet” (special sheeting made of aluminum foil) has been attached to the roof of the plant to reflect sunlight and minimize temperatures. This has significantly reduced heat build-up inside the building, resulting in lower temperatures. Reducing the use of air conditioning has reduced CO₂ by 16.7 tonnes annually.



Key Achievements in Environmental Conservation

✓ Global Environmental Burden Data

✓ Water Resource Usage

✓ Material Flow in Japan

✓ Greenhouses Gas Emissions

✓ Amount of Waste Generated

✓ Supply Chain Environmental Burden Data in Japan

Global Environmental Burden Data

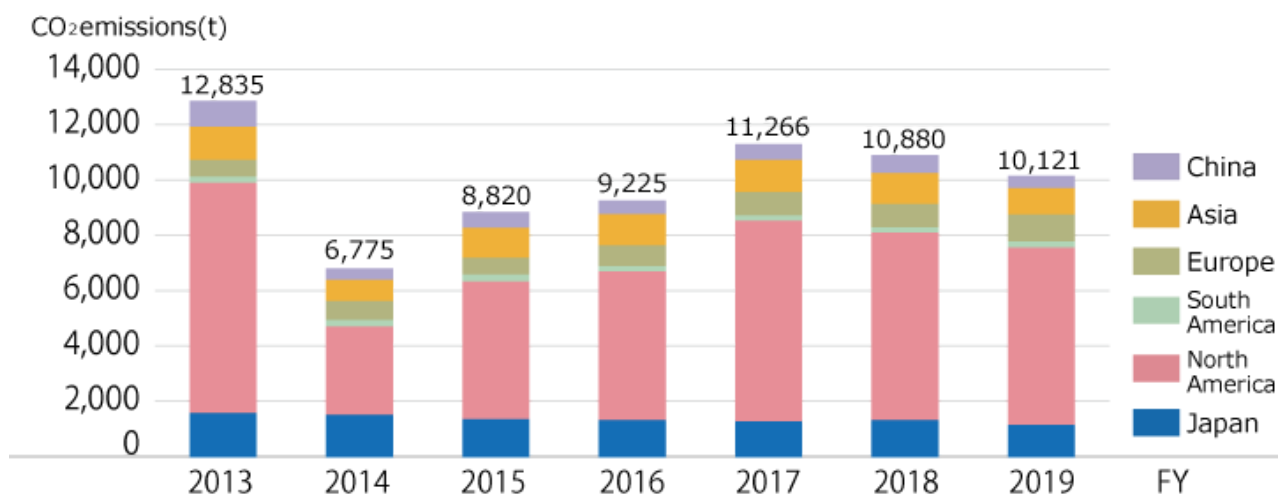
The G-TEKT Group always keeps sustainable business activities clearly in mind, striving to reduce our environmental impact in all areas of operations by reducing energy consumption, water use, and waste. Automobile production volume declined worldwide in fiscal 2019, particularly in Japan and North America. In addition, in the fourth quarter, we were forced to temporarily shut down operations in some regions due to COVID-19, resulting in less energy being used during production. Conventional power, accounting for roughly 82% of the energy we use, decreased by around 4% year on year, while renewable energy grew by 8% year on year as G-TEC in Thailand started generating renewable energy for internal use. Total CO₂ emissions (Scope 1 + 2) decreased by 5% year on year to 123,373 t-CO₂.

■ 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

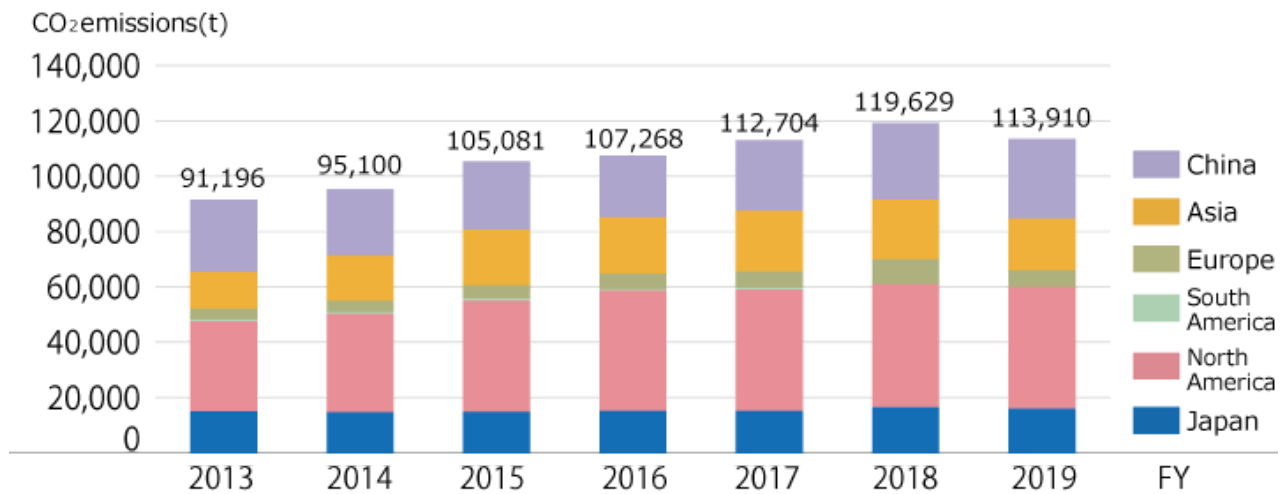
Direct emissions (scope 1)



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).

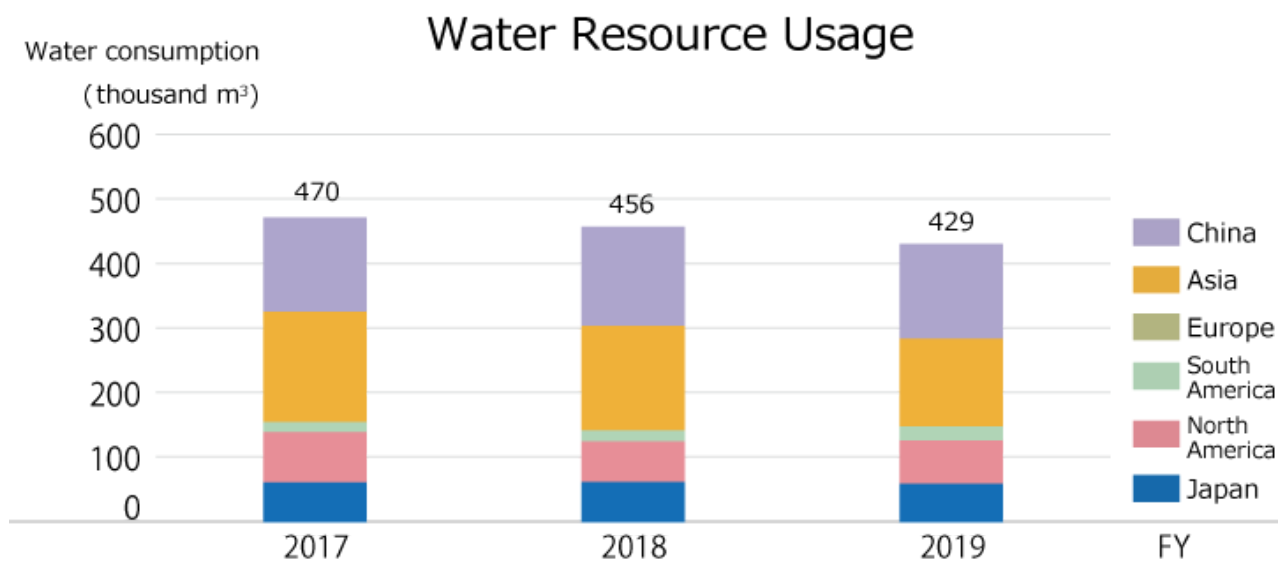
Indirect emissions (scope 2)



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

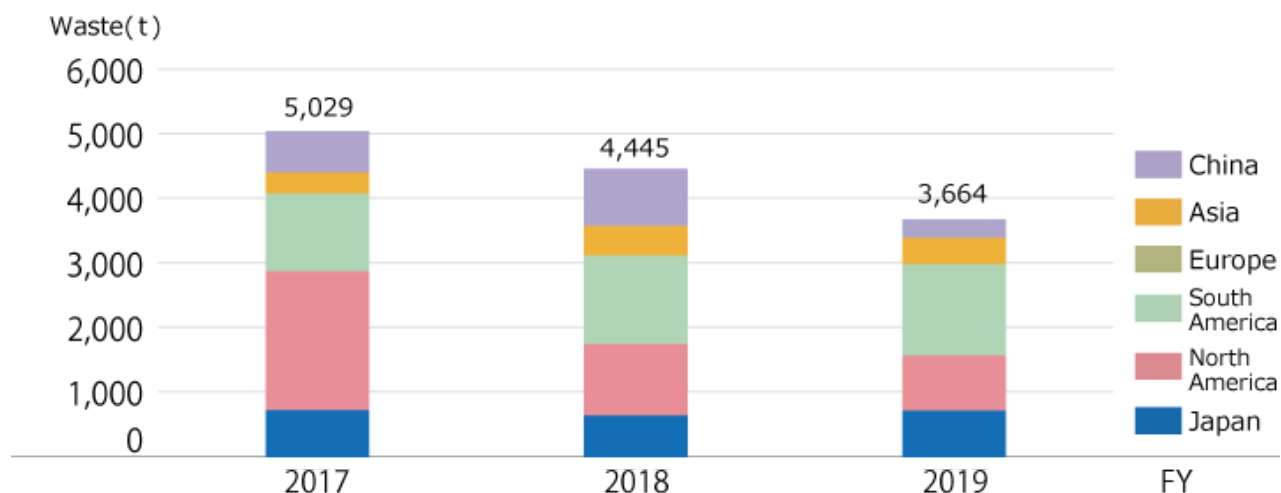


Calculation method:

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

Amount of Waste Generated

Amount of Waste Generated



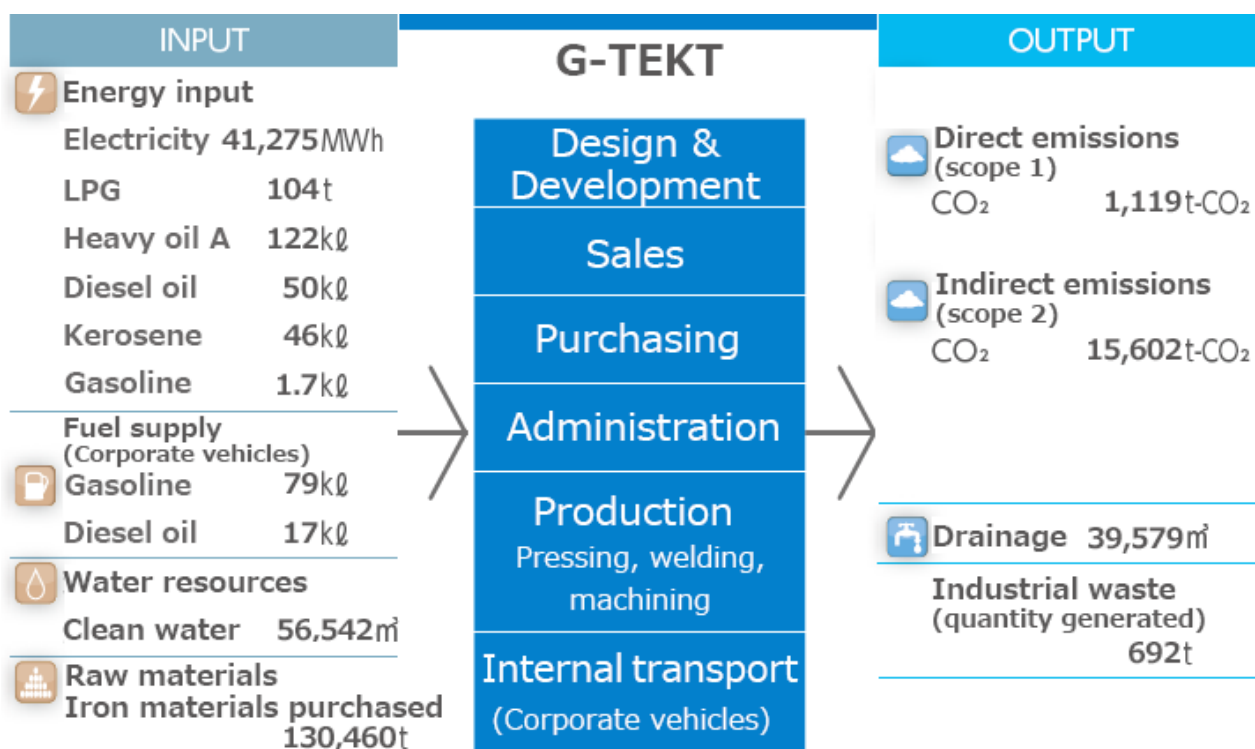
Note: The amount of waste consigned for a fee is not known for certain bases in China for fiscal 2019.

Calculation method:

amount generated = Σ (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.

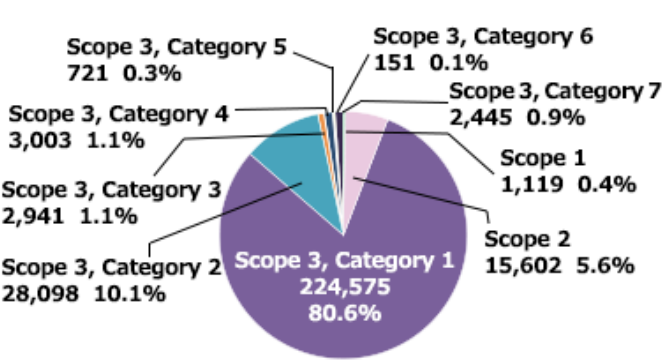
Materiality Flow in Japan (*FY 2019 Results)



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 FY2019



Scope 1 : Direct emissions by the Company	
Scope 2 : Indirect emissions by the Company (power consumption portion)	
Scope 3 : Category 1	Purchased goods and services
Category 2	Capital goods
Category 3	Fuel and energy related activity not covered by Scope1,2
Category 4	Upstream shipping, delivery
Category 5	Waste generated thorough normal operations
Category 6	Business travel
Category 7	Employee ommuting

Biodiversity Efforts

- ✓ Biodiversity Guidelines and Priority Initiatives
- ✓ Saitama Prefecture Forestation Agreement
- ✓ Shiga Prefecture Biodiversity Initiative
- ✓ G-TEKT's Forestation Program
- ✓ Sponsor of Kabutomushi Village

Biodiversity Guidelines and Priority Initiatives

G-TEKT established the G-TEKT Biodiversity Guidelines in fiscal 2014 and has started on new initiatives related to biodiversity that could be affected by our business activities, as one way to protect the environment, something we view as an important management issue.

G-TEKT Biodiversity Guidelines

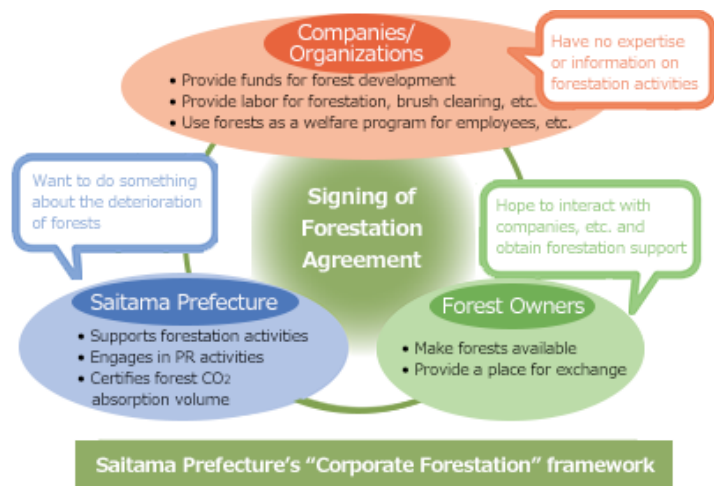
G-TEKT recognizes the “conservation of and sustainable usage of biodiversity”, as a significant issue to be addressed as a part of the “conservation of the global environment” under the “G-TEKT Environmental Philosophy”, and shall strive to promote both the conservation efforts and business activities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

We planted 100 young rhododendron dilatatum trees at the Ninth G-TEKT Forestation event held in April 2019. At the Tenth G-TEKT Forestation event in September 2019, we cleared undergrowth in forests. 46 employees took part in this event.

In addition, we attained certification from Saitama Prefecture for absorbing 16.9 tonnes of CO₂ to date by planting tree.





Sponsor of Kabutomushi Village

The Shiga Plant has sponsored the Kabutomushi (Japanese rhinoceros beetle) Village in Koka City since 2018.

Kabutomushi Village, a summertime-only event, allows visitors to interact with rhinoceros and stag beetles that have been nurtured at the foot of Mt. Suzuka. They live on trees in a greenhouse. Visitors can see the beetles' natural habitat as well as pick them up to learn more about them.



Shiga Prefecture Biodiversity Initiative

Since 2018, Shiga Prefecture has been implementing the Shiga Biodiversity Initiative Certification Program to support businesses that protect nature and use natural resources sustainably.

In 2018, the G-TEKT Shiga Plant has been certified with three stars for the Shiga Biodiversity Initiative Certification.

We regularly clean up trash on the roads around the plant, cut the grass, and help with preserving forests.



Initiatives for Respecting Human Rights

▼ Respect for Human Rights

▼ Respect for Human Rights: Our Initiatives

▼ TOPICS

Respect for Human Rights

Our Code of Conduct was overhauled this fiscal year to reflect advancements in approaches to ESG (environment, social, governance). The new Code of Conduct makes a renewed appeal for the respect of human rights and the elimination of child and forced labor. As well, the code promotes the creation of open work environments, where diverse lifestyles and ways of thinking are respected.

Respect for Human Rights: Our Initiatives

All employees carry with them a leaflet with our Code of Conduct summarizing the behavior expected of them. The code is read aloud in unison at least once a year at all workplaces to make sure everyone is fully aware of the content.

We also conduct internal checks at all overseas subsidiaries at least once a year to ensure there are no cases of discrimination or use of conflict minerals. Headquarters formulates basic policies in Japanese and English showing ways to prevent unfair competition and corruption as well as how to deal with child and forced labor, with guidelines formulated by each local subsidiary in line with regional circumstances. By educating local management and staff, using the guidelines, we intend to make clear our rules and corporate approach to human rights violations.

In addition, G-TEKT has been conducting training on harassment for all people in management positions since fiscal 2018, ahead of the enforcement of the Anti-Power Harassment Law in Japan. To eliminate harassment Group-wide, this training will eventually be extended to all employees.

TOPICS

Implemented Sexual Harassment Training in North America

At JSC, our base in North America, we held training, on sexual harassment for all employees, using an outside instructor. The training deepens understanding of harassment within the company, including racial discrimination, through case examples and exercises. We are also striving to develop a new sense of morality within the company through similar training.



Relationships with employees

Talent development

G-TEKT's Diverse
Working Styles

Initiatives
for Diversity

Initiatives for
Occupational
Safety and Health

Talent development

- ▼ Policy on Talent Development
- ▼ Overseas Study Program
- ▼ Self-Development Support
- ▼ Training Program
- ▼ Creating a Workplace that Provides Job Satisfaction
- ▼ VOICE

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 Program

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

●FY2019 Training Achievements

Scope		Name of training	2017	2018	2019
			Number of persons		
Rank-by-rank training sessions	Junior	New employee group training	32	35	35
		Production site training	13	17	17
		Technical department training	11	22	15
		Follow up training	13	24	32
		New grade 3 training	-	32	10
		New grade 4 training	-	37	36
	Mid-career	New grade 5 training	-	17	17
		New grade 6 training	13	13	17
	Managerial	New grade 7 training	4	9	12
		Managerial workshop	-	123	137
		Grade 9 assessment training	-	-	21

Scope		Name of training	2017	2018	2019
			Number of persons		
Selection training	Mid-career/ Managerial	Female leader training	4	14	5
		Pre-overseas assignment language learning	19	24	16
		Dispatch to external management school	2	2	1
Correspondence education and e-learning	Junior	Pre-employment training for prospective employees	32	35	35
	All employees	Production meister course enrollment	159	106	119
		GLOBIS Unlimited	-	-	87
		Program for improving English skills	200	137	161

● Number of Language Course Dispatchers (one year or more)

	2013	2014	2015	2016	2017	2018	2019	Total
English	4	3	3	3	2	1	1	17
Chinese		2	2	1	1	1	1	8
German				1	1	1	1	4
Others					2			2

Overseas Study Program

The overseas study program has been used by 31 young employees up to their third year in the Company with the aim of experiencing different cultures overseas and for acquiring language skills that can be applied at work. In addition to a half-year language training course, we provide on-site training at overseas subsidiaries. Participants in the program join with local staff, who have different business practices, at an early stage in their career. This initiative nurtures human resources with a global outlook who can take on active roles after having experience in production, engineering, sales, and corporate management. 2019 marked the seventh year of the program. Three participants in the program are now stationed at overseas subsidiaries.

*Program participants returned to Japan temporarily due to the COVID-19 pandemic and are taking part in a training program in Japan, as of May 2020.

Creating a Workplace That Provides Job Satisfaction

We have continued to hold management workshops (experience-based courses) since 2018. In fiscal 2019, 138 managers working in Japan, including five recently promoted female managers, participated in the workshop that was based on the results of an organizational diagnosis conducted in the previous fiscal year.

At the workshop, the managers set goals for their own department and studied concrete ways to nurture human resources and promote teamwork. After returning to their respective workplaces, the managers perform tasks that will fundamental to their work as managers, such as getting section staff

to come together, set their own goals, and try to find a solution to a challenge. Lively discussions were held among the managers during the workshop, which provided the opportunity to exchange opinions on a wide range of topics, even within each department.



Managerial workshops

Self-Development Support

This support program for obtaining qualifications aims to improve employees' skills and productivity by acquiring qualifications useful for work.

In addition to providing allowances to employees who have obtained a qualification, we take a flexible approach to the qualifications that the allowance covers.

To support classroom learning, we have fully embraced online learning and have prepared basic materials for improving language and managerial skills, in this way providing an environment where employees can study anywhere during their free time. Through online learning, employees who have been sent overseas also have access to the same learning opportunities as employees in Japan.

VOICE

I really feel that the experiences I am getting are an example of G-TEKT's policy of creating a corporate culture that allows every employee to grow and thrive.

In my first year at G-TEKT, I went to the United States as a first-year student under the Overseas Study Program, and the basic training in language and factory management has laid the foundation for me to be active on the global stage. I am working to improve production management and overall productivity in the press division at JSC in Georgia, in the United States. I sometimes serve as an interpreter at management meetings and other occasions. My experience studying overseas has been the driving force behind projects that involve local staff with different cultural backgrounds. In the future, I would like to continue to achieve the goals of the Company as well as my own objectives based on my own personal growth and by making use of G-TEKT's human resource development system.



Keisuke Mizunoya, JSC Staff Engineer

G-TEKT's Diverse Working Styles

Talent development

G-TEKT's Diverse Working Styles

Initiatives for Diversity

Initiatives for Occupational Safety and Health

G-TEKT's Diverse Working Styles

✓ Work-Life Balance

✓ Gender Equality with No Barrier to Work and Roles

✓ Employing Disabled People

✓ Company Implementing Diverse Working Styles

✓ Promoting the Advancement of Senior Employees

✓ Changes in Workstyles, Both During and After the COVID-19 Pandemic

✓ Gender Equality in the Home

✓ Senior Participation and Advancement

✓ Kurumin

Work-Life Balance

To encourage employees Company-wide to take paid leave, something that has been a challenge in the past, an annual plan that includes consecutive leave was formulated at the beginning of the fiscal year at the divisional level. The General Affairs Department manages the progress of the plan every month. As a result of interaction between the General Affairs Department and employees, the percentage of paid leave taken has increased from 47.9% in fiscal 2015 to 61.5% in fiscal 2019. Going forward, G-TEKT will continue encouraging employees to take paid vacation by shortening operating hours through automation and operational improvements.

Changes in Workstyles, Both During and After the COVID-19 Pandemic

Considering the spread of the COVID-19, G-TEKT has taken immediate steps to prioritize the health and safety of employees and their families. At all production sites, we measure the body temperature of workers when they arrive, make sure everyone is wearing a mask or we provide one, and practice social distancing on site during daily operations. After the declaration of a state of emergency, employees started working from home, in principle, especially those working indirectly, using network connections, online conferencing, and other remote working methods. Nobody from G-TEKT has contracted COVID-19 (as of September 30, 2020).

Even after the state of emergency was lifted, we kept the number of people working indirectly in the office to under 50%. In addition, since working from home does not interfere with our operations, we now have faster decision-making and higher work efficiency after revising our decision-making methods and shifting to a paperless environment and online conferencing. Communication within departments has also improved.

Going forward, in our personnel system we will change from a time-managed, white-collar workstyle to a more performance-based framework where roles are more clearly defined. This will lead to greater productivity as well as boost employees' abilities and their sense of achievement.

Gender Equality with No Barrier to Work and Roles

To use human resources effectively, regardless of gender, we first provided the opportunity for educating women to develop into leaders and to share information, with the aim of changing the awareness of both female employees and their bosses. In fiscal 2019, we appointed five female managers for the first time. New female managers do not have any role models in the company that they can follow, therefore they must think and act on their own and build their own careers with the support of their superiors. At the same time, introducing female managers provides a spark for male managers and colleagues, and has taken us one step closer to fostering a corporate culture where both men and women take on active roles. This includes a more multi-layered exchange of ideas and opinions during meetings.

Gender Equality in the Home

G-TEKT has established childcare leave, nursing care leave, reduced work hours, and a flextime system so that employees can continue to work regardless of life events, such as childbirth, childcare, and nursing care. In our newsletter, we have been encouraging male employees to take childcare leave, which was taken up by some employees in fiscal 2017 and fiscal 2019. The number of male employees taking paid leave for childcare and using the flextime system for dropping off and picking up their children at nurseries has been increasing. This demonstrates how our employees are becoming more aware of the need for gender equality in the home. This not only benefits G-TEKT, but also helps employees' families achieve more equality in their private lives. We will continue activities to help reach this goal as a way to contribute to creating a sustainable society where household chores, childcare, and nursing care are not the sole responsibility of women, as these could hold back their career development.

Employing Disabled People

Since 2013, we have built a framework of cooperation with the regional support center and made proactive efforts to increase the employment of disabled people, as well as to increase the number of workplaces where they can thrive. In fiscal 2019, we shared information on the kind of responsibilities disabled people have at G-TEKT. This served to deepen understanding of disabled employees by showing that they can take on active roles and work according to their individual abilities, regardless of whether or not they have a disability.

Looking ahead, we will continue to create an environment where people with disabilities can work as valued members of our team, without pursuing the goal of just increasing their number. We will also provide the best support we can for their social advancement so they can lead proud and independent lives.

Active Roles for Senior Citizens

The number of senior citizens who have reached retirement age that are active in different roles at G-TEKT is increasing year by year. This number includes older employees working with younger employees at the same production site, those who train the next generation by transferring their abilities and technology, and those who use their skills on overseas business trips. With the aim of further boosting the motivation of reemployed workers who have an appetite for work, we revised our systems and regulations on procedures such as our bonus framework and the criteria for evaluating performance. At the same time, employees can choose to work shorter hours as well as full-time. This is part of an initiative to create an environment where everyone feels comfortable working.

Company Implementing Diverse Working Styles

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



G-TEKT has obtained “Gold + (Plus)” certification under the “Certification Scheme for Companies Implementing Diverse Working Styles” in Saitama Prefecture.

Promoting the Advancement of Senior Employees

“Company Declaring Promotion of Senior Employee Advancement”



G-TEKT has been certified as a “Company Declaring Promotion of Senior Employee Advancement” by Saitama Prefecture.

Kurumin

Childcare Supporting Company: “Kurumin” Certification



G-TEKT has been certified as a “Childcare Supporting Company” by the Minister of Health, Labor and Welfare.

Initiatives for Diversity

Talent development

G-TEKT's Diverse
Working Styles

Initiatives
for Diversity

Initiatives for
Occupational
Safety and Health

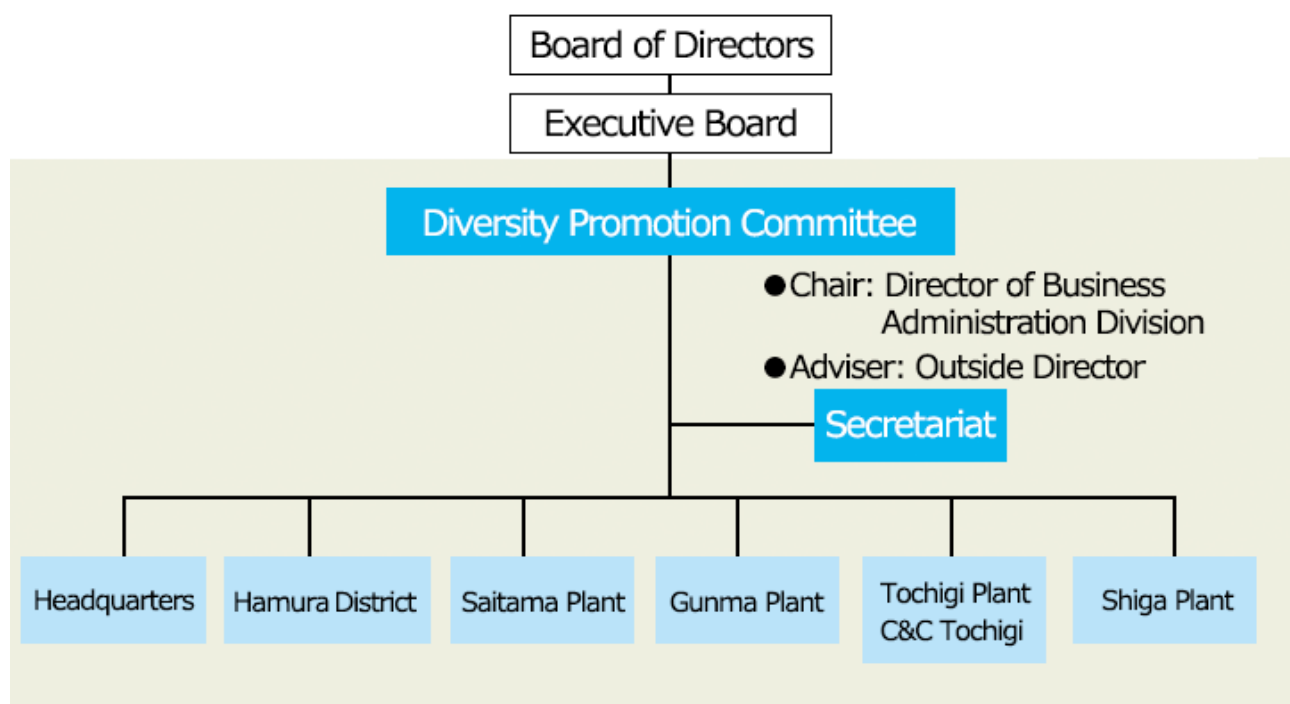
Initiatives for Diversity

Diversity Promotion Committee

Basic policies: Create a workplace where all employees are motivated and can make effective use of their individual strengths; build connections that eliminate barriers between the organization and employees; and provide opportunities for the seeds of innovation to grow.

We positioned 2019 as the first year of diversity at G-TEKT and established the Diversity Promotion Committee to carry out activities across the organization that transcend departments. In addition to holding workshops on diversity and inclusion, we investigated other ways to promote diversity with employees who are working at our headquarters, offices, and plants in every region. These people now take part as committee members so that we can gather opinions from varied perspectives. Going forward, we will take concrete steps one at a time in conjunction with the initiatives that we take on both during and after the COVID-19 pandemic.

● Diagram of Diversity Promotion Committee



Talent development

G-TEKT's Diverse
Working Styles

Initiatives
for Diversity

Initiatives for
Occupational
Safety and Health

Initiatives for Occupational Safety and Health

▼ Safety and Health Policies

▼ Various Initiatives

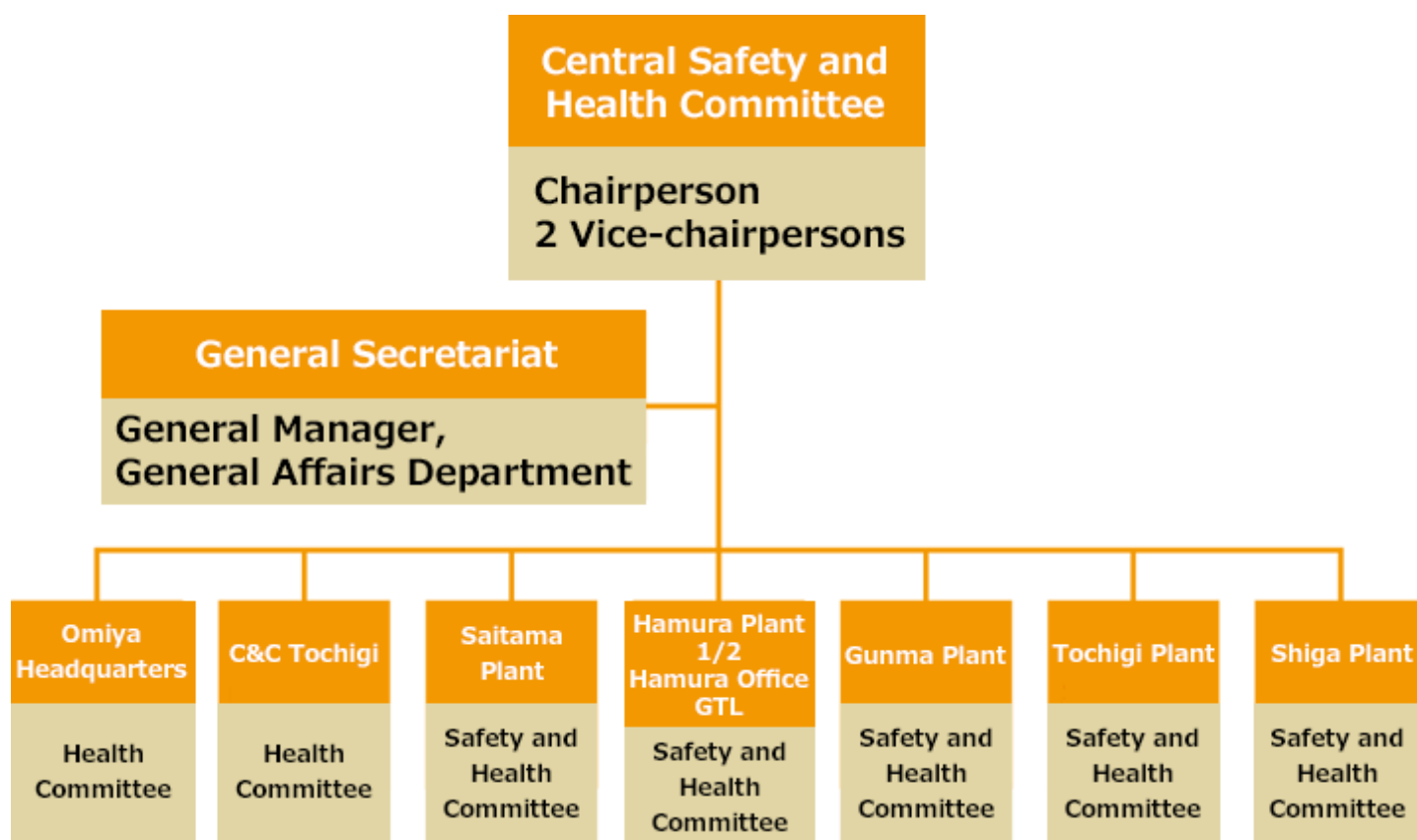
▼ Organization Chart of Central Safety and Health
Committee

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.

Organization Chart of Central Safety and Health Committee



Various Initiatives

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).

Traffic Safety Initiatives

In addition to an initiative for observing traffic rules during commuting and business trips, we also hold traffic safety classes for young employees before long-term holidays. In addition, Hamura District

received certificates of appreciation from the Chief of the Fussa Police Station and the Fussa Traffic Safety Association in recognition of proactive programs for traffic safety. To raise awareness of safe driving in everyday life, Hamura District, the Saitama Plant, and C&C Tochigi participated in a safe driver contest for 2019 sponsored by the Metropolitan Police Department. Last fiscal year, 195 employees took part in teams of three, and received achievement awards and letters of appreciation for being accident- and violation-free.



Related content

[Directors](#)

[CSR](#)

Relationships with Suppliers

- ✓ Fundamental Policies on Procurement (Purchasing/CSR Procurement Policies)
- ✓ Communication with Suppliers
- ✓ Measures against Conflict Minerals
- ✓ G-TEKT's Supplier CSR Guidelines
- ✓ Suppliers' Quality Award

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 with 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

G-TEKT's Supplier CSR Guidelines.

In April 2016, we formulated and published G-TEKT's Supplier CSR Guidelines to further clarify our expectations of suppliers and have them understand and share this at a deeper level. Considering recent social changes, such as changes in the business environment and transformations in the automobile industry due to the evolution of AI and IoT, we have decided to review items such as human rights, discrimination and forced labor, which have become international issues, and issued the revised guidelines



A presentation for suppliers at G-KTB (Brazil)

in April 2019. We have worked together with suppliers, in the belief that it is important for CSR activities to involve not only activities relating to environmental problems but also those involving the entire supply chain, such as compliance with laws and regulations, respect for human rights, occupational safety and quality. We ask our main suppliers to respond to a self-inspection questionnaire to evaluate their current status based on their answers. We not only give them feedback, but also take actions including proposing improvement measures aimed at identifying and resolving issues in the supply chain. We will continue engaging in initiatives to enhance our CSR system in the supply chain together with suppliers.

Communication with Suppliers

G-TEKT regularly holds social gatherings for suppliers to boost a feeling of unity and help them survive in the harsh business environment.

These events provide the opportunity for G-TEKT to share our management policy as well as for management and suppliers to directly exchange opinions. Some 110 suppliers took part last fiscal year.

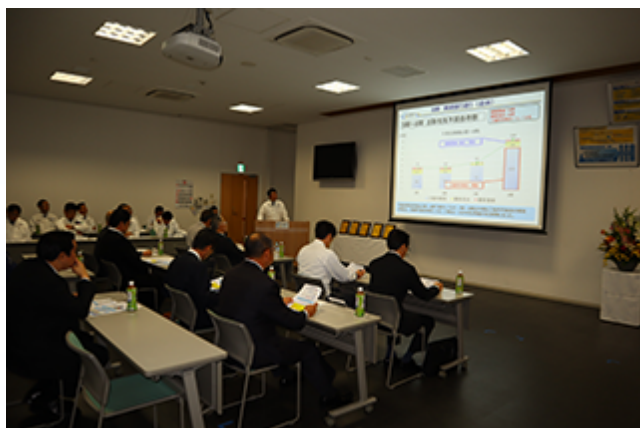


A social gathering for suppliers

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 Program 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 2019, we granted the award to five outstanding suppliers based on their performance in the previous fiscal year. The award ceremony provides the chance to present different suppliers' initiatives as well as ours on quality control, helping to raise overall quality.



The award ceremony

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.

Related content

Officer profiles

CSR

Initiatives for Quality Assurance

Quality Assurance Management

Quality Improvement Initiatives

Quality Assurance Management

▼ Policies on Quality

▼ Quality Assurance System

▼ IATF 16949 Certification

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 22 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 IATF 16949

Quality Assurance Manager (IATF/Manager)

Quality Manager (IATF/Manager)



IATF 16949 Certification

Since FY2018, we have been 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. Once the transition is complete, we will be able to satisfy the quality requirements of our customers with even more advanced quality management.

*IATF 16949 is an international standard for quality management systems focused on the automotive industry.
Many automakers use this system as the standard when purchasing auto parts.s

●IATF 16949 certification acquisition rate (based on number of business locations)

Japan**100%** Overseas**78%**

Related content

Directors

CSR

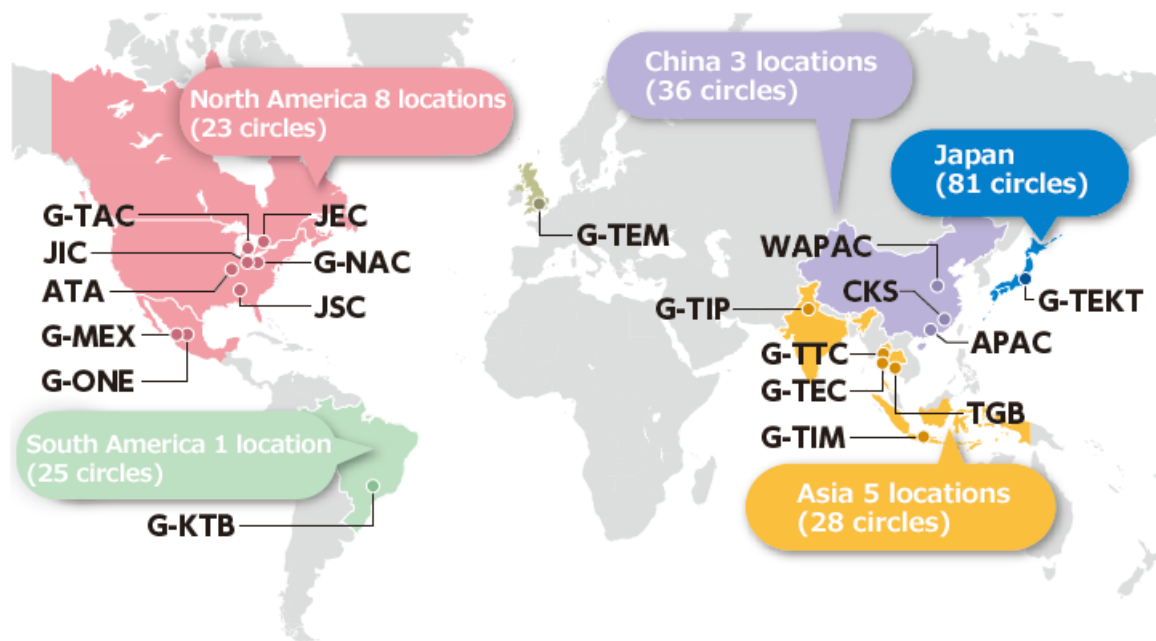
Quality Improvement Initiatives

Implementation of G-TEKT Circle Activities

The G-TEKT Group voluntarily and actively conducts quality control (QC) circle activities (activities in small groups) aimed at learning 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.

Our QC circles are active in six regions around the world.



TOPICS

G-TEKT's APAC in China Wins Excellent Supplier Award

APAC was selected as an excellent supplier at the Supplier Awards run jointly by Guangqi Honda Automobile Co., Ltd. and Dongfeng Honda Engine Co., Ltd. This is the third time we have won this award since fiscal 2014. The award was in recognition of the hard work of all employees to stay focused on goals and work toward their attainment. Going forward, APAC will continue to provide high quality to our customers.



Relationships with Local Communities

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.

China

■CKS

CKS provides support to people struggling with illness in neighboring rural areas. Our personnel visited families in need and donated daily necessities, rice, and oil. Through these activities, CKS is building a good relationship with the local community.



Thailand

■G-TEC

G-TEC donated 30 desktop computers to a local elementary school, helping create an environment where children can study using computers. Many of the children of G-TEC employees go to this school, prompting several employees to offer words of appreciation to the company.



■G-TTC

In January 2020, G-TTC participated in a local Children's Day event. A booth was set up to introduce G-TTC, helping to deepen people's understanding of its business operations. Games and other gifts were also given out, which helped strengthen bonds with the children and local residents.



India

■G-TIP

From April to October, G-TIP employees collect leaves and branches as a way to maintain a beautiful natural setting on the premises, and then give them to residents. In India, dead leaves and branches are used as fuel for cooking and feed for livestock, which supports people's everyday lives. In addition to creating a good relationship with the local community, this helps realize a recycling-oriented society that does not waste resources.



United Kingdom

■G-TEM

At our UK plants, employees sell homemade cakes and sweets every year and donate the proceeds to cancer and heart disease support groups. Through this fundraising activity, together with the support groups we help people suffering from illnesses.



Japan

■ Headquarters

At our headquarters, we had a food drive that all headquarters employees took part in. This initiative provided the opportunity to learn about social issues in Japan, such as the system behind food drives and the problem of food waste. 29.2 kg of food was collected and donated through an NPO to a children's cafeteria in Saitama Prefecture.



■ Saitama Plant

Saitama Plant takes part in regional environmental beautification every quarter. In 2019, 53 employees participated over the year, collecting 223 kg of burnable waste and 9 kg of non-burnable waste. The beautification of the surrounding area is maintained by these regular activities.



Related content

[Long-Term Vision](#)

[CSR Report](#)

[Corporate Philosophy](#)

Evaluation from the Outside of the Company

▼ Third-Party Opinion

▼ Response to the Third-Party Opinion

Third-Party Opinion

* As of September 18, 2020



Emi Matsukawa

Ms. Emi Matsukawa established the Collective Action Institute and is Chair of the Board of Directors. She also serves as Senior Manager of CDP, an international environmental NGO. Ms. Matsukawa specializes in sustainability management/disclosure, clean technology, and ESG (environment, social, governance) investment. She provides consulting for listed companies, institutional investors, and entrepreneurs. After graduating from Tokyo University of Foreign Studies, she joined Fujitsu Limited and, following a period at a research and consulting company and other organizations, established Grid & Finance Advisors Inc. in 2011, where she served as the president. Ms. Matsukawa's key achievements include being a member of the Ministry of the Environment's Committee on Revisions of Environmental Reporting Guidelines

and Environmental Accounting Guidelines, and a principal consultant for Research on Stewardship Responsibilities and ESG Investments for the Government Pension Investment Fund (GPIF). She has been a guest speaker at many events, including the ESG Dialogue Symposium sponsored by the Ministry of the Environment; Tokyo University Wood Use System Research Group's Sustainable Corporate Growth Strategy Based on ESG Issues; the Forestry Agency's Deforestation Zero Symposium; and Principles for Financial Action for the 21st Century and the Ministry of the Environment's ESG Evaluation for Long-term Investors.

Disclosure on the New Website

After viewing the newly created CSR website, it seems that G-TEKT is taking a sincere stance toward the ever-increasing demand for information disclosure regarding sustainability management. In addition to reporting on plans and results, G-TEKT has also provided a summary under the ESG Data section. I believe disclosures such as this are the basis for building better dialogues and relationships with ESG investors, the international community, and global suppliers.

Expectations for More Extensive Reporting

Judging by the reports that have been made on results from the perspective of global ESG evaluation, G-TEKT has clearly improved the cycle of reporting with better planning, implementation, and results. In particular, G-TEKT is now reporting on environmental initiatives with figures that also incorporate the work being done at consolidated subsidiaries, both in Japan and overseas. In addition, G-TEKT has shown that it is striving to create a better environment through such means as revising the Code of Conduct regarding respect for human rights. At the same time, I was somewhat unsure about the range of employees covered by policies on labor and human rights issues and about the framework for making related information readily available, which have been issues in the past. I assume that there is the risk of human rights abuses and corruption, especially in overseas places of work, but I was unable to find a clear policy dealing with this. Establishing a committee to promote diversity and inclusion is a major step forward for G-TEKT as it relates to best practices. As a global company, I expect to see disclosure of numerical targets and results for the entire overseas region.

Consistency with the Paris Agreement

As indicated in the Message from the President, the world of mobility is undergoing an unprecedented period of change. In particular, G-TEKT needs to identify the risks and opportunities associated with changes in society caused by climate change, since this is a key component of the Company's business. Although G-TEKT's greenhouse gas emission reduction target has been viewed as relatively low in the past, the Company reported that it had formulated a policy using Science Based Targets with goals that are consistent with the Paris Agreement. I will pay close attention to what kind of strategy is employed for this scenario.

Beyond CSR

G-TEKT's materiality was defined in 2016. I believe the time has now come to update the issues the Company faces, incorporate long-term perspectives, and place an emphasis on objective external factors in order to reflect the current state of the world, which has changed radically in the past few years. On top of that, I would like to see G-TEKT disclose its direction on strengthening the framework for sustainable management, cognizant of the risks and opportunities in business that are deeply correlated with ESG issues, by broadening the scope of CSR beyond responsibilities that should be fulfilled and making a contribution to society.

Emi Matsukawa,
Chair of the Board of Directors for Collective Action Institute

Response to the Third-Party Opinion

We would like to thank Ms. Emi Matsukawa for her valuable opinion on G-TEKT's newly upgraded CSR website. We hope Ms. Matsukawa will have even higher expectations of us and that we can live up to those expectations. As well, we take seriously the areas pointed out as needing improvement, and going forward we will look to strengthen our internal system for disclosing more ESG information on a consolidated basis that includes overseas subsidiaries. We will also set rational targets and disclose results. With this in mind, we have decided to disclose all relevant information on our website rather than in the CSR Report, which we previously issued once a year. We will more frequently update information on our website and strive to provide more extensive coverage of our initiatives.

Looking at our materiality (key issues) identified in 2016, we intend to incorporate a long-term perspective that considers global changes and ESG.

G-TEKT will continue contributing to the realization of a sustainable society and strive to be a vital player in this regard. To that end, we will work to resolve more social issues and strive to convey our work in this area to stakeholders in an easy-to-understand way through our website.

I look forward to receiving your continued feedback.

Secretariat of CSR Activities: Corporate Business Planning Division

Related Content

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