



CSR Report 2019

G-TEKT Corporation





Shape the Future

We are Shaping the future of people, automobiles and the Environment

Our Credo

Respect human dignity	Cutting-edge technology	Sound corporate management
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Code of Conduct

- Strive for self-development under the motto of admiration and mutual trust
- Provide high-quality, low-cost products using cutting-edge technologies
- Be independent and use knowledge and agility to give back to society

Management Vision

To be a company that truly satisfies customers around the world
and that contributes to a low-carbon society by combining cutting-edge technologies
with technologies for delivering high-quality, low-cost products

Fundamental Policies on CSR

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

CONTENTS

— Introduction

Our Credo/Code of Conduct/Management Vision/ Fundamental Policies on CSR	1
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— Profile of G-TEKT

Message from the President	3
Corporate Data	5
Feature Article: Technology that Supports G-TEKT	7
Financial and Non-financial Highlights	9

— G-TEKT's CSR Management

G-TEKT's CSR Management	11
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— CSR activities

Outline of CSR Activities (Plan and Results)	13
Corporate Governance	15
Environmental Approach.....	19
Human Resource Efforts.....	25
Relationship with Society	28

— Third-Party Opinion

Third-Party Opinion	34
In Response to the Third-Party Opinion	34

Editorial Policy

Purpose of this Report

We are issuing our CSR Report to inform our stakeholders of our CSR activities based on our "G-TEKT Philosophy" aimed at realizing a sustainable society. The purpose of the report is to deepen your understanding of our CSR activities through the disclosure of such non-financial information. Our CSR Report defines our own CSR theme that is of significance to our business activities and provides a compilation of reports on our efforts related to the theme. Positioning the Report as an important tool for communication with our stakeholders, we will strive for its further improvement going forward.

Reference Guidelines

- ISO26000
- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines and Standards
- United Nations Global Compact
- Ministry of Environment "Environmental Reporting Guidelines 2018"

Period Covered

FY2018 (April 1, 2018 to March 31, 2019)

However, some past efforts as well as the most recent activities are also included.

Scope

The Report covers the entire G-TEKT Group, including our overseas subsidiaries.

Release Schedule

July 2019

Contact Information

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Prefecture
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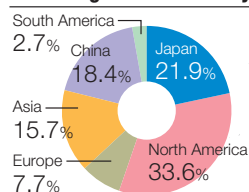
Company Overview

Company Name G-TEKT Corporation
Established April 1, 2011
Capital 4,656,227,715 yen
Representative Naohiro Takao,
 President/Chief Executive Officer

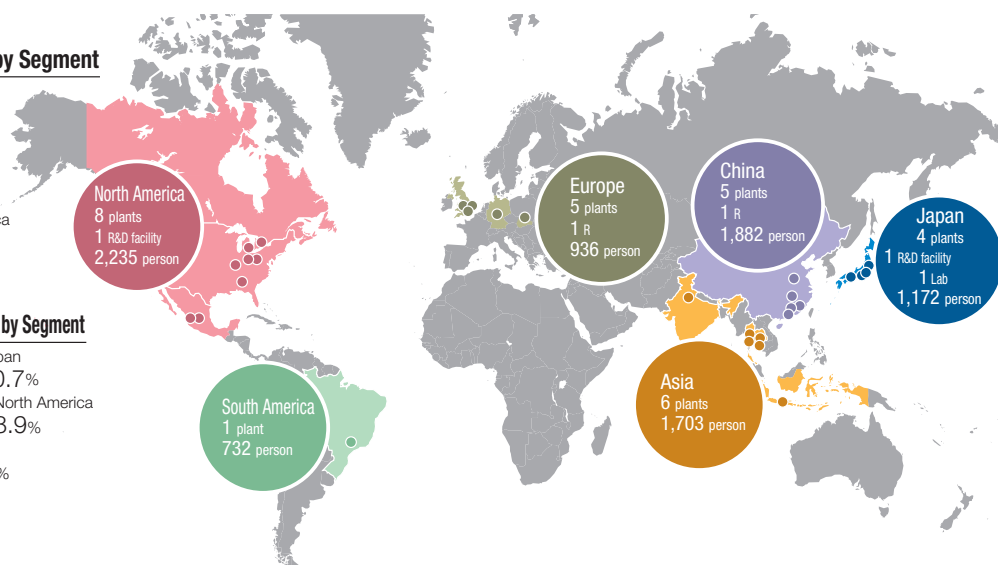
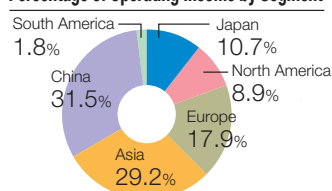
Lines of Business Manufacturing and sales of auto body frame components, transmission parts, stamping dies/weld equipment, etc.
Number of Employees 8,704 (Consolidated), 1,172 (Japan) (As of March 31, 2019)

Global Network

FY2018 Percentage of Net Sales by Segment



FY2018 Percentage of Operating Income by Segment



History

- TAKAO KINZOKU KOGYO Co., Ltd.
- KIKUCHI CO., LTD.
- Joint venture by both companies

■ June 1952

TAKAO KINZOKU KOGYO Co., Ltd. was established in Tanabe City, Wakayama Prefecture.

■ November 1953

Kikuchi Body Kogyo, Ltd. was established at Mitaka City, Tokyo.

■ November 1966

Shiga Plant was established in Tsuchiyama-cho, Koka District, Shiga Prefecture (currently, Tsuchiyama-cho, Koka City, Shiga Prefecture).

■ January 1969

Hamura Plant was established and began operations at Hamura-machi, Nishitama District, Tokyo (currently Hamura City, Tokyo).

■ May 1988

Jefferson Industries Corporation was established in the U.S. State of Ohio, as a joint venture company involving three companies including KIKUCHI CO., LTD. and TAKAO KINZOKU KOGYO Co., Ltd.

■ October 1996

Jefferson Elora Corporation was established in Ontario, Canada.

■ 1997-1999

Acquired ISO9001 certification.
 Acquired ISO14001 certification.

1952

1953

1966

1969

1984

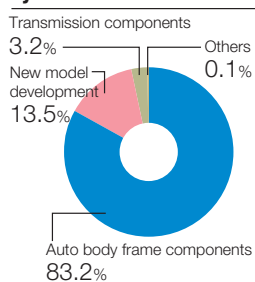
1988

1996

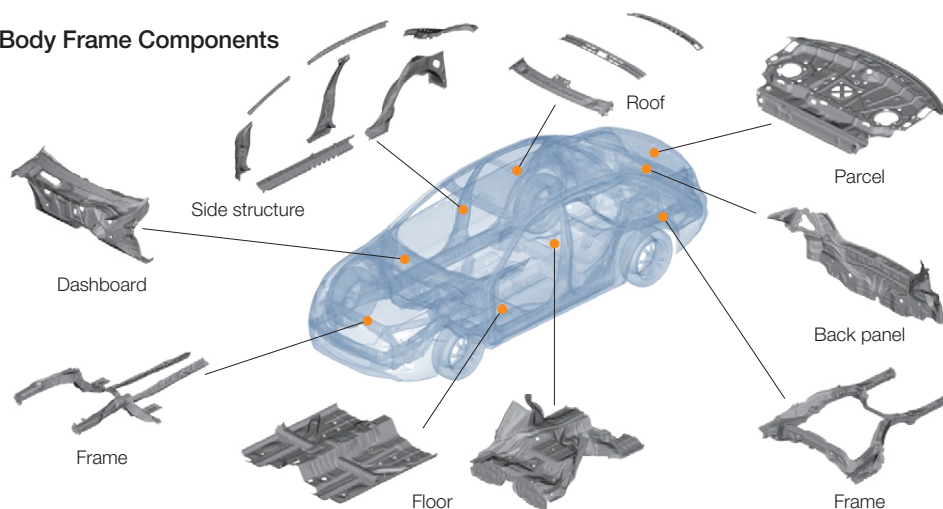
1997

1998

Main Components

FY2018
Percentage of Net Sales
by Product

Auto Body Frame Components



Transmission Components



■ July 2000

Jefferson Southern Corporation was established in the U.S. state of Georgia.

■ October 2001

Auto Parts Alliance (China) Ltd. was established in Guangzhou, Guangdong Province in China.

■ March 2005

Wuhan Auto Parts Alliance Co., Ltd. was established in Wuhan, Hubei Province in China.

■ February 2008

Acquired ISO/TS16949 certification.

April 2011

KIKUCHI CO., LTD. and TAKAO KINZOKU KOGYO Co., Ltd. merged. The trade name was changed to G-TEKT CORPORATION, and the headquarters were relocated to Saitama City, Saitama Prefecture.

December 2014

Listing changed to the First Section of the Tokyo Stock Exchange.

June 2015

Published first CSR Report.

March 2016

Issued G-TEKT's Supplier CSR Guidelines.

April 2017

Established an enhanced structure to promote global CSR activities.

April 2018

G-TEKT TOKYO LAB (GTL) was established Hamura City, Tokyo.

2000 2001 2005 2008

2011 2014

2015 2016 2017 2018

We are aiming to achieve sustained growth together with society as a “company that shapes the future of people, automobiles and the Environment”.

Naohiro Takao, President Chief Executive Officer



Review of financial results for FY2018 (Eighth fiscal year)

For the fiscal year ended March 31, 2018, we have been actively pursuing three innovations: “technology”, “sales” and “human resources”, and working as a group to increase productivity. Owing to these efforts, we have been successful in achieving new records for net sales of ¥255.6 billion, operating income of ¥16.8 billion and ordinary income of ¥17.4 billion. We would like to take this opportunity to thank all of our stakeholders for their continued support.

Looking back at each region, we were able to exceed the previous fiscal year's sales in all regions due to the steady growth in sales

to our major customers as well as significant growth in sales to other companies. We believe that the expansion of sales to companies other than our major customers stabilizes our operations and represents a pillar of our growth strategy.

In the fiscal year under review, we were able to make steady progress toward achieving our management targets of ¥300 billion yen in net sales and ¥20 billion yen in operating income.

(Hundred million yen)

	FY2016 (actual)	FY2017 (actual)	FY2018 (actual)
Net sales	2,061	2,198	2,556
Operating income	144	143	168
Ordinary income	144	146	174
Net income attributable to owners of parent	97	115	105

Meaning of G-TEKT's existence and future direction

The earth we live on today is approaching a crisis of survival, facing unprecedented climate changes including global warming. Carbon dioxide (CO₂), which is a component of automobile exhaust, is also said to be one of the reasons, and the reduction of exhaust emissions by improving fuel efficiency through weight reduction is recognized to be one of the most important issues that should be tackled by the automobile industry.

On the other hand, the automobile industry itself, which we are engaged in, is experiencing a wave of automatic driving and electrification of cars called CASE, and the industrial structure is about to undergo major changes. In order to overcome this once-in-a-century transition period and continue to grow sustainably together with society, G-TEKT must change itself, or we will have no future.

In this business environment, we recognize that G-TEKT has a responsibility to fulfill its vision with innovative technologies,

based on our corporate slogan, “we are shaping the future of people, automobiles and the Environment”. As a specialized manufacturer of auto body frame components, by further advancing the weight reduction technology of car body frames we have so far cultivated, and by acquiring engineering ability to design entire car body frames, we can become a car body frame development partner for car manufacturers. The participation in the automobile development from the early stages will bring the “lightweight and high-rigidity auto body”, which G-TEKT considers to be ideal, into reality by effectively applying the Company's weight reduction technology, including hot stamping processing. We believe that the realization of lightweight and safe cars is the direction that G-TEKT is aiming for, and that this is the meaning of our existence.

In order to shape a better future for all people, G-TEKT will continue to innovate and achieve sustained growth.

Relationship between CSR activities and the enhancement of corporate value

G-TEKT recognizes that CSR is one of the most important management issues, and holds annual global CSR conferences, where management participates. In addition to environmental management in Japan and overseas and verification of the status of social contribution activities, we also discuss issues and directions to be addressed going forward.

At the conference held in March this year, opinions were also exchanged about ESG (environment/society/governance), which is

attracting attentions in recent years. While the value of a company varies from one stakeholder to another, we consider soundness to be the most important corporate value. This involves not only complying with laws and regulations, but also maintaining harmony with the global environment and local communities, and continuing to grow into the future through appropriate business operations. We believe a company that strives for such practice has a value. In other words, we believe that CSR itself is our company's business.

Contribution to SDGs

Activities based on the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 are being carried out in various fields and regions of the world toward the goal of 2030.

In Japan too, various initiatives have been led by the government. Among them especially, the Tokyo 2020 Olympic and Paralympic Games are gaining huge attention, being referred to by some as the SDG Olympics for including “sustainability” as one of the concepts of the games.

Having SDGs in mind from the early stages of our CSR activities, we have studied in depth the relationship between our business activities and the 17 goals. As described in last year's CSR

Report 2018, we are accelerating initiatives across the entire Group led by Japan, through efforts such as clarifying the targets that are closely related to our business activities.

In order for a company to continue to develop into the future, firstly the earth and society we live in must continue to exist sustainably. We will continue to work hard to solve environmental and social problems in order to realize a sustainable society.

We believe that if each and every one of us face the issues with a sense of ownership and work together, we can make what we thought was impossible possible.

To our stakeholders

We are currently building a vision for the future by launching the 2030 Vision Project centered on young managers. We have listed the four important elements, “talent”, “technological innovation”, “structural transformation” and “social contribution”, which we plan to announce on our website around autumn time.

In order for a company to grow into the future, we believe that “talent” is the most important element above all. In addition, “technological innovation” is also indispensable to us as a manufacturer. And, we want to create the opportunities that exploit the full potential of “people” and “technology” by advancing “structural transformation”, and improve our quality as a company.

However, no matter how much we improve the quality of our company, if society is not sustained, we will have no future. In other words, we believe that companies have a responsibility to actively address social issues.

In 10 years and beyond, G-TEKT will continue its “social contribution” in many ways through its core business and will continue to achieve sustainable growth together with society.

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

Technology that Supports G-TEKT

For G-TEKT, engaged in the manufacture of auto body frame components and transmission components, our technology is the source of growth. In particular, press working, in which a metal plate is sandwiched between dies, has been honed since our founding, and we will continue to challenge ourselves in the pursuit of more advanced and highly efficient processing methods.

This time, we will introduce a technology known as “hot stamping processing” from among press working technologies that G-TEKT possesses. This technology is a processing method realized by the best of G-TEKT’s technological capabilities, including the management of a series of conditions to heat metal materials uniformly to over 900 °C, then quickly cool them, or control system to simultaneously process multiple materials in order to increase productivity. With this technology, we will significantly improve fuel efficiency by reducing the weight of auto body frames and build cars with less environmental burden.

We have also developed our proprietary traceability system because we believe that, as a manufacturer, we should be responsible for the quality of our products to the very end of the process.

G-TEKT will continue to contribute to the “future of people, automobiles and the Environment” through its technological capabilities.

Multiple simultaneous processing of hot stamping

Hot stamping is a processing method that enhances the strength of materials where steel sheets are heated, molded and immediately quenched (rapidly cooled down). Compared to normal press working, time required for the cooling process is longer, so the production speed becomes slower. In order to solve this problem, G-TEKT has been able to process more than four plates in a single press simultaneously, thereby succeeding in improving production efficiency. Multiple simultaneous processing requires a device to transport materials at a high speed at once as well as the ability to manage difficult heating conditions depending on the shape, size and thickness of materials. We have, however, developed proprietary technology to meet these challenges and to achieve mass production.



Delivery



Heating furnace



Feeding material into die



Multiple simultaneous processing



Water cooling die

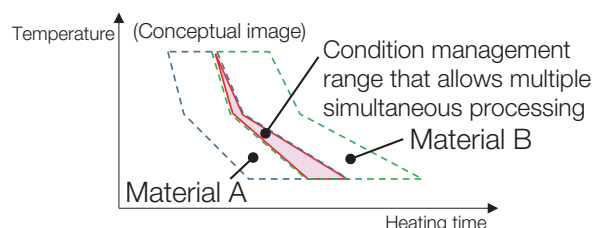


Multiple simultaneous processing

High-speed conveyance equipment for multiple simultaneous processing



Management of heating conditions of several materials with different thicknesses

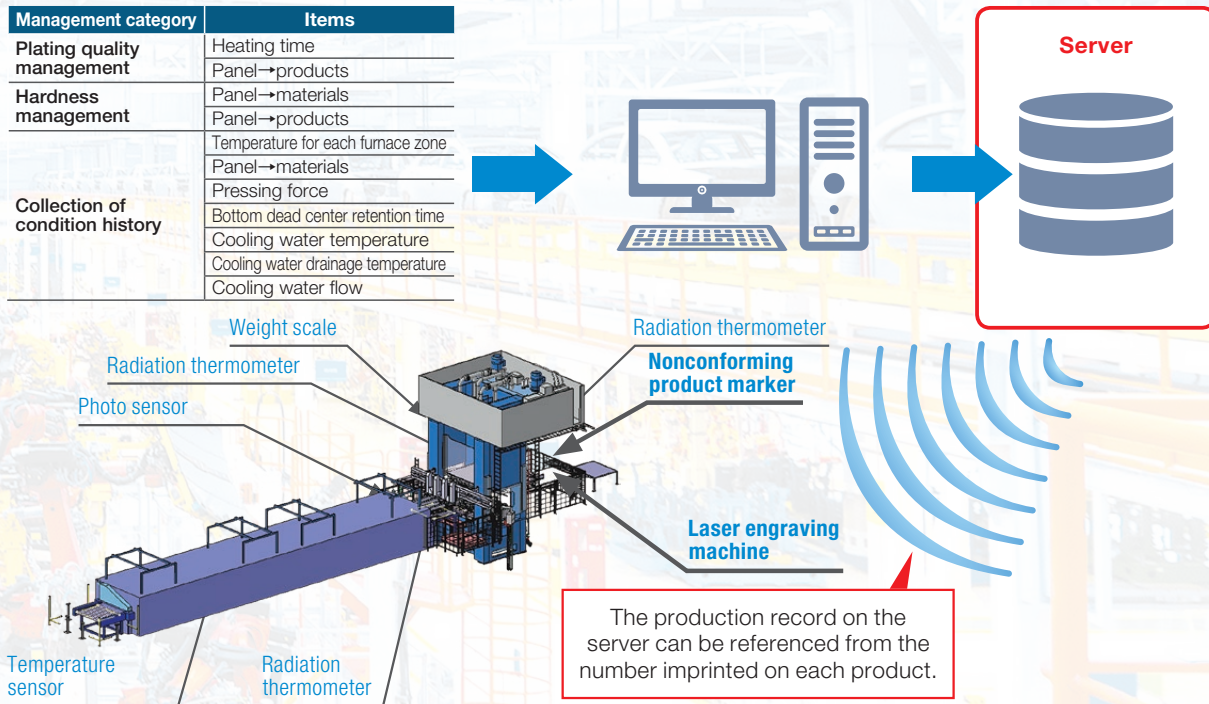


Please refer to our website for more information on hot stamping.

<https://www.g-tekt.jp/english/tecnology/lightweight.html>

Hot stamping traceability system

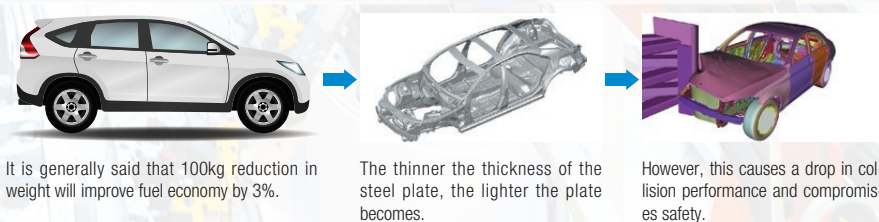
Hot stamping, which guarantees strength by manufacturing under predetermined conditions, requires the detailed management of processing conditions. In order to ensure that the daily production is processed under set conditions, we create a database from data collected using various sensors, and have in place a traceability system that imprints lot numbers on all products by a laser. If a product that deviates from set conditions is mistakenly processed, it is automatically disposed and the system does not allow non-conforming products to leak into the market. The system can match the lot number with the processing data stored and guarantees the quality of all products.



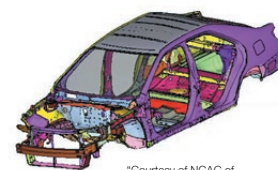
G-TEKT BODY, contributing to environmental performance through weight reduction

As environmental problems such as global warming become more serious, automobiles are being required to reduce exhaust emissions. Companies are working on ways to improve automobile fuel economy because, through improving fuel efficiency, it is possible to reduce exhaust emissions. G-TEKT can contribute to environmental performance by reducing the weight of auto body frame components.

Auto body frames are made mainly of steel, so it is possible to lighten the weight by reducing the thickness of steel plates. The lighter the body frame is, the better the fuel economy, but the collision performance will decrease, which will compromise safety and passengers cannot be protected from accidents. Therefore, by using ultrahigh tensile strength and hot-stamped materials with four to five times the strength of ordinary steel plates, the thickness of the plates can be reduced and lightened, while the safety is ensured at the same time by the high strength of these materials. In addition, we are working to further reduce weight by using aluminum in parts that have little impact on safety. By combining various materials such as steel and aluminum and using the right material in the right place, a multi-material body with light weight and sufficient strength can be created. G-TEKT will contribute to environmental performance by reducing auto body frame weight, making a full use of steel plate processing and joining technologies for each material that we have cultivated.



G-TEKT multi-material body

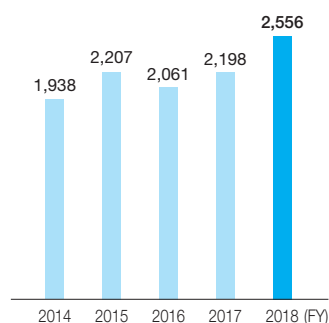


Ultrahigh tensile strength materials and hot stamped materials are used to make the body safe and light weight. In addition, aluminum and other materials are used to reduce weight in parts that have little impact on safety.

Financial Highlights

Net sales

(Hundred million yen)

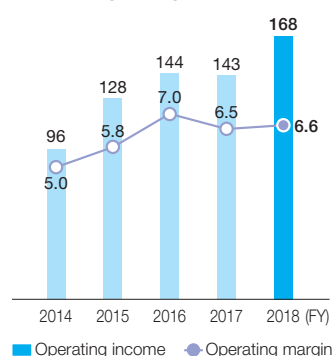


Operating income

(Hundred million yen)

Operating margin

(%)

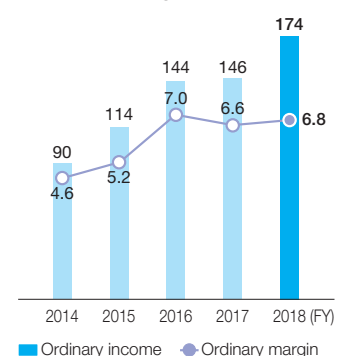


Ordinary income

(Hundred million yen)

Ordinary margin

(%)

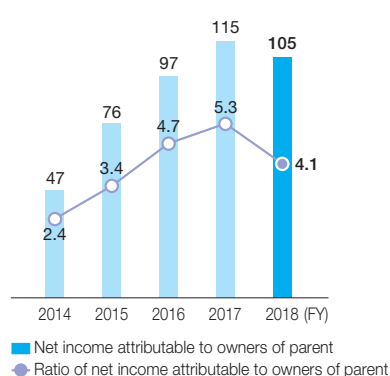


Net income attributable to owners of parent

(Hundred million yen)

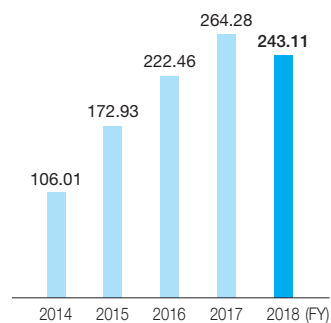
Ratio of net income attributable to owners of parent

(%)



Profit per share

(Yen)

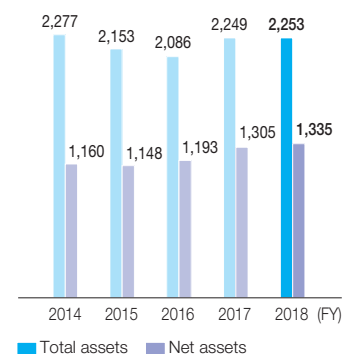


Total assets

(Hundred million yen)

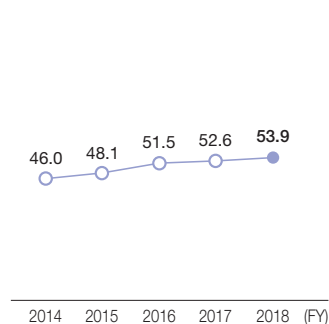
Net assets

(Hundred million yen)



Equity ratio

(%)



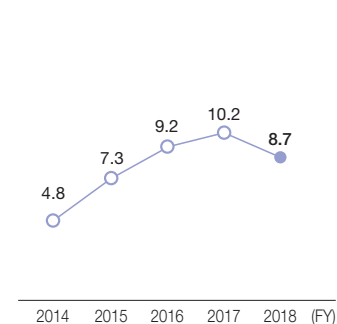
ROA

(%)



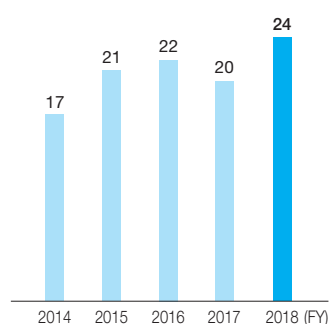
ROE

(%)



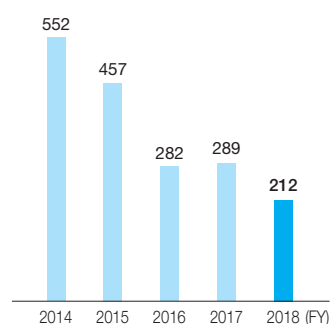
Research and development expenses

(Hundred million yen)



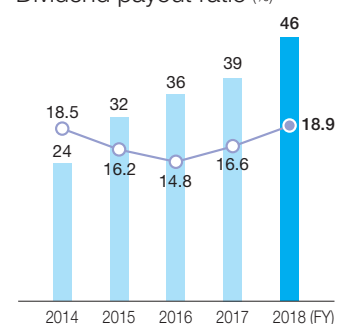
Interest-bearing liabilities

(Hundred million yen)



Cash dividends per share

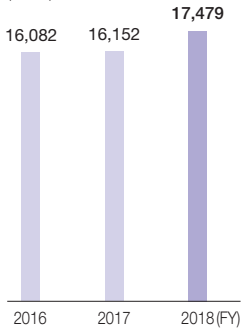
(Yen)



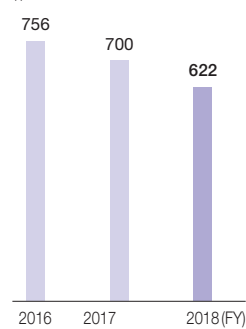
Non-financial Highlights

Environmental Indicators

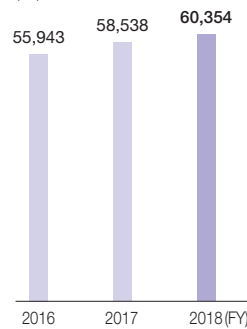
Greenhouses gas (GHG) emissions
(t-CO₂)



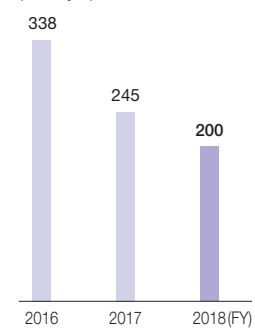
Weight of waste materials released
(t)



Water usage
(m³)

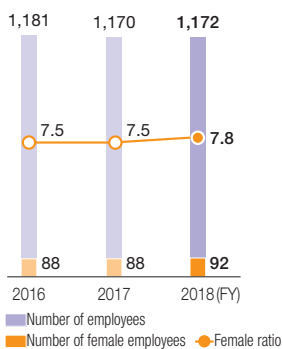


Environmental accounting (cost)
(Million yen)

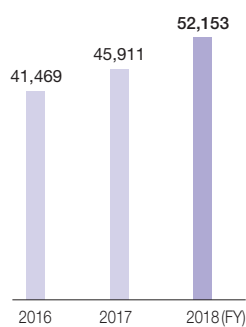


Social Indicators

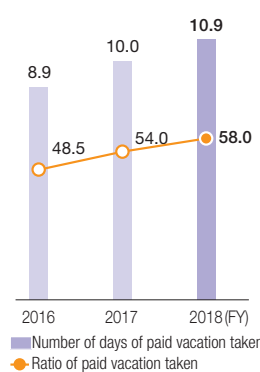
Number of employees (persons)
Number of female employees (persons)
Female ratio (%)



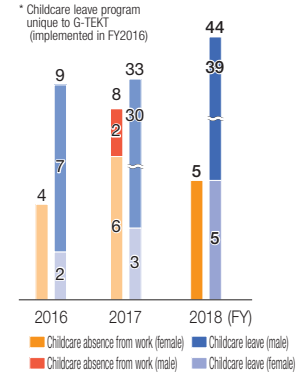
Education and training expenses per person
(Yen)



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



Number of employees taking childcare absence from work (persons)
Number of employees taking childcare leave* (persons)



Other Non-financial Data

Classification		FY2016 (actual)March 31, 2017	FY2017 (actual)March 31, 2018	FY2018 (actual)March 31, 2019
Environment	Violations of environmental laws & regulations	Nil	Nil	Nil
	Environmental problems (accidents, contamination)	Nil	Nil	Nil
	Environment-related complaints	Nil	Nil	Nil
	Biodiversity conservation expenditure*1	¥3.45 million	¥4.08 million	¥3.15 million
Social	Number of foreign employees	9 persons	7 persons	7 persons
	Number of female managers and officers	0 persons	0 persons	0 persons
	Number of foreigner managers and officers	0 persons	0 persons	0 persons
	Average monthly overtime hours	26.0 hours/month	23.0 hours/month	28.35 hours/month
	Personnel leaving employment status	39 persons (37 men, 2 women)	42 persons (40 men, 2 women)	33 persons (31 men, 2 women)
	Number and ratio of disabled persons employed	24 persons, 2.1%	25 persons, 2.1%	25 persons, 1.93%
	Number of employees on leave due to accident	1 persons	1 persons	1 persons
	Number of employees on mental health leave	5 persons	9 persons	9 persons
Governance	Expenditure on social contribution activities*2	¥8.43 million *including ¥5 million Kumamoto earthquake donation	¥1.78 million	¥8.60 million *¥5 million West Japan floods and landslides donation
	Expenditure on political donations and lobbying activities	¥0	¥0	¥0
	Measures against conflict minerals	Not applicable	Not applicable	Not applicable
	Whistleblowing incidents	14 cases	27 cases	21 cases
	Number of violations of domestic/overseas laws & regulations	Nil	Nil	Nil

*1: Included in environmental accounting *2: External expenditure only

Fundamental Policies on CSR



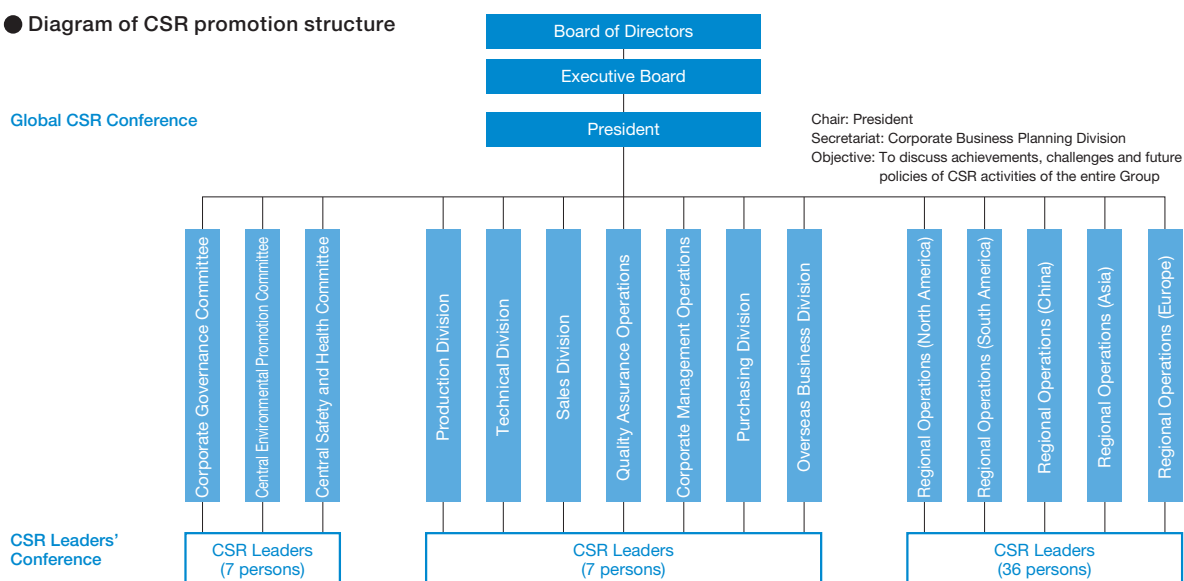
The Company will help solve social issues through business activities and seek to achieve sustained growth together with society.

G-TEKT Group's Structure to Promote CSR Activities

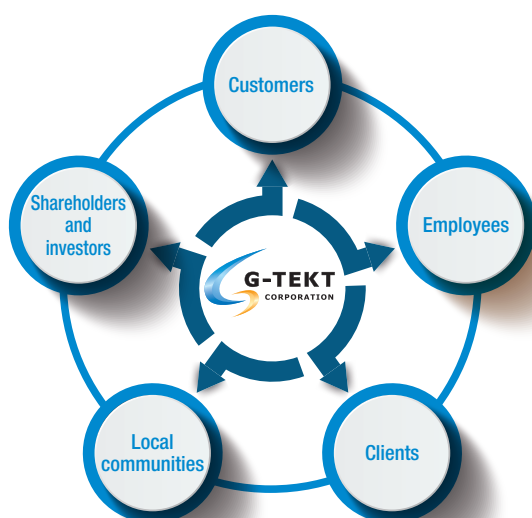
G-TEKT is structured to promote CSR activities based on an organization that cuts across the entire Company, in which a total of approximately 60 CSR Leaders (including responsible persons and working-level staff) are assigned in Japan and overseas.

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.

● Diagram of CSR promotion structure



Relationships with 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.

Local communities

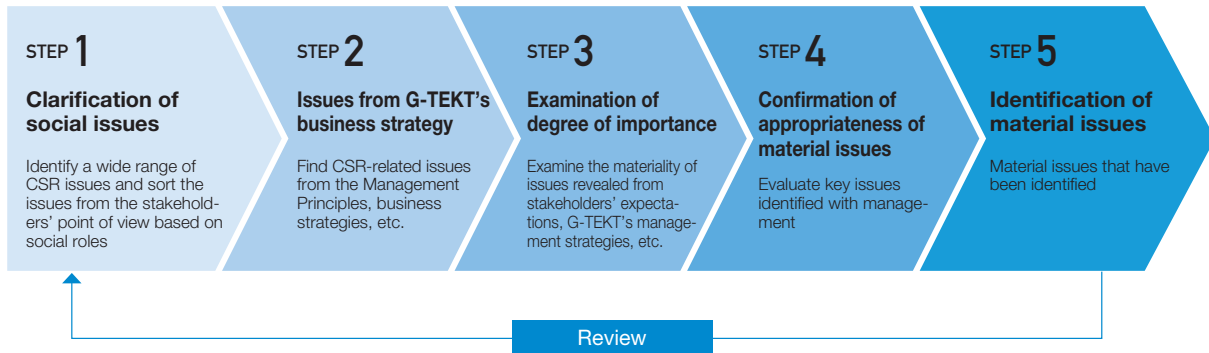
We will proactively seek to integrate and harmonize with the local residents through such means as participation in social contribution activities and seek to establish favorable relationships based on mutual understanding.

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.

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.



Four material issues that have been identified



Enhancement of corporate governance

We recognize that in particular, the enhancement 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. Given this, in addition to the periodical reviews of states of governance structures in our domestic and overseas subsidiaries by using a checklist, etc., we share issues and plan to implement improvement measures between the headquarters and those subsidiaries, with the goal of maintaining and enhancing the level of governance.



Development of environmentally-friendly products and technologies

Automobiles created from G-TEKT's business are one of the products that require utmost consideration for the environment. In particular, the fuel efficiency of an automobile is greatly influenced by its weight, so reduction of body weight is a major challenge. At G-TEKT, we manufacture products with a low environmental burden by reducing the body weight without compromising its performance by applying G-TEKT's proprietary design concepts and weight reduction technologies.



Talent development

We put a great deal of effort into company-led talent development at G-TEKT, where various talent development programs are available for all employees from new to experienced personnel. Under the idea that a company cannot grow without growing its people, in order to be a company that undergoes sustained growth and evolution, G-TEKT is committed to treating each and every employee as an individual.



Environmental management






In order to realize a sustainable society, the task of tackling climate change risks is a major corporate social responsibility. G-TEKT not only proactively engages in initiatives to reduce greenhouse gas (GHG) released through its businesses in a systematic manner, but also endeavors to reduce the environmental burden in the value chain.

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.

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 FY2018 activities and their evaluations in the table below. Based on a review of the previous fiscal year, we will set targets and measures for FY2019 and promote further CSR activities.

	Theme	Items to be addressed	Main targets and measures for FY2018
 Environment	Environment	Environmental management 	Acquisition of ISO14001 EMS certification in expanded examination
		Development of environmentally-friendly products and technologies 	Establishment of mass production technology for aluminum
		Zero environmental problems	Compliance with environmental laws and regulations, achieve leakage and complaints: 0 incidents Management of related laws and regulations through a checklist of laws and regulations
		Reduction of greenhouse gas (GHG) emissions per unit of sales	Improvement in emissions per unit of sales by 9% compared to FY2013
		Reduction of waste generation	Reduction by promotion of 3R activities by each base
		Reduction of water resource usage	Maintaining FY2017 usage rate
		Biodiversity initiatives	At least one activity per plant
 Social	Safety and health	Safety in the workplace	Incidence rate of occupational accidents without lost workdays: 3.4 for the full year
			Lost workday occupational accidents (1 day or more): 0 incidents
			Forklift damage incidents: 9 incidents or less
			Traffic accidents (at fault or one-car): 14 incidents or less
		Regular health checkups, special health checkups	Consultation rate: 100%
		Medical checkups	Consultation rate: 100%
		Conduct stress checks	Response rate: 100%
		Elimination of traffic accidents during commuting and business trips	Implementation of traffic safety seminars
	Human rights and labor	Emergency call safety confirmation training	4 times/year, response rate within 24 hours: 100%
		Talent development	Implementation of rank-by-rank training sessions Implementation of selective training (female leaders, overseas assignments and next-generation managers) Correspondence courses and e-learning
		Creating a comfortable working environment	Initiatives to promote paid vacation Efforts to reduce overtime hours Promotion of diversity
 Governance	Social contribution	Interaction with local communities	At least one activity per plant
	Quality	Renewal and acquisition promotion of IATF16949 (quality management system)	Update from ISO/TS to IATF16949
	Corporate governance	Strengthening of corporate governance	Establishment of compliance guidelines Implementation of compliance training "Our Code of Conduct" read once a year
		IR activities	IR activities for investors
	Information management	Corporate governance self-inspection	Self-inspection using a check sheet once a year
		Retention and management of confidential information, Our Code of Conduct	"Ten Commandments of Information Management" read once a year

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%

Material issues

	Main activities and results in FY2018	Assessment	Main targets and measures for FY2019
	Acquired expanded certification for headquarters, GTL and C&C Tochigi in Japan	◎	Promote and maintain EMS in domestic business locations and promote 100% acquisition in overseas business locations
	Completed technology standard of aluminum processing mold Completed technical standard for aluminum joining	◎	Maintenance of quality standards for aluminum components
	Violation of environmental laws and regulations: 0 incidents, Leakage and complaints: 0 incidents Updating of laws and regulations checklists	◎	Compliance with environmental laws and regulations, Leakage and complaints: 0 incidents Updating of laws and regulations checklists
	Improvement of 8.1% compared to FY2013	▲	Improvement of emissions per unit of sales by 9% compared to FY2013
	Promotion of waste separation -11% compared to FY2017	◎	Maintain emissions per unit of sales compared to FY2017
	-10% compared to FY2017	★	Maintain usage per unit of sales compared to FY2017
	Twice-yearly tree-planting and pruning activities Acquired "three-star rating in the Shiga Biodiversity Initiative Certification" for our regular activities	★	Continuation of activities
	Actual results: 9.86	■	Less than or equal to 3.4 Continuation of safety education and review of content
	2 incidents	■	0 incidents Continuation of safety education and review of content
	26 incidents	■	Less than or equal to 12 incidents Continuation of safety education and review of content
	15 incidents	■	Less than or equal to 7 incidents Continuation of safety education and review of content
	Results: 98.2%	○	Target: 100% consultation rate Follow-up of unexamined people
	Results: 98%	○	Target: 100% consultation rate Follow-up of unexamined people
	Results: 96.2%	○	Target: 100% response rate Review of informing methods
	Implementation of seminars Participation in the drivers' competition	◎	Continuing education on safe driving Conduct awareness-raising activities
	Conducting regular training (91% first time, 94% second time, 97% third time, 96% fourth time)	○	Continuation of training Review of methods to inform
	* Details are on a separate page	◎	Implementation of training programs based on talent development plans
	Implementation of the annual paid leave plan at the beginning of the fiscal year (performance 58%)	◎	Introduction of 5-day consecutive paid leave system
	Results: average 28.35 hours/month	◎	Continuation of activities
	Active recruitment of female employees (recruitment ratio: 11.4%) Promotion of senior participation Job creation for disabled persons	○	Establishment of the Diversity Promotion Committee Employ 4 or more female employees
	Plan for beautification activities in all areas and forest planting activities, etc., Implementation rate: 100%	◎	Continuation of activities
	Completion of renewal of all domestic business locations Promote renewal of overseas business locations	○	Complete renewal of overseas business locations
	Completion of domestic guidelines formulation and implementation Formulation of guidelines for overseas subsidiaries Implementation of harassment training Implementation of reading by all employees	◎	Review and unify guidelines for each overseas subsidiary Implement compliance training to raise anti-fraud awareness Revise and continue to read "Our Code of Conduct"
	Held 34 times a year	◎	Continuation of activities
	Conducting self-inspection (April, 2019)	◎	Review of check sheet and self-inspection method Follow-up of areas of weakness
	Reading of "Ten Commandments of Information Management"	◎	Implement "Ten Commandments of Information Management" reading once a year Strengthen global confidentiality

Corporate Governance

As a global business enterprise, we are endeavoring to raise the standards of governance on a group-wide scale.

Fundamental Policies on Corporate Governance

G-TEKT acknowledges the importance of management as a company with social responsibility in order to become a company in which customers, employees, shareholders, investors and society place high expectations. We also recognize that one of the top-priority management issues is to develop an organization and framework to ensure transparent, speedy, fair and bold decision-making in consideration of risks, and to build a relationship based on trust with all stakeholders.

We will seek to attain sustained growth and improve corporate value in the medium and long run by implementing corporate governance more effectively and making ongoing improvement efforts.

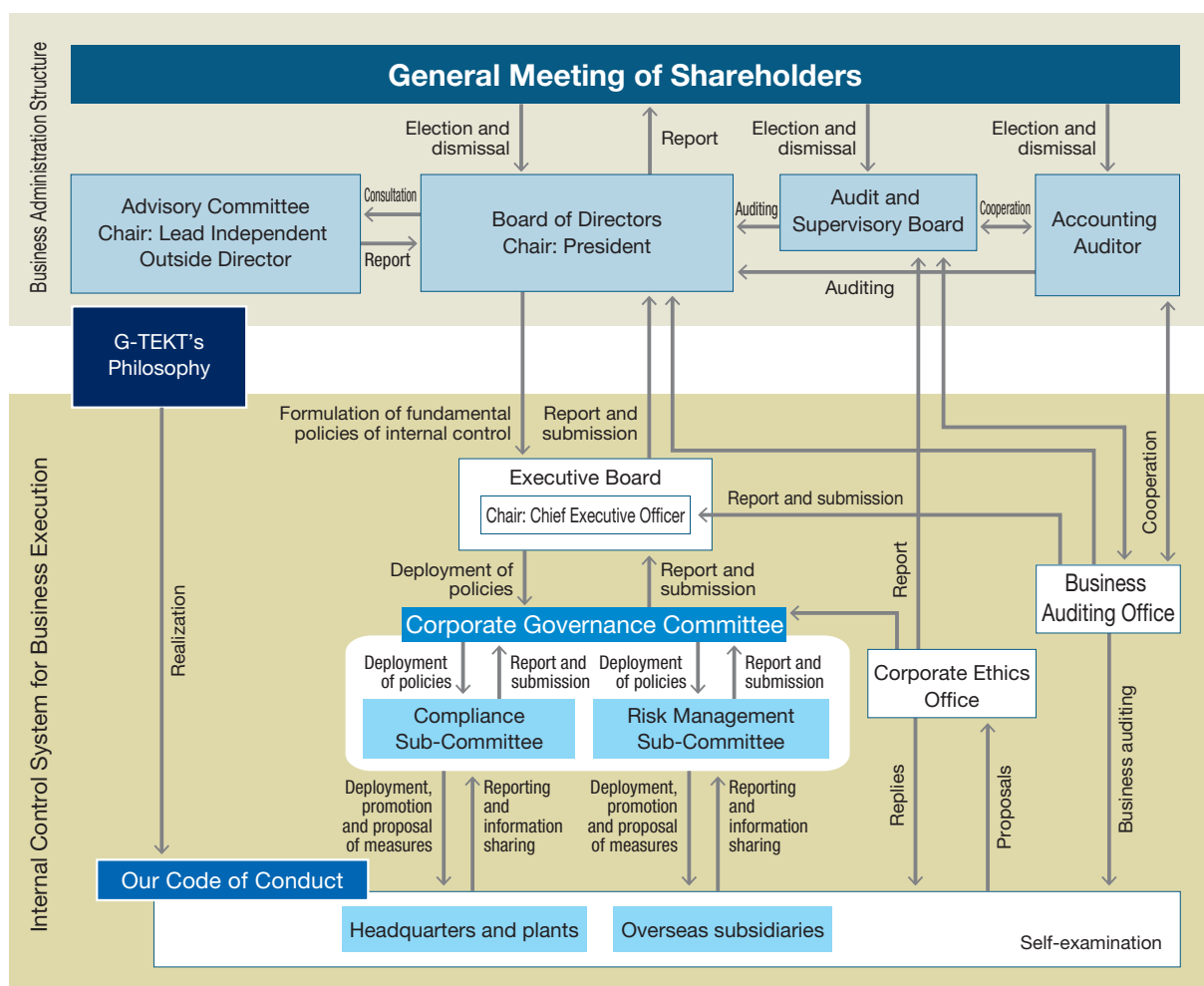
URL To view our Fundamental Policies on Corporate Governance, please check the following link:
https://www.g-tekt.jp/company/pdf/governance_guideline.pdf

Compliance with the Corporate Governance Code

Our Corporate Governance Code has been established with the aim of realizing “aggressive governance.” In light of the spirit of the Code, the Board of Directors has passed a resolution for “G-TEKT’s Fundamental Policies on Corporate Governance”, which set out our basic approach, framework and implementation policy regarding corporate governance, for the purpose of establishing a structure of governance that would be most effective for the management of G-TEKT with the aim of attaining sustained growth and improving medium/long-term corporate value, as disclosed in the Corporate Governance Report.

URL To view our Corporate Governance Report, please check the following link:
https://www.g-tekt.jp/company/pdf/governance_report.pdf

●Corporate Governance Structure





Functions and Composition of the Board of Directors

In the automotive industry, which is said to have entered a once-in-a-century transition period, companies must transform into organizations with a decision-making system based on more diversified perspectives in order to respond to rapid changes.

Therefore, we have recently reviewed the structure and functions of the Board of Directors significantly, aiming to make it slim and diversified.

With respect to the composition of the Board of Directors, under the basic policy of having Independent Outside Directors in a small number at the ratio equal to or greater than one third, the number of Directors has been reduced from nine to five, and two of the five directors are Outside Directors in order to better reflect the “external perspective” of Outside Directors.

In addition, from the perspective of diversity, we have appointed Ms. Rieko Inaba as the Company's first female Director (Outside Director) from FY2019. She is the Company's first director who has the background of a researcher at a university, and is expected to be able to shed new light into the Company's management.

In terms of functions, we have transferred the authority regarding business execution decisions to the Executive Board so that the Board of Directors can focus on discussing issues related to the big picture such as the direction of management. Meanwhile, as a company with an Audit and Supervisory Board, we established objective criteria for important matters within the scope of laws and regulations and the Articles of Incorporation of the Company.

In addition, we reviewed the reporting standards of the executive officers for the Board of Directors and established a system in which the secretariat provided timely information on the contents of the Executive Board meeting and provided necessary information for the oversight of business execution.

Functions and Composition of the Audit and Supervisory Board

G-TEKT has adopted an audit and supervisory board system. The Audit and Supervisory Board is comprised of four Audit and Supervisory Board Members. Fulltime Audit and Supervisory Board Members (two persons) who are familiar with the Company's business take on the role of collecting information necessary for audits, and the Outside Audit and Supervisory Board Members (two persons) bring advanced expertise to audits based on their knowledge of finance, accounting, legal affairs, etc. In doing so, they are responsible for appropriate and useful deliberation and supervision and auditing of execution.

Independence of Outside Members of the Board and Outside Audit and Supervisory Board Members

The Company has established independence standards that are stricter than the standards of the Tokyo Stock Exchange, referencing the use of voting rights standards of overseas voting

advisory companies. Outside officers of the Company, exclude major shareholders, business partners, main banks and other people who come from these groups, and we invite highly independent personnel cannot be influenced to ensure a higher degree of transparency as a company.

Officers Remuneration System

The Company's officers remuneration system is designed to enhance their incentives to improve not only short term but also mid- and long-term performance in order to enable continuous improvements of corporate value.

In addition to basic remuneration, which is a fixed amount of remuneration, the Company has introduced a bonus system that is linked to single-year results (operating income) as an incentive to officers who lead management. The specific allocation is calculated by multiplying the base amount according to the position by a coefficient according to the degree of contribution and, in order to ensure objectivity and transparency, deliberated by the Advisory Committee chaired by the Lead Independent Outside Director, and based on these results decisions are made by resolution of the Board of Directors.

In addition, we have introduced a performance-linked stock remuneration system. With stock remuneration, remuneration is linked to stock value, and profits and risks due to fluctuations in stock prices are shared with shareholders. This raises the awareness of Directors to contribute to the improvement of medium/long-term business performance and the increase in corporate value. The remuneration is paid in accordance with the rules decided by the Board of Directors within a remuneration framework that differs from fixed remuneration and bonuses.

Evaluation of Effectiveness of the Board of Directors

G-TEKT conducts an annual questionnaire survey targeted at Members of the Board who constitute the Board of Directors and Audit and Supervisory Board Members on the effectiveness of the Board of Directors, and shares the survey findings with the Board of Directors.

As a result of monitoring the status of improvement of each issue with the same questions over the past three years, it has been confirmed that the status of deliberations on important matters and supervision on the operation of internal control has been effectively developed and implemented. On the other hand, issues remained regarding the diversity and number of the Board of Directors as well as the training of Directors and Audit and Supervisory Board Members.

In light of these issues, the Company reviewed the composition of the Board of Directors significantly and plans to expand the provision of information on the Company's business activities to newly appointed officers. We will continue to further work on improvement initiatives to enhance the effectiveness of the Board of Directors.

Compliance and Risk Management

Compliance Structure and Risk Management Structure

G-TEKT has established the Corporate Governance Committee consisting of a compliance officer and risk management officer in-house, for the purpose of building a sound business operation structure that complies with various relevant laws and regulations upon promoting business activities and is capable of properly tackling conceivable business risks. We have also established the Compliance Sub-Committee and Risk Management Sub-Committee which consist of the respective officers and working-level staff in charge, in an effort to develop compliance and risk management structures.

Compliance Efforts

Since we have the highest respect for compliance, we endeavor to act conscientiously at all times in compliance with every law, internal regulation and any other rule as a matter of social norm. Looking at compliance from the perspective of meeting the expectations of our stakeholders, we have established "Our Code of Conduct" as the code to be followed by each employee so as to act with high ethical standards, and we are ensuring that our employees are familiar with the Code. In addition to activities that promote the spread and establishment of compliance, we will engage in ongoing improvement to prevent and/or promptly address scandals as well as ensure compliance, as we strive to raise the level of compliance further.



"Our Code of Conduct"

Efforts to Establish Global Governance

G-TEKT and its subsidiaries share the basic approach to corporate governance and are enhancing the autonomous and responsible corporate governance structure tailored to the laws and regulations of each country, the local business environment, etc. Furthermore, responsible persons at the subsidiaries are appointed as members of G-TEKT's Compliance Sub-Committee and Risk Management Sub-Committee, with the aim of improving compliance and risk management of the G-TEKT Group as a whole.

In the field of compliance, we have established the guideline to implement at each business location the Group's common fundamental policies against bribery, cartels, forced labor and child labor that we have established in the previous fiscal year. In the field of risk management, we have prepared a risk map with respect to each country where G-TEKT has a presence, based on which measures against serious risks are being promoted.

Establishment of Corporate Ethics Office (Corporate Ethics Hotlines)

We have established an internal whistleblowing office to take calls from employees seeking advice and receive proposals on violations of laws and regulations and breaches of internal regulations and the Code of Conduct in corporate activities.

Also, in order to develop an environment where it is easier to seek advice, we have established an external advisory office where an adviser outside of G-TEKT receives calls. We have established the "Regulations on the Operations of Corporate Ethics Office" to thoroughly protect whistleblowers and others anonymously by prohibiting unfavorable treatment of whistleblowers and those who have cooperated in confirming the facts regarding the report, and to accept anonymous reporting.

●Flow of corporate ethics hotline



Information received from the whistleblower is received at the Corporate Ethics Office and is immediately reported to the compliance officer and Audit and Supervisory Board Members.

Information Security

Risk Management Efforts

We are striving to identify, analyze and appropriately control the various risks surrounding our business in order to ensure sound execution of our business activities. Although the risks related to our business operations are diversifying and becoming more difficult to manage, we are promoting risk management activities by establishing a Risk Management Sub-Committee under the Corporate Governance Committee for the purpose of ensuring the appropriate monitoring of risk situations, companywide measures regarding risk management issues and horizontal deployment of measures.

Formulation of Business Continuity Plan (BCP)

With a strong awareness of our corporate responsibility (social responsibility), we are implementing, maintaining and managing a business continuity plan (BCP) that we have formulated at each business location in Japan, in order to quickly resume the supply of merchandise and provision of services, and to protect the interests of our stakeholders (e.g., customers, suppliers, local communities, shareholders, employees) even under difficult circumstances in the event of a large-scale disaster.



"Crisis Response Guide"

Objectives and Fundamental Policies on Information Security

By establishing security policies as fundamental rules for preventing information leakage, we aim to enhance the awareness of G-TEKT employees worldwide on thoroughly protecting our information assets, and to establish information security systems and structures capable of adapting to changes and trends over time.

Fundamental Policies

The fundamental policies for protecting the Company's information assets shall be set as follows:

- All actions shall be taken with the understanding of the risks of information leakage.
- G-TEKT employees worldwide shall manage information and prevent information leakage under the same security policies regardless of the location or the technologies in use.
- Cases of information leakage and other risk information shall be shared worldwide, reflected in the security policies and used to prevent the occurrence or recurrence of information leakage at G-TEKT.
- The approach as set forth in the security policies shall be observed when establishing a new system or structure relating to information management or processing.
- Changes in the social environment shall be addressed expeditiously and measures shall be taken in anticipation of future needs.
- The security policies shall be reviewed and revised constantly.

Education on Information Security

Confidential information of our clients and our own company, personal information of our employees and various other information that must not be divulged to the outside world exist in vast amounts in the course of our business operations. Since it is believed that the leakage and other mismanagement of information are basically largely attributable to a decline in employee awareness on information security, we regularly educate our employees on information security in order to prevent information leakage. Regarding the method of education, we are conducting reading of the "Ten Commandments of Information Management", which summarize the gist of the security 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.

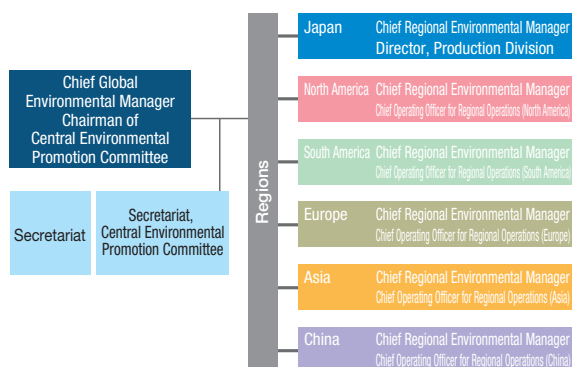
In FY2018, we conducted an expanded examination at the headquarters, C&C Tochigi and GTL (G-TEKT Tokyo Lab), and the certification acquisition rate is now 100% (based on number of business locations) in Japan.

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%



G-TEKT Environmental Road Map

We are establishing environmental goals and engaging in ongoing improvement activities pursuant to environmental activity plans designed to achieve the goals.

[2020 Vision G4-20]

Green (Environment/Safety/Social contribution)
Deployment of an eco-friendly and safety conscious business

[High-Priority Corporate Goal]

Reduction of environmental burden and environmental risks

[Environmental goals of each business location]

1. Prevention of water pollution
2. Prevention of factory noise and vibrations
3. Reduction of energy consumption
4. Reduce waste (3R)
5. Contribution to local communities

Area	Description	Target/Actual	Third Mid-term Target and Actual Figures		
			FY2017	FY2018	FY2019
Production	Reduction of greenhouses gas (GHG) emissions per unit of sales	Target	Improve by 9% (from FY2013)	Improve by 9% (from FY2013)	Improve by 9% (from FY2013)
		Actual	Improved by 2.3%	Improved by 8.1%	
		Assessment	×	○	
	Reduction of usage of water resources	Target	Make preparations to set target	Maintaining FY2017 usage rate	Continue reduction activities
		Actual	Researched past results	Improved by 10%	
		Assessment	◎	◎	
Environmental management	Prevention of noise, vibration, water pollution, soil pollution, atmospheric pollution, waste disposal, and other environmental problems	Target	Comply with environmental laws and regulations Achieve zero leakage and zero complaints	Continue efforts	Continue efforts
		Actual	Had no environmental issues	Had no environmental issues	
		Assessment	◎	◎	
	Acquisition of 2015 ISO 14001 EMS certification (Headquarters, GTL, C&C Tochigi)	Target	Make preparations	Acquire certification in expanded examination	Maintain certification
		Actual	Reviewed documents	Completed certification at 3 locations	
		Assessment	◎	◎	
Corporate activities	Establishment of community contribution activities (Biodiversity measures)	Target	At least one activity per plant	Continue efforts	Continue efforts
		Actual	Implemented forestation activities, etc.	Implemented forestation activities, etc.	
		Assessment	◎	◎	
	Dissemination of information to society	Target	Issue CSR Report 2017	Issue CSR Report 2018	Issue CSR Report 2019
		Actual	Issued	Issued	
		Assessment	◎	◎	

Material Flow (*Actual figures for FY2018)

INPUT	G-TEKT	OUTPUT
Energy input Electricity 42,839MWh LPG 121t Heavy oil A 158kℓ Diesel oil 90kℓ Kerosene 38kℓ Gasoline 2kℓ Fuel supply (Corporate vehicles) Gasoline 80kℓ Diesel oil 1kℓ Water resources Clean water 60,354m³ Raw materials Iron materials purchased 161,295t	Design & Development Sales Purchasing Administration Production Pressing & Welding Machining & Processing Internal transport (Corporate vehicles)	Direct emissions (Scope 1) CO ₂ 1,050t-CO ₂ Indirect emissions (Scope 2) CO ₂ 16,193t-CO ₂ Emissions associated with business trips (Scope 3, Category 6) CO ₂ 188t-CO ₂ Drainage 42,248m³ Industrial waste (quantity generated) 622t

Environmental Accounting

(Million yen)

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

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

Global Environmental Burden Data

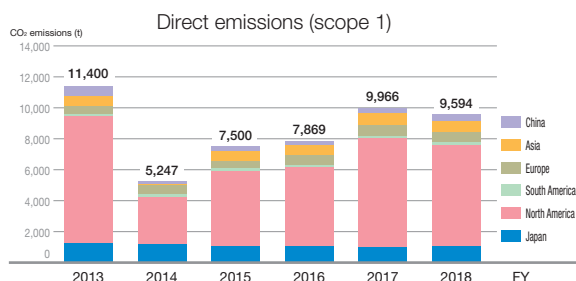
In order to reduce environmental burden in all areas of our corporate business activities, the G-TEKT Group is working to reduce energy consumption and waste at each of its business locations.

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

Scope of Coverage

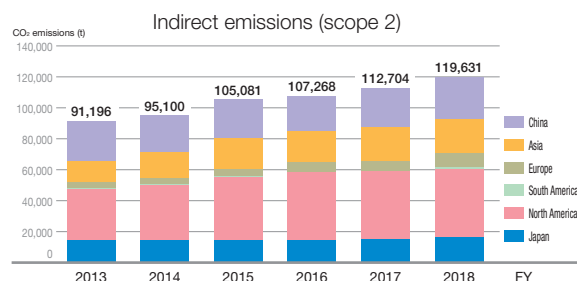
"Environmental burden data" includes data on the activities of 20 companies in conjunction with G-TEKT and its overseas consolidated subsidiaries and affiliates accounted for using the equity method (calculated at 50%).

Greenhouses Gas Emissions



Scope 1:

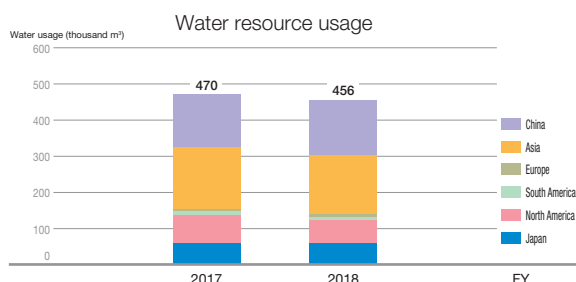
Direct emission of greenhouse gases from corporate activities (energy use by combustion of heavy oil A, diesel oil, kerosene, gasoline, LPG and natural gas, including emissions from fuel consumption of LPG, gasoline, diesel oil used for forklifts).



Scope 2:

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

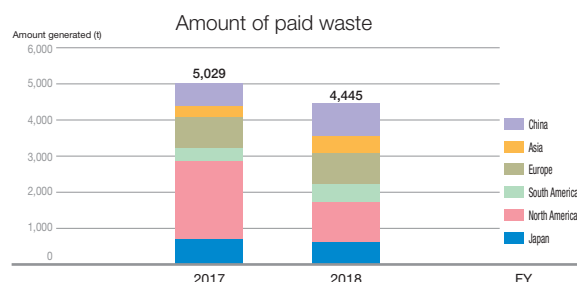
Water Resource Usage



Calculation method:

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

Amount of Waste Generated



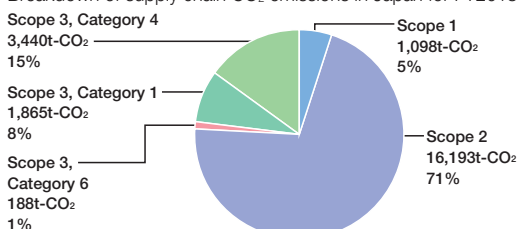
Calculation method:

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

Supply Chain Environmental Burden Data in Japan

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

Breakdown of supply chain CO₂ emissions in Japan for FY2018



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

Environmental Improvement Efforts

United Kingdom (G-TEM)

We identified 68 air leaks in the piping systems and repaired them. By eliminating the wasted power consumption of the air compressor, we were able to reduce the power consumption by 40%, which led to an annual CO₂ reduction of approximately 60 tons.



Slovakia (G-TES)

The Slovakia Plant, which will start operations in September 2019, has adopted large daylight windows in the ceiling to reduce power consumption by reducing the number of ceiling lights.



Thailand (G-TEC)

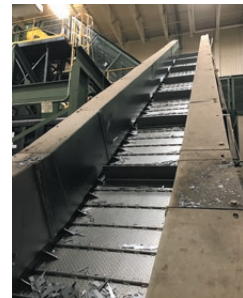
We started turning off lights and air conditioners during the break periods from January 2018.

This reduces power consumption, enabling a reduction of 1.7 tons of CO₂ per year, and our employees are becoming more aware of the environment.



Canada (JEC)

Up until now, the conveyor, which carries scrap* from the pressing machines, has been operating even while the pressing machines are stopped to prepare for the next production. We improved this by making conveyors automatically stop after a certain period of time after the pressing machines stop, resulting in a reduction of unnecessary conveyor movement, leading to power saving. In addition, when processing items which do not produce scrap, we strive to save power by stopping the conveyors.

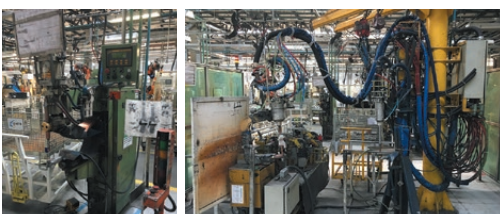


* Scrap refers to chips of iron that are generated when processing with a pressing machine.

Brazil (G-KTB)

As a part of efforts to reduce power consumption, we replaced welding machines (stationary types and portable types) that consume a large amount of electricity. We reduced 47 and 15 units respectively, and instead introduced eight electric-efficient robot welding machines. As a result, electricity consumption decreased by 79.4 MWh, enabling a reduction of approximately 85 tons of CO₂ emissions per year. Additionally, we have automated welding operations that were previously performed manually to ensure safety.

Daylight windows installed in the ceilings maintain enough brightness during the day, even if the ceiling lights are turned off. Besides contributing to a reduction in the use of ceiling lights, they have also helped to make the atmosphere of the workplace brighter.



Stationary spot welding machine

Portable welding machine



Robot



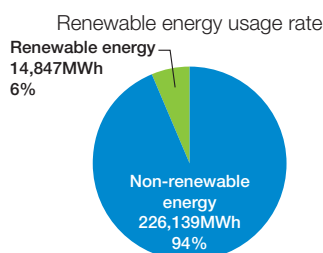
Inside the factory during the day

Introduction of Renewable Energy

In order to use electricity generated by renewable energy and create a low-carbon society, we have installed solar panels on plant roofs and are promoting self-consumption.

Self-consumption of Electricity through Solar Power Generation

In overseas business locations, self-consumption of electricity is contributing to the reduction of CO₂ emissions. APAC and WAPAC in China rent out their roof space to generate solar power, and G-TTC in Thailand and G-TIP in India have installed solar power generation equipment.



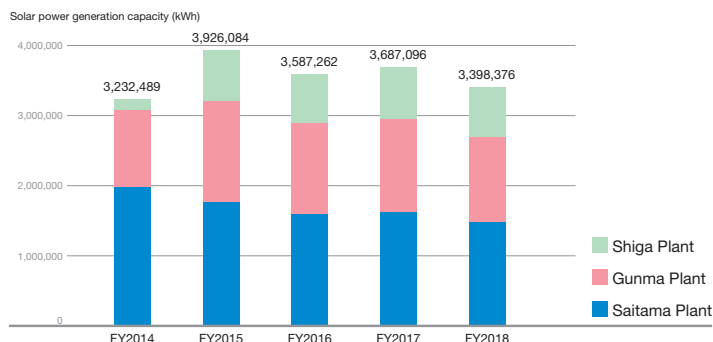
Solar power generation equipment (G-TIP)

* 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



Saitama Plant



Gunma Plant

Maximum power output

Saitama Plant	1,500kW
Gunma Plant	1,000kW
Shiga Plant	500kW

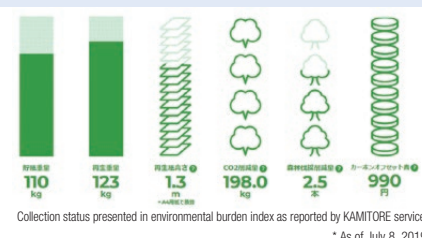


Shiga Plant

TOPICS

Renewal of environmental leaflets

The Saitama Plant has been participating in PELP! which upcycles paper since September 2018. Used copier paper was collected in a special collection box, and 201kg was collected within half a year. As of April 2019, 123kg was dissolved and processed, and the environmental leaflet was renewed using the recycled "PELP!PAPER". This leaflet was published in two languages, Japanese and Chinese, and distributed to all employees of all business locations in Japan. It was favorably received with positive comments regarding the paper's texture. This environmental leaflet is also used for environmental education.



In the Environmental Management Section, we are promoting efforts to reduce the environmental burden by making the burden on the environment, which is not normally visible, visible and linking production activities with their impacts on the environment.

In addition, environmental education is provided through participation in experience-based activities such as forestation and cleaning activities in the area around plants.

Chisato Konno
Production Division, Saitama Plant
Environmental Management Section



Biodiversity Efforts

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.

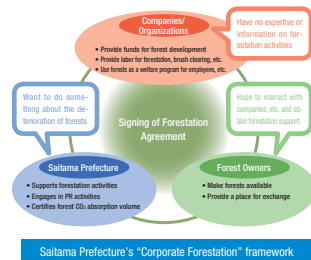
Priority Measures

- 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 a “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.

At the “Seventh G-TEKT Forestation” event held on April 21, 2018, we planted 160 young trees, and at the “Eighth G-TEKT Forestation” event held in September 2018, we engaged in underbrush-clearing activities. The number of forestation participants totaled 47 employees.



Shiga Biodiversity Initiative Certification

Since 2018, Shiga Prefecture has been implementing the “Shiga Biodiversity Initiative Certification Program” in order to support businesses that protect living things and sustainably use natural resources. This time, the G-TEKT Shiga Plant has been certified with three stars in the “Shiga Biodiversity Initiative Certification”. We regularly clean up garbage on the roads around the plant, cut the grass and carry out “G-TEKT Forestation” activities.



Lake Biwa Forestation Partnership Agreement

Signing of Agreement

Shiga Plant
On December 10, 2014, Shiga Plant entered into a “Lake Biwa Forestation Partnership Agreement” with Shiga Prefecture and Ohno Forest Property Ward Management Association.



Activities and Achievements

On March 2019, we engaged in forestation activities. 15 Shiga Plant employees participated and planted 15 young trees of Japanese cherries. This time also, like last year, a lattice fence was installed around each cherry tree planted, as a measure to prevent damage caused by deer.



Talent Development /Human Rights

G-TEKT cherishes an environment in which employees can work with vigor and a corporate culture that allows each and every employee to grow and thrive.

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 Scheme

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.

●FY2018 Training Achievements

	Scope	Name of training	Number of persons
Rank-by-rank training sessions	Junior	Pre-employment group training	17
		New employee group training	35
		Production site training	17
		Technical department training	22
		Joint training for junior employees	24
		New grade 3 training (strengthening of business performance)	32
	Mid-career	New grade 4 training (practice of logical thinking)	37
		New grade 5 training (understanding followership)	17
	Managerial	New grade 6 training (subordinate training management)	13
		Training of newly-appointed managers	9
Selection training	Mid-career/Managerial	Managerial workshops	123
		Compliance training	73
		Female leader training	14
		Pre-overseas assignment language learning	24
Correspondence education and e-learning	Junior	Training for supervisors with female subordinates	13
		Dispatch to external management school	2
		Pre-employment training for prospective employees	35
	All employees	Production meister course enrollment	106
		Program for improving English skills	137

●Number of Persons Dispatched to Language Training (Training period: One year or more)

FY	2013	2014	2015	2016	2017	2018	Accumulative
Male	4	3	4	5	5	2	23
Female	0	2	1	0	1	1	5
Total	4	5	5	5	6	3	28

Overseas Study Program

We have implemented an overseas study program with the aim to acquire language skills that can be used at work and foster human resources with diverse perspectives through cross-cultural experiences overseas. In addition to a half-year language training abroad, we also provide on-site training at overseas subsidiaries. By allowing junior staff to experience overseas life at an early stage in their career, we are also working to develop employees who have a global perspective, not to mention language skills. In recent years, there have been many female applicants, and five people participated in the program since it was introduced. Each participant is active in various divisions after returning to Japan.

Creating a Workplace that Provides Job Satisfaction

A 12-day workshop was held for all the managerial staff working in Japan with the aim to reaffirm their roles as managers and promote self-improvement and organizational transformation. First, a large-scale organizational diagnosis questionnaire was conducted, and the current status of the organization was made visible from the views expressed by the employees. In response to the questionnaire, each managerial staff discussed and shared the vision and mission of their respective departments with other members of their departments, and identified issues in order to create a workplace where members could think on their own and produce results. The issues identified in each workplace were shared at the next workshop, and cross-departmental discussions were dynamically carried out.

We will continue to hold these workshops as an important initiative to “create a rewarding workplace where employees can enjoy working autonomously and with motivation”.



Managerial workshops

Self-development Support

The support program for obtaining qualification provides allowances to employees who have obtained the eligible qualification with the aim to improve their skills and productivity through qualifications useful for work. Currently, the program covers about 100 qualifications, and it helps in the diverse and autonomous career development of employees.

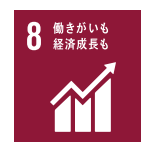
Additionally, we provide an environment where employees can learn anytime anywhere easily, such as offering e-learning for acquiring management knowledge and subsidizing usage fees for English learning apps, creating a system where learning becomes their habits. As a result, a corporate culture of learning has begun to take root with visible effects such as improved scores in language ability tests.



I manage orders and receipt of deliveries of parts for molding equipment, ensuring that necessary parts are delivered when needed. Sometimes I have to place urgent orders for parts. When I manage to procure them in the shortest possible time, my colleagues often say to me, “thank you, you helped a lot”. That puts a smile on my face. This year, I had an extraordinary experience during my first business trip to North America. I was surprised to see a lot of women working on-site and female leaders giving instructions. I would like to change my mindset from “women can’t do it” to “women can do it, too”. I will continue to challenge a variety of things.

Miki Sugiura
Technical Division
Press Engineering 1st Group
Die Engineering 1st Section
Technical Staff





Respect for Human Rights

G-TEKT sets forth the principle of respect for human rights in a leaflet titled “Our Code of Conduct”, carried by all employees.

It expressly states the need to not only comply with laws and regulations but also to respect the customs, cultures, religions and lifestyles of all countries. It also prohibits all forms of harassment, including sexual harassment and power harassment. We do a read-through of “Our Code of Conduct” more than once a year to thoroughly familiarize employees with its content.

Changes in Work Style

We are making various initiatives to allow employees to take paid vacation effectively. In order to take paid vacation in a planned manner, we took on an initiative to draw up an annual plan for paid vacation at the beginning of the fiscal year, and as a result, the percentage of paid vacation taken increased to 59.0% in FY2018 from 47.9% in FY2015. In the effort to further promote the use of paid vacation, we began a system for consecutive five days paid vacation in FY2019. This was implemented to reflect the voice that the employees feel some barriers to taking consecutive holidays. By establishing this as a system, we are aiming to encourage more employees to take paid vacation and make time for mental and physical refreshment, family recreation and self-development. Before taking paid vacation, work needs to be coordinated and we expect that this will encourage communication within divisions.

Core working hours in the new flextime system introduced on a trial basis at the headquarters has been abolished. The aim of this is not only to improve work-life balance, but also to increase productivity by effectively dealing with the time differences of foreign countries and creating balanced working style. In addition, this system allows employees to attend night school that were difficult to attend before because of fixed working hours, and this is being used for individual upskilling.



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.



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

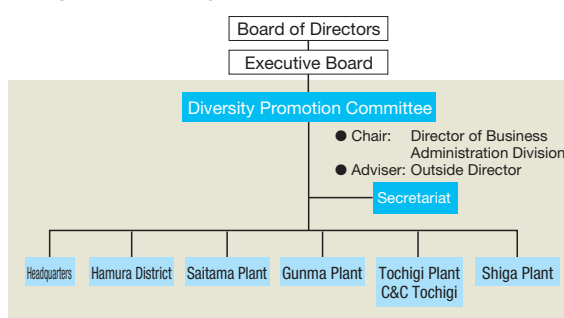


Childcare Supporting Company: “Kurumin” Certification
G-TEKT has been certified as a “Childcare Supporting Company” by the Minister of Health, Labor and Welfare.

Diversity and Inclusion Initiatives

We established a Diversity Promotion Committee to promote activities that generate new value through the vitality spawned from diversity and lead to the sustainable growth of G-TEKT. This committee will carry out cross-organizational activities to determine priority themes for diversity and inclusion and implement specific measures to resolve issues. With participation of Ms. Inaba, an Outside Director, as an adviser, this committee is structured to be a system where objective opinions and advice can be reflected in the activities.

●Diagram of Diversity Promotion Committee



Women's Participation and Advancement

G-TEKT is putting efforts into the “development of a female-friendly workplace” and “career advancement of women”. To make it easier for women who have given birth to go back to work, we have a short-time work scheme for employees to take care of children aged four and above (which is more generous than the statutory obligation). We also conduct training of female managers and provide opportunities to acquire leadership skills and share information.

In addition, we provided training to encourage working women to raise awareness, and appointed five female managers in April 2019.

Male Childcare Leave and Absence from Work

G-TEKT believes that not only women but also men can contribute to the advancement of women in society as a whole by men playing a bigger role in the household. We have established and are encouraging the use of childcare leave and absence systems that men can also use. As a result, we have had male employees take childcare leave; there are male employees taking the leave this fiscal year, too.

Employment of Disabled Persons

Since 2013, we have built a framework of cooperation with the regional support center and made proactive efforts to increase the employment of disabled persons as well as to expand workplaces where they can thrive. We assist disabled persons to advance into society so that they can live independently with pride through work.

Senior Participation and Advancement

In FY2018, 100% of the employees who reached the retirement age of 60 wanted to be rehired, and as of the end of March, 42 were re-employed. For seniors who are active in various fields, such as those who work at the same production sites as the younger generation, and those who make use of their skills on overseas business trips, we offer them a choice of working styles such as shorter working hours, not just full-time work, as part of providing a comfortable workplace. Additionally, we are currently reviewing the re-employment system and considering a new system with the aim of further motivating re-hired employees to be more active. By making the system more flexible, we aim to be a company where seniors are able to work with ease and where they can fully demonstrate their skills.

Occupational Safety and Health

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.

TOPICS

Holding Security and Safety Seminars for Women

At the Shiga Plant, a security seminar was held for female employees as the first trial. We invited a lecturer from the Koka Police Station Community Safety Section, and 25 people participated. In addition to introduction of crimes that women are prone to be afflicted by and how to deal with them, the participants practiced and learned the art of self-defense.

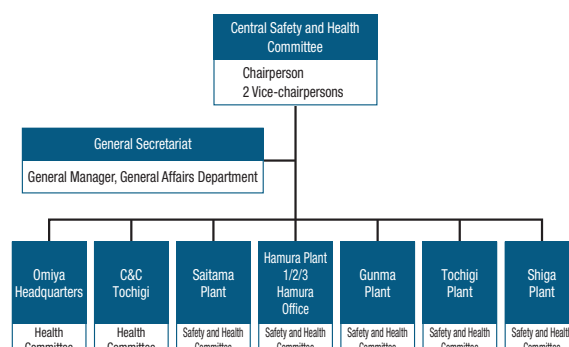


Security and safety seminars for women

We were able to hear from a lecturer of the Koka Police Station Community Safety Division about stalking, domestic violence and molester prevention techniques. In addition, we learned a few patterns of self-defense to dodge and escape from the attacker, as practical techniques that assume being attacked by a suspicious person. I hope to put the practical lessons to good use when it comes to a real emergency situation.

Noriko Yoshimura
Business Administration Division
General Affairs Department
Shiga General Affairs Section

●Organization Chart of Central Safety and Health Committee



The following efforts are being made centering on the Central Safety and Health Committee.

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. Continuing from the previous fiscal year, the Hamura District received a certificate of appreciation from the Tokyo Metropolitan Police Department for having engaged proactively in traffic safety initiatives. In the Hamura District, to raise safety awareness, we have been offering the “Spring Traffic Safety Seminar” and the “Autumn Traffic Safety Seminar”.



Receiving a certificate of appreciation

Quality Improvement Efforts

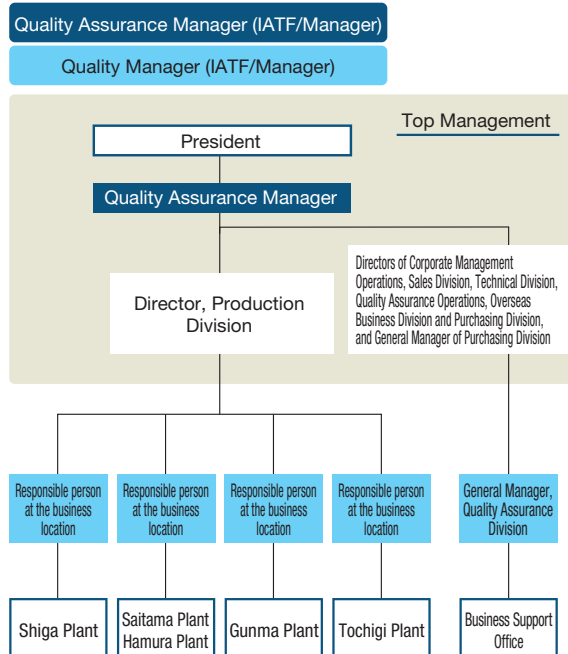
Policies on Quality

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



Acquisition of 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 certification acquisition rate (based on number of business locations)

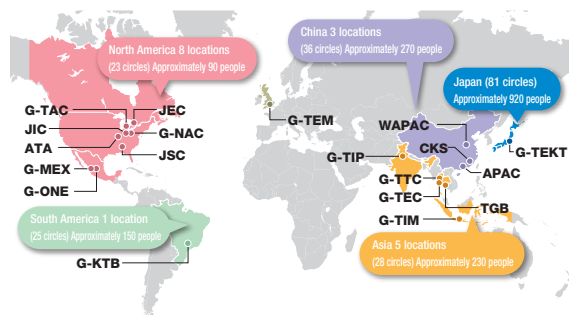
Japan: 100% Overseas: 78%

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.

Approx. 193 circles are engaged in activities in six regions around the world.



G-TEKT Circle World Conference

QC circles selected from all over the world gather together for the G-TEKT Circle World Conference. At the eighth annual conference in FY2018, APAC (China) E Sao Er Guang Circle won the highest award. This is the first time that an overseas-based circle has won the highest award. The circle developed and introduced a general supply management system from scratch. As a result, they succeeded in reducing the 11.5 hours of working time by 88%. In addition, the system was introduced across the business locations in China.



Members of the E Sao Er Guang Circle

TOPICS

G-TEKT in South America (G-KTB): Award from an Automotive Industry Magazine

G-KTB took fifth place in all of Brazil in the “Quality and Partnership Rankings” sponsored by the Brazilian automotive industry magazine (Auto Data). These rankings honor the best suppliers among the 239 companies that have received quality awards from the automakers during the three years from 2015 to 2017. G-KTB has received awards for its quality from local offices of Honda, Toyota and Aisin. Toyota in particular has recognized us with this quality award for three consecutive years.

Supply Chain Management

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

Communication with Suppliers

In order to beat the tough environment as “Team G-TEKT”, we are endeavoring to enhance cost competitiveness, safety and quality by creating opportunities to share information with clients at all times. As part of communication with our clients, we also hold a convivial gathering with our clients every year, in which G-TEKT’s policies are explained to them.



New Year's reception for clients

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.

G-TEKT's Supplier CSR Guidelines Revised

In April 2016, we formulated and published the “G-TEKT's Supplier CSR Guidelines” to further clarify G-TEKT's expectations to our suppliers and have them understand and share it 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 issue the revised guidelines. 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 and conduct interviews 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.

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 Scheme” 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 2018, we granted the award to three outstanding suppliers based on their performance in the previous fiscal year. The Award Scheme has helped push up the level of quality overall. In addition, we invited them to GTL (G-TEKT Tokyo Lab) for a tour after the awards ceremony this year, and were able to share the progress of G-TEKT's R&D and quality control efforts.



Plant visit



The award ceremony

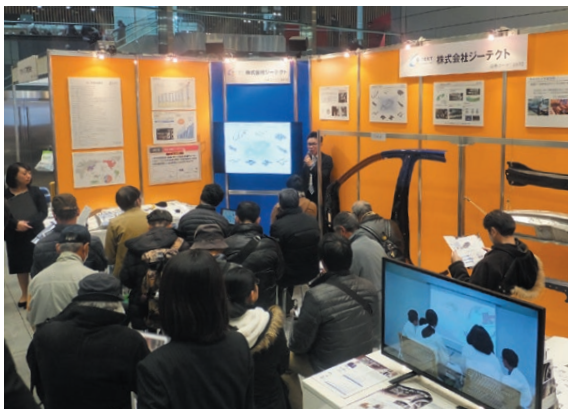
Stakeholder Engagement

Shareholders and Investors

Regarding disclosure to shareholders and investors, we are conducting disclosure operations and IR activities on a daily basis with a commitment to promptness and fairness.

Furthermore, in the belief that it is important for us to communicate proactively with our shareholders and investors in order to deepen their understanding of G-TEKT as a company, we organize company information sessions for individual investors, plant visits for shareholders and other events, in addition to the shareholders' reception at the general meeting of shareholders, financial results briefings for institutional investors and individual IR visits, in order to provide opportunities for the top management to converse in person with the shareholders and investors.

Additionally, we update our home page in a timely manner, issue shareholder newsletters and send out other information in an effort to further deepen our shareholders' and investors' understanding of G-TEKT's business activities, while studying our evaluation obtained primarily through shareholder surveys and our share price information as we seek to achieve the ideal state as a company.



Participated in an asset management fair targeting individual investors

FY2018 IR Events

April 2018	Plant visits for shareholders (G-TEKT Tokyo Lab)
May 2018	Financial results briefing for the fiscal year ended March 31, 2018
July 2018	Briefing session for individual investors (Kyoto)
August 2018	Small meeting (G-TEKT Tokyo Lab)
	Plant visits for shareholders (Saitama Plant)
	Interim financial results briefing session for the fiscal year ending March 31, 2019
	Briefing session for individual investors (Nagoya)
January 2019	Participated in asset management fair targeting individual investors
February 2019	Briefing session for individual investors (Tokyo)
	Briefing session for individual investors (Osaka)
	Small meeting (Tokyo)
March 2019	Briefing session for individual investors (Tokyo)
	Briefing session for individual investors (Matsumoto)

By category	Frequency
One-on-One meetings	16
Telephone interviews	5

Local Communities

In November 2018, plant visits for the general public were organized by the Hamura City Board of Education at the Hamura Plant and GTL (G-TEKT Tokyo Lab). On the day, 17 people participated in the event. Opinions voiced from those who participated included, "I was able to get to know G-TEKT well", "I was overwhelmed by the powerfulness of the pressing machine" and "The working environment was well organized". We would like to continue to hold such events and engage with people in the local community.



Laser processing machine tour



Hot stamping tour

Social Contribution

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.

Overseas Efforts



China

APAC

During APAC's visit at the Yongning Nursing Home, APAC employees deepened relationships with a total of 25 participants, including resident elderly, employees and their family members. APAC also donated useful supplies such as daily necessities and kitchenware.



China

WAPAC

WAPAC donated school supplies to nearby primary schools such as computers, books, textbooks and sports equipment. At the same time, WAPAC held "WAPAC Aixin Classes", teaching children the flow of auto manufacturing from the beginning to the end. Furthermore, WAPAC deepened its relationship with the children through activities such as tug-of-war games and dancing. WAPAC plans to organize similar activities in the future, providing supports to enhance the school life of these children.



Thailand

G-TEC

G-TEC organized a garbage collecting event at Maerumphueng Beach in an effort to conserve Thailand's coastal environment. Family members of employees also participated in the event, collecting substantial amounts of garbage. The event succeeded in increasing employees' environmental awareness, as well as beautifying Thailand's beaches.



United States

ATA

ATA made donations to sports events for physically and mentally handicapped children. These contributions and support provided to the local community were highly regarded, earning ATA the "Good Neighbor of the Year" Award from the Mayor.



Mexico

G-MEX

As part of an effort in environmental conservation in Mexico through ancient agricultural methods, G-MEX employees dug holes called "cajetes" that retain rainwater. These holes collect rainwater, which gradually seeps underground, providing plants with water to absorb. G-MEX received a certificate from the Secretariat of Environment and Natural Resources as proof of the activity.





India

G-TIP

India is striving to cultivate talent that can support future domestic industries. As part of that effort, there are industrial training facilities that offer educational and employment support for people who cannot afford a good education due to poverty and other factors. G-TIP supports these governmental initiatives through donations to these industrial training facilities, as well as on-site work training where trainees experience actual business operations. Through the hands-on work training, students can learn while earning income, and have the opportunity to hone their skills.




Brazil

G-KTB

In non-governmental orphanages, children aged 0-18 live apart from their families due to various reasons such as poverty and domestic abuse. These institutions are in short of daily supplies due the lack of funding. To remedy this in whatever a small way we can, G-KTB donated food supplies such as flour, sugar and rice.

Furthermore, G-KTB also provided vegetable gardens and planted fruit trees, as part of the long-term support. G-KTB will continue its support in order to keep children smiling.




Indonesia

G-TIM

To support victims of the earthquake and tsunami that struck Sulawesi Island in Indonesia, G-TIM donated 50 million IDR in cash through the Indonesian Red Cross Society, plus clothing from our employees.



Efforts in Japan

Tochigi Plant

This year again, Tochigi Plant employees and their families (a total of 37 people) participated in the cleaning event at the Sakura City Comprehensive Park. There were a substantial number of participants despite it being a holiday.

Moreover, in collaboration with companies of the Workplace-Police Liaison Committee of the Sakura Region, we distributed postcards to local residents in an effort to stop scams.



C&C Tochigi

C&C Tochigi employees participated in the "Kinugawa and Kokaigawa Cleaning Challenge" for the fourth consecutive year. Ten participants cleaned the rivers in the scorching summer heat. Other activities included participating in the "Sakura Festival" at Joho-No-Mori, in which they helped set up the venue and assisted as administration staff. It serves as a place to interact with local residents.



Gunma Plant

This year, employees of the Gunma Plant also conducted a cleaning event at the gold mine associated with Yoshisada Nitta, a warlord and symbol of Ota City. Junior high school students from inside and outside of the city, various organizations and affiliates of SUBARU participated in the event, totaling 800 people. Out of these participants who helped collect garbage and remove weed, 11 were employees of the Gunma Plant.



Shiga Plant

Shiga Plant employees participated in the planning of the Urban Koka City Beautification Campaign (Machi-bika-katsudo). Employees decided on where to host cleaning activities, which would be held for over four times annually, with five or more participants.

Garbage-collecting and grass-cutting activities were held five times in FY2018, with a total of 34 participants.



Saitama Plant

In an effort to beautify the local region, a total of 64 employees of the Saitama Plant participated in cleaning activities, which were held once every three months. Also, the Saitama Plant has been registered under Saitama's "Regional Cleaners Registry".



Hamura District

Every year, Hamura Plant employees participate in the "Full of Flowers Project", held by the neighborhood association in spring and autumn. In preparation for planting flowers, employees cleared the roadside of garbage and cleaned the street. Moreover, employees participated in "Stop Littering Campaign" held at Hamura Station in July, and helped to pick up garbage.



Shiga Plant

As part of its "biodiversity campaign", the Shiga Plant sponsored the "Kabutomushi (Japanese rhinoceros beetle) Village" in Akebihara, Tsuchiyama-cho, Koka City. The "Kabutomushi Village", which is a summer time only event, displayed various species of Japanese rhinoceros beetles captured in local forests, allowing visitors to interact with them.



Headquarters

Employees picked up garbage along roads surrounding the headquarters. Nine employees participated in the one-hour event. About three trash bags of garbage were collected. Employees of the headquarters are committed to continue such events in the future.





Masahiko Kawamura

Sun Messe Co., Ltd.
Sun Messe Innovative Network Center (Sinc)
President and Chief ESG Analyst

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

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

After earning his master's degree in civil engineering from Kyushu University Faculty of Engineering and joining Mitsui Ocean Development & Engineering Co., Ltd. (MODEC) in 1976, he joined NLI Research Institute in 1988. His areas of expertise are environmental management, CSR management, integrated thinking and reporting, climate change adaptation, XaaS, etc. His published works include "New Company and Finance with SRI", "Carbon Disclosure", "New Trends in Integrated Reporting", "Perfect Guide to CSR Management (CSR Keiei Paafekuto Gaido)" and "Integrated Thinking and ESG Investment".

Structure of the CSR Report: Enhancing reporting as a global company

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

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

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

Progress has been made in environmental initiatives and disclosures. Global data of environmental burden is described in chronological order by region, and scope 1 and 2 descriptions of GHG are commendable. However, the CO₂ emission reduction target remains at "9% improvement compared to FY2013", and it cannot be said that G-TEKT is actively contributing to the Paris Agreement and SDGs. Therefore, I would recommend G-TEKT to try the SBT (Science Based Targets; corporate version 2°C target), including the introduction of renewable energy.

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

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

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

In Response to the Third-Party Opinion

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

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

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

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

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

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