

Governance

Board Members, Audit & Supervisory Board  
Members, and Executive Officers (as of June 30, 2024)

- 1

Naohiro Takao

President,  
Chief Executive Officer

As a result of his involvement in manufacturing, sales, and the overseas business, etc., he has gained extensive business experience and deep insight into group management, and is thus well-suited to the role of supervising the Company as a whole.
- 2

Hiroshi Seko

Member of the Board,  
Senior Managing Officer of the Company

As a result of his involvement in technology and overseas business, etc., he has gained extensive business experience and deep insight into group management, and is therefore equipped with the experience and knowledge required for management, mainly in the technology field.
- 3

Fumihiko Hirotaki

Member of the Board,  
Managing Officer of the Company

As a result of his involvement in sales and the overseas business, etc., he has gained extensive business experience and deep insight into group management, and is therefore equipped with the experience and knowledge required for management, mainly in the sales field.
- 4

Akira Kakizaki

Member of the Board,  
Managing Officer of the Company

As a result of his involvement in the areas of technology and development, he has extensive business experience and deep knowledge, and is overseeing the transformation of the Company in the form of such initiatives as the DX Project.
- 5

Keiji Kasamatsu

Lead Independent Outside  
Member of the Board

As a result of his involvement over many years in general trading company transactions for steel plates for automobiles, he has extensive and wide-ranging knowledge of business relationships and commercial practices within the automotive industry. He is also equipped with a high level of insight into various management decisions.
- 6

Rieko Inaba

Independent Outside  
Member of the Board

As a result of her involvement in research at academic institutions centered on information technology, language, and communication, as well as her engagement in educational activities, she has gained advanced knowledge as a researcher and educator.
- 7

Kesao Tamura

Audit &  
Supervisory Board Member

After acquiring experience in the finance and production divisions, as well as in the overseas assignments, etc., he was involved in overseeing the overseas business operations and is capable of auditing corporate management in general.
- 8

Yoshiaki Kawakubo

Audit &  
Supervisory Board Member

After joining the company he was involved in department related to overseas operations, and has accumulated both knowledge of management through his oversight and support for the overseas business, as well as a track record in the oversight of audit operations.
- 9

Yasunori Niizawa

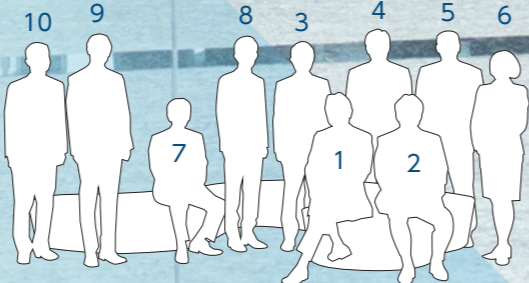
Independent Outside Audit &  
Supervisory Board Member

He has extensive business experience in national taxation and professional knowledge as a tax accountant, and is capable of auditing corporate management in general from an objective perspective.
- 10

Yasuo Kitamura

Independent Outside Audit &  
Supervisory Board Member

He has extensive insight derived from his role as a lawyer and from serving as outside auditor and outside director at other companies, and is capable of auditing corporate management in general from an objective perspective.



Executive Officers

Senior Managing Officers of the Company	Mitsutoshi Nakamoto	Managing Officers of the Company	Naoki Mizuki	Takuto Fujii
Senior Officers of the Company	Keiichi Ueki	Tomohiko Tsukiyama	Koki Sugawara	
Officers of the Company	Taiichiro Morishita	Takeshi Bamba	Yoshitaka Suzuki	Kenichi Sakamoto Yasufumi Kawai

Board Members and Officers

<https://www.g-tekt.jp/english/company/management.html>

Criteria of Independence for Outside Directors

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

Basic approach

G-TEKT recognizes that we have a responsibility to contribute to the resolution of environmental and social issues that we face through our business activities so that society can develop sustainably, and in order to fulfill this responsibility, it is necessary for us to improve our business performance and achieve sustainable growth over the medium to long term.

To achieve this we have drawn up the G-TEKT Basic Corporate Governance Policy, which incorporates our basic approach and framework for corporate governance, and have established an appropriate system of corporate governance that enables us to provide information and

engage in dialogue with our stakeholders, including shareholders, customers, employees, and local communities, to increase our transparency as a company, and to conduct ongoing business activities under an effective and sound organizational structure that ensures the rights of our shareholders.

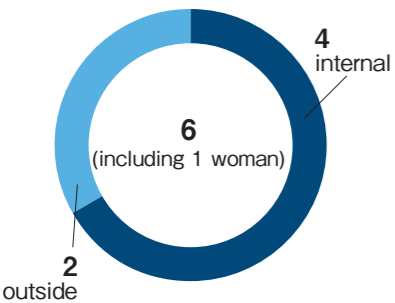
**Basic Corporate Governance Policy**  
[https://www.g-tekt.jp/company/pdf/governance\\_guideline\\_en.pdf](https://www.g-tekt.jp/company/pdf/governance_guideline_en.pdf)



Outline of corporate governance system

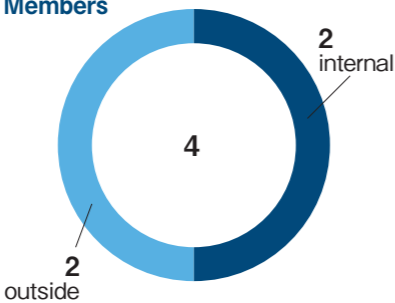
Organizational structure: Company with a board of auditors (as of June 30, 2024)

Board Members



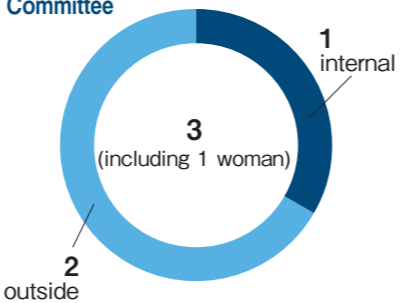
Chairperson:	President, Chief Executive Officer Naohiro Takao
Term:	1 year

Audit & Supervisory Board Members



Chairperson:	Audit & Supervisory Board Member Kesao Tamura
Term:	4 year

Nomination and Remuneration Advisory Committee



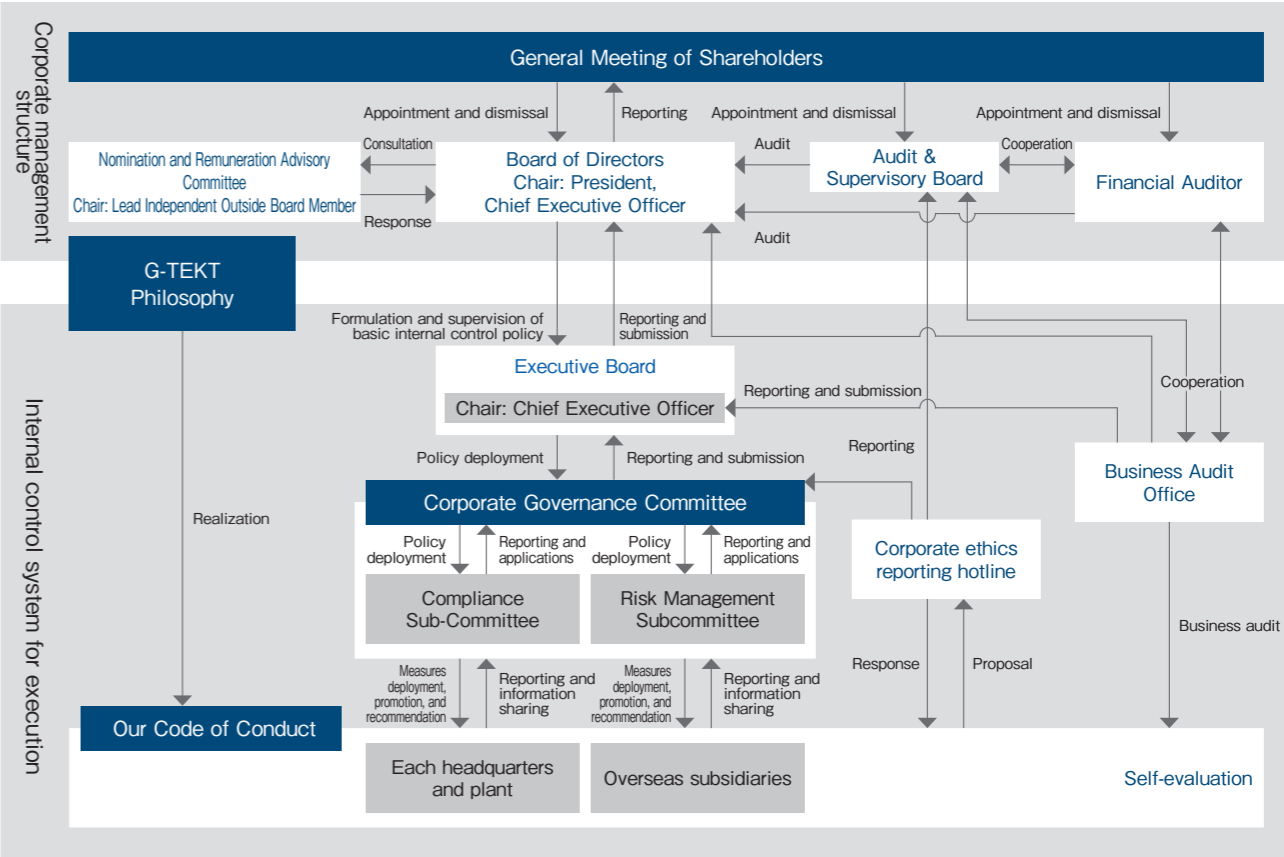
Committee Chairperson:	Independent Outside Board Member Keiji Kasamatsu
Term:	1 year

Reasons for adopting the current corporate governance system

The Company has adopted the structure of a company with a board of auditors. The Board of Directors (including Outside Members of the Board) makes appropriate decisions by sharing information and exchanging opinions about the business of the Company and the industry, and by supervising business execution. In addition, Audit & Supervisory Board Members who are deeply familiar with the business of the Company, together with Outside Audit

& Supervisory Board Members with a high level of expertise, are responsible for performing the audit function from a neutral standpoint and independently of the Board of Directors in order to maintain and enhance the transparency of management. This system has been adopted because it enables a highly effective approach to governance.

Corporate governance system outline drawing



Major meeting bodies

	Number of times held in FY2023	Total number of members	Internal Board Members	Outside Board Members	Chair
Board of Directors	15 times	6 (Male: 5 / Female: 1)	4 (Male: 4)	2 (Male: 1 / Female: 1)	President, Chief Executive Officer
Summary	The Board of Directors meets on a regular basis or on an extraordinary basis as necessary, and under the direction of the President, Chief Executive Officer, makes resolutions on matters stipulated in laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations, and makes important management decisions. In addition, the Board of Directors receives reports from each Board Member and executive officer on business matters and fulfills its monitoring and supervisory functions.				
Nomination Advisory Committee	2 times	3 (Male: 2 / Female: 1)	1 (Male: 1)	2 (Male: 1 / Female: 1)	Lead Independent Outside Member of the Board
Summary	An advisory committee to the Board of Directors has been established, and the Board of Directors consults with it on important agenda items, such as the nomination of candidates for Members of the Board and Audit & Supervisory Board Members, as appropriate.				
Remuneration Advisory Committee	3 times	3 (Male: 2 / Female: 1)	1 (Male: 1)	2 (Male: 1 / Female: 1)	Lead Independent Outside Member of the Board
Summary	An advisory committee to the Board of Directors has been established, and the Board of Directors consults with it on important agenda items, such as remuneration for Members of the Board and Audit & Supervisory Board Members, as appropriate.				
Audit & Supervisory Board	13 times	4 (Male: 4)	2 (Male: 2)	2 (Male: 2)	Audit & Supervisory Board Member
Summary	The Audit & Supervisory Board meets at least once a month in principle. Each Audit & Supervisory Board Member attends meetings of the Board of Directors, investigates the status of business and assets in cooperation with the Financial Auditor, and audits the execution of duties by the Board Members in accordance with the audit policy, division of duties, and other matters determined by the Audit & Supervisory Board.				
Executive Board	25 times	Summary	The Executive Board is an organization that deliberates in advance on matters to be discussed at meetings of the Board of Directors and resolves management matters authorized by the Board of Directors. In addition to the regular meetings of the Executive Board, the Global Executive Board has been established to intensively discuss business plans.		

\* The structure of Board Members and Audit & Supervisory Board Members is as of March 30, 2024.

Main agenda of the Board of Directors meeting for the fiscal year ended March 31, 2024

- [General management]**

  - Report on major agenda items at the Executive Board
  - Approval of financial results for the fiscal year ended March 31, 2023
  - Business plan for the next fiscal year
  - Investment to expand capacity at domestic plants
  - EV business initiatives and progress

**[General Meeting of Shareholders related]**

  - Convocation of General Meetings of Shareholders and determination of agenda items
  - Approval of business reports, financial statements, etc.
  - Determination of candidates for Board Members
- [Board Members and Audit & Supervisory Board Members and organization related]**

  - Selection of Chief Executive Officer
  - Remuneration and bonuses for Board Members and Audit & Supervisory Board Members
  - Election of Executive Officers and site managers
  - Updating of directors and officers liability insurance (D&O insurance)
  - Conclusion of corporate indemnity agreements for Board Members and Audit & Supervisory Board Members
  - Reorganization of overseas subsidiaries
- [Shareholders]**

  - Implementation of interim dividend
  - Report on the results of shareholder questionnaires
  - Changes to shareholder benefits system

**[Other]**

  - Conducting and reporting on evaluation of the effectiveness of the Board of Directors
  - Management that is conscious of cost of capital and stock price
  - Reporting on business audit activities
  - Revisions to wages

Evaluation of the effectiveness of the Board of Directors

With regard to the effectiveness of the Board of Directors, we conduct an annual self-evaluation questionnaire (anonymous) for the Members of the Board of Directors and Audit & Supervisory Board Members, and the results are shared and deliberated by the Board of Directors. We have conducted the questionnaire for the past eight years in an effort to identify issues and monitor improvements.

In the fiscal year ended March 31, 2022, a third-party evaluation of the effectiveness of the Board of Directors was conducted to enable analysis and evaluation from an objective standpoint using expert knowledge. This resulted in confirmation that the Board of Directors has been highly effective in establishing a system for dialogue with shareholders, providing appropriate non-financial information, and appropriately supervising human resource strategies. However, the spread of COVID-19 also had an impact, and it was noted that there were inadequacies in the training of Officers and information sharing among Outside Board Members and Outside Audit & Supervisory Board Members. In the fiscal year ended March 31, 2023, another evaluation was implemented in a form following that of the previous term, as a result of which it was confirmed that the Board of Directors continues to be highly effective in establishing a system for dialogue with shareholders, providing appropriate non-financial information, and appropriately supervising human resource strategies. We extended the activities of the Board of Directors and implemented reporting meetings for company business and also meetings for Outside Board Members and Outside Audit & Supervisory Board Members, as well as other

measures based on the evaluation results of the previous fiscal year. This led to visible improvements in such evaluation items as training of Officers and information sharing among Outside Board Members and Outside Audit & Supervisory Board Members. On the other hand, it was noted that there remained issues with the formulation of a policy on allocation of management resources that takes into account the cost of capital, appropriate supervision of the approach to human capital strategy, and other matters.

In the fiscal year ended March 31, 2024, it was confirmed that the Board of Directors was highly effective in such areas as the creation of appropriate agenda items, assessment-based nomination of management team members, incentive remuneration systems, feedback on shareholder opinions, and the provision of suitable non-financial information. Extending the activities of the Board of Directors based on the evaluation results of the previous fiscal year led to visible improvement in such areas as enhancing corporate value by addressing sustainability issues, and using the promotion of DX to achieve sustainable increases in corporate value. On the other hand, it was noted that improvements were desired on such issues as information sharing among Outside Board Members and Outside Audit & Supervisory Board Members, and appropriate supervision of the approach to human capital strategy. To address these issues, we plan to implement corporate governance measures to strengthen the operational functions of the Board of Directors, among others. Going forward, we will continue to consider further improvement measures to improve the effectiveness of the Board of Directors.

Compliance with the Corporate Governance Code

Recently, the diversity of the Board of Directors and increasing the percentage of Independent Outside Board Members have become critical concerns for institutional investors. As ongoing initiatives in response to the requirements of the Corporate Governance Code on this issue, the Company made the ratio of Independent Outside Board Members on the Board of Directors at least one-third in the fiscal year ended March 31, 2019, developed and published a skill matrix with identifying the skills required of the Board of Directors from the fiscal year ended March 31, 2022, and held a General Meeting of Shareholders on June 2022 that appointed a new Independent Outside Board

Member with management experience.

In addition to improving the functions of the Board of Directors as described above, the June 2021 Corporate Governance Code has been revised to include items such as ensuring diversity in core human resources and addressing issues surrounding sustainability. Based on this, in addition to establishing policies and targets for the diversity of our human resources, including managers, and drawing up and publicizing our Basic Sustainability Policy, we launched initiatives to enhance the quality and quantity of climate change disclosures based on TCFD recommendations. After the Company

successfully made the transition to the Prime Market of the Tokyo Stock Exchange in April 2022 as a result of these initiatives, in March 2023 the Tokyo Stock Exchange requested that listed companies implement approaches to management that take into account the cost of capital\*. In response to this G-TEKT accelerated internal discussions on the subject, which included setting management indicators and targets for improving return on capital in June 2023, and has continued to promote measures in line with the spirit of the Corporate Governance Code, such as introducing indicators and setting targets intended to improve the market's evaluation of its efforts.

**Corporate Governance Report**

[https://www.g-tekt.jp/company/pdf/governance\\_report.pdf](https://www.g-tekt.jp/company/pdf/governance_report.pdf)

\* In January 2024 the Tokyo Stock Exchange published a list of companies that were implementing and disclosing approaches to management that is conscious of the cost of capital in accordance with the above-mentioned request, and G-TEKT was included on this list.

<https://www.jpx.co.jp/english/equities/follow-up/02.html>



Policy for determining the amount of remuneration for Board Members and Audit & Supervisory Board Members or calculation methods thereof

The decision-making policy regarding the details of individual remuneration, etc. for Board Members is resolved by the Board of Directors after deliberation by the voluntary Remuneration Advisory Committee, chaired by an Independent Outside Board Member.

**(1) Basic approach**

The Company's remuneration system for officers is designed to motivate officers to contribute to the improvement of the Company's performance in the short- and medium-term in order

to enable sustainable growth and increase in corporate value. Based on this, the Company's remuneration system for officers consists of three types of remuneration: basic remuneration as a fixed amount and monthly salary, bonuses linked to short-term performance, and share-based remuneration linked to stock price and performance. Remuneration for Outside Board Members and Outside Audit & Supervisory Board Members consists only of basic remuneration from the perspective of their roles and independence.

Composition of remuneration

Type of remuneration	Payment standard	Composition of remuneration (approximate)	Classification
Basic remuneration	For the Chief Executive Officer and below, remuneration is set as a fixed monthly salary based on the position, taking into account the responsibilities, length of service, the level of other companies, and the level of employee salaries.	70%	Monetary remuneration
Performance-based remuneration (Bonuses)	(1) The total amount to be paid will be determined by setting a performance coefficient based on operating profit for the current fiscal year and taking into consideration various factors such as the operating margin, the year-on-year growth rate of operating profit, ROE, and the contribution of ESG (climate change, social contribution activities, and governance). (2) The amount of individual remuneration is calculated by multiplying the base amount according to the position by a coefficient corresponding to the level of contribution.	10%	Monetary remuneration
Share-based remuneration*	(1) Points are granted to Board Members and Executive Officers, excluding Outside Board Members, for each fiscal year according to their position, performance, etc., and shares corresponding to the total number of points are delivered upon retirement of each officer. (2) Consists of a non-performance-linked portion and a performance-linked portion that uses operating profit as a performance indicator, and the amount of performance-linked remuneration is determined by multiplying the standard amount for each position by a coefficient based on the performance of operating profit.	20%	Non-monetary remuneration

\* The target for operating profit, which is the indicator for performance-linked share-based remuneration in FY2023, was ¥10.5 billion, and the actual result was ¥16.242 billion. For performance-linked share-based remuneration, points equivalent to ¥20 million have been granted.

**(2) Procedures for determining remuneration, etc.**

Basic remuneration, bonuses, and share-based remuneration, including the details of remuneration, etc. for each individual, are deliberated by the voluntary Remuneration Advisory Committee chaired by the Lead Independent Outside Board Member. Based on the results of the deliberations of the voluntary Remuneration Advisory Committee, the final decision is made by a resolution of the Board of Directors at the discretion of the President.

The process is set forth in the Regulations of the Board of Directors and the Regulations of the voluntary Remuneration Advisory Committee. In determining the details of individual Board Member remuneration, etc., the voluntary Remuneration Advisory Committee, chaired by an Independent Outside Board Member, examines the draft in light of the decision policy, and the Board of Directors believes that the content of the draft is in line with the decision policy.

Skill matrix for Board Members and Audit & Supervisory Board Members

The holding of lively discussion from different perspectives between diverse persons of varying specialties will result in management that enables the realization of our corporate philosophy through improvement in corporate value in the medium to long term. The Skills Matrix shows the correspondence between the expertise and experience that we expect from our Board Members and Audit & Supervisory Board Members in promoting the New G-TEKT Management Strategy and the expertise and experience possessed by each. In addition to “Business administration,” which handles the proposal and advancement of supervision and strategy for the

corporate organization, “Legal affairs and risk management” and “Finance,” which are key to sound organizational operations, and “Technology/R&D,” “Sales and marketing,” and “Manufacturing/ Quality Management,” which are central to our business activities, we consider “Sustainability and ESG,” which is essential for sustainable growth, as necessary expertise and experience. In terms of composition, at least one-third of Outside Board Members also meet the requirements set out by the Company for independent officers, such as individuals with experience of corporate management, and researchers.

Name and affiliation	Gender	Title	Length of service	Business administration	Technology/R&D	Sales	Manufacturing/quality management	Finance	Legal affairs and risk management	Sustainability ESG
<b>Naohiro Takao</b> August 27, 1960	Male	President, Chief Executive Officer Nomination Advisory Committee Member Remuneration Advisory Committee Member Chairperson of the Board of Directors	31 years	●	●	●	●	●	●	●
<b>Hiroshi Seko</b> June 6, 1961	Male	Member of the Board, Senior Managing Officer	4 years	●	●	●	●			●
<b>Fumihiko Hirotaki</b> November 23, 1964	Male	Member of the Board, Managing Officer	3 years	●	●	●	●			●
<b>Akira Kakizaki</b> April 9, 1965	Male	Member of the Board, Managing Officer	1 year	●	●		●			●
<b>Keiji Kasamatsu</b> January 20, 1955	Outside Independent	Chairperson of the Board Chairperson, Nomination Advisory Committee Member Chairperson, Remuneration Advisory Committee Member	2 years	●		●		●	●	●
<b>Rieko Inaba</b> October 23, 1975	Outside Independent	Member of the Board Nomination Advisory Committee Member Remuneration Advisory Committee Member	5 years						●	●
<b>Kesao Tamura</b> June 2, 1961	Male	Audit & Supervisory Board Member	9 years	●			●	●		●
<b>Yoshiaki Kawakubo</b> September 13, 1963	Male	Audit & Supervisory Board Member	2 years					●	●	●
<b>Yasunori Niizawa</b> December 6, 1954	Outside Independent	Audit & Supervisory Board Member	5 years					●		●
<b>Yasuo Kitamura</b> March 8, 1965	Outside Independent	Audit & Supervisory Board Member	5 years						●	●

Total remuneration for Board Members and Audit & Supervisory Board Members

Categories of officers	Total amount of remuneration, etc. (Millions of yen)	Amount of remuneration, etc. by type (Millions of yen)			Number of recipient officers (people)
		Basic remuneration	Bonuses	Share-based remuneration	
Board Members (excluding Outside Board Members)	250	161	40	49	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	30	30	—	—	2
Outside Board Members and Outside Audit & Supervisory Board Members	21	21	—	—	5

\*The above remuneration for Members of the Board includes a payment to one Member of the Board who resigned at the conclusion of the 12th Ordinary General Meeting of Shareholders held on June 21, 2023.  
\*The above remuneration for Outside Members of the Board includes a payment to one Outside Member of the Board who resigned at the conclusion of the 12th Ordinary General Meeting of Shareholders held on June 21, 2023.

Anti-corruption initiatives

In December 2017, we established an anti-bribery policy in response to the anti-bribery laws and regulations of various countries, including Japan, the United Kingdom, and the United States, with the aim of maintaining healthy and transparent relationships with public officials, customers, and business partners. To ensure that bribery is not only prohibited but also effectively prevented, this policy stipulates that G-TEKT will promote the development of organizational structures and internal regulations, educate employees, request cooperation from

business partners, and properly conduct accounting records and audits. Based on this policy, we are working daily to prevent corruption by establishing a management system at the global level, using a manual that describes the policy, and reporting the use of expenses before and after the expenses are used.

Reference

https://www.g-tekt.jp/english/ir/governance/basic.html

Promotion of fair business practices

We recognize that a healthy competitive environment among companies is important for the development of society. With the aim of complying with the competition laws of each country and region (including related legislation), G-TEKT established a Competition Law Compliance Policy in December 2017, declaring that it will not tolerate any conduct that violates competition laws. This policy specifically stipulates the procedures to be followed by officers and employees of the G-TEKT Group when participating in meetings with other

companies in the same industry, as well as prohibited activities at such meetings, so that compliance with competition laws can be more effectively maintained. We ask our suppliers to comply with these rules in accordance with our CSR guidelines.

Reference

https://www.g-tekt.jp/english/ir/governance/basic.html

Tax Policy

G-TEKT CORPORATION (the “Company”) establishes its tax policy and complies with it to fulfill responsibility for appropriate tax payments throughout its group.

1. General Principle	The Company contributes to financials of each country by appropriate tax payment in accordance with local laws and regulations in each country.
2. Transfer Pricing	The Company applies OECD transfer pricing guideline and the Base Erosion and Profit Shifting (BEPS) as overarching guiding principles for international transactions. It does not apply tax incentives that deviates from the intent of laws and regulations.
3. Governance	The Company is committed to resolve tax issues in a timely manner in cooperation with our overseas subsidiaries when it identifies them. Further, when it specifies highly important issues, it reports them to The Board of Directors of the Company. It reports them to Audit and Supervisory Board as well.
4. Promoting Tax Compliance Mindset and Knowledge	The Company is committed to educating its employees on tax compliance through its training programs.
5. Relationship with Tax Authorities	The Company makes efforts to have a productive relationship with each tax authority and sincerely responds to a request from tax authorities for providing information and takes measures to prevent recurrence to matters that tax authorities pointed out. Further, if disagreement arises, the company makes efforts to resolve it with constructive dialogue.
6. Scope of Application	This policy applies to The Company’s all officers and employees. The Company also requests all business partners involved in its business activities to understand and cooperate with this policy.
7. Positioning	This policy supplements The Company’s Philosophy and Code of Conduct.

Reference

https://www.g-tekt.jp/english/ir/governance/basic.html

### Dialogue with shareholders and investors

We have established a Policy concerning Dialogue with Shareholders and strive to disclose information in an accurate, timely, fair, and proactive manner, and promote constructive dialogue through the General Meetings of Shareholders, financial results briefings, factory tours, and individual interviews.

The results of the shareholder questionnaire survey conducted twice a year are all reported to the Board of Directors, and discussions are deepened to reflect the honest opinions of shareholders in management.

#### Main IR activities in FY2023

Activity	Number of activities	Details
Financial results briefings for analysts and institutional investors	4	Financial results briefings attended by the President twice a year (second quarter and fiscal year end), and online briefings by the officer in charge of finance and IR at the end of the first and third quarters
Individual dialogue with analysts and institutional investors	30	The IR department plays a central role in setting up opportunities for individual dialogue between analysts and institutional investors and the General Manager of Finance Division
Factory tour for shareholders	2	Twice a year (spring and fall), tours of factories and research facilities in Japan are conducted.

### Enhanced compliance

As a company keenly aware of compliance, we ensure complying with all applicable laws and company regulations, as well as always acting in good faith as a model of a good corporate citizen.We view compliance as a way to fulfill the expectations of stakeholders, and have created the G-TEKT Code of Conduct to set out the principles that every employee must abide by in order to achieve the highest ethical standards, and ensure that employees are fully aware of them.To ensure

that compliance penetrates the awareness of and is accepted by employees, we implement training that, in recent years, has covered such topics as insider trading, information security, and prevention of harassment.Going forward we will continue to make ongoing improvements to prevent scandals and to address them quickly, to ensure thorough compliance and even greater acceptance.

### Exclusion of antisocial forces

The Company takes a resolute attitude to organizations of antisocial forces that may disrupt the order of civic society or threaten the peace, and will not respond in any way to improper demands.In the event of an improper demand from antisocial forces, we will not only clearly express our rejection of the demand to the antisocial forces

but also promptly notify the relevant police authorities.In addition, we participate in liaison conferences held by the police and specialist external agencies, centrally gather and manage information on antisocial forces, and work to maintain links with such specialist agencies.

### Criteria of Independence for Outside Directors

The Company has established criteria for the independence of Outside Members of the Board, and in the event that Outside Members of the Board satisfy the following criteria, they are deemed to be fully independent of the Company.

1. The individual has never worked at the Group
2. The individual has never worked at an organization that is a major shareholder of the Company
3. The individual has never worked at a major trading partner (Note 1) of the Company.
4. The individual has never worked at a major lender (Note 2) of the Company
5. The individual has never worked at the lead managing underwriter of the Company
6. The individual has never worked at the audit firm of the Company
7. There is currently no major trading relationship (Note 3) between the Company and the individual, such as in the form of a consulting or advisory agreement, and there has been no such relationship in the past five years
8. The individual has never worked at an organization in which the Company has made the decision to invest for cross-shareholding purposes
9. No relatives (Note 4) of the individual work for the Company
10. The tenure of the individual as Outside Members of the Board or Outside Audit & Supervisory Board Member at the Company is less than ten years in total

Note 1: "Major trading partner" refers to a party for which the sales, etc., through the transactions with said trading partner account for a considerable portion of the sales, etc., of the Company, or to a party that provides a considerable amount of business property, such as important equipment and materials that are indispensable to the business activities of the Company.

Note 2: "Major lender" refers to our so-called main banks and quasi-main banks.

Note 3: "Major trading relationship" refers to cases where the payments received from the Company exceed ¥10 million per year.

Note 4: "Relative" refers to the spouse of the individual or to a relative within the fourth degree of kinship.

### Message from Board Member

I was appointed as an Outside Board Member of the Company in June 2019, so this year is my sixth in the role.

The atmosphere on the Board of Directors is one in which Outside Board Members and Audit & Supervisory Board Members from different backgrounds can freely express their doubts and opinions. I believe that it is important from a governance perspective to have an environment in which debates incorporating such diverse viewpoints can be held. Evaluations of effectiveness are implemented to confirm and improve the status of the Board of Directors' functions, as a result of which there have been enhancements in such areas as visits to inspect research sites and factories. I feel that having opportunities to observe the latest technology and tour factory facilities not only informs us about the front line of manufacturing but also provides a base of knowledge from which to engage in discussions on the Board of Directors.

### Looking back on this year, and future expectations

The automobile industry is going through a period of transformation that is said to occur only once a century, and if we are to continue to grow sustainably it is essential that technological development and the nurturing of human resources is conducted with an eye on the future.

By promoting DX, G-TEKT is not only working to automate and streamline its factories but is also acquiring and accumulating data to improve quality and raise efficiency through the use of AI. It was such initiatives that led to the Company being certified under the Ministry of Economy, Trade and Industry's DX certification system in FY2023. The Chubu Plant in Gifu Prefecture and the Nansha Plant in Guangdong Province, China, which are scheduled for completion in the fall of 2024, make use of unmanned on-site logistics, and are equipped with the latest environmental functions aimed at reducing CO<sub>2</sub>. In these ways the Company is promoting the transformation of factory structure by reducing costs associated with production and addressing environmental issues. It is expected that expanding this transformation to other plants will put the Group in a solid position to tackle the next-generation smart factory.

In terms of human resource development, the overseas study program was revised in FY2023 to permit students to switch from the previous focus on language only to an approach centered on M&A and advanced technology. Another positive result has been the ratio of male employees taking childcare leave, which has exceeded the target of 30%. It is my hope that the experience and other benefits of such initiatives will lead to the acquisition of new knowledge and skills, the recognition of diverse viewpoints, and in turn to operational innovation. With regard to the development of female leaders, the ratio of women in management is still far too low. In addition to providing continuous educational opportunities, I hope to see the Company promote environments and initiatives that enable many women can achieve growth.

### Future challenges

There are many future challenges facing us. One of these is to improve the quality of governance and internal control systems at subsidiaries and affiliated companies with sites in countries around the world. First, what is important is to construct an appropriate system based on an understanding of the cultural background and environment of the locations for each subsidiary. This also leads to diversity and inclusion within the Company. Moreover, the countermeasures based on assumptions about various risks are issues that should be addressed on an ongoing basis. In addition, and this is also stated in the Basic Act on the Formation of a Digital Society that was enacted in June 2023, enhancing industrial competitiveness and improving labor productivity requires the thorough use of AI and data as well as strengthened development of human resources for the promotion of DX. This also requires the reskilling of existing employees so that they can deal not only with the use of AI and data but also cyber attacks. Strengthening human capital in this way is likely to lead to sustainable growth as a company in a digital society. There are many challenges other than these. In addition to working to resolve these issues, the Board of Directors will strive for improved corporate value and sustainable development, including enhanced governance.

I urge all of our stakeholders to have even higher expectations for the business, and ask them for their continued understanding and support.



Independent Outside Member of the Board  
Rieko Inaba