

Materiality-based Initiatives

The materiality (priority issues) set forth for FY2021 were identified based on our Purpose. We have established a promotion department for each materiality, and are working to tackle them through implementation of the 6th Mid-term Management Plan (FY2021–FY2024).

The ESG General Meeting, headed by the President, is made up of the Environmental Policy Board Committee, which focuses on the environment; the Brand Management Committee, which focuses on society; and the Compliance Committee, which focuses on governance.

The "Materiality Promotion Working Group," which reports directly to the ESG General Meeting, conducts materiality efforts and manages KPIs in collaboration with the ESG General Meeting and the promotion department for each materiality.

Our process for identifying materiality is described on our website.
<https://www.ykkapglobal.com/en/company/management/materiality/#process>

The 6th Mid-term Materiality Targets and promotion departments

Extent of coverage
 ◇1: YKK AP (non-consolidated)
 ◇2: YKK AP Group (Japan)
 ◇3: YKK AP Group (Japan and overseas)

Materiality	Promotion departments	Initiatives	Indicators	FY2021 (Results)	FY2022 (Results)	FY2023 (Results)	FY2024 (Targets)	Related SDGs	
"Human Resources" to Support Sustainable Growth	Human Resources Department	Promote an inclusive corporate culture where employees with a diverse range of skills and experiences respect one another and work together	Number of women in management positions ◇1	113	122	133	140		
			Rate of persons with disabilities among employees ◇1	2.28 %	2.30 %	2.44 %	2.50 %		
			Ratio of men's to women's wages (average) ◇1 *Parentheses indicate the ratio of men's to women's wages for section managers	68.6 % (86.4 %)	69.7 % (87.7 %)	68.8 % (88.4 %)	71.0 %		
	Work Style Reform Committee	Develop a fulfilling workplace environment in which each employee can thrive with motivation and demonstrate his/her best performance	Rate of employees who take childcare leave (men) ◇1*1	53.2 %	73.2 %	67.7 %	Over 50 %		
			Employee engagement ◇1	51 %	49 %	50 %	70 %		
	CHRO Human Resources Department Human Resources Development Department	Attract, train, and promote next-generation leaders and invest in the necessary talent for sustainable growth	Number of times employees obtained qualifications eligible for public qualification incentives ◇1	2,548	1,748	1,313	Over 1,500		
			"Value Creation Academy," the next-generation leader development program ◇1 ● Number of participants *Figures in parentheses indicate cumulative number of participants ● Number of corporate officers appointed (cumulative total)	9(195) 29	9(204) 32	9(204) 34	9(213) —		
			Number of employees sent by the company to obtain degrees (cumulative total) ◇1 (Ph.D., MBA, MOT)	13	17	21	27		
	Compliance Committee Human Resources Department Corporate Purchasing Department	As part of corporate social responsibility, give consideration to human rights not only in the company itself, but also in the supply chain and other areas associated with the company	Enforcement of the YKK AP Human Rights Policy in business activities in each country and region Expand and enhance content of human rights and harassment training		821	1,184	1,226	1,226	
			Number of companies that we have concluded an agreement with regarding the basic transaction principles (cumulative total) ◇1						
Number of companies for which CSR surveys have been implemented ◇1			Previous version 48 ²	1,184 ²					
				Revised version		—	106 ³	111 ³	
"Monozukuri" to Support Resolution of Social Issues through Products and Competitiveness	Brand Management Committee	Continue to create value through active dialogue with our key stakeholders: customers, society, and employees	Customers: Expansion of technical proposal and training options for domestic and overseas business partners Society: Promote activities that link customer feedback to the development and improvement of products and services and the provision of information Employees: Promote initiatives to gather a wide range of employee ideas and apply them to our business					 	
			Executive Vice President	Promote innovation in business concepts and production/business processes from a medium- to long-term perspective for sustainable growth	Establish programs to develop and create innovative human resources ● Establish AP innovation programs and systems to accelerate and promote creation of new business ● Develop a foundation for fostering an innovative organizational culture and developing innovative human resources				
	Business Divisions/Units in charge	Create new value and contribute to the sustainable development of society by taking on the challenge of solving social issues through our products and services	Rate of high thermal insulation window use (for single-family houses) ◇2	70 %	75 %	79 %	90 %	 	
Rate of vinyl window use (for single-family houses) ◇2			31 %	31 %	35 %	41 %			
				Ratio of sustainable product ⁴ sales ◇3		38.4 %	37.8 %	40.3 %	43.1 %
"Trust/Reliance" to Fulfill Social Responsibility	Compliance Committee	Conduct business activities ethically and with integrity by ensuring compliance with laws, regulations, and social norms under a global governance system	Number of sites implementing YKK Global Criteria of Compliance (YGCC) ◇3 *Number in parentheses indicates number of sites where internal audits have been conducted	55 (20)	56 (27)	57 (27)	53 (27)	 	
			Expand and enhance content of compliance training ● Conduct compliance video training and e-learning for all employees						
	CRO Risk Committees (5)	Increase resilience through risk management that enhances management transparency and honest and fair corporate governance, in addition to responding to unforeseen events	Strengthen the CRO-led risk management system and speed up the response to emergencies Review BCP on an all-hazards basis ● Responses to infectious diseases, major natural disasters, supply chain interruptions, cyber incidents, etc. ● Recovery and operation through reliable management after the BCP is activated					 	
Manufacturing Division PJ			Contribute to reducing environmental impact and mitigating and adapting to climate change by promoting a decarbonized, recycling-based society and expanding sales of environmentally friendly products	YKK AP CO ₂ emissions ◇3	325 kt CO ₂	304 kt CO ₂	285 kt CO ₂		275 kt CO ₂
	Waste output (manufacturing sites) ◇3 * Figures in parentheses represent units of intensity	15.9 kt (3.57 t/100 million yen)		15.4 kt (3.03 t/100 million yen)	17.4 kt (3.23 t/100 million yen)	17.0 kt (2.94 t/100 million yen)			
	Water consumption (manufacturing sites) ◇3 * Figures in parentheses represent units of intensity	9.8 million m ³ (2,205 m ³ /100 million yen)		8.9 million m ³ (1,749 m ³ /100 million yen)	8.3 million m ³ (1,538 m ³ /100 million yen)	8.2 million m ³ (1,419 m ³ /100 million yen)			

Details of our materiality promotion system are available on our website.
<https://www.ykkapglobal.com/en/company/management/materiality/#system>

*1: Until FY2021, calculated based on the Ministry of Health, Labour and Welfare's Basic Survey of Gender Equality in Employment Management.
 From FY2022 onwards, calculated in accordance with the method of publication under the revised Act on Childcare Leave and Caregiver Leave.
 For FY2022, the number of employees who took childcare leave across fiscal years is included.

*2: In FY2021 and FY2022, the survey was conducted for business partners with whom an agreement on the Basic Transaction Principles had been concluded.

*3: In FY2023 and FY2024, the survey was conducted for large-lot business partners and business partners that handle particularly important materials and components.

*4: Defined as architectural products that contribute to achieving the SDGs by solving priority social issues such as energy conservation, easy installation, disaster prevention/mitigation, safety/security, and health/hygiene.

"Human Resources" to Support Sustainable Growth

Respect for 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 that, while sharing the fundamentals of the YKK Group policy, takes into account human rights related 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.

Reviews and impact assessments relating to human rights

By assessing new human rights risks, the Human Rights Working Group (WG) established within the Compliance Committee is working to ascertain the current situation and evaluate these risks' importance and severity. In FY2023, a human rights impact assessment was conducted for employees in Japan. In accordance with the YKK Global Criteria of Compliance (YGCC), the YKK Group's compliance standards based on ISO 26000, human rights risks were identified by mapping an assessment of severity and likelihood of occurrence for each human rights issue. Based on the results of the assessment, we have established a governance system and preventive and corrective measures to reduce risks related to "long working hours," "discrimination," "harassment," "workplace accidents," and "leakage of personal information," and

[Details of the YKK AP Human Rights Policy are available on our website.](https://www.ykkapglobal.com/en/sustainability/society/humanrights/policy/)

are stepping up our efforts accordingly.

In addition to the risks identified in the human rights impact assessment, we are also pursuing zero-tolerance initiatives in the areas of "child labor," "forced labor," and "emergency planning and fire safety."

With regard to industrial health and safety initiatives in Japan, we continue to conduct regular equipment and machinery safety audits every three years to ensure the intrinsic safety of our equipment. In addition, Safety Patrol Day, in which the President and plant managers make safety patrols of workplaces, is held every year as a YKK Group-wide initiative. Since FY2023, we have provided training to workplace leaders to incorporate hazard prediction into their training, further strengthening safety awareness. As a result, the industrial accident incidence rate for FY2023 was 0.10*.

Regarding the supply chain, in FY2023, we began exploring the implementation of risk assessments. In FY2024, we are proceeding with a human rights impact assessment for our overseas employees.

*Data from YKK AP Group (Japan). The number of work-related fatalities and injuries that result in one or more days of absence from work or the loss of a body part or its function. Calculated by dividing the number of fatalities and injuries due to industrial accidents by the total number of actual working hours and multiplying by 1,000,000.



On Safety Patrol Day, President Uozu makes patrols to confirm safety measures at a plant

The "forest management" approach handed down to the present day

Based on the idea of "autonomy and coexistence," YKK Group creates systems and environments in which every employee can demonstrate their full potential, regardless of age, gender, educational background, and so on. It was Tadao Yoshida, YKK's founder, that proposed the idea of "Forest Management." Forest Management means that just as there are both large trees with years of experience and the tree rings to show it, as well as young trees with thin trunks, each works to its own particular strengths, moving forward together. As such, it is an approach in which everyone is both a worker and a manager (with a sense of participation in the business). This is one of the key ideas of the YKK Group's philosophy, the CYCLE OF GOODNESS which has been passed down to the present.



Human Resources Strategy

We are implementing human resource strategies centered on well being management based on the CYCLE OF GOODNESS®. We aim to be a company that is sought out by a wide variety of people by implementing policies from the following four perspectives: (1) making the workplace employee-friendly, (2) investing in talent, (3) providing growth opportunities, and (4) creating job opportunities.

In terms of (1), making the workplace employee-friendly, we are promoting varied work styles and diversity & inclusion by strengthening the efforts of the Work Style Reform Committee and the Workplace Improvement Committee. For (2), investing in talent, in addition to existing training programs, we are restructuring our education system to foster creativity and conceptual improvement and to develop global human resources. (3), providing growth opportunities, involves strengthening support for individual career formation and development. Finally, in terms of (4), creating job opportunities, we will improve our personnel system and operations, increase the take-up rate of annual paid leave, and



implement measures to strengthen recruitment.

We have established employee engagement and other key items as indicators to measure the degree to which these goals have been achieved, and we perform regular progress checks accordingly.

Key items in YKK AP's human capital management

(1) Human resource strategies to create innovation	<ul style="list-style-type: none"> Developing, securing, and energizing engineers who will take on the challenge of new technologies (technology) Human resources (sales and administration) to create and commercialize new business models
(2) Management strategy and human resource strategy to drive global growth	<ul style="list-style-type: none"> Mechanisms for developing the next generation of co-creative management and executive personnel Developing and securing human resources to drive new businesses and overseas operations (bases and factories)
(3) Implementing mechanisms and measures to increase employee engagement	<ul style="list-style-type: none"> Creating a workplace environment that fosters employee satisfaction and fulfilling work
(4) Establishing and operating a flexible personnel system that is responsive to management strategy	<ul style="list-style-type: none"> Establishing a flexible personnel system to accommodate new work styles Establishing a talent management system for strategic personnel assignment and development

YKK Corporate Philosophy

The YKK Group's corporate philosophy is the CYCLE OF GOODNESS®
We are an organization that...

1. Is like a forest
2. Thinks of capital as a loan
3. Promotes technological innovation
4. Respects humanity
5. Expands and improves its management base

A Group with respect for humanity

YKK's founder Tadao Yoshida explained the "YKK Corporate Philosophy" to employees at a meeting in February 1981 (left). The first point is "a group like a forest," and the fourth, "a group that respects humanity," is a phrase that is commonly used as part of today's concept of diversity and inclusion (below).

"We will not discriminate on the basis of race, gender, religion, occupation, social status, or any other grounds. With faith and propriety, we will respect each other's abilities, maintain a strong work ethic, build mutual trust, work together, learn together, and move forward as one, based on the laws, customs, and practices of all nations of the world."

"Human Resources" to Support Sustainable Growth

Diversity & Inclusion

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 addition to promoting systems such as flextime work and telework, a system has been in place since FY2022 that allows employees to apply for a change of work location if they wish to accompany their spouse on a job

transfer, allowing them to continue their careers without having to resign. In addition to establishing environments and designing systems that enable a diverse range of human resources to play an active role, as priority issues, we are striving to strengthen the hiring of female employees and support their career development, as well as to expand and consolidate the employment of persons with disabilities.

Activities and environmental improvements for promoting the active participation of women

We have continued our career development support program for female employees, "AP Women's Career Development Program," with 225 employees participating in FY2023. This program supports participants in their long-term career development.

role models, and exchange information with others who are facing the same problems, helping to alleviate their worries and concerns about assuming a management position. In FY2023, 64 employees participated in exchanges on such themes as "an exchange of views with female managers" and "an exchange of views on balancing work and childcare/nursing care."

In addition, at the "AP Career Café," which is open to participants in the program who wish to attend, attendees were able to talk with women in management positions, as female

Evolution of our Overseas Companies Structure

As a company that operates globally, in 12 countries and regions around the world, YKK AP is promoting the appointment of local employees to management positions at its overseas companies. As we aim to become a global leading company, it is essential to have human resources who empathize with our corporate philosophy and have a deep

understanding of the culture and background of each country or region, and a locally grounded approach to management is the key to providing optimal products and services to local customers. Local human resources are already serving as senior managers at YKK AP AMERICA, YKK AP(China), DALIAN YKK AP, YKK AP TAIWAN, and Bhoruka Extrusions (India).

YKK AP CO., LTD.

Local employees, including management, respond quickly to local needs and changes in the market



YKK AP CO., LTD.
President
Liu Zhaohui

The YKK AP China Group actively promotes local human resources to management and department head positions, attracting motivated and capable employees. We feel that the deep involvement of local employees (including senior management) has led to more efficient internal communication, faster decision-making, a substantial improvement in employee motivation, and a strengthening of core competencies.

In terms of development, local employees are uniquely able to understand the needs of local customers, making it easier to develop products that meet customers' demands, and so approach the market more effectively. With respect to sales, it is easy for them to communicate with business partners, which makes a significant contribution to expanding business areas and sales channels. In the new construction business, we have deepened our efforts in the luxury residences market, and our door and window products have been used in landmark properties throughout China. Since 2018, we have been expanding our areas of business in collaboration with a leading Chinese real estate company. The Chinese government is aiming to achieve carbon neutrality by 2060, and we are actively responding to the government's call, focusing on the development and widespread adoption of high thermal insulation products. In response to the needs of the real estate market, we are also working to address not only the high-end market, but also the mid-range market with cost-effective products. Amidst the need for even greater cooperation between production, sales, technical and administrative divisions, we have high hopes for the contributions of our local employees.

Establishment of a Fulfilling Working Environment

In addition to improving workplace environments at regional and manufacturing sites, we are introducing systems and establishing environments in which each employee can fully demonstrate their abilities, including the development of personnel systems, measures based on our human resource strategy, salary revisions, and the expansion of qualification

allowances and support for qualification acquisition. Salary increases in FY2023 were approximately 6.5%*, and starting salaries in FY2024 were about 10% higher on average. Production line workers have also been provided with company smartphones to facilitate information sharing and communication.

*Includes newly instituted position allowances, etc.

Employee engagement

In Japan, we have been conducting an engagement survey of YKK AP Group employees, excluding temporary employees, since FY2021. Although FY2022 saw a decline in engagement to 49%, this figure rose to 50% in FY2023 with a reduction in overtime rates and an increase in the take-up rate of annual

paid leave. Engagement as measured in this survey is considered one of the most important items with respect to human capital, and we will conduct follow-up on an ongoing basis.

YKK AP AMERICA INC. Valuing Every Employee Increases Engagement and Productivity



YKK AP AMERICA INC. (right)
Oliver Stepe

YKK AP AMERICA INC.
Senior Vice President and Chief Human Resources Officer (left)
Patrys Wiid

Oliver Stepe, President and CEO, and Patrys Wiid, Senior Vice President and Chief Human Resources Officer, who oversees human resources, will introduce YKK AP America Inc., a company with one of the highest levels of employee engagement in the YKK AP Group.

management and supervisors in an informal manner. This is not a meeting to discuss business matters, but an opportunity to ask what support they need in the workplace to be successful in their role and to provide an opportunity for the employee and the manager to connect in more informal manner.

Step: It may sound simple, but talking about and listening to negative opinions about the company is important. We are implementing this challenging initiative for all employees, including hourly employees in our manufacturing departments.

Wiid: Currently, we have achieved 100% participation in the CARE Conversation program. In addition, we feel that the manufacturing division is seeing positive results, as it is linked to higher engagement and there are signs of improvement in turnover. Other programs we have introduced include an employee recognition program called "Kudos," which stands for praise and appreciation, in which employees express their gratitude to their coworkers and are recognized for actions based on the company's core values.

Step: My goal is to create a company that is open and inclusive to all employees as well as customer satisfaction. I see improving employee engagement as a top priority.

Step: We started operations at our new residential plant in the U.S.A. at the end of 2023 and launched a new line of vinyl windows shortly thereafter. It was a turning point that opened up a new working environment for our employees, but we believe we were able to overcome it because of our high employee engagement.

Wiid: In 2016, when we started to conduct surveys, the engagement was 66%, but by 2024 it had risen to 72% with employee survey participation of 91%. Many employees are highly motivated in their work.

Wiid: We believe that taking care of our employees also means that they take care of our customers. That should be a key driver for expanding our business through increased sales and productivity in our day-to-day operations.

Step: The key to increasing engagement is to listen to employees' opinions, including critical ones, acknowledge them, and make improvements where possible. And we must continue this cycle.

Step: In business, how each and every employee can grow as an individual and as a professional is important, and I believe that the YKK AP Group as a whole must work to improve employee engagement, which is a core pillar of "Evolution 2030."

Information on health management is presented in the Sustainability Data Book.
<https://www.ykkapglobal.com/en/sustainability/activities-data/data/social/#section04-01>

"Human Resources" to Support Sustainable Growth

Development and Training of Human Resources to Create New Value

Enhancing employee training

We are enhancing our training for employees in order to improve their individual skills and develop human resources who can contribute to our business and organization. In addition to providing digital and IT literacy education for all employees, the "Value Creation Academy" for developing

[Details of the YKK AP training systems are available on our website.](https://www.ykkapglobal.com/en/sustainability/society/hr-strategy/#training)
<https://www.ykkapglobal.com/en/sustainability/society/hr-strategy/#training>

Career development support

YKK AP supports career development to encourage autonomy and growth on the part of every employee. We are implementing a variety of measures in this regard, such as "career interviews" to discuss future career plans with superiors, a "common mentor" system that allows employees to discuss career-related concerns with company colleagues in the same position who face the same issues, and support aimed at developing the next generation of human resources who will lead our business, including sending employees to study at graduate schools (doctoral and master's degrees) in Japan and overseas, and support for studying abroad on MOT and MBA programs.

In addition, since FY2023, we have been enhancing our "Career Plan Declaration" program. This is aimed at supporting the career development of employees by allowing them to think about their own careers, registering their strengths and future aspirations in the talent management system, and using this information as a basis for transfers, assignments, and the

future business leaders, and "level-stratified training" for newly appointed managers and leaders, we also support opportunities for self-development, such as 6-month online English conversation training and e-learning for DX and IT-related knowledge and business skills.

provision of educational opportunities.

In addition, in the context of the abolition of the mandatory retirement age system and the resolution of career issues for each age group, we are expanding the scope of career training, which used to be conducted at milestone ages such as 40 and 50, to include the third year of employment, 30, and 60 years of age.

Meanwhile, in May 2024, we launched the "Technical University of YKK AP," an in-house university, to provide growth opportunities and career development support to employees involved in the manufacturing division. For approximately seven months (three hours per week), students learn basic knowledge and skills related to the type of work they wish to do. After completion of the program, we will provide support for individual career development through job transfers and further learning opportunities, and this will also help in identifying human resources from manufacturing sites and strengthening frontline capabilities.

Voice Comments from an employee who obtained a Ph.D.



Environmental Technology Office
 Architecture and Wellness Technology Group
 Technical Research Division
Naoko Kishimoto

I completed my Ph.D. at the University of Tokyo, where I conducted research on methods for assessing the impact of the thermal, light, and visual environmental performance of windows and doors on the comfort and energy conservation properties of residential buildings. Through this research, I developed methods to quantitatively evaluate the effects of windows on comfort and energy conservation properties. I hope to keep working toward the development of buildings that offer comfort and energy conservation, and to propose windows that suit the characteristics of particular locations and the people who live there.

Voice Voice from a senior employee



Aluminum Profile Manufacturing Department, Extrusion Line
 Kurobe Plant
 Manufacturing Division
Tetsuo Tanii

I am in charge of die management and calibration for aluminum extrusion. As I will turn 65 in 2024, I have decided to "choose my own work style," including the timing of my retirement, taking my family and my own health into consideration. Now, as a calibration instructor, I assist the line manager in teaching and training die calibrators. I hope to contribute to the workplace by passing on my own knowledge and skills to future generations to help them develop their careers.

"Monozukuri" to Support Resolution of Social Issues through Products and Competitiveness

Co-creation with Stakeholders

As part of our corporate management, which is grounded in our Purpose, we have established a Multi-Stakeholder Policy that emphasizes the co-creation of value with a diverse range of stakeholders. We strive to improve our corporate value by using dialogue with stakeholders, conducted as necessary, to support innovation in our operations and improvements in product quality.

[Details of our Multi-Stakeholder Policy are available on our website.](https://www.ykkapglobal.com/en/sustainability/society/stakeholder-communication/multistakeholder/)
<https://www.ykkapglobal.com/en/sustainability/society/stakeholder-communication/multistakeholder/>



Provide better products and services

In addition to verifying product value from the consumer's perspective, we share inquiries and opinions received by the Customer Service Center with relevant company departments to improve our products and services. Furthermore, at our showrooms, where customers can actually see, touch, and feel our products, we suggest the products best suited to their needs.

Since April 2024, our quality management system has been undergoing a thorough renewal. Quality management will be further enhanced by integrating product defect information previously administered by individual business divisions into a common company-wide database. In addition, to ensure that our products can be used safely over the long term, we are working to improve and standardize the quality of our maintenance services, as well as continuing to raise awareness about safety through regular reminders on social media, our website, and advertisements.



Showroom



Raising awareness of product-related accident prevention on our website



Sustainable business initiatives through partnerships

For our business partners, we hold "Policy Briefings" every year in various locations throughout Japan to explain our business performance and policies for the fiscal year. In addition, we have established a "Business Partners Association" and an "Association of Performance Improvement Renovation" for the purpose of promoting mutual sustainable growth and market expansion. Network-based exchanges of information and collaborative initiatives will also be used to further promote our business. Furthermore, together with MADO (Window) Shop, which handles window remodeling, we exchange opinions on product planning and improvements and enhancements to existing products.

YKK AP also operates the Partners Support Studio, where we propose technologies to professional users, at the Kurobe Ogyu Plant. 2024 marks the studio's sixth year of operation, and it has achieved 5,000 visitors to date.



FY2023 Policy Briefing



Partners Support Studio

"Monozukuri" to Support Resolution of Social Issues through Products and Competitiveness



Suppliers and vendors

Promotion of social responsibility in our supply chain

Each year, YKK AP hosts a "Procurement Policy Briefing" for suppliers to give them an explanation of the company's performance and policies. In FY2024, the Global Procurement Department was established in the Manufacturing Division. This department will work to enhance the competitiveness of the products we procure by expanding our supply chain, both in Japan and overseas.

In FY2013, in a joint effort with the "YKK AP Group Installation Cooperative," which is composed of specialists in the installation of sashes and curtain walls for commercial buildings, we established "Installation Skills Training Academy" at two sites. In addition, with the aim of resolving the shortage of sash and curtain wall installation technicians, we operate "DO SPACE" Exterior Installation Academies at three sites in Japan. These academies work to train installation technicians and pass on installation skills.



Local communities

Promoting social responsibility as a corporate citizen

Underlying YKK AP's corporate activities is the philosophy of the CYCLE OF GOODNESS®, which states that "no one prospers without rendering benefit to others." In accordance with this philosophy, we consider "co-existence with the regional community" to be essential, and are engaged in social contribution activities through our business, including safe operations and awareness of the environment and noise pollution, at all of our locations and divisions in Japan and overseas. We aim to contribute to the development of local communities and the resolution of issues by implementing and sustaining activities that meet the needs of each community, such as locally-based volunteer activities, environmental conservation activities, and support for the education of the next generation, who will take on the burden of our future.



Employees

Dialogue with management, and the Employee Stockholding Association (YKK "Koyu-Kai" Partnership)

As a means of strengthening the foundation for all employees to head in the same direction, the YKK Group has established opportunities for dialog between management and employees. In the roundtable meetings held annually since FY2021, members of management make in-person visits to each location in Japan and overseas companies to engage in reciprocal communication with employees. In FY2023, these meetings were held a total of 41 times at 34 locations, with more than 400 participants. In addition, under the management philosophy of YKK's founder, Tadao Yoshida, that "stocks are certificates for participating in business," we have established the YKK "Koyu-Kai" Partnership (employee stockholding association), in which about 80% of all eligible individuals participate. Reports on management performance and Q&A sessions, etc., are conducted in meetings held twice each year.



FY2023 Procurement Policy Briefing



"Installation Skills Training Academy (Saitama Academy)," newly established at the Saitama Factory in April 2024



"DO SPACE Kyushu," newly established at the Kyushu Plant in September 2023



Qualified employees serving as instructors at a local practical skills workshop



A donation of food items to a nearby nursing home by DALIAN YKK AP



FY2023 roundtable meeting



FY2023 meeting of the YKK "Koyu-Kai" Partnership

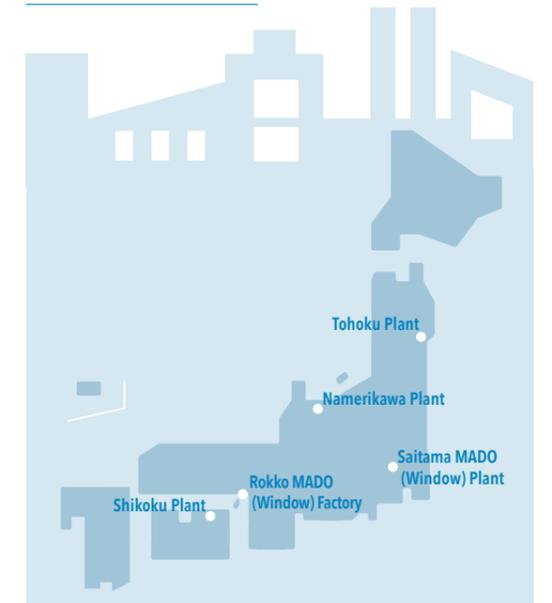
Generating Innovation

Shift of the APW 330 to a "One Factory" system

APW 330 vinyl windows, YKK AP's flagship product, are manufactured at five sites nationwide. From February 2024, the APW 330 has been shifted to a "One Factory" system, in which all of these sites are centrally managed. Previously, when an order for APW 330 windows was received, production was performed at the manufacturing site closest to the delivery destination. However, with the introduction of the "One Factory" system, production is performed at the most efficient site as determined by the system based on various conditions, such as the order production situation at each manufacturing site and the distance from the manufacturing site to the delivery destination. In addition to preventing delivery delays and reducing delivery costs, the production control personnel assigned to each manufacturing site can now work on other tasks.

From June 2024, we are also implementing a "One Factory" system for Mado Remo - PLAMADO U Inner Windows. We plan to gradually introduce the system for other products for which demand may be concentrated at certain times of the year.

A system for centralized management of five manufacturing sites
Shift to a "One Factory" system



Improving logistics efficiency and productivity

In October 2023, we opened the Tokyo Metropolitan Area DC, a storage-type logistics site for residential windows, doors, and exterior products, in order to realize a stable supply system ahead of the "2024 Problem" in logistics. Until now, products for immediate delivery in the Tokyo metropolitan area have been sent from regional manufacturing and logistics sites in the evening of the day the order is received, arriving during the night at the Tokyo Metropolitan Area TC (Transfer Center) (Saitama Prefecture), a pass-through logistics center, from where they are sorted and delivered. The Tokyo Metropolitan Area DC ensures lead times and reduces the number of overnight long-distance shipments through inventory

management based on demand forecasts in which shipment status is subdivided by item and by area.

Shelf-transporting robots have been installed on the premises, and a Goods To Person (GTP) system, in which robots carry inventory storage shelves to the operators, is in operation. Workers can perform picking and sorting for 100 trucks at once while remaining in their fixed positions, leading to labor and personnel savings. The same technology is also scheduled for introduction at a new vinyl window plant in the U.S.A., which began operations in December 2023.

Going forward, we will continue to promote logistics DX and robotics with the aim of achieving sustainable logistics.



"ESR Kazo Distribution Center 2," where the Tokyo Metropolitan Area DC is located



Shelf-transporting robots operating at the Tokyo Metropolitan Area DC

"Monozukuri" to Support Resolution of Social Issues through Products and Competitiveness

Product Development for Solving Social Issues

YKK AP's 6th Mid-term Business Policy calls for "Providing Social Value through Products and Realizing Manufacturing Reform," and in addition to providing value to stakeholders, the company is developing products that contribute to solving social and environmental issues in each country and region.

Climate change (high thermal insulation)

YKK AP is rolling out high thermal insulation products to address climate change. The APW vinyl window series, our flagship product line, as well as Mado Remo - PLAMADO U Inner Windows, a remodeling product that attaches a vinyl window to the inner side of a window, contribute to reductions in energy used for heating and cooling by improving the thermal insulation performance of windows and doors. In addition, EXIMA 55 aluminum-vinyl composite windows for commercial buildings are scheduled for launch in September 2024. In the future, we will also work to achieve higher thermal insulation performance in mid- and high-rise constructions.

Shortage of technicians caused by population decline

YKK AP is developing easy-installation products that will help resolve the aging workforce and personnel shortages in the construction industry, problems that are growing more serious as the Japanese population declines. The window remodeling product Kantan Mado Remo (easy window remodeling) allows window replacement using existing window frames. SYSTEMA 81u, a unitized curtain wall for mid-rise buildings launched in January 2024, can be mounted using the unit installation method, in which finished units manufactured using an integrated production system at the factory are lifted into place by a crane, eliminating the need for scaffolding at the construction site. Shortening installation time in this way will lead to labor savings for installation technicians.

Increasingly frequent and severe natural disasters

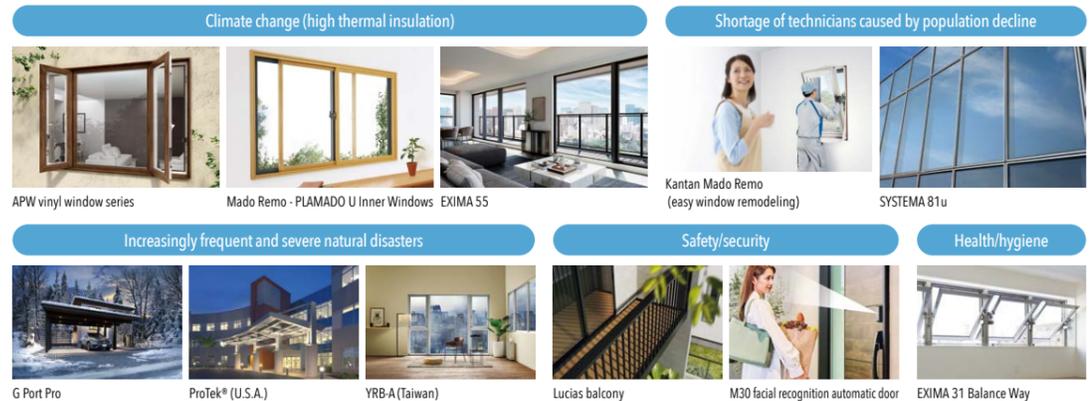
In preparation for typhoons, heavy rains, heavy snow, and other natural disasters, which are becoming increasingly frequent and severe, YKK AP has created a lineup of products tailored to individual countries and regions. In addition to the G Port Pro Series of carports with industry-leading snow and wind resistance, we also offer the ProTek® series of hurricane and explosion-proof products in the U.S.A. Meanwhile, in Taiwan, where typhoon damage is common, the YRB-A sash, with high watertight performance, is a core product.

Safety and security, health and comfort

We are also putting our efforts into developing products that contribute to users' safety, security, health, and comfort. Lucias balconies are a product designed to prevent children from climbing up and falling. The M30 facial recognition automatic door, the industry's first automatic door for single-family houses to be equipped with a face recognition key, is linked to a linear system that opens and closes magnetically, providing both safety and convenience.

Ventilation is important in improving the quality of the indoor environment and creating hygienic living spaces. Interior comfort is enhanced by ventilation doors, which let in natural breezes even while the doors are closed, and natural ventilation windows (balance way), in which the screen itself is balanced to efficiently ventilate the room.

Main products to address social issues



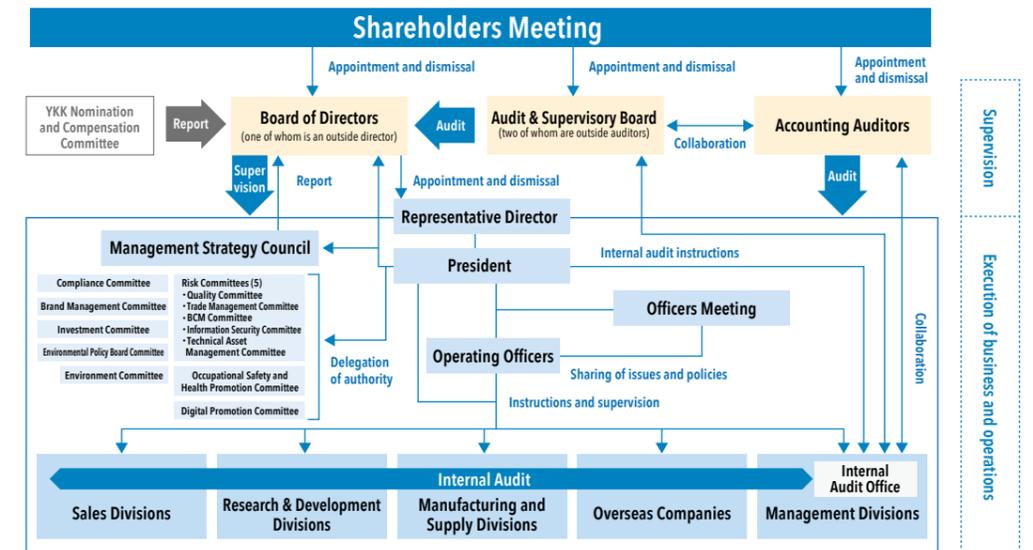
"Trust/Reliance" to Fulfill Social Responsibility

Fair Business Practices

We aim to enhance our corporate governance system to further increase corporate value.

Based on an organizational system in which the Board of Directors serves as the decision-making and supervisory body and the Audit & Supervisory Board serves as the auditing body, YKK AP has adopted an Operating Officer System to promote the execution of business and operations.

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 carry out business appropriately 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 operations via the separation of management and execution. While directors dedicate themselves to realizing total optimization, operating officers execute individual businesses and operations with responsibility and authority, in accordance with the policies resolved on at the Board of Directors.

Main committees for executing business/duties

Committee	Number of committee members	Number of meetings in FY2023
Compliance Committee	16	2
Brand Management Committee	33	2
Investment Committee	10	12
Environmental Policy Board Committee	12	1
Environment Committee	54	4
Quality Committee	6	4
Trade Management Committee	13	3
BCM Committee	14	3
Information Security Committee	11	4
Technical Asset Management Committee	10	3
Occupational Safety and Health Promotion Committee	28	—
Digital Promotion Committee	38	—

YKK Nomination and Compensation Committee

Members: 5 (including 2 outside directors)
 Number of meetings in FY2023: 10

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. 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.

Details of the main committees are presented in the Sustainability Data Book.
<https://www.ykkapglobal.com/en/sustainability/activities-data/data/governance/#section01-08>

*Number of committee members as of June 2024

"Trust/Reliance" to Fulfill Social Responsibility

Directors and Board of Directors (as of June 2024)



Chairman of the Board
Chairman Representative Director
Director, YKK Corporation
Hidemitsu Hori



President Representative Director
Akira Uozu



Vice Chairman Director
Shinichiro Yamaji



Director
Executive Vice President
Kosuke Iwabuchi



Director
Executive Vice President
Shuichi Mizukami



Director
Executive Vice President/
Head of Manufacturing Division
Hiroshi Abe



Director
CHRO (Chief Human Resources Officer)
Kazuo Matsutani



Director
Chairman, YKK Corporation
Masayuki Sarumaru



Director
Executive Vice President
Koichi Ebihara



Director (outside)
Tomoko Inoue

Personal histories of directors and their attendance at meetings are presented in the Sustainability Data Book.
<https://www.ykkapglobal.com/en/sustainability/activities-data/data/governance/#section01-04>

Board of Directors meetings in FY2023

Number of meetings	14 (including extraordinary meetings)
Average number of agenda items	10
Average time per meeting	3 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 Japan and overseas affiliated companies

Policy on determination of compensation for directors

In order to raise awareness of ensuring consistency between sustainably increases in corporate value and paying stable dividends to shareholders, as well as improving business performance, YKK AP's basic policy is to set compensation for directors in consideration of the company's results and to

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 FY2023 are shown on the left. In order to promote active discussions, important matters are discussed at the Management Strategy Council 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 FY2023).

In an effort to ensure transparency in the Board of Directors and further enhance corporate value, we appointed a new outside director in FY2024.

determine the appropriate level of compensation for each director in accordance with their responsibilities. Specifically, directors' compensation consists of base salary and officers' bonuses as short-term compensation and retirement benefits as long-term compensation.

Audit & Supervisory Board and Members (as of June 2024)



Chairman of the Audit & Supervisory Board
Audit & Supervisory Board Member (outside)
Fuminao Hachiuma



Audit & Supervisory Board Member (full-time)
Hisao Miyamura



Audit & Supervisory Board Member
YKK Corporation Audit & Supervisory Board Member (full-time)
Kiyotaka Nagata



Audit & Supervisory Board Member (outside)
Mina Sekiguchi

Personal histories of Audit & Supervisory Board members and their attendance at meetings are presented in the Sustainability Data Book.
<https://www.ykkapglobal.com/en/sustainability/activities-data/data/governance/#section01-04>

Audit & Supervisory Board meetings in FY2023

Number of meetings	14 (including extraordinary meetings)
Average number of agenda items	3
Average time per meeting	1.5 hours
Key audit items	<ul style="list-style-type: none"> Business promotion initiatives Initiatives to establish a common infrastructure for AP business Business management system for overseas affiliated companies Initiatives to strengthen the quality assurance system Safety management system Sustainable management initiatives Strengthening the business management system for domestic affiliated companies

The Audit & Supervisory Board, which consists of four Audit & Supervisory Board members, held 14 meetings in FY2023 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.

Skill matrices

Category	Name	Company management	Global	Specialist field				
				Sales and marketing	Manufacturing and technology	Financial and accounting	Organization and personnel	Legal and compliance
Director	Hidemitsu Hori	●	●	●		●	●	
	Akira Uozu	●	●	●				
	Shinichiro Yamaji			●				
	Kosuke Iwabuchi		●			●	●	●
	Shuichi Mizukami				●			
	Hiroshi Abe				●			
	Kazuo Matsutani			●	●		●	
	Masayuki Sarumaru	●	●	●			●	
	Koichi Ebihara			●				
	Tomoko Inoue (outside)					●	●	●
Audit & Supervisory Board Member	Fuminao Hachiuma (outside)	●	●	●			●	
	Hisao Miyamura		●			●		
	Kiyotaka Nagata					●		
	Mina Sekiguchi (outside)		●	●		●	●	

Note: The above does not represent all of the expertise, knowledge, or experience possessed by each individual.

"Trust/Reliance" to Fulfill Social Responsibility

Roundtable Discussion: Chairman of the Board and Outside Audit & Supervisory Board Members

Incorporating an "outside pair of eyes" into decision-making and achieving growth through appropriate risk-taking



Photo, from left

Chairman of the Audit & Supervisory Board
Audit & Supervisory Board Member (outside)

Fuminao Hachiuma

He has served as Executive Officer & Vice President of Ajinomoto, President and Representative Director of J-Oil Mills, Chairman of the Japan Oilseed Processors Association, and Chairman of the Japan Foods & Biotechnology Intellectual Property Rights Center. He currently serves as an outside director of Seven & i Holdings and Subaru.

Audit & Supervisory Board Member (outside)

Mina Sekiguchi

After working for major accounting firms in Japan and abroad, she founded Resonancia LLC to promote understanding of energy. She currently serves as an outside director of PENTA-OCEAN CONSTRUCTION and as a part-time auditor at the Japan Atomic Energy Agency.

Chairman of the Board
Chairman Representative Director

Hidemitsu Hori

Outside members of the Audit & Supervisory Board, serving as an "outside pair of eyes" Advice for risk-taking with peace of mind

Hori: In 2024, YKK AP appointed its first outside director (Ms. Tomoko Inoue, Full-time Audit & Supervisory Board Member at Hino Motors). Mr. Hachiuma and Ms. Sekiguchi have served as outside Audit & Supervisory Board Members since 2023. They use their experience and knowledge to share their candid opinions from the perspective of those outside the company.

Hachiuma: As a company manager myself, I have often benefited from the help of outside members of Audit & Supervisory Boards. It is surprising what you don't realize when you are just running a business from the inside. There are things that can be seen and said only from an outside perspective.

Sekiguchi: When I was appointed as an Audit & Supervisory Board Member, I was told that they wanted my opinion on "what is normal and what is not in the outside world." As such, I am



aware of the need to serve as an "outside pair of eyes."

Hori: You have both consistently provided us with many useful observations. Particularly with regard to risk, it is very helpful

when someone points out that there has been insufficient consideration from a particular perspective.

Hachiuma: In today's environment, business managers must be willing to take more risks and move forward. However, there are key points that need to be addressed when doing so. Many of the problems that occur in society result from a lack of openness, a disparity between internal common sense and public perception, or leaks of information. I would like to offer advice on these factors that can damage corporate value, allowing management to move forward with confidence, taking risks correctly and appropriately.

Sekiguchi: Outside Audit & Supervisory Board members at listed companies give opinions on management in their capacity as representatives of a diverse range of stakeholders, including minority shareholders, vendors, and employees.

Although YKK AP is a privately held company, I am mindful of the governance of listed companies, and try to speak from a similar perspective.

With the macro environment surrounding companies changing dramatically, including social conditions and climate change, it is very difficult to move toward the next stage of growth while ensuring that everything is still done properly. I would like YKK AP to maintain its unique strengths and aim to become a privately held company with excellent governance.

For transparency in governance, obtaining information is the first step Identifying important agenda items and taking time for deliberation

Hori: YKK AP has become the market leader in window sales in Japan, and to achieve its next stage of growth, we are actively considering alliances and acquisitions to expand into new areas, including overseas markets. The lack of staffing and information may have appeared to the two of you as floundering.

Hachiuma: Well, YKK AP had a change of president last year. It is in the process of establishing new leadership and building a system that will move forward with a sense of urgency. This structure is not something that can be established overnight, and it was right to proceed even if there was not sufficient preparation.

Hori: I believe that in order to communicate to our stakeholders how we are actively moving toward growth and to ensure transparency in governance, it is first important to ascertain information within the company.

Sekiguchi: There is a need to strengthen communication and escalation, and to have a system in place to ensure that information on what is happening internally and externally reaches the management team in a timely manner. YKK AP is now working to centralize data, and it is also important to establish a system structure that shows exactly what is going on in terms of business operations.

Hori: The Board of Directors has to deliberate on and consider a large number of matters within a limited amount of time. We have given instructions to ensure that materials submitted to the Board of Directors are written in a way that is easy for everyone to understand, without using jargon or internal shorthand. I would also like to once again redefine the role of

the Board of Directors so that sufficient time can be allocated for deliberations on the company's core agenda. Going forward, we will also consider conducting effectiveness evaluations.



Sekiguchi: There is a lot on the Board of Directors' agenda, from mergers and acquisitions to capital investments, succession plans, globalization, systems, and more. It is important to identify the really important things that need to be resolved and to take as much time as possible for deliberation.

Hachiuma: It is not easy for outside Audit & Supervisory Board members to determine the specific details of each agenda item. While we make every effort to obtain information from the front lines, our role is to check the process leading up to the resolution and to ensure its legality, plausibility, and reliability. The rest is up to the executive side of things.

The question is how to create an efficient framework for future challenges while maintaining a sense of urgency.

Working for growth based on the CYCLE OF GOODNESS® while maintaining a culture of taking on challenges

Hori: What should we keep in mind when aiming to become a leading company with net sales on the order of one trillion yen?

Hachiuma: A culture of taking on new challenges is one of YKK AP's strengths, and one that I hope you will uphold. We want to support your efforts in this regard, while keeping an eye out for any pitfalls.

In moving into new areas to achieve growth, it is imperative to achieve diversity. Creating common values within that is also a new challenge. I am confident that YKK AP, with its corporate philosophy firmly in place, will be able to achieve this goal.

Sekiguchi: Future growth will require broadening in terms of both geographic area and business domains. If mergers and acquisitions are used to integrate technology and human resources, it will likely transform the company into a new YKK AP, and I believe that this is where a new order will emerge. It is my hope that, based on the spirit of the CYCLE OF GOODNESS, which YKK AP has upheld since its founding, and which can be considered its defining characteristic, the company will deliver growth in the spirit of providing good things to society.

"Trust/Reliance" to Fulfill Social Responsibility

Compliance

Compliance in the YKK Group refers to "not only observing laws and regulations and internal rules, but also complying with the social norms expected of us in the course of our corporate activities." To realize compliance management, we have established a Compliance Committee consisting of five units (Sales, Development & Technology, Manufacturing & Supply, Administration, and Overseas) to strengthen monitoring of compliance with rules, regulations, and guidelines.

In addition to regular compliance training for corporate officers, all employees receive at least two hours of compliance

training per year on topics such as curbing long working hours, eliminating harassment, preventing bribery, and complying with subcontracting laws.

For persons heavily involved in compliance work, we also provide education in specialized fields led by the relevant specialized departments and committees (personnel, purchasing, health and safety management, trade management, information security, technical asset management, the environment, etc.).

Standards for compliance activities

"YKK Global Criteria of Compliance"

YKK AP has 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 YGCC 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.



Operation of the whistleblowing system and ongoing activities to raise awareness of the system among users

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. In addition, the principle of whistleblower protection prohibits the disadvantageous treatment of any individual for making a consultation.

We are also committed to the mental and physical health of our employees, and have established a consultation service to address workplace environment problems, mental health concerns, and other health issues. Whistleblowing systems have also been established at overseas companies, with systems for consultation and notification put in place.

Furthermore, in July 2023, a new "YKK Group Supplier Reporting Contact Point" was established to provide redress for those involved with the company from human rights violations that may arise in the course of corporate activities.

Risk Management

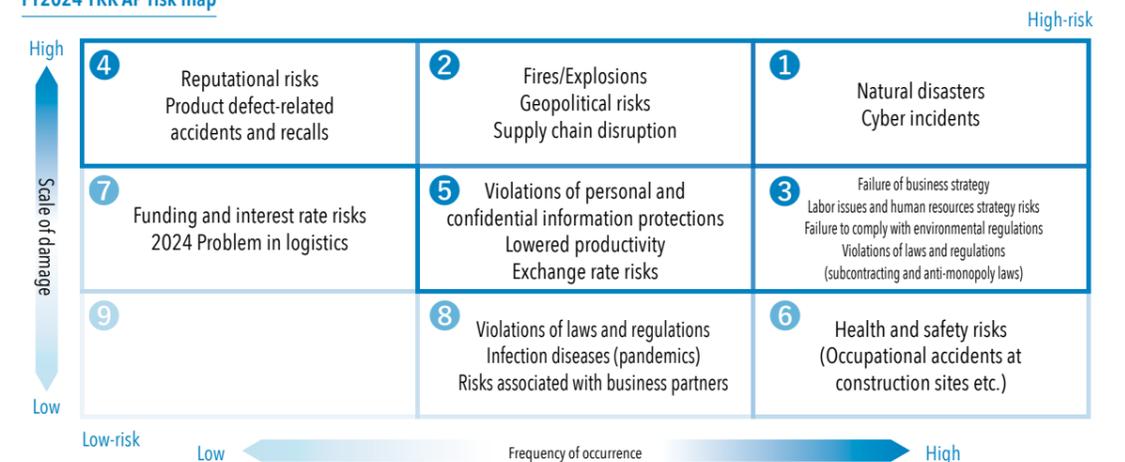
In order to strengthen the risk management system and establish a governance system for emergencies, YKK AP has formed five risk committees (Quality Committee, Trade Management Committee, Crisis Management Committee, Information Security Committee, and Technical Asset Management Committee), under the guidance of the Chief Risk Management Officer (CRO), to conduct risk management. Rules and regulations have been established for each committee and are in operation accordingly.

jurisdiction over natural disasters, fires, explosions, and social incidents, was renamed the Business Continuity Management (BCM) Committee to put a greater focus on business continuity.

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. Risks that have a significant impact on management are designated as key risk items, and policies and initiatives for damage estimates, proactive countermeasures, education and training, etc. are developed as appropriate to the nature of the risk.

In FY2024, the Crisis Management Committee, which has

FY2024 YKK AP risk map



* (1) to (5) are key risk items

Response to main key risks

Natural disasters

(earthquakes, tsunamis, typhoons, torrential rains)

External environment and potential risks

There is a risk that business activities may be disrupted due to damage from major earthquakes, windstorms, and floods. In addition to physical damage such as casualties among employees, diminished production capacity due to damage to equipment, etc., and restoration costs for such, business activities may suffer long-term stagnation due to the suspension of essential utilities, logistics gridlock, and other factors.

Initiatives

- In the event of a disaster, a task force headed by the president will be 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.
- A BCM Committee has been established to deliberate and decide on policies and measures for business continuity, and is in charge of formulating, maintaining, and updating the BCP, as well as conducting education and training.

Cyber incidents

External environment and potential risks

Trade secrets may be lost or leaked due to computer virus infections or unauthorized access, or information systems may be disrupted due to cyber-attacks or telecommunication service outages, resulting in business shutdowns. With the expansion of DX and remote work, the possibility of forced shutdowns or loss of company secrets or other data due to intrusions into information systems is increasing.

Initiatives

- Establishing and operating IT-BCP (action plan, system, escalation process, etc. based on IT-BCM guidelines)
- Establishing an incident response system (IT security system, IoT products)
- Strengthening response by setting up subcommittees in the Information Security Committee for specific roles

Supply chain disruption

External environment and potential risks

The supply chain may be affected by political and economic changes in countries around the world, such as sharp increases in energy and raw material prices arising from geopolitical risks, higher logistics costs, import/export restrictions, and significant fluctuations in foreign exchange rates.

Initiatives

- Implementing supply chain BCP, including consideration of alternative arrangements and manufacturing policies for global supply
- Measures for goods purchasing ((1) Hedging schemes and multiple purchasing (2) Regular exchange of information with suppliers, inventory policy (3) Design and application of routes to deal with interruptions to distribution networks)
- Addressing economic downturns and increased competition

"Trust/Reliance" to Fulfill Social Responsibility

Environmental Management

Environmental targets and initiatives

YKK Group has established the "YKK Group Environmental Vision 2050," which maps out the long-term orientation of our environmental initiatives. Under this vision, YKK AP has established a goal 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 four environmental issues of "climate change," "resource recycling," "water," and "biodiversity," and are working to achieve them.

As the system 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 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.

Environmental policy and action plan

YKK AP has established an Environmental Management Policy and is continuously improving its environmental management system, while also creating environmental value at all stages of the lifecycle and conducting global activities to reduce

environmental burdens aimed at achieving zero environmental impacts. In particular, we have set targets for four environmental issues (see figure below) and are taking action to achieve them.

[Environmental Issues and Initiatives]		[FY2030 environmental targets (relative to FY2013)]
 Climate change	We will be proactive in the development and sales of products that contribute to the reduction of GHG emissions and products that address climate change. We will also promote efficient energy use and the introduction of renewable energy sources to achieve zero GHG emissions from our business activities and value chain.	<ul style="list-style-type: none"> ●CO₂ Scopes 1 + 2: 80 % reduction in emissions ●CO₂ Scope 3: 30 % reduction in emissions
 Resource recycling	To minimize resource input, we will work to use materials for internal and external recycling and reduce packaging materials. In addition, to minimize waste emissions in our business activities, we will promote thorough sorting of waste and its conversion into valuable resources.	<ul style="list-style-type: none"> ●Aluminum recycling rate^{*1}: 100 % ●Vinyl recycling rate^{*2}: 100 %
 Water	To achieve sustainable use of water, we will work to recycle water in our business activities and reduce the environmental impact of wastewater.	<ul style="list-style-type: none"> ●Water use: Reduction of 36 %
 Biodiversity	We will develop individuals who can coexist with nature and contribute to local communities and society, as well as conducting environmental activities with everyone participating.	—

*1 Ratio of input of recycled materials from the market to the input of aluminum raw materials
 *2 Rate of internal reuse of internally generated vinyl scraps

The YKK AP Environmental Management Policy and environmental promotion system are presented in our Sustainability Data Book.
<https://www.ykkapglobal.com/en/sustainability/activities-data/data/environment/>

Disclosure of information under the TCFD recommendations

In January 2019, YKK AP received "2°C Target" certification from the Science Based Targets (SBT) Initiative, an international organization, and in May of the same year, YKK AP endorsed the

Task Force on Climate-related Financial Disclosures (TCFD) recommendations and has assessed the impact of its business activities in terms of both climate-related risks and opportunities and reflected them in its Management Strategy.

Governance

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 has introduced an Operating Officer System to help the company promote the execution of business and operations. 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. 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.

Strategy

In line with the TCFD recommendations, we are identifying and assessing the significant risks and opportunities that the issue of climate change poses to the AP Business.

Type	Financial impact on the business	Measures
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	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)

Risk management

Risks related to the business as a whole are assessed and reviewed once a year, prioritized by "scale of damage" and "frequency of occurrence," and each risk is managed by the relevant committee or division. Climate change-related risks (natural disasters, inadequate response to

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 BCM Committee.

Indicators and targets

In order to achieve carbon neutrality, we have set medium- and long-term goals certified by SBTi and formulated an environmental action plan to achieve them in conjunction with our mid-term business plan. In addition, under the "Evolution 2030" Vision announced in March 2023, we have brought forward our targets to reduce the company's own CO₂ emissions by 80% in FY2030 and by 100% in FY2040 (both relative to FY2013). Progress with respect to these indicators and targets is disclosed in the Environmental Report.

Indicators		Targets
Scope 1+ 2 ^{*1}	Reductions in YKK AP CO ₂ emissions	80 % reduction by FY2030 (relative to FY2013)
Scope 3 ^{*1}	Reductions in CO ₂ emissions in the supply chain	30 % reduction by FY2030 (relative to FY2013)
During product use ^{*2}	Increased contributions to CO ₂ reductions	216 % in FY2024 ^{*3} (relative to FY2020)

*1: Data from YKK AP Group (Japan + overseas)
 *2: Data from YKK AP Group (Japan)
 *3: Calculated based on the latest FY2024 plan

"Trust/Reliance" to Fulfill Social Responsibility

Addressing Climate Change

YKK AP is working to reduce GHG emissions and adapt to climate change in all of its business activities. We are proceeding with initiatives based on the carbon neutral technology roadmap developed by the Carbon Neutrality Project, which is led by an Executive Vice President. Aiming to achieve a 80% reduction in Scope 1 and 2 and a 30% reduction in Scope 3 relative to FY2013 by FY2030, we will accelerate capital investment and technological development while reviewing each platform for products and monozukuri.

Scope 1 and 2 initiatives

We are working to reduce the amount of fuel and electricity 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.

We are also working on energy creation from renewable sources, such as solar, hydro, and wind, and as of FY2023, we have increased the amount of renewable energy installed to five times the FY2021 level.

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.

As of FY2023, we have reduced Scope 1 and Scope 2 emissions by 33% relative to FY2013 levels.

Scope 3 initiatives

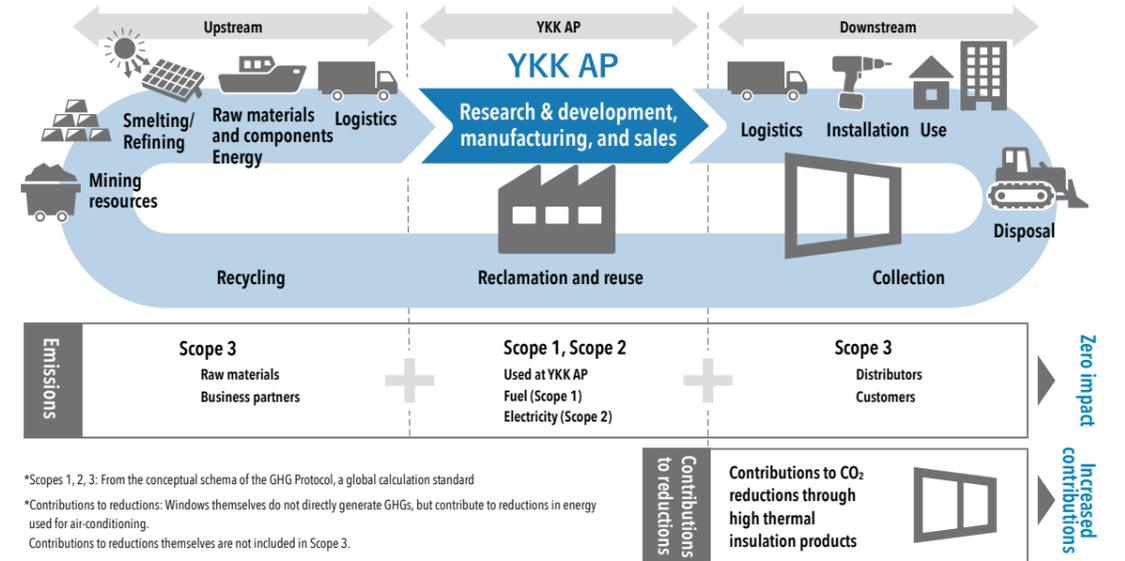
Scope 3 emissions account for the majority of the CO₂ emissions associated with YKK AP's business activities across

the supply chain as a whole. Of these, emissions from the procurement of raw materials for 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%. Furthermore, we are aiming to achieve a 100% aluminum recycling rate for materials on the market generated outside the company, and have improved this rate to 33% as of FY2023. 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 this way, we are conducting in-depth technical development of aluminum recycling through collaboration between industry, government, academia, and the private sector.

In regard to logistics, as of FY2023 we have introduced 15 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.

As of FY2023, we have reduced Scope 3 emissions by 10% relative to FY2013 levels.

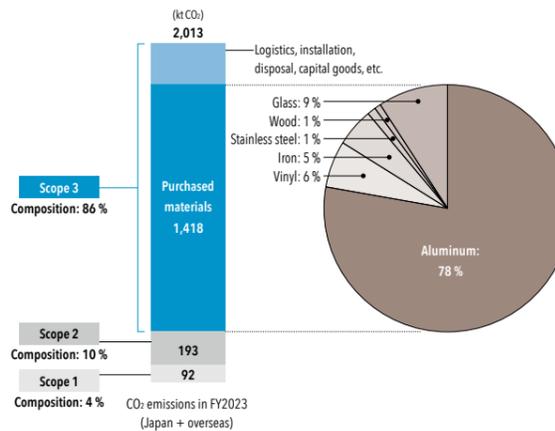
Lifecycle of YKK AP products and CO₂ emissions



*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 GHGs, 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 (FY2023)

In the supply chain as a whole, procurement of materials (smelting, 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.

Scope 1, Scope 2

Expand installation of solar power generation, small-scale hydroelectric power generation, and wind power generation

One of the six working groups of the Carbon Neutrality Project, which is part of our efforts to achieve carbon neutrality, the Energy Creation Working Group (WG) is promoting the introduction of in-house use of renewable energy on the company's own premises. To date, a total of 9,792 kW of solar and small-scale hydroelectric power generation has been installed at nine locations in Japan and overseas. Furthermore, we will accelerate the installation of renewable energy with the goal of expanding energy creation to a total of 15,300 kW by FY2024 and reducing CO₂ emissions by 7,900 tons vs. FY2020.

We are also working to further expand the use of wind power along the coast by conducting installation trials.



Left: are solar panels installed at DALIAN YKK AP CO., LTD.
 Right: is wind power generation equipment installed at the Kurobe Ekko Plant

Scope 3

Introduction of YKK AP's first aluminum recycling furnace

YKK AP is introducing recycling furnaces in order to increase the company's ratio of input of market-obtained recycled materials to the input of aluminum raw materials. While ordinary melting furnaces can melt large quantities of market-obtained recycled materials by heating them with a burner, adding large quantities of such materials leads to oxidation and increased aluminum depletion. A dedicated recycling furnace, which uses a different method than a melting furnace, can reduce the amount of wear and tear during aluminum melting.

In September 2023, the Shikoku Plant installed YKK AP's first recycling furnace and began operation. By combining this recycling furnace with our melting furnaces, we were able to increase the recycling rate for market-obtained materials generated outside the company, reaching 50% in a single month in December 2023.



Recycling furnace at the Shikoku Plant.
 At the back left is an automatic material feeder

"Trust/Reliance" to Fulfill Social Responsibility

Resource Recycling (Circular Economy)

YKK AP is working to develop products that take into account resource recycling and establish a system to provide products with low environmental impact, thereby minimizing the environmental impact generated after products are shipped, during the distribution process, during use, and after use. In addition, in order to reduce the amount of waste generated throughout the product lifecycle, we analyze the factors that cause waste to be produced and promote the sustainable use of resources by adopting the concept of the "circular economy."

Installation of RPF production equipment and expansion of operations

YKK AP has been engaged in the "3Rs"* of reducing, reusing, and recycling waste and other materials. At the RPF (solid fuel derived from paper and plastic) manufacturing facility that has been in operation at the Kurobe Ekko Plant since FY2021, a system for sorting and collecting raw materials from major plants in Toyama Prefecture has been established, and in FY2023, 212 tons of RPF was produced and sold, against a planned output of 203 tons.

As of FY2023, we had reduced the total amount of waste emissions in Japan and overseas by approximately 35%, in units of intensity, relative to FY2016.

*The 3Rs: Reduce, Reuse, Recycle



Left: RPF manufacturing equipment in operation at the Kurobe Ekko Plant. Right: Finished RPF

Social implementation of vinyl window recycling

In order to implement recycling of vinyl windows circulating on the market, thereby reducing the amount disposed of in landfills, YKK AP is participating as a member of the "Vinyl Window Recycling Committee," which is formed mainly of industry associations. The association is engaged in industry-government-academia collaboration to establish a system to collect and recycle vinyl windows after use.

Furthermore, in January 2024, it announced its "Vision for Vinyl Window Recycling." This vision sets goals such as bringing recycled products to market by the end of 2024 and utilizing 10,000 tons of recycled materials annually by 2030, and is stepping up the pace of these initiatives.



Regular meeting of the Vinyl Window Recycling Committee

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* for insulating glass, our internal recycling rate had improved to approximately 45% by the end of FY2023.

*Parts used to fit glass into sashes



Left: Vinyl scraps generated during the vinyl window manufacturing process. Right: A vinyl profile made from reused vinyl scraps (gray parts are recycled materials)

Implementation of guidelines for environmentally friendly design

To minimize CO₂ emissions throughout the supply chain, YKK AP applies its "Environmentally Friendly Design Guidelines" during product development. We evaluate and improve products with respect to the following five items over the product lifecycle: "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." In particular, with regard to packaging materials, we are expanding the use of reusable packaging materials and reducing the amount of plastic used. In FY2023, CO₂ emissions were calculated when developing new products, and further reductions were explored.

Environmental Topics

In accordance with the YKK philosophy — CYCLE OF GOODNESS®, YKK AP's social contribution activities in Japan and overseas include community-based environmental conservation activities and support for educating the next generation of children and students, who will take on the

burden of our future. In addition, we are actively working on energy conservation and energy creation to reduce our environmental impact, as well as raising awareness among our employees. Here are some of the topics that we are working on as we move toward "co-existence with the environment."

[Conservation of Biodiversity]

Contributing to decarbonization through mangrove planting (Indonesia)

As part of its social contribution activities, PT YKK AP INDONESIA has been working with related government agencies and agricultural partners in the Tangerang region to conserve mangroves since 2015. It is believed that mangroves absorb very large amounts of CO₂, thereby contributing to decarbonization, and a total of 31,000 saplings have been planted to date. The trees planted in June 2023 were of the "Bruguiera cylindrica" variety. This is a rare type of mangrove that requires protection, as it needs human assistance in the nursery and can only be seeded once a year. These environmental conservation initiatives will be conducted on an ongoing basis going forward.



Mangrove planting activities with relevant government agencies in Tangerang, Indonesia

[Supporting Education of the Next Generation]

Donations of medaka fish to local elementary schools Oshiete!! Medaka-Sensei Project (Japan)

As part of its activities to support environmental education, the Kyushu Plant has conducted the "Oshiete!! Medaka-Sensei Project" every year since 2010. Japanese medaka (ricefish), an endangered species, are bred and raised at the plant, and a cumulative total of 1,800 fish have been donated to elementary schools in Yatsushiro City, Kumamoto Prefecture, as science teaching materials, and classroom visits are also conducted. Now in its 15th year, children from the elementary schools to which fish were donated in the early years of the project have joined YKK AP. Working in the Environmental Facility Management Office, the division that oversees the project, they are now raising medaka themselves. Through social contribution activities undertaken as part of our business, we will continue to communicate the importance of environmental conservation.



Donation of medaka to an elementary school in Yatsushiro City, Kumamoto Prefecture in May 2023



Inspecting energy-saving equipment at the Kurobe Plant

[External Evaluation of Environmental Initiatives]

Achieved an "Outstanding Business Operator (Class S)" rating under the Energy Conservation Act for nine consecutive years (Japan)

Through investments in energy-conservation equipment and the installation of solar power generation equipment for self-consumption, YKK AP has achieved reductions in energy use that exceed the effort targets set as standards under the Energy Conservation Act (Act on Rationalizing Energy Use). As a result, the company received the highest rating of Outstanding Business Operator (Class S) in the Business Operator Classification Evaluation System (for submission in FY2023) conducted by the Agency for Natural Resources and Energy. This is the ninth consecutive year since FY2016, when this system was first established, that YKK AP has been awarded this rating.

Water resources and biodiversity initiatives are presented in our Environmental Report. (In Japanese only)
<https://www.ykkapglobal.com/ja/sustainability/environment/report/>