

## G-TEKT Basic Corporate Governance Policy

### Preamble

G-TEKT (the “Company”) establishes this G-TEKT Basic Corporate Governance Policy (this “Policy”) pursuant to a resolution of the board of directors (the “Board”), to indicate the Company’s basic approach, frameworks and operating policies concerning corporate governance.

**This policy follows Japan’s Corporate Governance Code. Some of the principles and supplementary principles in certain articles are quoted directly from the text in the code.**

### Chapter 1 Basic Approach to Corporate Governance

#### Article 1 Basic Approach

To be a company that our customers, employees, shareholders, investors, and society “want to exist”, the Company, as a corporation with social responsibilities, recognizes the importance of management, develops organizations and mechanisms to ensure transparent, timely, fair, decisive, and risk-aware decision making, and is aware that building trust with our shareholders and all other stakeholders is one of our most important management tasks, and the Company aims for sustainable growth and to improve mid- to long-term corporate value through corporate governance practices and ongoing improvement efforts.

### Chapter 2 Corporate Governance Structure

#### Section 1 Company with a Board of Company Auditors

##### Article 2 Reasons for Choosing to be a Company with a Board of Company Auditors

The Company chooses to be a company with a board of company auditors for the following reasons:

- (1) Independent auditors who are not also directors do not have the right to vote at Board meetings, which enables them to objectively audit the execution of duties by directors.
- (2) Based on experience as a person in charge domestically and overseas, full-time auditors familiar with the company’s operations are able to collect necessary information for audits.
- (3) Outside company auditors with relevant management or academic experience further increase diversity by expressing opinions based on a high level of expertise and insight, which shall be beneficial for proper deliberations, supervision and audits.

## Section 2 Directors and the Board

### Article 3 Roles and Responsibilities of the Board [Supplementary Principle 4-1-1]

1. The Board serves the function of supervising the execution of operations and deciding on important management matters, and makes decisions on our fundamental management policies such as business plans and other important management matters as well as on the execution of important operations that should be determined by the Board in accordance with laws and regulations and our articles of incorporation. The details are provided for in our internal rules and regulations, namely the “Regulations of the Board of Directors” and “Board of Directors Review Standards.”
2. Decision making and the execution of matters other than those which the Board determines in accordance with the internal rules referred to in the preceding paragraph are delegated to the executive board, and executive officers which are decision-making bodies at an executive level.

### Article 4 Composition of the Board [Supplementary Principle 4-11-1]

1. The Board consists of an appropriate number of no more than 12 directors.
2. The Board considers balancing the diverse knowledge and experience of the Board as a whole to fulfill the functions of determining important corporate matters and monitoring and supervising the execution of operations.
3. The Board includes two or more outside directors who are independent outside directors that meet the impartiality requirements prescribed by the Tokyo Stock Exchange.
4. The Board appoints, from among independent outside directors, a chief independent outside director who will act externally as a point of contact for shareholders and internally liaise and coordinate with outside directors and the management team and collaborate with company auditors and the board of company auditors.

### Article 5 Policy of Nominating Director Candidates [Supplementary Principle 4-11-1]

1. Upon proposal by the president, the Board nominates director candidates who have experience, knowledge and the skills necessary to create mid- and long-term corporate value, while giving consideration to diversity.
2. Internal directors are appointed based on their expertise with regard to the Company’s operations and knowledge that enables them to accurately and fairly supervise the overall management of the Company.
3. Outside directors are appointed based on their extensive experience and insight into the relevant fields and ability of accurately and fairly supervise operations independently from internal management.

4. In nominating director candidates, the Board states the reasons for their respective nominations in disclosure documents such as a notice of general meeting of shareholders and securities reports.

#### Article 6 Appointment of a Chief Executive Officer [Supplementary Principle 4-1-3]

1. A president who serves as a chief executive officer is aware that the training of his/her successor is one of his/her most important duties. The president selects a candidate, and trains a successor candidate in accordance with a long-term development plan.
2. The Board properly supervises a successor training plan, and in principle upon proposal of the president, deliberates and appoints a person with flexible and decisive determination and an excellent personality and knowledge necessary for top management as a successor president who serves as a chief executive officer.

#### Article 7 Efforts to Improve the Effectiveness of the Board

The Board conducts the following initiatives to improve the effectiveness of the Board.

##### [Information Provision] [Supplementary Principle 4-12-1]

- (1) To ensure meaningful discussions at each Board meeting, the Company endeavors to provide sufficient information by distributing to directors and company auditors materials regarding the agenda and proposals for the relevant Board meeting before the date of the Board meeting and providing prior explanations to outside officers as necessary.
- (2) The Board Secretariat decides the annual schedule of Board meetings for the next fiscal year and notifies the same to directors and company auditors before the start of such fiscal year.

##### [Training for Directors and Company Auditors] [Supplementary Principle 4-14]

The Company assists new outside directors and outside company auditors in acquiring knowledge about the Company's business activities by showing them around the Company's plants and other facilities and providing explanations at a Board meeting or board of company auditors meeting. The Company provides opportunities, from time to time, to help all directors and company auditors better understand their roles and responsibilities as a director or company auditor by providing at its own expense external education and training to them so that they can learn fundamental knowledge required of officers and providing internal corporate governance training specifically for officers.

[Serving Simultaneously as an Officer of Other Companies] [Supplementary Principle 4-11-2]

Outside directors and outside company auditors of the Company ensure, to fulfill their respective fiduciary duties to the Company, that their duties as an officer of listed companies other than the Company do not exceed a reasonable extent.

The important status of outside directors and outsider company auditors who serve as an officer of other companies is disclosed each year in a notice of convening of a shareholders meeting or other document.

[Self-evaluations] [Supplementary Principle 4-11-3]

The Board considers analyzing and evaluating how the effectiveness of the Board as a whole, using self-evaluation results from each director.

[Information Exchange between Independent Outside Directors] [Supplementary Principle 4-8-1]

The Company holds a meeting consisting only of independent outside directors to promote information exchange and shared awareness among independent outside directors.

[Ensuring Collaboration between Company Auditors / Board of Company Auditors and Outside Directors] [Supplementary Principle 4-4-1]

The Company provides opportunities for company auditors and outside directors to regularly exchange information to promote information sharing and collaboration.

[Establishment of a Voluntary Advisory Committee] [Supplementary Principle 4-10-1]

To reinforce the independence, objectivity and accountability of the Board functions regarding important matters such as nominations of senior management and directors and decisions on remuneration, the Company establishes a voluntary advisory committee whose members include independent outside directors.

Article 8 Conflict of Interest Transactions [Principle 1-7]

1. Directors do not engage in any transaction on behalf of themselves or a third party that may conflict with the Company's interest.
2. If a director intends to trade with the Company on behalf of himself/herself or a third party, he/she must obtain approval from the Board in accordance with the procedures prescribed in the Companies Act.

## Section 3 Executive Officer Structure

### Article 9 Basic Approach [Supplementary Principle 4-1-1]

1. The Company allocates executive officer(s) in charge of the execution of operations in the relevant fields to each head office division or key organization in five overseas regions and for each function to enhance the execution of global and local operations and enable prompt and appropriate management decisions.
2. The Company establishes an executive board and develops deliberation standards for these boards to clearly define the scope of powers granted to executive officers and their decision making processes, thereby establishing a system enabling prompt and appropriate management decisions.

### Article 10 Method of Appointment and Term of Office of Executive Officers [Supplementary Principle 4-3-1]

1. Upon proposal by the president, the Board deliberates and appoints a person who is able to execute certain important group operations as an executive officer.
2. An executive officer is an expert in business management and operations with an excellent personality and knowledge irrespective of gender, nationality or other personal attributes.
3. Executive officers execute a mandate agreement, and the term of office for executive officers is one year.
4. When appointing or removing an executive officer, the evaluations of corporate performance and other factors are properly reflected.

## Section 4 Company Auditors and Board of Company Auditors

### Article 11 Composition of Board of Company Auditors [Principle 4-11]

The board of company auditors consists of an appropriate number (no more than five) of company auditors, the majority of whom are independent outside company auditors that meet separate impartiality requirements. In addition, one or more company auditor shall have a considerable amount of knowledge about finance and accounting.

### Article 12 Policy of Nominating Company Auditor Candidates [Principle 4-11]

1. The Board, in principle upon proposal by the president, deliberates and nominates company auditor candidates who are able to appropriately execute audit duties in response to the mandate granted by shareholders. The president makes proposals to the Board having obtained prior approval of the board of company auditors.

2. Company auditor candidates are required to have excellent personality and knowledge with expertise in business management and our operations or with strong expertise and extensive experience in law, administration, accounting, education and other relevant fields irrespective of gender, nationality or other personal attributes.
3. In nominating company auditor candidates, the Board provides the reasons for their respective nominations in disclosure documents such as a notice of general meeting of shareholders and securities reports.

## Section 5 Officers' Remuneration

### Article 13 Policy for Determining Officers' Remuneration [Principle 4-2]

1. 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 to corporate value.
2. Remuneration for the Company's executive officers consists of fixed cash remuneration, bonuses and stock incentives including performance-based stock incentives.
3. Remuneration for the Company's outside directors and company auditors does not include performance-based stock incentives.

## Chapter 3 Relationship with Shareholders

### Article 14 General Meetings of Shareholders [General Principle 1]

The Company strives to develop an environment which ensures that shareholders can have sufficient time to consider proposals for a general meeting of shareholders and exercise their voting rights properly.

### Article 15 Ensuring the Rights of Shareholders [General Principle 1]

1. The Company ensures equality among shareholders and gives full consideration to the exercising of rights granted to minority shareholders.
2. If any proposal is approved but a considerable number of votes are casted against it at a general meeting of shareholders, the Board analyzes the reason why the proposal was voted against and what caused so many shareholders to vote against the proposal and considers necessary measures.

Article 16 Basic Capital Policy Principles [Principle 1-3]

1. The Company strives to both strengthen its financial base and achieve high profitability, aiming for continuous growth and mid- and long-term corporate value enhancement.
2. The Board carefully examines the necessity for and reasonableness of any capital policy to ensure it will not harm existing shareholders, and provides explanations to shareholders from time to time as necessary.

Article 17 Basic Policy concerning Shareholding and Exercise of Voting Rights in respect of Shares Held [Principle 1-4]

1. The Company holds shares in listed companies, taking comprehensively into consideration whether such shareholding contributes to maintaining the trading relationship with customers and business partners such as financial institutions and whether it is necessary for the Company's operations or economically reasonable. If, as a result of an annual review, the Company considers there is little rationale for holding shares in a particular listed company, the Company will sell such shares appropriately.
2. The Company properly exercises voting rights in respect to shares it holds, after reviewing whether or not relevant proposals will be likely to destroy the Company's corporate value and whether or not they can contribute to the sound management of the relevant issuer and enhancing such issuer's corporate value.

Article 18 Public Tender Offer [Supplementary Principle 1-5-1]

If a public tender offer for the Company's stock is launched, the Board explains the Company's opinion on such public tender offer to shareholders.

Article 19 Policy concerning Dialogue with Shareholders [General Principle 5]

Aiming to provide information that is useful for shareholders and investors to make investment decisions in a prompt, fair and accurate manner, to promote better understanding among shareholders and investors and to obtain an appropriate corporate valuation, the Board has introduced the following policy for our efforts towards constructive dialogue with shareholders:

- (1) The Company ensures that top management engages in dialogue with shareholders and the head of Corporate Management manages IR activities;
- (2) To ensure a proper dialogue with shareholders, IR personnel establish an organic collaboration system through regular information exchange with relevant divisions and departments;
- (3) To ensure that shareholders and investors better understand the Company's operations, the Company proactively strives to: hold a results briefing on a regular basis, provide information on its website, explain its business reports and other documents at a general meeting of

shareholders, send documents such as newsletters to shareholders, invite shareholders for a plant tour, and undertake a shareholder questionnaire. The Company also conducts individual interviews to ensure constructive dialogue with major shareholders who have an investment policy that serves the mid-and long-term interests of our shareholders;

- (4) The Company regularly provides the Board with feedback on shareholders' opinions captured through dialogue; and
- (5) Before engaging in any of these activities, persons in charge receive training regarding insider trading and handling of confidential information, and properly engage in dialogue with shareholders in compliance with relevant internal rules.

#### Chapter 4 Relationship with Stakeholders other than Shareholders

##### Article 20 Relationship with Stakeholders [General Principle 2]

The Company recognizes that corporate sustainable growth and mid- and long-term corporate value enhancement is a result of the provision of resources and contributions by various stakeholders including customers, employees, business partners and communities, and strives to establish an appropriate collaborative relationship with these stakeholders.

##### Article 21 Securing Diversity [Principle 2-4]

The Company promotes securing diversity including career advancement for women, aiming to obtain various perspectives and values internally which contribute to the Company's sustainable growth.

##### Article 22 Establishment of a Whistleblower Hotline [Supplementary Principle 2-5-1]

1. The Company establishes a whistleblower hotline that is independent from the management team, which accepts reports on behavior that violates applicable laws or regulations or internal rules, regulations or the Code of Conduct or deviate from social norms.
2. The whistleblower hotline consists of both an internal and external hotline operated by an external party.
3. The Company does not give any disadvantageous treatment to those who have reported information through the whistleblower hotline or have cooperated in confirming facts relating to a reported issue on the grounds of such conduct.
4. Whistleblowing reports including those of management misconduct are also communicated to full-time company auditors.



## Chapter 5 Information Disclosure

### Article 23 Securing Appropriate Information Disclosure and Transparency [General Principle 3]

To further enhance trust and empathy from shareholders, investors and society in general, the Company properly discloses company information including announcing and disclosing its quarterly financial results and management policy in a prompt and accurate manner, thereby enhancing corporate transparency.

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