

Corporate Governance

Under the philosophy of the "Cycle of Goodness," we strive to enhance our corporate governance system in an effort to further enrich our corporate value.

Based on an organizational system in which the Board of Directors serves to make decisions on important matters, such as the company's management policy, and serves an oversight function, while the Audit & Supervisory Board serves as the company's auditing organization, we have adopted an Operating Officer System, a framework that helps the company undertake the execution of business and operations.



Chairman of the Board
Chairman Representative Director
Hidemitsu Hori

Message from the Chairman of the Board

Toward a Board of Directors that Appropriately Assesses Risks and Opportunities and Encourages Creation and Exploration

YKK AP has established a Board of Directors as a body to oversee the implementation of strategies and to make corporate decisions. The Board deliberates and makes decisions on investment strategies for business expansion and human resource strategies. To ensure transparency and objectivity, the Board of Directors includes members from YKK, and external experts are added to the Audit & Supervisory Board in order to address increasingly complex compliance and risk issues. With regard to important matters, in order to ensure that decisions can be made through active discussion, the points for discussion are clarified at the Management Strategy Council before being brought to the Board of Directors.

One aspect of materiality emphasizes employee engagement at manufacturing sites. In general, discussions about work styles tend to focus on office workers, leaving employees

working in plants and factories out of the picture. However, as a manufacturing company, our employees on the shop floor are our lifeline. I know through my own roundtable discussions that each of them is a talented individual with outstanding technical skills and knowledge. We are in the process of discussing how to provide job satisfaction.

Discussions are also underway on measures to combat climate change. In order to realize the "contribution to the global environment" set forth in President Uozu's "Evolution 2030" vision, we are considering ways to further accelerate fuel transition in Japan, such as switching to carbon neutral methane and utilizing hydrogen and ammonia, and establishing recycling technologies for discarded aluminum and vinyl.

It is also important to strengthen the Board itself. Our company has always emphasized the importance of "continuing to grow." However, now that our share of the domestic window market has exceeded 50% and net sales have reached 508.6 billion yen, it is difficult to expect the same growth as in the past. To achieve our new targets, we need to create new businesses both domestically and internationally, develop new markets, and make a giant leap forward from our current growth curve.

In the future, large acquisitions and partnerships with foreign companies may also come into consideration. I myself visit startups in Japan and abroad to explore new business opportunities, and outside knowledge is indispensable in identifying risks and opportunities. In light of this, we hope to appoint an outside director who is well versed in overseas affairs within the next one to two years. Currently, the Board of Directors is composed entirely of men, and we are considering the appointment of female directors in order to have more diverse discussions at the Board meetings in the future. We are also considering the implementation of evaluation of the Board of Directors, including the methodology.

As Chairman of the company and of the Board, I will contribute to a new vision for YKK AP.

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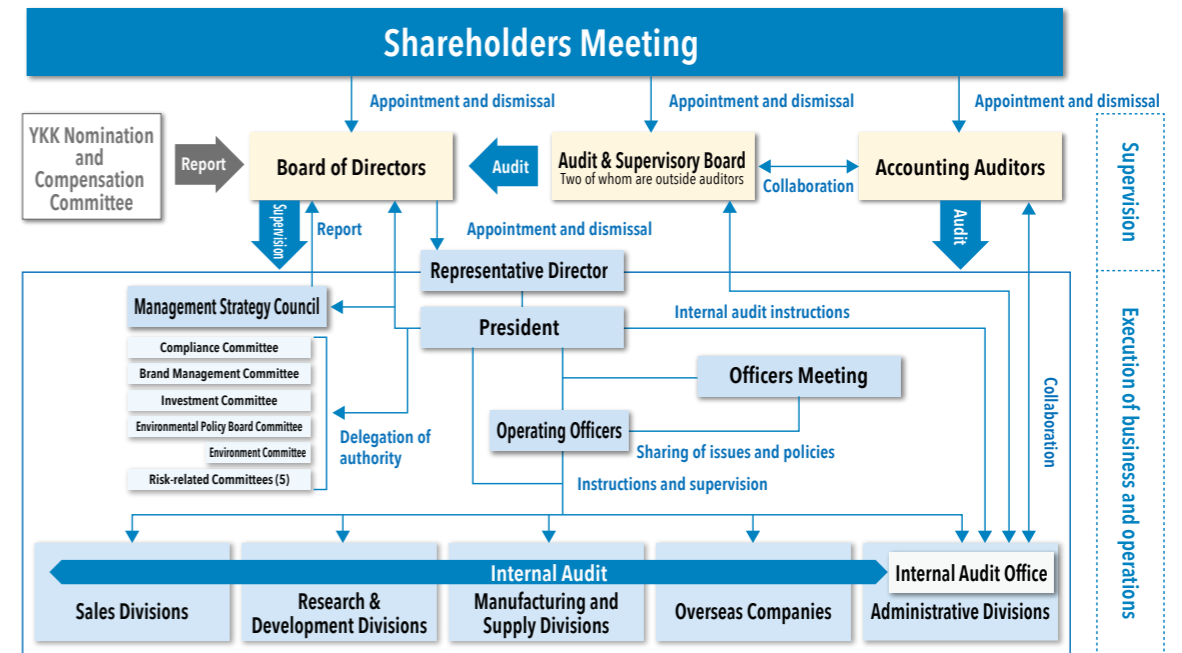
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Corporate Governance System



Separation of management and execution (Execution of duties by directors, Operating Officer System)
Directors comply with the regulations of the Board of Directors and follow the rules regarding director duties, and appropriately carry out business based on the division of duties. They regularly attend compliance training offered by lawyers, etc., and submit to the company written oaths pledging to comply with laws and regulations in performing their duties as directors.

In addition, we have introduced the Operating Officer System to ensure the faster execution of business and operations via the separation of management and execution. While directors dedicate themselves to realize total optimization, operating officers execute individual businesses and operations with responsibility and authority, in accordance with the policies resolved in the Board of Directors meeting.

Main Committees for Executing Business/Duties

Compliance Committee

Chair: **Kosuke Iwabuchi** (Director and Executive Vice President, General & Administration); Members: 15
Number of meetings in FY2022: 2
We work to improve the compliance system of our company and subsidiaries. A compliance director is appointed, and he reports to the directors and audit & supervisory board members regarding the development of the compliance system and compliance status.

Brand Management Committee

Chair: **Koichi Ebihara** (Executive Vice President, Sales & Marketing); Members: 26
Number of meetings in FY2022: 5
This committee considers and formulates important policies for our company from a technical standpoint. It works to build the Company's brand, practice corporate activities based on the "Cycle of Goodness," and enhance our public outreach.

Investment Committee

Chair: **Kimihiko Yamada** (Head of Accounting & Finance Department)
Number of meetings in FY2022: 11
The committee reviews and discusses investment economics calculations, costs of capital, free cash flow, and sets ICPs for promoting carbon neutrality for significant investment projects. By going through review in the committee, these can be evaluated more efficiently by the Board of Directors meeting.

Environmental Policy Board Committee

Chair: **Akira Uozu** (President Representative Director); Members: 11
Number of meetings in FY2022: 1

Environment Committee

Chair: **Shunichi Matsuda** (Head of Safety & Environment Department); Members: 57
Number of meetings in FY2022: 4
The Environmental Policy Board Committee was established to develop our environmental policies and strategies, and to supervise the progress of our environmental measures. Also, the Environment Committee promotes the policies of business execution divisions, plans and formulates measures, and supervises their progress.

Risk-related Committees (5)

We have appointed a Chief Risk Management Officer (CRO) to promote YKK AP's risk management. We established a Quality Committee, Trade Management Committee, Crisis Management Committee, Information Security Committee, and Technical Asset Management Committee in order to maintain and enforce regulations.

Quality Committee

Chair: **Yoji Abe** (Head of Quality Assurance Division); Members: 7
Number of meetings in FY2022: 4

Trade Management Committee

Chair: **Tetsuya Onodera** (Head of International Division)
Number of meetings in FY2022: 3

Crisis Management Committee

Chair: **Osamu Anda** (CRO); Members: 16
Number of meetings in FY2022: 3

Information Security Committee

Chair: **Tetsuya Komori** (Head of IT Department); Members: 9
Number of meetings in FY2022: 3

Technical Asset Management Committee

Chair: **Toshiyuki Nakaso** (Head of Fabrication Technology Department, Manufacturing Division); Members: 9
Number of meetings in FY2022: 3

*Number of committee members as of June 2023.

YKK Nomination and Compensation Committee

Members: 5 (including 2 outside directors)
 Number of meetings in FY2022: 10
 An advisory body established within YKK and independent of YKK AP that deliberates and reports on the appointment and dismissal of directors, Audit & Supervisory Board members, operating officers, and executive specialists of YKK and YKK AP, as well as their compensation.

Message from Chair of the Nomination and Compensation Committee



Director
 Chairman Representative Director,
 YKK Corporation
Masayuki Sarumaru

Enhancing Governance with a Highly Independent Personnel Structure

The YKK Group has set up the Nomination and Compensation Committee in YKK as an advisory body, and its members are appointed by resolution of the YKK Board of Directors. There may not be many privately held companies that have a nomination and compensation committee. However, at the center of the YKK Group's management principle, which was set forth by Tadahiro Yoshida, the second president of YKK and founder of YKK AP, is "fairness," which forms the foundation of the Value Action Standards. The idea that it is precisely because the company is privately held that decisions should be made fairly and transparently is deeply ingrained in the Group. Accordingly, an advisory board of outside experts was established in 1998, and a Nomination and Compensation Committee was established in 2008. The reason that YKK AP

Message from a Nomination and Compensation Committee Member



Director (outside director), YKK Corporation
 Professor Emeritus, Keio University
 Professor Emeritus, Chubu University
Keinosuke Ono

Advancing Discussions on Governance Reform based on Expertise

I have been involved in research and educational activities and in the administration of academic organizations for 50 years at two different universities. In addition, through the graduate school of management (business school) where I worked for 40 years, I have interacted with many business executives. In this committee, I will provide opinions and discuss issues regarding governance reform in a way that reflects the expertise I have acquired through my own experience, including on issues such as increasing the number of outside directors, defining the ideal officer skills matrix, and clarifying the criteria for nominating officers and the system for determining their compensation.

does not have its own committee is to ensure that the entire Group is on the same page and that governance is effective.

The Nomination and Compensation Committee consists of at least three members, including one outside director of YKK, and currently has five members, two of whom are outside directors. To ensure independence, persons with executive responsibility are not included as members. The Nomination and Compensation Committee deliberates on the election and dismissal of directors, Audit & Supervisory Board members, operating officers, and executive specialists, as well as their compensation, and reports back to the Board of Directors.

Regarding appointments, to ensure that the Board of Directors can properly fulfill its role, we check the balance of skills possessed by directors and formulate plans to appoint appropriate personnel. Discussions are also underway regarding skills matrices and the promotion of diversity, with the goal of strengthening the Board's governance and increasing its effectiveness. When appointing directors, the Nomination and Compensation Committee deliberates and formulates proposals under the basic prerequisite that candidates understand and practice the "Cycle of Goodness" that is the Group's corporate philosophy. The Nomination and Compensation Committee also held repeated discussions of this spring's change of president, and formulated a proposal to appoint Akira Uozu to the position.

Compensation, meanwhile, is considered based on the size and status of the business, while also referring to industry standards. In doing so, consideration is also given to changes to the employee salary system.



Director (outside director), YKK Corporation
 Professor, Hitotsubashi University Graduate School
Erika Okada

I Hope to Give Advice as a Witness to Proper Process

I want YKK AP to be a company that creates new products and services with high potential for the future, leading to the creation of value for buildings. To this end, a long-term growth strategy will be important. I see my primary role as an outside committee member as being a witness to proper processes for nomination and compensation decisions, and I intend to provide advice on these matters as needed.

→ [YKK Philosophy – "Cycle of Goodness" P4](#)

→ [Management Principle P5](#)

Directors and Board of Directors (As of June 2023)



Chairman of the Board
 Chairman Representative Director
Hidemitsu Hori
 March 1981: Joined Yoshida Kogyo K.K. (now YKK)
 1989 to 2006: Served in the U.S.A.
 April 2007: Vice President
 April 2009: Senior Vice President
 June 2009: Director, Senior Vice President
 June 2011: President Representative Director
 April 2023: Chairman Representative Director (Current)
 June 2023: YKK Director (Current)



President Representative Director
Akira Uozu
 March 1985: Joined company
 April 2013: Vice President
 April 2021: Senior Vice President
 June 2021: Director, Senior Vice President
 April 2022: Director, Executive Vice President
 April 2023: President Representative Director (Current)



Director and Vice Chairman
Shinichiro Yamaji
 March 1981: Joined company
 April 2009: Vice President
 April 2013: Vice President
 April 2017: Executive Vice President
 June 2020: Director, Executive Vice President
 April 2023: Director, Vice Chairman (Current)



Director
 Executive Vice President, General & Administration
Kosuke Iwabuchi
 March 1986: Joined company
 1996 to 2009: Served in the U.S.A. and China
 April 2009: Vice President
 April 2016: Executive Vice President
 June 2016: Director, Executive Vice President (Current)



Director
 Executive Vice President, R&D and Technology
Shuichi Mizukami
 July 1985: Joined Yoshida Kogyo K.K. (now YKK)
 April 2009: Executive Chief Engineer
 April 2010: Vice President
 June 2020: Director, Vice President
 April 2021: Director, Senior Vice President
 April 2022: Director, Executive Vice President (Current)



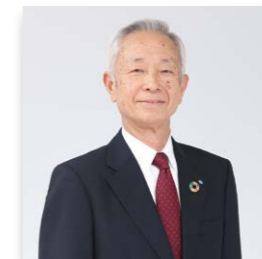
Director
 CHRO (Chief Human Resources Officer)
Kazuo Matsutani
 March 1981: Joined Yoshida Kogyo K.K. (now YKK)
 April 2009: Vice President
 June 2016: Director, Vice President
 April 2018: Director, Executive Vice President
 October 2021: Director, Executive Vice President, CHRO
 April 2023: Director, CHRO (Current)



Director
Fumio Niizeki
 March 1977: Joined Yoshida Kogyo K.K. (now YKK)
 April 2012: Vice President
 June 2014: Director, Vice President
 April 2016: Director, Executive Vice President
 April 2022: Director (Current)



Director
Wataru Otani
 March 1981: Joined Yoshida Kogyo K.K. (now YKK)
 April 2001: YKK Vice President
 April 2004: YKK Senior Vice President
 June 2004: YKK Director, Senior Vice President
 April 2009: YKK Director, Executive Vice President (until June 2018)
 June 2018: Director, Executive Vice President
 April 2023: Director (Current)



Director
 Chairman, YKK Corporation
Masayuki Sarumaru
 March 1975: Joined Yoshida Kogyo K.K. (now YKK)
 1977 to 1994: Served in the U.S.A.
 June 1999: YKK Vice President
 April 2003: YKK Senior Vice President
 June 2008: YKK Director, Executive Vice President
 June 2011: YKK President Representative Director
 April 2017: YKK Vice Chairman Representative Director
 June 2018: YKK Chairman Representative Director (Current)
 June 2020: Director (Current)



Director
 Executive Vice President, Manufacturing and Head of Manufacturing Division
Hiroshi Abe
 March 1985: Joined company
 April 2014: Vice President
 April 2021: Senior Vice President
 April 2022: Executive Vice President
 June 2023: Director, Executive Vice President (Current)

The Board of Directors deliberates and resolves on important matters, determines management policies, and supervises the execution of business operations. Currently, the Board has 10 directors (no more than 10 members), and the main results of deliberations in FY2022 are shown on the right. In order to promote active discussions, important matters are discussed at the Management Strategy Meeting before being brought up at the Board of Directors' meeting, external Audit & Supervisory Board members (outside experts) attend and state their opinions, and the chairman, president, and Audit & Supervisory Board members exchange opinions (three times in FY2022).

In order to improve the function of the Board of Directors, we are considering appointing not only Audit & Supervisory Board members but also outside officers as directors to increase the Board's transparency going forward.

Board of Directors Meetings in FY2022

Number of meetings	15 times (including extraordinary meetings)
Average number of agenda items	8.25
Average time per meeting	3.2 hours
Main agenda items and reporting items	<ul style="list-style-type: none"> • Matters related to the Shareholders Meeting • Matters related to directors, operating officers, and executive specialists • Matters related to personnel and organizations • Matters related to business • Matters related to the disposal and transfer of important assets • Matters related to subsidiaries and major affiliated companies

Audit & Supervisory Board and Members (as of June 2023)



Chair of the Audit & Supervisory Board
Audit & Supervisory Board Member (outside)
Fuminao Hachiuma
April 1983: Joined Ajinomoto Co., Inc.
June 2013: Executive Officer of same
June 2015: Executive Officer & Vice President of same
J-Oil Mills, Inc.
President and Representative Director
June 2016: Representative Director, President, and CEO of same
April 2022: Director of same (until June 2022)
May 2023: Outside Director, Seven & i Holdings Co., Ltd. (Current)
June 2023: YKK AP Outside Audit & Supervisory Board Member (Current)
Outside Director, Subaru Corporation (Current)



Audit & Supervisory Board Member (full-time)
Hisao Miyamura
March 1978: Joined Yoshida Kogyo K.K. (now YKK)
2002 to 2008: Served in China
April 2008: YKK Vice President (until March 2018)
June 2018: Full-time Audit & Supervisory Board Member (Current)



Audit & Supervisory Board Member
YKK Corporation Audit & Supervisory Board Member (full-time)
Kiyotaka Nagata
March 1979: Joined Yoshida Kogyo K.K. (now YKK)
April 2008: YKK Vice President
April 2009: YKK Executive Chief Specialist
June 2013: Outside Audit & Supervisory Board Member
YKK Full-time Audit & Supervisory Board Member (Current)
June 2016: Audit & Supervisory Board Member (Current)



Audit & Supervisory Board Member (outside)
Mina Sekiguchi
April 1993: Joined Arthur Andersen L.L.P. Dallas Office
June 2022: Managing Partner, Resonancia LLC (Current)
Outside Director, Penta-Ocean Construction Co., Ltd. (Current)
July 2022: Outside Director, Trainocate Holdings, Ltd. (Current)
September 2022: Auditor, Japan Atomic Energy Agency (Current)
October 2022: Outside Director, EX4Energy, Inc. (Current)
June 2023: YKK AP Outside Audit & Supervisory Board Member (Current)

The Audit & Supervisory Board, which consists of four Audit & Supervisory Board members, held 14 meetings in FY2022 to audit the execution of duties by directors from the standpoint of legality and propriety. They also attend major meetings such as the Board of Directors Meeting, express opinions as necessary, and visit each location to conduct audits in

accordance with the audit policy. Two of the Audit & Supervisory Board members are invited from outside the company. With a high level of insight, experience, and expertise in corporate management, they conduct audits from an objective and fair-minded stance.

→ YKK Philosophy – “Cycle of Goodness” P4

→ Compliance Committee P33

Human Rights and Human Resources

Approach to and engagement with human rights

Formulation of the YKK AP Human Rights Policy

In accordance with the “Cycle of Goodness” approach, we respect the human rights of every individual stakeholder in every country and region. In FY2023, the YKK AP Human Rights Policy was formulated in line with the revision of the YKK Group Human Rights Policy. YKK AP has set out its own Human Rights Policy Statement that, while sharing the fundamentals of the YKK Group policy, takes into account the human rights issues that arise in relation to YKK AP’s business activities. Accordingly, we will further strengthen our efforts to fulfill our corporate social responsibility by appealing not only to our employees but also our business partners.

Establishing a Human Rights Working Group to promote internal understanding

In FY2022, the company established a Human Rights Working Group (WG) as part of the Compliance Committee, and is strengthening its efforts by integrating the human rights initiatives from our past business activities into the entire company. In addition to promoting understanding of the current situation through assessment of new human rights risks and evaluating their level of importance and severity, from FY2022 to FY2023, we are conducting video training on “Business and Human Rights” for all employees to raise awareness of human rights and promote understanding within the company.

Operation of a whistleblowing system and continued activities to increase employees’ awareness

The YKK Group implemented the “YKK Group Whistleblowing System” in 2006, establishing a system that enables individuals to consult with/report to consultation desks inside and outside the company anonymously regarding behavior that violates laws, work regulations, or internal rules. We are working to make all users aware of it. In addition, from the perspective of protecting whistleblowers, we have prohibited treating individuals disadvantageously due to their consultation.

By aiming to prevent the occurrence of illegal actions and to address them quickly if they do occur in the process of conducting business activities, the whistleblowing system is intended to serve as a structure for firm compliance. In addition to establishing a “grievance mechanism” to provide relief to those involved with the company from human rights violations arising from corporate activities, etc., we have also established a consultation desk to address workplace environment, mental health concerns, and the mental and physical health of our employees.

We have also implemented whistleblowing systems at overseas companies and have established a system for consultation/notification.

YKK AP Human Rights Policy

- Values
- Scope
- Commitment to human rights
- Organization and governance
- Human rights due diligence
- Human rights education
- Corrections and remedies
- Ensuring transparency/communication
- Maintaining initiatives for respecting human rights

Human rights issues related to business activities

- Prohibition of child and forced labor
- Prohibition of discrimination, harassment, and abuse
- Respect for freedom of association and the right to collective bargaining
- Understanding of customs and compliance with laws and regulations
- Respect for diversity
- Health and safety
- Hours and wages

→ The details of YKK AP Human Rights Policy are available on our website. <https://www.ykkap.co.jp/company/ip/sustainability/humanrights/>

Promoting Diversity

YKK AP has issued the "Diversity & Inclusion Declaration" with the aim of utilizing the diversity of human resources to create new value and increase our future competitiveness in the international community.

In particular, as priority issues, we are striving to strengthen the hiring of female employees and support their career development, as well as to expand and entrench the employment of persons with disabilities.

Creating a work environment for a diverse range of personnel to play an active role

We are working to create an environment and design systems that enable a diverse range of personnel to play an active role, such as easing restrictions on dual/secondary employment and introducing a shortened working hours system. In FY2022, we also conducted a "Job Satisfaction and Workplace Diversity Questionnaire" to ascertain the actual situation regarding balancing work and nursing care. Going forward, we will work to reduce anxiety over nursing care and improve the ease of balancing it with work.

Promoting the active participation of women

The "AP Women's Career Development Program, a career development support program for female employees under the 6th Mid-term Management Plan, provides support for the long-term career development of participants through various training programs such as career training, internal exchange meetings, and the operation of a mentor system. In FY2022, 256 people, who were recommended from each workplace as candidates to be leaders in the future, participated.

Diversity initiatives

	Step 1 (Past) Accept diversity	Step 2 (Present) Management from diversity to value creation	Step 3 (Future Vision) Create value
	Compliance with laws/rules	Focus on superficial characteristics	Create value
Educational background	Labor Standards Act	Hiring of human resources with a variety of career backgrounds; fair evaluation	
Age	Act on Stabilization of Employment of Elderly Persons	<ul style="list-style-type: none"> Abolition of mandatory retirement age system: Hiring regardless of age, gender, or nationality 	Equal role Equal results Equal treatment
Gender	Act on Securing, etc., of Equal Opportunity and Treatment between Men and Women in Employment Act on Promotion of Women's Participation and Advancement in the Workplace (2016)	Promotion of the active participation of women; promotion of women for management positions/section manager-level positions <ul style="list-style-type: none"> Management positions: FY2022: 122 → FY2024 targets: 140 Section manager-level positions: FY2021: 447 → FY2024 targets: 500 	
Nationality	Immigration Control and Refugee Recognition Act (Illegal employment)	<ul style="list-style-type: none"> Proactive hiring of foreign nationals 	Utilize the characteristics of individuals, create new value, and contribute to business
Disabilities	Act on Employment Promotion etc., of Persons with Disabilities	<ul style="list-style-type: none"> Creating opportunities for people with disabilities that leverage their capabilities: FY2022: 2.32% → FY2024 targets: 2.50% 	
Working style	Labor Standards Act	Achievement of work-life balance <ul style="list-style-type: none"> Encouragement of male employees to take childcare leave: FY2022: 73.2% Encouragement to take paid vacation: FY2022: 71.3% → FY2024 targets: 80.0% Total actual working hours / FY2022: 1,974 hours 	Enhancement of work and life

Voice Comments from AP Women's Career Development Program participant



Product Development, International Business, Product Research & Development Division
Sari Sasaki

I participated in AP Women's Career Development Program for two years between 2021 and 2022. Listening to the stories of senior employees working in management positions while experiencing childbirth and childcare, as I did, I realized that the important thing is to establish systems that allow both family and work to run smoothly. Through this experience, I have been able to think from a higher perspective in terms of how to utilize limited resources and how to develop human resources as an organization.

Voice Comments from an employee who took childcare leave



Nationwide Accounts, Special Accounts Department
Takayuki Wakana

I took a year of childcare leave after the birth of my second and third children, a set of twins. I am grateful for the strong support I received from my workplace, including the creation of a backup framework for the entire organization. I was also impressed by the fact that operations were streamlined to fill the holes left by my absence, and the organization was stronger upon my return. I did not feel too rusty after returning to work, and I am now in a role with more responsibility than I had before I took childcare leave.

Human Resources Strategy

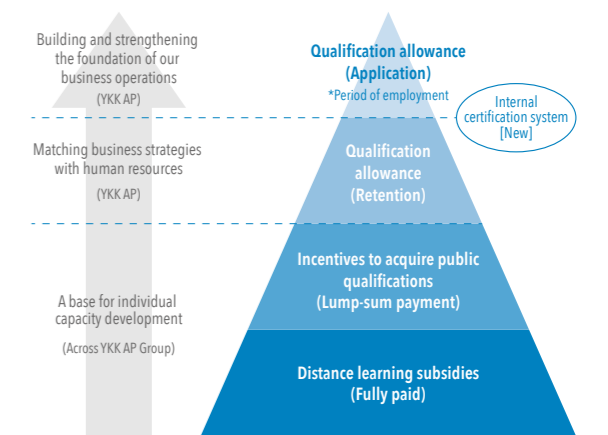
We are working to create systems and environments in which each and every employee can demonstrate their full potential.

In FY2023, we have set "efforts to improve employee engagement," "development and training of human resources to create new value," and "development and retention of innovative human resources" as our priority issues, and by improving our human resource system and implementing a human resource strategy, we will realize a pleasant and fulfilling work environment.

Salary revisions, allowances for specific duties, and qualifications

We have been working toward an appropriate wage level that is competitive in the market, and in FY2022, in light of the government's wage hike policy, yen depreciation, and rising consumer prices, we revised salaries upward by an average of 3% for general employees and provided all employees with a special lump-sum payment. In FY2023, in addition to the provision of specific duty allowances and other benefits under the newly established internal certification system, we are revising salaries upward by an average of 6%. In encouraging the acquisition of qualifications, we are expanding the system by removing the age limit for eligibility and increasing the qualification allowance.

Expansion of qualification allowances and support for qualification acquisition

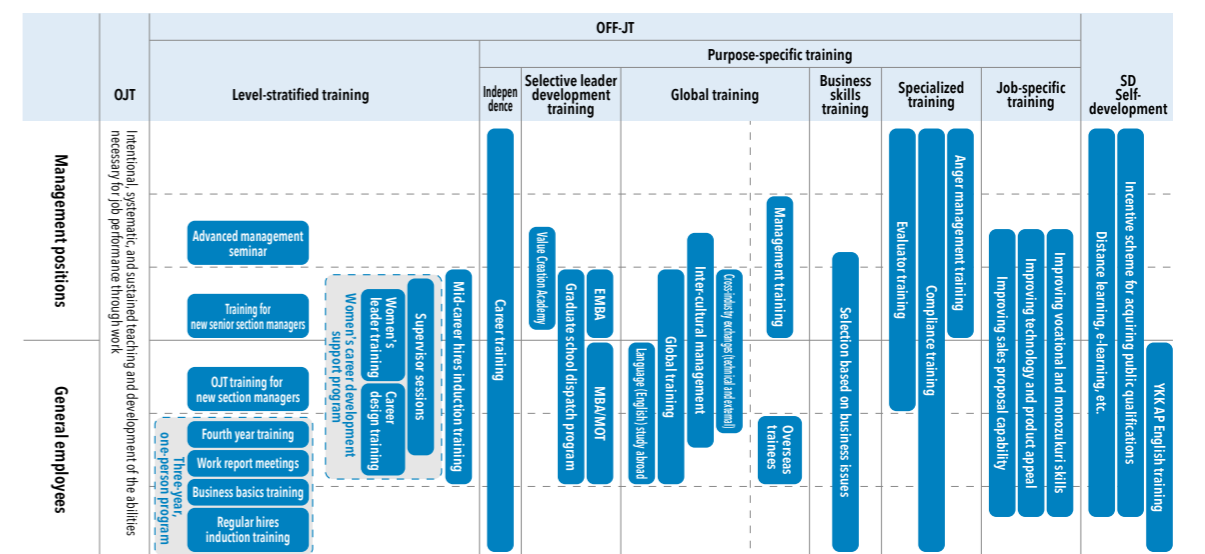


Enhancement of training systems

We are enhancing our internal training system to develop personnel who can contribute to our business and organization and improve their individual skills. In addition to the "Value Creation Academy," which aims to develop the business leaders of the future, level-stratified training for newly appointed managers, we have established a six-month English language

training program for self-development, and subsidize the cost for employees who wish to attend. Moreover, with the abolition of the mandatory retirement age system and the decision of when to retire being left to the individual, the company provides "career training" for employees to reflect on their own careers.

Diagram of the Training Scheme for FY2023



Dialog with employees

We hold "roundtable meetings," in which the president and other directors engage in direct dialogue with employees, as well as site visits and interviews, in which employees from headquarters and business units gather information on issues in various regions and workplaces. Employee feedback obtained through dialogue is being reflected in a variety of measures, including the establishment of a career consultation desk and the introduction of a "shared mentor system." In addition, the YKK Employee Stockholding Association holds a biannual meeting to report on business results and for employees to ask questions of the directors.

Open call for new business themes and promotion leaders

In order to develop new areas and fields that contribute to sustainable growth, in FY2022, under the leadership of the CHRO (Chief Human Resources Officer), we held an internal call for new business themes and the leaders who will be responsible for promoting them. Employees of all ages contributed ideas that were not confined to existing business fields, and three leaders were selected from among them to work toward the commercialization of these ideas. In FY2023, they will be assigned to the newly established "New Business Development", where they will further evolve their proposal topics and search for new business themes.


Graduate school dispatching and MOT/MBA overseas studies

Aiming to develop the next generation of business leaders, we dispatch employees to graduate schools (PhD/master's programs) in Japan and overseas and provide support for MOT/MBA study abroad. Research topics are not limited to our current business, and we also proactively recommend themes that will become even more critical in the future, such as robotics, AI/machine learning, DX, next-generation environmental response, etc. We aim for diversified ideas as an organization by helping employees to gain specialized knowledge and a multifaceted perspective that expand beyond the framework of the company. We dispatched 14 employees in FY2022, for a cumulative total of 31 employees.

Further, in addition to recommending the acquisition of doctorates, etc., we are implementing collaboration between recipients, with organizations within the company, and with universities and research institutes, and we operate the "AP PhD Holder Association" with the aim of further revitalization. In FY2022, YKK and YKK AP PhD holders held a technical exchange meeting to share technical information and technical issues in

their fields of expertise.

Voice Comments from an employee who obtained a PhD



Environment, Energy and Analysis Technology Group, Technical Research Division
Yohei Tsukamoto

I received my Ph.D. from the Graduate School of Kobe University, where I conducted research on methods for predicting the sound insulation performance of double-glazed windows. Sound insulation testing to evaluate windows' sound insulation performance can be very costly and time-consuming. For double-glazed windows with significant sound insulation effects, I conducted a study based on the theory of double-panel sound insulation and proposed a practical method for predicting sound insulation performance. I hope to continue working on internal and external architectural acoustics issues and contribute to the creation of comfortable spaces.

Health Management

We view the health of our employees and their families as a management issue, and under our "Health Declaration" adopted in 2018, we have promoted the establishment of a healthy environment, etc., to reduce lifestyle-related diseases and control psychological disorders. As such, we have been recognized as a "2023 Certified Health & Productivity Management Outstanding Organization (Large Corporation Division)."

We have also established a health consultation service both inside and outside the company to promote the maintenance of employee physical and mental health. Inside the company, employees can consult with industrial physicians at business locations and nurses at health management centers, at any time. We also work with external organizations to provide appropriate mental healthcare for employees through counseling by e-mail, by phone, and via remote interviews.

→ Details of the YKK AP Health Declaration are available on the website. <https://www.ykkap.co.jp/company/en/sustainability/health/>

→ Details of Human Rights and Human Resources are presented in our Sustainability Data Book. (in Japanese only) <https://www.ykkap.co.jp/company/jp/sustainability/data/social/>

Compliance

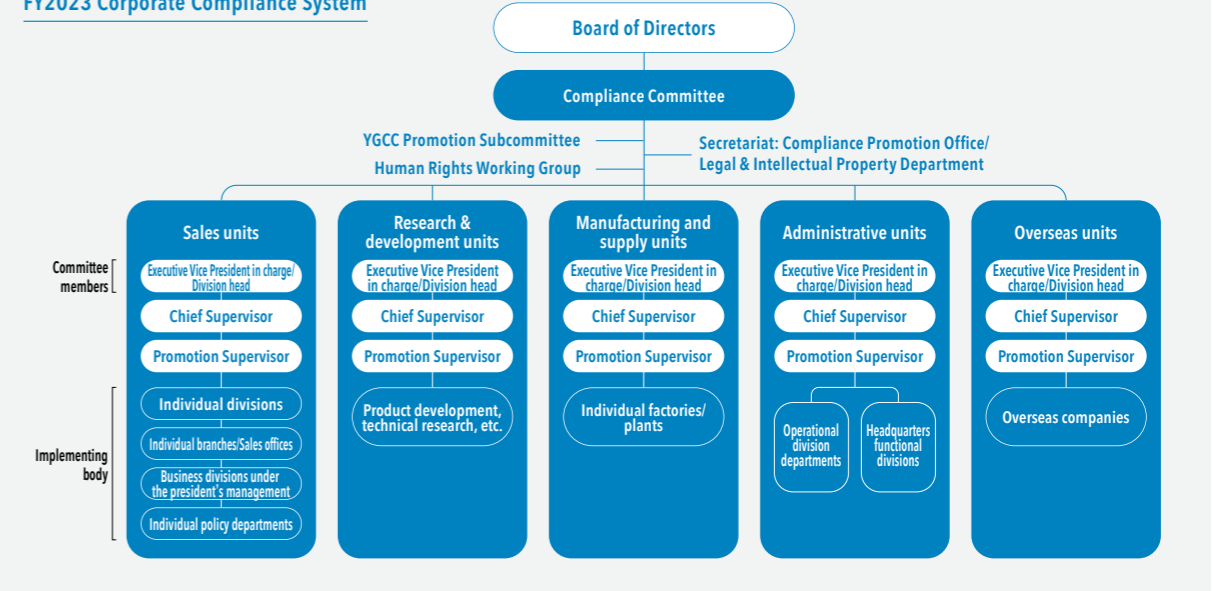
Corporate Compliance System and Education

We have established a Compliance Committee to promote the YKK AP Group corporate compliance system. Divided into five units, this system promotes the compliance activities of YKK AP and affiliated companies. Each unit is working independently to enhance monitoring, including compliance with rules, regulations, and guidelines.

In addition to regularly holding compliance training for

corporate officers, at least two hours of compliance training is provided to all employees each year. For persons heavily involved in compliance work, we also provide education in specialized fields led by the relevant specialized departments and committees (HR, purchasing, environmental safety management, trade management, information security, technical asset management, the environment, etc.).

FY2023 Corporate Compliance System



Standards for Compliance Activities: "YKK Global Criteria of Compliance"

In FY2019, YKK AP introduced the YKK Global Criteria of Compliance (YGCC), the YKK Group's compliance standards based on the YKK Philosophy and ISO 26000, and the adoption of the YKK Global Criteria of Compliance at major sites in Japan and overseas was completed in FY2021. From FY2022 onward,

we have been promoting the establishment of YGCC operation while accommodating new business sites.

We regularly carry out YGCC audits such as self-inspection and internal audits. Standardized monitoring contributes to reduction of on-site workloads by eliminating duplicate monitoring items.

Seven Core Themes Related to ISO 26000	YKK Group Commonalities				Items Specific to YKK AP's Business
(1) Organizational Governance	(1) Management System	(3) Working Hours and Wages	(5) Environment	(6) Fair Business Practices	(7) Contract Construction Work
(2) Human Rights	• Business Licenses	• Working Hours	• Environmental Management System	• Fair Competition	• Management System
(3) Labor Practices	• Social Compliance Policy	• Wages and Benefits	• Energy Consumption and Greenhouse Gas Emissions	• Anti-Bribery	• Labor Conditions
(4) Environment	• Social Compliance Committee	(4) Health and Safety	• Water Use	• Confidential Information Protection	• Hours and Wages
(5) Fair Operating Practices	• Opinions from the Employees	• Health and Safety Management System	• Waste Water Discharge and Effluents	• Non-Competition Obligation	• Health and Safety
(6) Consumer Issues	• Whistle-Blowing System	• Emergency Planning & Fire Safety	• Waste Management	• Personal Information	• Environment
(7) Community Involvement and Development	• Compliance Violations	• Medical Services	• Atmospheric Emissions	• Intellectual Property	• Fair Business Practices
Customer Requests	(2) Labor Conditions	• Sanitation/Hygiene	• Chemical Management	• Accounting and Tax Preparation	
Supplier Code of Conduct	• Child Labor	• Physical Hazards		• Antisocial Forces	
Corporate Activity Guidelines	• Forced Labor	• Chemical Hazards		• Supplier Management	
	• Discrimination	• Structural Integrity		• Foreign Trade	
	• Discipline, Harassment or Abuse	• Dormitory and Canteen		• Subcontracting	
	• Freedom of Association and Collective Bargaining				
	• Regular Employment/ Employment Contract				

→ Details of Compliance are presented in our Sustainability Data Book. (in Japanese only) <https://www.ykkap.co.jp/company/jp/sustainability/data/governance/>

Risk Management

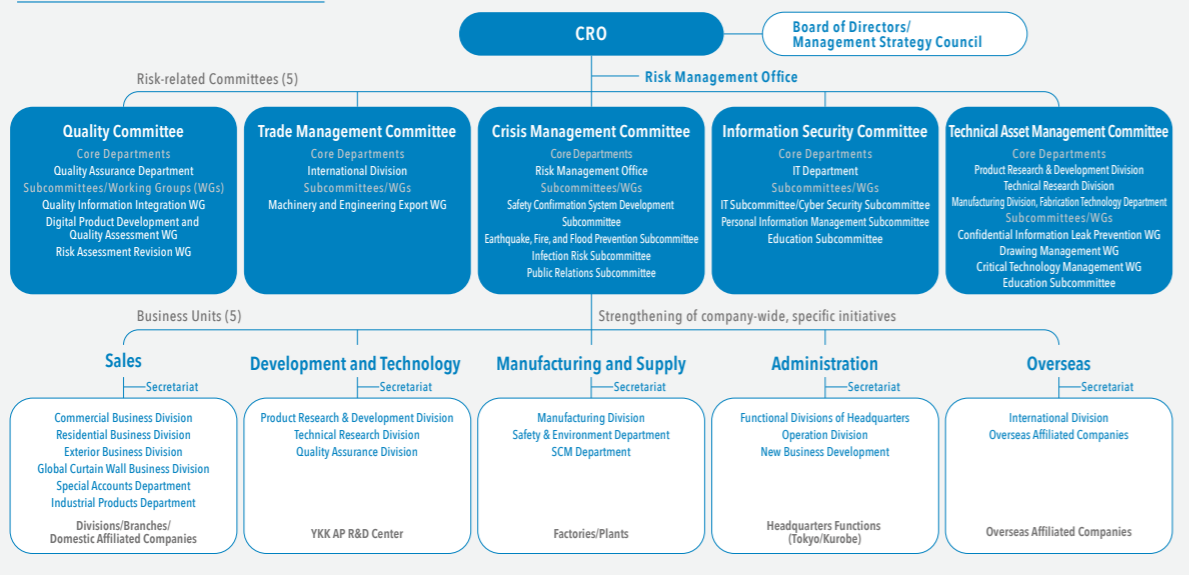
Strengthening of the risk management system

YKK AP has formed five risk committees to enhance the risk management system and establish a governance system for emergencies. We have also created regulations for each committee and are operating them accordingly.

In FY2022, with the aim of improving preparedness for increasingly diversified risks and strengthening our measures for business continuity (BC), we changed the persons

responsible for individual organizational units (Executive Vice Presidents and Division Heads) from "Crisis Management Committee Members" to "Business Continuity Management (BCM) Committee Members." We will enhance our resilience by strengthening cooperation between individual divisions and the Risk Management Committee, preparing a business continuity plan (BCP) for ordinary circumstances, and ensuring smooth operations in the event of an emergency.

FY2023 Risk Management System



BCP initiatives

In preparation for disaster and risk occurring, we have formulated BCPs at all locations in Japan and overseas. In addition, for the purpose of prompt implementation of the BCPs, in FY2022 we reviewed and updated the Business Continuity Management (BCM) Regulations. In FY2023, we plan to further instill this along functional axes and on a regional site basis.

We carry out regular disaster drills every year to increase the effectiveness of the BCPs. In addition, in FY2022, in response to changes in work styles, such as telecommuting and commuting

directly between home and work sites, the CRO led the distribution of a "Natural Disaster Risks and Countermeasures" video via a web-based internal newsletter.

We are also enhancing our ability to quickly identify and address risks in procurement. In addition to purchasing materials from multiple suppliers, understanding and improving the supply chain, and securing inventories of critical management items in case of emergencies, the research and development, manufacturing, and purchasing divisions work together to set up alternative sources of supply, and other efforts taking the BCP into account are conducted from the product development phase.

Measures and initiatives to address risks in procurement

Risks	Countermeasures	Initiatives
Weather and disasters (earthquakes, typhoons, cold spells, etc.)	Alternative materials, multi-company purchasing, inventory	(1) Selection of alternative materials (2) Multi-company purchasing system
Politics (wars, conflicts, economic sanctions)	Exclusion from purchasing	(3) Inventory measures
Economy (supply-demand balance, exchange rates)	Alternative materials, multi-company purchasing, inventory	(4) Cost reductions, sale prices, and other business strategies
Ethical and legal issues (human rights, the labor environment, information security, subcontracting support)	Exclusion from purchasing, legal compliance	(5) Conclusion of agreements on the Basic Transaction Principles (7) Implementation of CSR surveys (6) Change of internal systems (rules and regulations, appraisals) (8) Changes in the management system for contracted and temporary employees
Supply chain (legal compliance, competitiveness, stable supply)	Inspection, evaluation, restructuring	(9) Supply chain restructuring (10) Compilation of BCP data

→ Material procurement P51

Risk map development and selection of key risks

We assess the risks surrounding the business and create a risk map according to changes in the environment, the urgency of response to the risks, and the expected scale of damage. In FY2022, we reviewed our risk map from the following three perspectives: (1) reviewing risk items including key risks, (2) clarifying risk levels, and (3) identifying efforts by related

divisions to address key risks.

Risks that have a significant impact on our business are positioned as key risk items, and as a result of this review, the three items of "cyber attacks (information security)," "supply chain (changes in the economic environment)," and "environmental regulations" were upgraded in risk rank, and specific measures are now being implemented.

Response to main key risks

Threat of natural disasters (earthquakes, tsunamis, typhoons, torrential rains)

External environment and potential risks

Damage caused by large-scale earthquakes, windstorms, or flooding at our business sites, or similar damage at our business partners, etc., may lead to slowdowns in our business activities.

Natural disasters may result in the death or injury of employees, damage to facilities, etc., leading to reduced production capacity, as well as replacement and restoration costs for equipment, company buildings, warehouses, and production lines, etc. In addition, there is a risk that business activities may be hampered by outages to critical infrastructure and disruptions to logistics. These slowdowns may lead to customers and business partners moving to competitors.

Initiatives

- In the event of a disaster, a company-wide BCP task force headed by the president is established. BCM Committee members will serve as the heads of BCP task forces for their respective functions, and will oversee, direct, and generally manage the emergency response.
- The Crisis Management Committee, which oversees the entire company as an organization to deliberate and decide on policies and measures for business continuity, with the head of each functional unit serving as a member of the BCM Committee, will be responsible for handling the situation.

Cyber attacks (information security)

External environment and potential risks

Company secrets and other confidential information may be lost or leaked due to computer virus infections, unauthorized access, or other causes. In addition, cyber attacks, outages of telecommunication services, etc., could bring down information systems and shut down all our businesses.

With the recent progress of DX and the expansion of remote work, information systems have more network connection points with internal and external parties than in the past. Environmental changes have heightened the possibility of disruption of business activities due to forced shutdowns or loss of corporate secrets, etc., caused by malicious external intrusion into information systems.

Initiatives

- Establish and operate an IT-BCP (including at domestic and overseas affiliated companies)
- Implement IT security management measures (cyber security and SIRT response)
- Strengthening response by setting up subcommittees in the Information Security Committee for specific roles.



Vice President, CRO

Osamu Anda

"We aim to build a resilient organization."

To realize one aspect of materiality, a "Resilient Business Foundation," in FY2022, we reviewed and updated our Business Continuity Management Regulations for the first time in eight years. We are aiming to acquire appropriate business continuity capabilities for major contingencies, with the goal of promptly implementing an initial response and BCP on an all-hazards basis, including in the event of major natural disasters, severing

of the supply chain, cyber accidents, spread of infectious diseases, etc.

I believe that in the implementation of risk management activities, it is important to secure the human resources to perform the work. Going forward, we are planning to strengthen both operational and physical aspects of the BCM implementation framework in each country and region, including the implementation of education and training programs for all employees, and the provision of centralized information. In addition, in order to develop human resources with a high sensitivity to risk, we have established a team, consisting mainly of young employees, which will take an active role in addressing risk. We will further strengthen our foundation by enhancing our efforts made during ordinary circumstances.

→ Details of Risk Management Resources are presented in our Sustainability Data Book. (in Japanese only) <https://www.ykkap.co.jp/company/jp/sustainability/data/governance/>

→ Materiality P20

Environmental Management

Environmental initiatives

YKK Group has established the “YKK Group Environmental Vision 2050,” which maps out the long-term orientation of our environmental initiatives. Under this policy, YKK AP has established its vision for 2050 of “achieving zero environmental impact in our business activities throughout the entire product lifecycle.”

In the Mid-term Environmental Policy for FY2021 to FY2024, we have set environmental targets for the entire value chain with the aim of resolving and contributing to the resolution of the environmental issues of “climate change,” “resource recycling,” “water,” and “biodiversity,” and are working to achieve them.

As the structure for promoting these activities, the “YKK AP Environmental Policy Board Committee,” chaired by the

president, formulates and approves environmental policy and strategy from a management perspective. Under that policy, the “YKK AP Environmental Committee” incorporates the environmental policy into sales, research & development, manufacturing, management, and overseas divisions.

In addition, to confirm the progress of these environmental policies and environmental compliance, we conduct annual internal environment audits. We have also acquired ISO 14001 certification at all locations in Japan and at eleven locations overseas, and are continually working to increase the level of environmental management. In April 2023, we were certified as an “Eco-First Company” by the Minister of the Environment in recognition of our position as an environmentally progressive company in the industry.

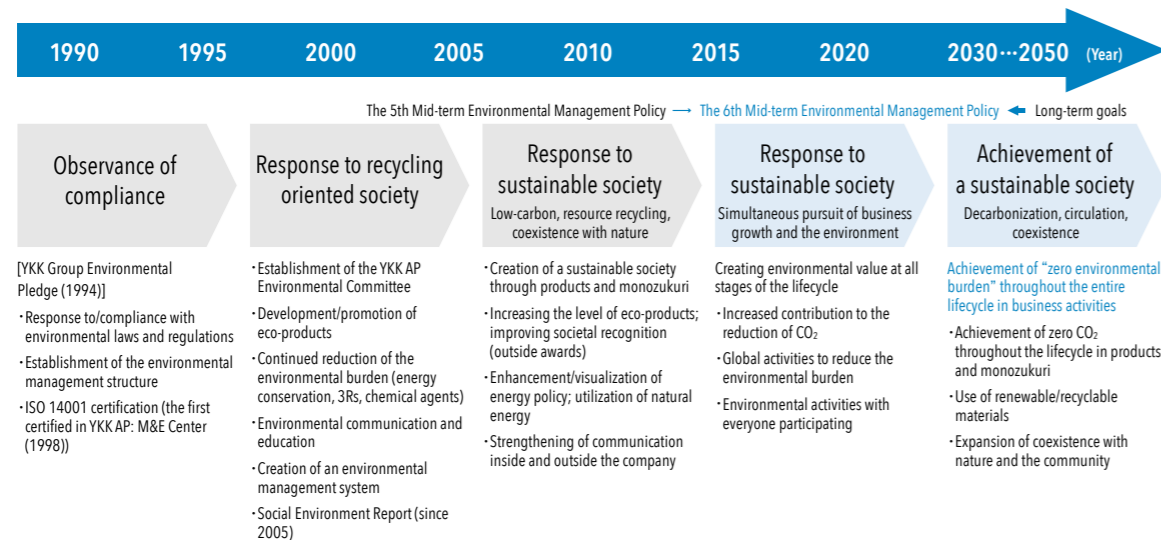
YKK AP Environmental Management Policy (FY2021 to FY2024)

Creating environmental value at every stage of the lifecycle: Toward a brighter future for nature and humanity

With the intention to make a better society and environment for the next generation, YKK AP will take on the challenge of creating new value and achieving zero environmental burden, through technical innovation.

- We will strive to contribute to resolving environmental issues throughout the value chain and reducing the environmental burden.
- We will address climate change, resource recycling, water, and biodiversity as environmental issues.
- We will create new environmental value with an eye toward the future, on a foundation of diverse human resources

The history of YKK AP's environmental activities and future vision for 2050



FY2024 environmental targets (relative to FY2013)

[Environmental Issues]	Research, Development, and Verification	Material Procurement	Manufacturing and Logistics	Sales	Installation	Product Use	[People]
Climatechange (SDG 13)	<ul style="list-style-type: none"> Development of products as measures against climate change Scope 3: Reduction of CO₂ emissions by 20% 		<ul style="list-style-type: none"> Contribution of a 149% reduction of CO₂ through high thermal insulation products (relative to FY2020) Scopes 1 + 2: Reduction of CO₂ emissions by 36% Achievement of zero-CO₂ model factories 				<ul style="list-style-type: none"> Customers <ul style="list-style-type: none"> Showrooms linked to the community Society <ul style="list-style-type: none"> Education of the next generation Contribution to the local community Employees <ul style="list-style-type: none"> Environmental activities with everyone participating
Resource recycling (SDG 12)	<ul style="list-style-type: none"> Aluminum: 39% recycling rate for external products Vinyl windows (APW scrap): 100% internal recycling rate Reduction of waste emissions by 32% (relative to FY2016) Reduction of packaging materials 		<ul style="list-style-type: none"> Utilization of outside company scrap from vinyl windows 				
Water (SDG 6)	<ul style="list-style-type: none"> Development of products as measures against damage from windstorm and flooding Reduction of total water usage by 32% 						
Biodiversity (SDG 15)	<ul style="list-style-type: none"> Achievement of hexavalent chromium-free products Achievement of factories that are in harmony with local nature 						

Disclosure of information under the TCFD recommendations

YKK AP has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) since FY2019.

In relation to both climate-related risks and opportunities, we conduct scenario analysis of the impact on our business and finances and reflect the results in our management strategies.

Governance	<p>YKK AP has a Board of Directors as the decision-making and oversight body for important matters such as management policy, an Audit & Supervisory Board as the company's auditing organization, and an Operating Officer System to help the company promote the execution of business and operations.</p> <p>In particular, sustainability issues are addressed by the “ESG General Meeting,” chaired by the president, which conducts cross-functional activities by formulating policies from a company-wide perspective and rolling them out to related divisions and domestic and overseas group companies.</p> <p>The Environmental Policy Board Committee, which is chaired by the president and has jurisdiction over the environmental area within the ESG General Meeting, formulates and approves environmental policies and strategies, including on climate change, from a management perspective, and monitors their progress. The “Environment Committee” rolls out these environmental policies and strategies to our manufacturing and sales sites in Japan and overseas, and confirms how they are being implemented through mutual internal environment audits.</p>										
Strategy	<p>In line with TCFD recommendations, we are identifying and assessing the significant risks and opportunities that the issue of climate change poses to YKK AP.</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Financial impact on YKK AP</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Transition risks</td> <td>Reputation: Loss of corporate value due to delay in responding to public demands, such as carbon neutrality</td> </tr> <tr> <td>Market: Increased costs due to energy resource depletion</td> </tr> <tr> <td rowspan="2">Physical risks</td> <td>Urgent: Increased damage from natural disasters, supply chain fragmentation</td> </tr> <tr> <td>Chronic: Reduced earnings due to higher average temperatures causing higher air conditioning costs at company plants and higher raw material prices Restrictions on business activities due to water shortages caused by reduced rainfall</td> </tr> <tr> <td>Opportunities</td> <td>Products/Services: Increased demand for high thermal insulation products Increased demand for carbon-free and recycled-resource products (e.g., recycled aluminum)</td> </tr> </tbody> </table>	Type	Financial impact on YKK AP	Transition risks	Reputation: Loss of corporate value due to delay in responding to public demands, such as carbon neutrality	Market: Increased costs due to energy resource depletion	Physical risks	Urgent: Increased damage from natural disasters, supply chain fragmentation	Chronic: Reduced earnings due to higher average temperatures causing higher air conditioning costs at company plants and higher raw material prices Restrictions on business activities due to water shortages caused by reduced rainfall	Opportunities	Products/Services: Increased demand for high thermal insulation products Increased demand for carbon-free and recycled-resource products (e.g., recycled aluminum)
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Risk management	<p>Risks related to the business as a whole are assessed and reviewed once a year, prioritized by “size of loss” and “frequency of occurrence,” and each risk is managed by the relevant committee. Climate change-related risks (natural disasters, environmental regulations, etc.) are also identified as key risks and incorporated into the management process, with policies developed and monitored on a global basis by the Environment Committee and the Crisis Management Committee.</p>										
Indicators and targets	<p>In order to achieve carbon neutrality, we have set medium- and long-term goals certified by Science Based Targets initiative (SBTi) and formulated an environmental action plan to achieve them in conjunction with our mid-term business plan. Progress is disclosed in the Integrated Report and Environmental Report.</p>										

Taking on the challenge of carbon neutrality

We have set our own greenhouse gas reduction target for FY2030 at 50% below the FY2013 level. In February 2021, this target was certified by the international organization Science Based Targets initiative (SBTi). Under the "Evolution 2030" vision, YKK AP aims to reduce its emissions by 80% by FY2030 and by 100% by FY2040, and we will strengthen our efforts to achieve these goals ahead of the certified schedule.

In FY2021, we launched the "Carbon Neutral Project" with an

executive vice president as project leader. A carbon neutral technology roadmap has been developed, and six working groups, with young engineers participating, are developing technologies to achieve decarbonization.

Furthermore, by reducing the energy used for heating and cooling through the popularization of high thermal insulation products, we will contribute to carbon neutrality not only for our own company but also for society as a whole.

- Evolution 2030 P7
- Products and services to address social issues P19

Scope 1 and 2 initiatives

We are working to reduce the amount of fuel used in our manufacturing processes. In addition to improving the efficiency and energy-conservation performance of our production facilities, we are electrifying our heat source equipment and switching from liquid fuels to natural gas. Furthermore, we are using existing technologies to develop and demonstrate the use of hydrogen, ammonia, and other substances in our gas burners.

As such, we are working on both energy saving and energy creation. In terms of energy creation efforts, we are working to introduce solar power generation (installed on rooftops, fields etc., at seven plants and factories in both domestic and overseas), hydroelectric power generation (using the power of water flowing through pipes), biomass power generation and boilers (using wood waste produced during manufacturing for in-house consumption), and wind power generation (using exhaust wind inside factories). We have tripled our investment in renewable energy relative to FY2020 levels and are stepping up our efforts accordingly.

In order to measure our progress in reducing CO₂ emissions, we established a database to visualize CO₂ emissions by identifying the energy consumption of each piece of equipment at the manufacturing stage. In product development, we have introduced the "Environmentally Friendly Design Evaluation Sheet," which relates CO₂ emissions to evaluation criteria during design and development.

Scope 3 initiatives

Scope 3 emissions account for the majority of the CO₂ emissions associated with YKK AP's business activities across the supply chain as a whole. Of these, emissions from the

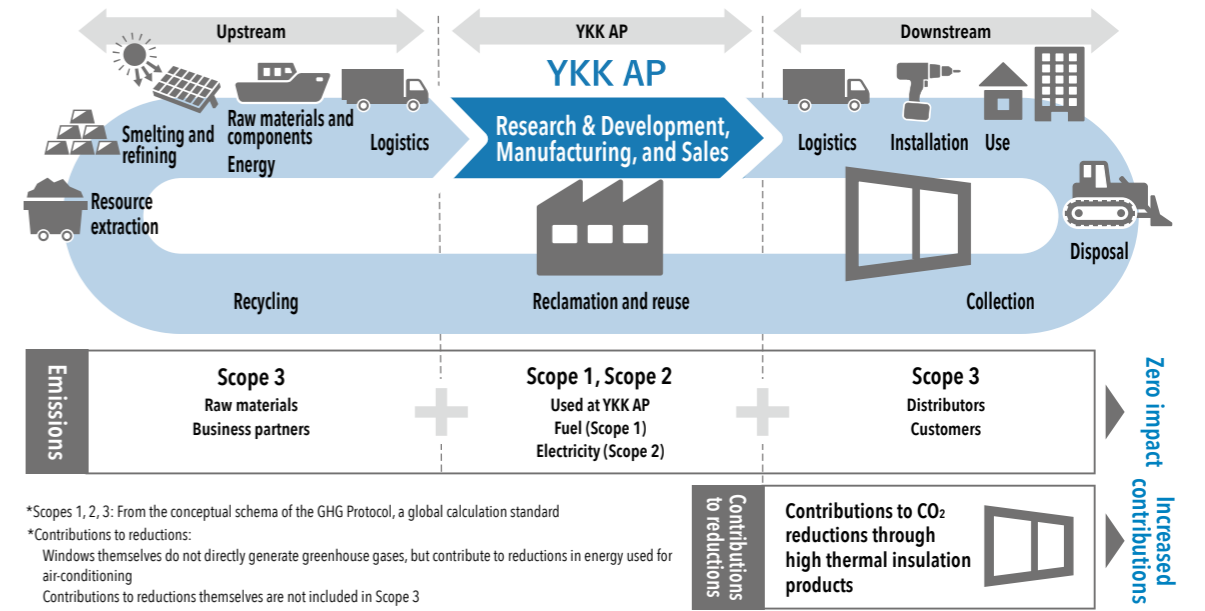
procurement of materials used in the manufacture of products account for 80% of the total. In particular, the procurement (mining, refining, and overseas transportation) of aluminum ingots used for aluminum products and other products has a significant impact, and increasing the utilization rate of recycled materials (re-used raw materials such as aluminum scrap recovered from the market) will have the greatest impact toward achieving carbon neutrality.

All aluminum scraps generated in the manufacturing process are reused, and we have already achieved an internal recycling rate of 100%. We also aim to achieve a 100% recycling rate for market-obtained aluminum scrap generated outside the company. In September 2023, an aluminum recycling furnace will start operation at the Shikoku Plant, and we plan to install the same equipment at other manufacturing sites in the future.

In addition, we will work toward technical progress in aluminum recycling through co-creation between industry, government, academia, and the private sector. We are involved, as the lead company, in the "Creation of a Toyama Resource Recycling Society Model," an industry-academia fusion hub concept project to revitalize aluminum-related industries in Toyama Prefecture, led by the University of Toyama.

In regard to logistics, we have introduced double-trailer trucks for transportation over land, increasing the amount of cargo transported at once by 1.8 times the previous level. By introducing "trunk line relay transportation," which includes consolidating transportation routes and improving loadability by combining partial loads, "secondary delivery," which includes joint delivery and alternate-day delivery, and "modal shift," which includes using railroad containers, we are making ongoing efforts to reduce CO₂ emissions.

Lifecycle of YKK AP products and CO₂ emissions



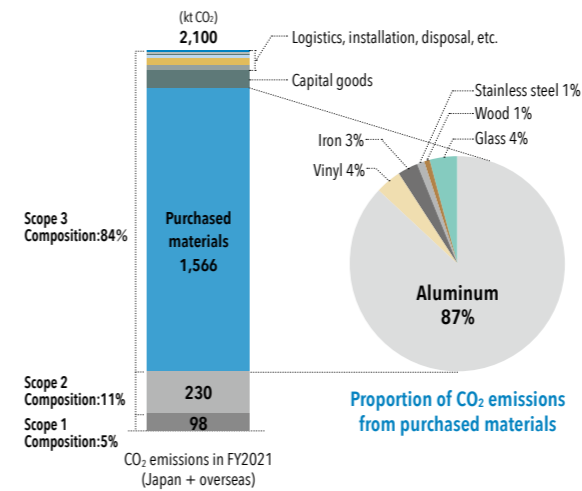
*Scopes 1, 2, 3: From the conceptual schema of the GHG Protocol, a global calculation standard

*Contributions to reductions:

Windows themselves do not directly generate greenhouse gases, but contribute to reductions in energy used for air-conditioning
Contributions to reductions themselves are not included in Scope 3

Breakdown of YKK AP's CO₂ emissions (FY2021)

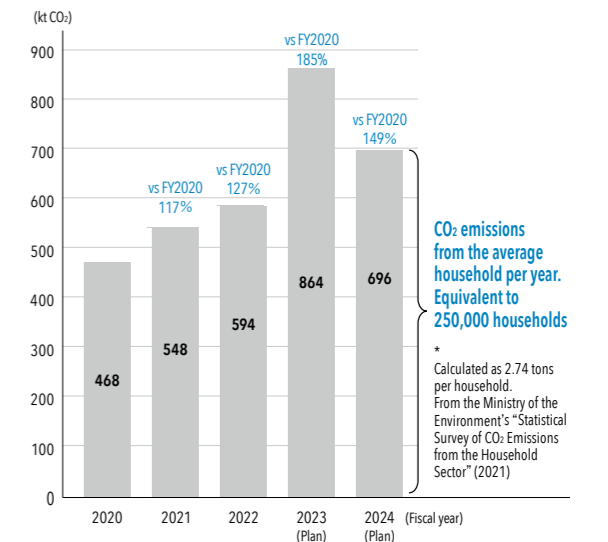
In the supply chain as a whole, procurement of materials (refining, etc.) under Scope 3 accounts for a large proportion of emissions, and aluminum materials account for a large proportion of these



Aluminum, also known as "electricity in a can," requires a large amount of electricity for electrolysis to refine it from raw materials such as bauxite. However, because aluminum can be remelted using only a small amount of energy, aluminum recycling plays a very important role in reducing CO₂ emissions.

Contributions to CO₂ reductions through high thermal insulation products sold in Japan

Sales of high thermal insulation products can be said to contribute to CO₂ reductions in society as a whole



*Applicable products (equivalent to sustainable products)
Vinyl windows: APW 430, APW 330, PLAMADO H
Composite windows: APSWORD, APW 410
Vinyl inner windows: Mado Remo - PLAMADO U Inner Window
Thermal insulation doors: InnoBest, Venato D30, Kantan Door Remo, Concord S30
Commercial building thermal insulation windows: EXIMA 37, EXIMA 77, APSWORD NEO-LB

*Conventional products
[New construction] Aluminum windows + insulating glass, aluminum doors
[Remodeling] Aluminum windows + single glass

*The FY2024 plan is the mid-term plan developed in FY2021.

Taking on the challenge of a circular economy

Installation of RPF production equipment and expansion of operations

Our company is promoting 3R activities*1 (reduce, reuse, recycle waste, etc.). In FY2021, we installed RPF (Refuse derived paper and plastics densified fuel) production equipment at the Kurobe Ekko Plant. In the past, waste plastics such as film and laminate, as well as used paper, were used as raw materials, but from FY2022, the range of waste used will be expanded to include wood waste, thereby promoting the conversion of waste into valuable resources. We reduced the total amount of waste product in Japan and overseas in FY2022 by approximately 25% relative to FY2016.



RPF production equipment (Kurobe Ekko Plant)

Toward improved vinyl recycling rates

We are also actively engaged in recycling the vinyl produced during the manufacturing process for vinyl windows and after use. We have installed crushing and sorting equipment at each of our vinyl window manufacturing sites, and by reusing the materials as raw materials for vinyl profiles and gaskets*2 for insulating glass, our internal recycling rate improved to 28% in FY2022.

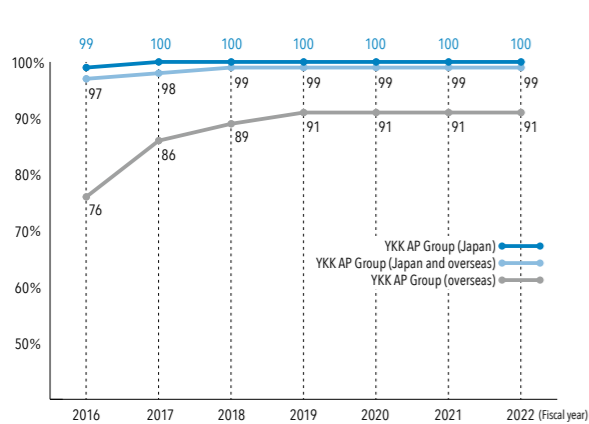
We are working with industry and academia to build an industry-wide system to collect and recycle vinyl windows in the market, including participation in the "Reviewing Committee for Recycling of Used Vinyl Windows," (Vinyl Environmental Council, etc.), which was established in 2019.

Implementation of guidelines for environmentally friendly design

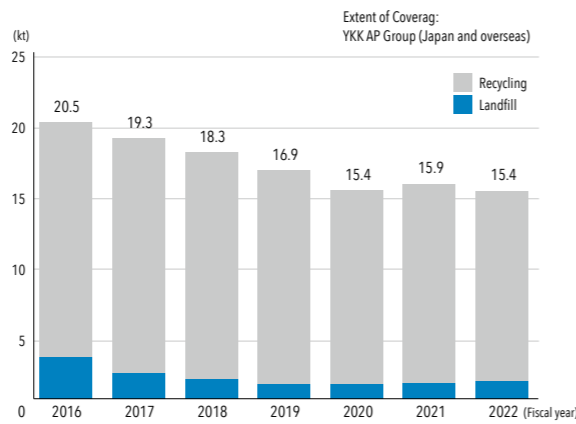
To minimize CO₂ emissions throughout the supply chain, we developed the "Environmentally Friendly Design Guidelines" in FY2022.

Five items that contribute significantly to CO₂ reduction during the product lifecycle are "visualization of CO₂ emissions," "standardization of packaging materials," "visualization of environmentally hazardous substances," "ease of disassembly and separation," and "environmentally friendly design guidelines and evaluation methods." These items indicate YKK AP's approach and policy regarding environmental considerations, and efforts are underway to evaluate and improve its products.

Industrial waste recycling rate (manufacturing sites)



Waste output (manufacturing sites)



*1 3Rs: Reduce, Reuse, Recycle
*2 Parts used to fit glass into sashes

Details of Environmental Management are presented in our Environmental Report. (in Japanese only)
<https://www.ykkap.co.jp/company/jp/sustainability/environment/report2023/>

DX Promotion

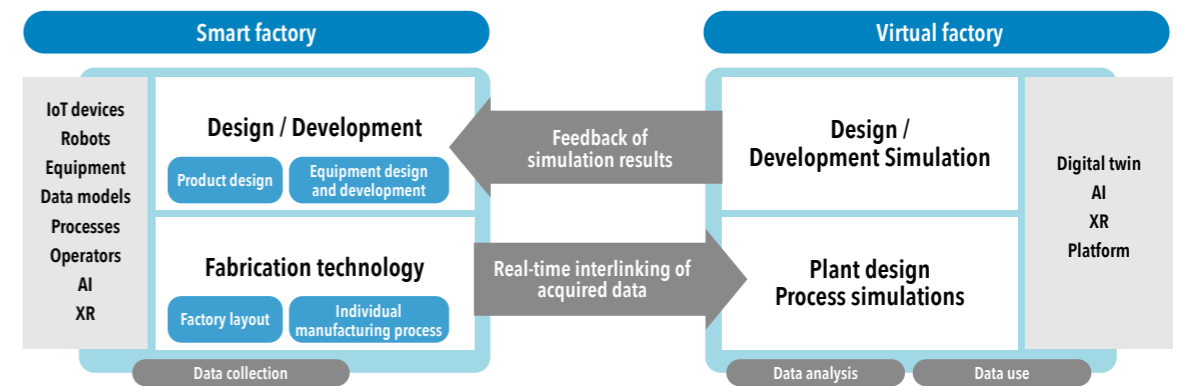
Developing and disseminating digital technology for smart factories

YKK AP is promoting smart factories to increase its competitiveness in the global market, and is working to improve the operational availability of its equipment through digital transformation (DX). In addition, through DX, we aim to increase productivity by improving efficiency in all departments, including sales, development, manufacturing, and administration, and are working to achieve transformation into a company with "the speed and flexibility to respond to changes."

In order to strengthen research and development in the digital field, YKK AP Technologies Lab (NA) Inc. was established in June 2022 to undertake research and development on

virtual factories and other fundamental reforms. Specifically, we are introducing digital technologies such as IoT devices, 5G, and AI to create engineering and supply chains in virtual space for the purpose of digital twinning, as well as training global personnel capable of implementing change.

In addition to basic research on drones, 3D printers, and AI image analysis, the Digital Strategy Department is also developing plans and conducting trials for operational use, which is expected to be applied in various fields such as sales, development, and manufacturing. Hands-on digital experience events are being held to spread awareness of these initiatives within the company.



Hands-on digital experience events

Hands-on digital experience events for employees are held to deepen their understanding of digital technology, generate ideas for business applications, and develop digital human resources capable of driving DX.

In FY2022, events were held both at real-world venues (two locations), where participants could operate and experience actual equipment, and on the web (at a Metaverse venue), where remote participation was possible. Going forward, we plan to hold these events at locations around the country. We will continue to work toward the realization of DX while creating an environment in which employees are able to make use of digital technology.



Employees try their hand at operating a drone at an event



Events were also held at a Metaverse venue