

Environmental Initiatives

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 engaged in efforts to reduce the environmental impact of business activities such as working to acquire the ISO 14001 environmental management system (EMS) certification since 1998. We are currently working to reduce greenhouse gas emissions during production with the goal of becoming carbon neutral.

Environmental policies

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

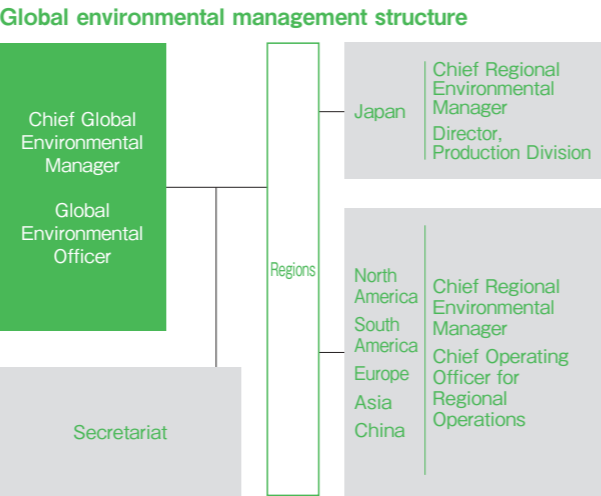
1. The Company shall assess the environmental impact of all its business activities, voluntarily formulate improvement plans, and actively work on environmental conservation.
2. The Company shall comply with related environmental laws and regulations and other requirements and establish its own management 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.

Implementation system

Since FY 2022, a global environmental management system has been headed by the Chief Global Environmental Manager (Senior Managing Officer of the Company: Mitsutoshi Nakamoto), with the Corporate Business Planning Division as the secretariat, promoting global efforts toward carbon neutrality by 2050. The existing Central Environmental Promotion Committee for the environmental management system (EMS) has been transferred to the committee that oversees the Japan region and continues its activities. In terms of EMS, G-ONE (Mexico) and G-TES (Slovakia) were newly certified in FY 2021, and 97% of G-TEKT's global plants have already acquired certification.



*Applicable 26 sites: those consolidated subsidiaries in Japan and overseas in which the Company has an equity stake of at least 50% and that are also production sites (as of October 30, 2024)



G-TEKT receives a “Climate Change A-” rating from CDP for environmental information disclosure

In recognition of its initiatives in the climate change field and the transparency of its information disclosure, G-TEKT was awarded a “Climate Change A-” (Leadership Level) rating by CDP for FY2023. We are preparing to further enhance transparency through the disclosure of information via CDP in response to requests from financial institutions, customers, and policymakers. In order to contribute to the realization of a decarbonized and sustainable society, the Company has set and disclosed targets for reducing greenhouse gases with the aim of achieving carbon neutrality by FY2050, and is promoting enhancements in productivity, improved energy-saving measures, and greater use of renewable energy. We believe that it was such initiatives that led to the awarding of the “Climate Change A-” rating by CDP. Going forward we will continue to implement initiatives to address climate change and to actively disclose information, with the goal of helping to realize a sustainable and decarbonized society.

Message from the Officer in Charge of Environment

Senior Managing Officer of the Company,
Corporate Business Planning Division Charge Officer
and Chief Global Environmental Manager

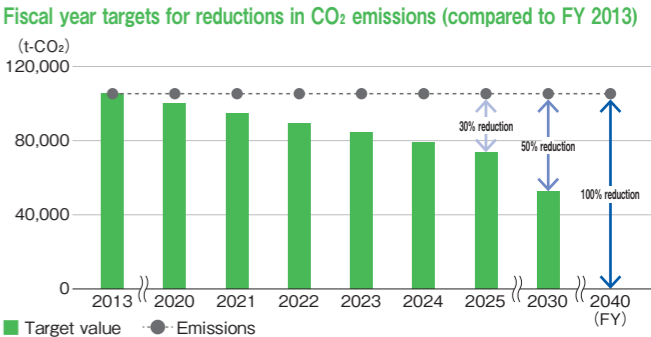
Mitsutoshi Nakamoto



G-TEKT is working on measures aimed at achieving its targets of reducing FY2030 Scope 1 and Scope 2 CO₂ emissions by 50% compared to those of FY2013, and by 100% by FY2040, and of achieving carbon neutrality, including Scope 3, by FY2050. In FY2023 we achieved a reduction of 13% compared to those of FY2013, but this was 7% short of our target. In Japan the switching of all electricity to that derived from renewable energy sources has been completed, and the ratio of electricity derived from renewable energy sources on a global basis has increased to 36% (FY2022: 24%) as a result of expanding installations of own-use solar power generation equipment at sites in Thailand and China. However, progress in reductions in the U.S. and Chinese businesses, where the scale of production is significant, is a major issue. On the other hand, because the enactment of the IRA (Inflation Reduction Act) makes the generation of green energy a priority, it has been announced that the country and electricity utilities will increase renewable energy as a percentage of electricity generated in preparation for carbon neutrality. Accordingly it is predicted that options for the procurement of electricity derived from renewable energy will increase going forward. These initiatives are beginning to bear fruit. For example, through its activities to become carbon neutral, G-TEKT obtained a rating of A- in the CDP Climate Change 2023 rankings, and its most important customer, Honda Motor Co., Ltd., awarded it the Excellence Appreciation Award (Sustainability Category), a prize that is presented to only four companies out of all its suppliers. Moreover, we have been thrust into an era where dealing with the materials that account for more than 90% of CO₂ emissions, mainly steel and aluminum, requires tripartite development between ourselves, materials manufacturers, and automobile manufacturers. We are currently targeting next-generation BEV models by proceeding with research and development into large-scale component integration achieved through the technological development of integral molding methods. The objective is to reduce both the number of processes at automobile manufacturers and the weight of auto bodies.

Environmental Road Map

- Long-term target
Scope1+Scope2
FY 2030 50% reduction *Compared to FY 2013
FY 2040 100% reduction *Compared to FY 2013
Scope1+Scope2+Scope3
FY 2050 Virtually zero emissions
- Single-fiscal year target
This is calculated by increasing the targeted reduction (compared to actual Scope 1 + Scope 2 figures for FY 2013) by 5 percentage points every fiscal year from FY 2020 onwards. The target for FY 2025 is a reduction of 30% compared to FY 2013 (target amount: 75,735 t-CO₂)



Environmental Road Map

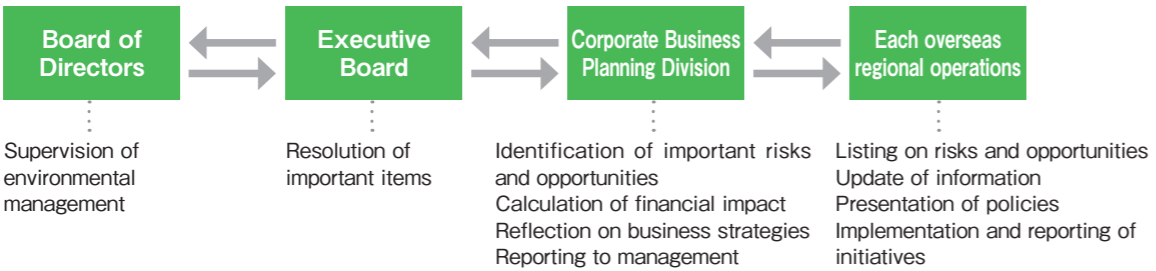
	FY 2021 to FY 2025	FY 2026 to FY 2030	to FY 2040	to FY 2050
Energy saving (Scopes 1 + 2)	Energy-saving measures at factories (-10% in FY 2030)			
Utilization of electricity derived from renewable energy (Scope 2)	Phase 1: Procurement of electricity derived from renewable energy Phase 2: Energy generation for own use through installation of solar power generation equipment Phase 3: Energy generation + Off-site renewable energy power supply + Energy supply from + storage batterie			
Fuel/equipment replacement CO ₂ absorption (Scope 1)	Replacement with low-carbon fuel (for example, replacement with natural gas derived from renewable energy) Replacement/substitution with decarbonization equipment G-TEKT's Forestation Program (afforestation) (forest-based CO ₂ absorption) Utilization of new technologies			
Scope 3 action (Supply chain/materials)	Supplier engagement (Scope 3 emissions zero by 2050) Switching to low-carbon materials			

Taking Action for TCFD

G-TEKT is taking actions based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) in order to realize a sustainable society.

Governance

In FY 2021 we launched and began promoting the GX project, headed by the President, Chief Executive Officer, to address important issues related to climate change. These were transferred to the new Global Environmental Section that was established within the Corporate Business Planning Division in FY 2022, with the Senior Managing Officer in charge of the Corporate Business Planning Division also serving as Chief Global Environmental Manager. Material risks and opportunities identified are incorporated into business strategy and policy management, mainly in the Corporate Business Planning Department via the Officer in Charge of Environment, and are regularly reported to and discussed by management. Reports and opinions may also be submitted to the Board of Directors, depending on the issue.

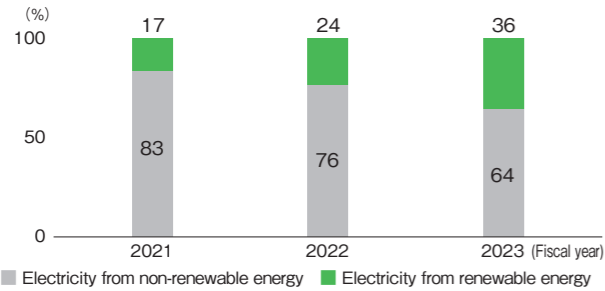


Strategy

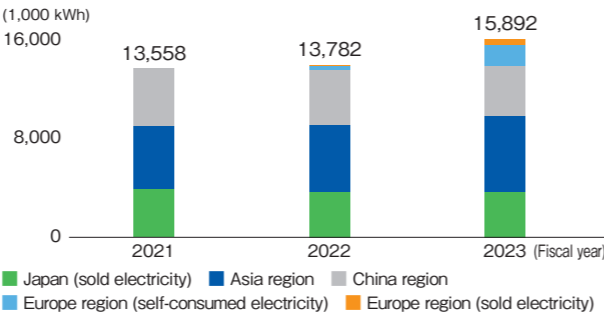
Our environmental strategy in our business activities is (1) energy-saving initiatives and (2) utilization of renewable energy (including in-house power generation). Going forward, we will prioritize strategies for each of our global locations, and move forward with these initiatives.

Environmental initiatives through our products include: (1) contribution to the improvement of fuel and electric cost performance of automobiles through lightweight car body technologies, and (2) contribution to the spread of EVs through our EV-related parts business initiatives.

Rate of electricity derived from renewable energy



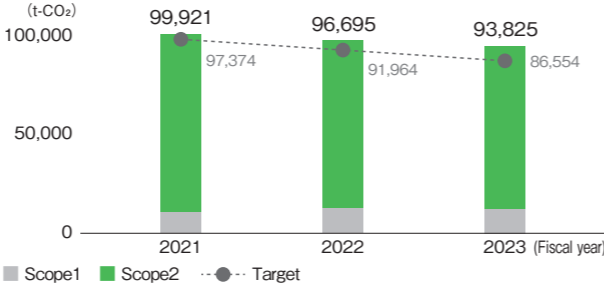
Solar power generated



Indicators and goals

As an indicator for managing climate change risks and opportunities, we have set global emission reduction targets for Scopes 1, 2, and 3 CO₂ emissions. In terms of G-TEKT's global Scopes 1 and 2 CO₂ emissions, we are aiming for a 50% reduction in CO₂ emissions in FY 2030 and a 100% reduction in FY 2040 compared to FY 2013. We also aim to be carbon neutral as defined in Scopes 1, 2, and 3 by FY 2050, with cooperation in the supply chain.

CO₂ emissions



Risk management

At G-TEKT, climate change risks and opportunities targeted for management are discussed by the Global Environmental Section, those in charge at the various overseas subsidiaries and related departments, and the Central Environmental Promotion Committee. We have reached the stage of having confirmed that there are no major disparities with external courses of action, and shared the status of progress on countermeasures within the Company.

We will share external factors such as global trends, including climate change, and changes in laws and regulations that affect business strategies, as well as internal factors such as the progress of each company's environmental measures and future risks and opportunities, in order to examine strategies and measures.

Risks and opportunities

Scenario	Risk/opportunity		Details	Timescale	Financial impact
4°C or higher scenario	Physical risk	Acute	Decrease in sales caused by interruptions to supply chain arising from climate change	Medium term	Large
			Decrease in sales caused by factory stoppages arising from floods or rising sea levels	Medium term	Medium
		Chronic	Increase in expenses associated with maintaining the workplace environment in response to rising temperatures	Long term	Medium
2°C or lower scenario	Transition risk	Policy/legal/regulatory	Increase in expenses and investments associated with strengthened regulation of greenhouse gas emissions, including carbon pricing and carbon duties at national borders	Short term	Large
		Technological	Decrease in sales due to failure to win orders caused by delays in technological response to the shift to EVs	Short term	Large
		Market	Increase in expenses caused by higher prices arising from measures to achieve carbon neutrality for materials (steel sheet)	Medium term	Medium
			Increase in expenses caused by soaring energy prices	Long term	Large
	Opportunities		Increase in sales driven by contribution from weight-saving technology that enhances vehicle fuel/electric cost performance	Medium term	Large
			Increase in sales of EV-related products (battery housings, motor cores)	Medium term	Large
			Decrease in expenses due to more efficient use of energy arising from DX	Short term	Medium

Reference scenario

- 4°C or higher scenario RCP8.5 (IPCC AR5)
- 2°C or lower scenario NZE (IEA 2022)

Timescale

- Short term: less than five years; Medium term: less than 10 years; Long term: up to FY2050

Toward the achievement of a sustainable society

Currently, G-TEKT's Scope 3 "Cat.1: Purchased products and services" accounts for 70% of the total Scopes 1, 2, and 3, of which 99% is steel sheets as raw materials. We recognize that reducing emissions in this area is essential to achieving carbon neutrality. Going forward, raw materials will shift from blast furnace materials to green materials such as electric furnace materials and hydrogen-reduced iron. Accordingly, press dies and welding technology need to be capable of processing

products using green materials, and we aim to internalize this capability as soon as possible. We will establish a mass production system while maintaining and improving the quality of our products, which will remain unchanged. We will also promote the circular economy by recycling scrap, a byproduct of the pressing process, as we have done up until now, and at the same time, reducing the amount of raw material input to increase the yield rate of product materials.