



The Founding Spirit that we value

# “To serve society with sincerity”

These words, spoken by Motomu Sekimoto, one of the two founders of Bunka Shutter, have been passed down continuously to this day and are valued as the origin of the BX Group. “Sincerity and service” were words that Sekimoto frequently used. He believed that, throughout the ages and across the world, as long as humans are to live in society, our *raison d'être* must be founded on respecting others and improving ourselves. He chose “sincerity and service” as his personal motto because he believed they contained many of the elements needed to achieve this ultimate goal. Whether a company succeeds or fails depends on how trusted it is.

The Founding Spirit, which has been passed down to this day, reminds us that we must be sincere in all aspects of our work. The BX Group has grown into what it is today by valuing the principle behind the Founding Spirit, which teaches us that serving with sincerity leads to being recognized by society and achieving further growth. Going forward, we are committed to addressing the changing social issues and contributing to the development of society by staying true to our origin of “sincerity and service.”

## Corporate Creed

**Sincerity** Sincerity is a connection between hearts. A connection of true-heartedness creates trust.

**Hard work** Hard work is a dedication to continue creating.

**Service** Service is being of use to customers and society through proactive action.

Takashi Tokai, the second of the two founders, paved a path to success from scratch through hard work alone. The BX Group Corporate Creed reflects the life philosophies of the two founders.

## Management Philosophy

**We act by always putting ourselves in the position of our customers.**

**We contribute to the development of society with excellent quality.**

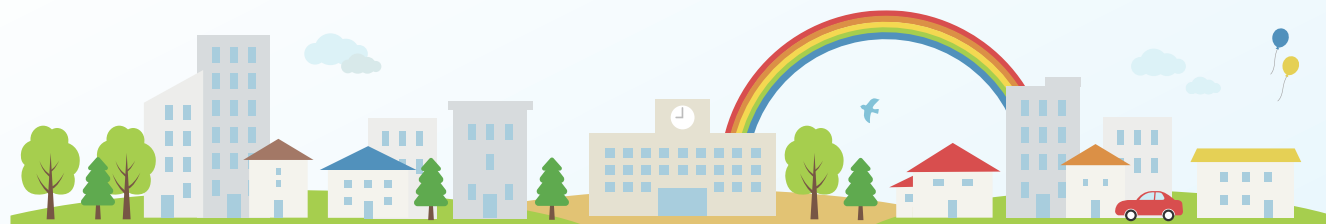
**We place importance on positiveness and harmony and move forward day by day.**

In 2017, the word “we” was added to the Management Philosophy, which acts as a code of conduct for the BX Group. Toshihiko Shiozaki, the current Chairperson of Bunka Shutter, added the “we” to strengthen the “I” message carried by the Management Philosophy as a code of conduct. He believes that the independence and autonomy of each and every employee shape the BX Group brand and become the driving force behind achieving sustainable growth. This revision reflects our hope that all employees will work to shape the BX brand by clearly envisioning the ideal state of the BX Group and embodying the Management Philosophy as a foundation for their actions.

## Corporate Brand



“B” stands for Bunka Shutter and “X” stands for the unknown, infinity and the power to multiply. Depending on what is multiplied, innovations arise which transcend conventional wisdom, and which harbor infinitely expansive possibilities. This vivid sky blue represents the expanse of blue sky that symbolizes the beauty of the global environment, as envisioned by the BX Group in our efforts to be a Comfortable Environment Creation Company.



# Company Overview

<b>Company Name</b>	BUNKA SHUTTER CO., LTD.
<b>Head Office</b>	17-3 Nishikata 1-chome, Bunkyo-ku, Tokyo TEL: 03-5844-7200 (main)
<b>Established</b>	April 18, 1955
<b>Business Activities</b>	Manufacture and sales of various shutters, house construction materials and building construction materials
<b>Capital</b>	15,051 million yen (as of March 31, 2023)
<b>Accounting Period</b>	March, annually
<b>Listing / Public Issue</b>	Tokyo Stock Exchange Prime Market (issued in Nov. 1973)
<b>Number of Employees</b>	4,958 (consolidated, fiscal year ended March 31, 2023)
<b>Nationwide Sales Offices</b>	215 offices (332 consolidated) (as of April 1, 2023)

## BX Group Businesses and Group Companies

Shutter-related products business	BX SHINSEI SEIKI CO., LTD.
	BX TENPAL CO., LTD.
	BX OKINAWA BUNKA SHUTTER CO., LTD.
Construction materials-related products business	BX KENSEI CO., LTD.
	BX BUNKA PANEL CO., LTD.
	BX TETSUYA CO., LTD.
	BX TOHOKU TETSUYA CO., LTD.
	BX TR CO., LTD.
	BX ASAHI KENZAI CO., LTD.
	BX ROOTES CO., LTD.
	BX KOUN CO., LTD.
	BX NISHIYAMA TETSUMOU CO., LTD.
BX KANESHIN CO., LTD.	
Service business	BUNKA SHUTTER SERVICE CO., LTD.
Refurbishment business	BX YUTORI FORM CO., LTD.
International business	BX BUNKA VIETNAM CO., LTD.
	BX BUNKA AUSTRALIA PTY LTD
	BX BUNKA NEW ZEALAND LIMITED
Other businesses	BX AIWA CO., LTD.

## Affiliated Companies

BUNKA SHUTTER AKITA HANBAI CO., LTD.
BUNKA SHUTTER TAKAOKA HANBAI CO., LTD.
ECOWOOD CO., LTD.
FUJISASH CO., LTD.
EUROWINDOW, JSC

## Factories 7 factories (37 consolidated)

<b>Chitose Factory</b>	776-4 Kitashinano, Chitose City, Hokkaido Prefecture
<b>Akita Factory</b>	170-3, Okawabata, Kawajirimachi, Akita City, Akita Prefecture
<b>Oyama Factory</b>	1088-1 Kamiishizuka, Oyama City, Tochigi Prefecture
<b>Kakegawa Factory</b>	2-1, Tanyo, Kakegawa City, Shizuoka Prefecture
<b>Gochaku Factory</b>	187 Fukami, Gochaku, Mikunino-cho, Himeji City, Hyogo Prefecture
<b>Himeji Factory</b>	51-1 Hongo, Shigo-cho, Himeji City, Hyogo Prefecture
<b>Fukuoka Factory</b>	618 Asahi, Chikuzen-cho, Asakura-gun, Fukuoka Prefecture

## ISO Certification / Registration

Certification / Applicable Standards	Organization Name
ISO/IEC 17025	Research Institute for Life-in & Environment & Disaster Prevention
	Oyama Factory
	Kakegawa Factory
	Himeji Factory
ISO 9001	Gochaku Factory
	BX SHINSEI SEIKI
	BX TR
	BX ROOTES
	BX KANESHIN
ISO 14001	Oyama Factory
	BX SHINSEI SEIKI BX TENPAL Saitama Factory



# Message from the President

## Creating value with society through the pursuit of comfortable environments to become a sustainable growth company

In 2006, the BX Group established a long-term vision with a 10-year management outlook, in which we aim to become a Comfortable Environment Solutions Group. Since then, we have made it our mission to continuously offer comfortable environments to society. As such, we have continued to diligently engage in diverse manufacturing that meets the needs of the times.

Our ideal at the BX Group is to pursue, with our products and services, an environment that is comfortable for both people and the earth. We aim to help create a society where everyone can live in comfort, safety and with peace of mind in a healthy global environment for generations to come.

### Hiroyuki Ogura

Representative Director - President and Executive President

## Progress of the Medium-Term Management Plan

The Medium-Term Management Plan, which started in FY2021, is a three-year business plan. It focuses on taking the initiative to respond to rapidly changing social environments and developing our businesses in a future-oriented manner by pursuing comfortable environments.

In FY2022, the second year of the plan, we were faced with numerous unexpected social changes even before the end of COVID-19. For example, there was an energy shortage and a rise in prices for raw materials and fuel as a result of the conflict between Russia and Ukraine. We also saw infrastructure and bank failures. It was a year in which we were forced to swiftly adapt to various challenges. Rising raw material prices and the worldwide shortage of semiconductors, in particular, greatly affected our supply chain and taught us that we need to increase its resilience even further.

However, a look back on the business environment shows that the sales of shutters and doors, our core businesses, rose thanks to favorable market conditions. This was due to an increase in large-scale properties, such as logistics warehouses and manufacturing factories, as well as expanded investments in urban redevelopment projects. Among our focus businesses, the eco & disaster prevention business is growing solidly as customers engage in decarbonization efforts and prepare for natural disasters, which are growing more se-

vere due to climate change.

Measures against global warming and disaster prevention are pressing issues that need to be addressed universally across the world. In order to contribute to resolving these difficult problems as much as we can through our business activities, we will continue striving to create new values in the eco-friendly & disaster prevention fields. For example, we will work on improving our products' heat shielding and thermal insulation properties as well as water barrier performance.

In our international business, BX Bunka Australia concluded an M&A and established a structure that allows us to expand products beyond the residential house market and into the industrial and commercial facility markets. The target stated in the Medium-Term Management Plan is for international business to make up 10% of the sales ratio. In Australia, which has particular potential for growth, we hope to increase revenue even more through synergy.

The consolidated business performance in FY2022 showed revenue growth and recorded the highest-ever net sales for a second consecutive term. We sorted businesses into two categories, profit base and growth base, following the basic policy of constructing a growth strategy as stated in the previous Medium-Term Management Plan. This was effective and we feel con-

fidant that we were able to establish a growth model. However, we do not believe these results allow for much optimism considering the uncertain future faced by society. We expect the trend of rising costs to continue and are working on an appropriate price revision. We are also making investments to upgrade our manufacturing facilities and carrying out reforms to improve productivity.

In one such initiative, we created a new logistics system where information is shared between logistics companies and each of our factories. This sys-

tem is gradually being implemented to optimize logistics operations. We also established a core system where sales, manufacturing and construction share information and work collaboratively to shorten lead times. In this way, we aim to enhance operational efficiency with DX. In FY2023, the final year of the Medium-Term Management Plan, we hope to achieve a profit growth that exceeds sales growth. This will be done by focusing on creating a flexible organization with the motto "Speed & Action," further promoting internal reforms and raising performance to even greater heights.

## Bringing diverse human resources together leads to technological innovation

Human resources who are united in valuing the Corporate Creed and Management Philosophy are important assets to our Group. It goes without saying that a business's foundation is strengthened by the combined force of its human resources, made up of individual employees who share a common aspiration. A culture that values positiveness and harmony, elements that are also stated in the Management Philosophy, is steadily being passed down. Since being appointed as president, I have become particularly aware of the importance of employees sharing a spirit of working together in harmony while also placing an importance on positiveness. Creating "a company that values people" is one of the missions that I, as president, have inherited from my predecessors. The currently trending concept of human capital considers human

resources as a form of capital and aims to maximize their value to achieve corporate growth. I believe this is similar to our approach of valuing people.

At the BX Group, we promote diversity, inclusion and the creation of a workplace environment where every employee can bring out their uniqueness and strengths in line with their lifestyles. Bringing together human resources with different thoughts and values gives birth to new values and technological innovation unique to BX. This is why we promote diversity at the BX Group. We believe that bringing together human resources with various expertise, skills and experiences, regardless of business domain, enhances our Group's ability to develop solutions and becomes a driving force behind the creation of new value.

## Achieving sustainability in the BX Group and society

Measures to improve society's sustainability also help our Group avoid business risks and grow into a sustainable company. We have set ESG targets in our Medium-Term Management Plan. By stepping up engagement in these initiatives, we hope to identify future or potential risks and opportunities and improve business resilience.

The BX Group Environmental Vision "Blue neXpand 2050: Expanding the Blue Sky into the Future" lays out our ideal future as a Comfortable Environment Solutions Group and the priority areas that we must focus on to achieve this vision. Accordingly, we are engaged in various initiatives, such as decarbonizing and eliminating waste to achieve net zero emissions, and protecting natural ecosystems.

Particularly in regards to climate change, we are focusing on efforts to prevent global warming and reduce natural disaster risks by providing our products and services, and also through our business activities and manufacturing process. In FY2022, for example, we released SGD, an eco-friendly steel door that is assembled using an adhesive method. The adhesive method is an environmentally friendly approach that also resolves many other issues. It not

only improves the working environment during the adhesion, but also reduces the work time and enables the steel to be more lightweight. We worked with the Japan Sash Manufacturers Association and dedicated our efforts to add this adhesive method to the Standard Specifications for Public Building Construction overseen by the Ministry of Land, Infrastructure, Transport and Tourism. Furthermore, since this method is capable of resolving the issues faced by the steel door industry as a whole, we are working to spread it across the industry. We visit small- and medium-sized door manufacturers across Japan to teach and provide guidance on the adhesive method.

Our aim as a company is also to increase profit by promoting the use of this method, which is capable of realizing comfortable environments in various situations. For example, it benefits not only the customers who use our steel doors, but also manufacturers, transportation employees and even the global environment. This is an example of creating value together with society, stemming from our pursuit of comfortable environments. Going forward, we will continue to engage in creating value with society and work toward becoming a sustainable growth company.

## To our stakeholders

When I visit our offices around the country and speak to the employees, I often quote the teachings of karma and say, "Your present deeds determine the future." I believe synergy, which surpasses even the combined force of human resources, is born from the initiative-taking actions of employees who work with future-oriented minds and think of the Group's mission and their own futures as one and the same. It is my intent to strive toward the future of the BX

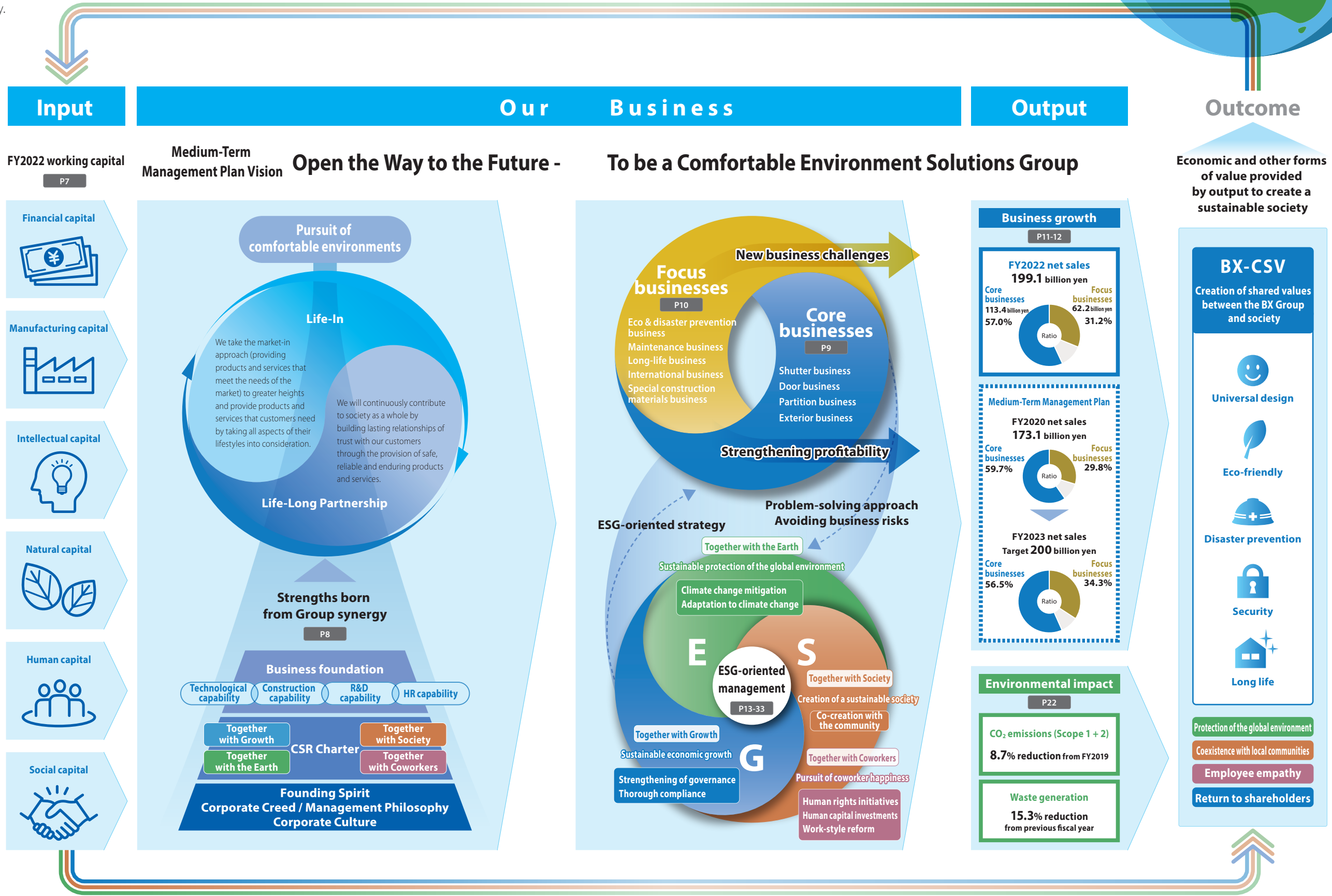
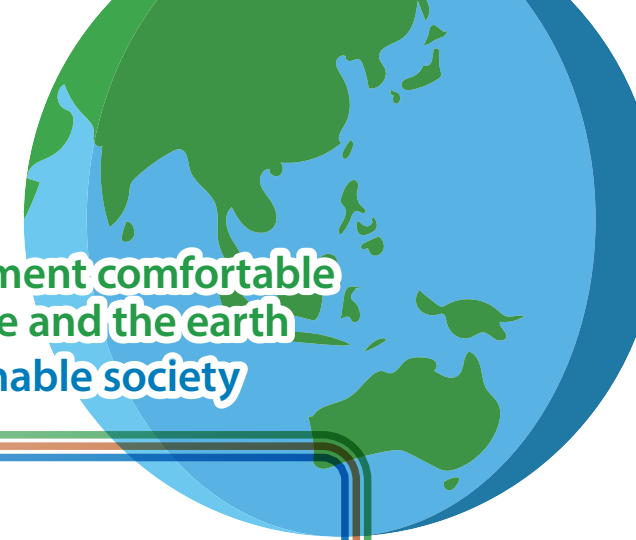
Group together with all our employees who share a common aspiration. Going forward, we will continue to work on achieving sustainable growth and enhancing our corporate value. By doing so, we hope to meet the expectations of our stakeholders, who endorse our mission of creating an environment that is comfortable for people and the earth.

# Value Creation Process

The BX Group is engaged in creating a value creation process that is capable of providing new values ahead of the times. We do so by leveraging our strengths in the technological, construction and R&D fields that we have cultivated since our founding, and by creating synergy through collaborations between Group companies. We strive to further enhance our corporate value by contributing to a sustainable society with our original growth model, BX-CSV, which aims to create values that are shared with society.









An environment comfortable for people and the earth  
Sustainable society





# Working Capital

Our business of pursuing comfortable environments converts the various forms of capital that we have accumulated since our founding into values that help create a sustainable society. By continuing to maintain and reinforce our capital, we will enhance society's sustainability and the growth of the BX Group.

<p><b>Financial capital</b></p>  <ul style="list-style-type: none"> <li>● ROE 9.6%</li> <li>● Equity 82.6 billion yen</li> <li>● Free cash flow 5,946 million yen</li> </ul>	<p><b>We support sustainable growth with a highly sound financial foundation that focuses on capital cost and balance sheet management.</b></p> <p>We promote a management strategy that places an emphasis on investments and shareholder returns based on policies for an optimal capital structure. We secure a stable profit from core businesses, mainly shutters and doors, and continuously make investments to support growth strategies.</p> <p><a href="#">Related information ▶ p. 12 Financial Highlights</a></p>
<p><b>Manufacturing capital</b></p>  <ul style="list-style-type: none"> <li>● Manufacturing network 26 domestic sites, 11 global sites</li> <li>● Capital expenditures 4,729 million yen</li> </ul>	<p><b>We create comfortable environments through diverse manufacturing with a life-in approach that takes all lifestyle aspects into consideration.</b></p> <p>We base our business activities on the concepts of "life-in," which takes the market-in approach to greater heights, and "life-long partnership," which aims to build lasting relationships of trust with our customers. In this way, we create comfortable environments with manufacturing practices that meet the needs of the times and adapt to changes in the environment.</p> <p><a href="#">Related information ▶ p. 11 Medium-Term Management Plan</a></p>
<p><b>Intellectual capital</b></p>  <ul style="list-style-type: none"> <li>● R&amp;D costs 2,441 million yen</li> <li>● Published patent applications 80</li> <li>● Acquisition of registered rights 97</li> </ul>	<p><b>The technological capabilities the Group has cultivated over more than 60 years since our establishment form the foundation for value-added manufacturing.</b></p> <p>The technological and R&amp;D capabilities proudly held by the BX Group are core competencies that support the construction of our growth model, BX-CSV, which aims to create values that are shared with society.</p> <p><a href="#">Related information ▶ p. 8 Technological Capabilities</a></p>
<p><b>Natural capital</b></p>  <ul style="list-style-type: none"> <li>● BX Group energy use 12,694 kl</li> <li>● Water use 143,869 m<sup>3</sup></li> </ul>	<p><b>We strive to achieve zero environmental impact and positive value creation through efficient energy use.</b></p> <p>We are engaged in efforts to achieve zero environmental impact through efficient energy use and decarbonization. Not only that, we also strive to create positive value for the natural environment by pursuing comfortable environments.</p> <p><a href="#">Related information ▶ p. 22 Overall Environmental Impact</a></p>
<p><b>Human capital</b></p>  <ul style="list-style-type: none"> <li>● No. of Group employees 4,958</li> <li>● Percentage of mid-career hires 81.6%</li> <li>● Percentage of newly graduated female hires 27.1%</li> </ul>	<p><b>Diverse human resources who value the BX Group's philosophy and mission work to refine the BX brand by leveraging their solutions-developing capabilities.</b></p> <p>We strive to maximize the value of our human resources and sustainably enhance our corporate value by refining our ability to develop solutions that can swiftly respond to the rapidly changing social environment.</p> <p><a href="#">Related information ▶ p. 25-26 Human Capital</a></p>
<p><b>Social capital</b></p>  <ul style="list-style-type: none"> <li>● No. of Group companies 20</li> <li>● No. of major suppliers approx. 160</li> </ul>	<p><b>We are supported by community-rooted networks and highly trusted supply chains.</b></p> <p>We strive to maximize Group synergy by actively undertaking M&amp;As. Furthermore, we communicate regularly with our suppliers and value relationships of trust to build sound supply chains.</p> <p><a href="#">Related information ▶ p. 18 Supply Chain Management p. 32 CSR Procurement Guidelines</a></p>


# Strengths of the BX Group

The BX Group continues to take on the challenge of creating new value by leveraging our strengths in the technological, construction and R&D fields that we have cultivated since our founding.

**Technological Capability**

The BX Group, from the time of its founding, has expanded into new markets by developing problem-solving technologies. We are proud of our technological strength, which has been further refined by continuously taking on the challenge of creating values that meet the needs of the changing times. We take part in collaborative industry-government-academia joint research and projects to enhance our technological capabilities even further to swiftly provide society with valuable solutions unique to the BX Group.

In FY2022, the High Sound Insulation Steel Door, which has outstanding sound-absorbing properties, received the Lifestyle and Environmental Solutions-Related Parts Award at the Super Monodzukuri Parts Grand Award 2022. The door ensures greater sound-absorbing properties compared to conventional products in the same category. It is nevertheless light to open and close and has a pleasing design. Our technologies have been utilized to meet the rising demand for sound-absorbing products in recent years, out of consideration for noise in spaces such as personal satellite offices or small conference rooms.




High Sound Insulation Steel Door

**Construction Capability**

Outstanding construction capabilities are essential to maximizing the value of BX Group products once they are in the hands of our customers. We strive to create architectural spaces of value by improving three areas: construction skills, construction quality and construction efficiency.

- **Improving construction skills** We formulated the Design and Construction Principles and Actions to strengthen the foundation of our construction capabilities. We are also striving to expand and improve our workforce so that we can in-source construction without always relying on out-sourcing. To this end, over 30 training programs are held annually in two locations (in the East and West of Japan) that aim to improve and diversify the skills of our workers.
- **Improving construction quality** We established an original qualification system. Only qualified workers who have received specialized training are permitted to construct certain products, which ensures stable construction quality.
- **Improving construction efficiency** We digitalized the construction manuals, which enables us to swiftly adapt to changes in construction methods when products are improved.



Shutter skills training

**R&D Capability**

The Research Institute for Life-in & Environment & Disaster Prevention supports the technological capabilities of the BX Group as a comprehensive testing and research facility. It conducts various types of performance tests, fundamental technology research, product evaluations and safety verifications in addition to establishing evaluation standards.

Furthermore, the institute has received the internationally recognized ISO/IEC 17025 certification. As such, we conduct tests entrusted to us by not only Group companies but also external organizations to provide objective evaluations as a third-party institute.

In addition, we are committed to ensuring that BX Group products fully demonstrate their functions even after large-scale earthquakes and can be used by our customers safely and with peace of mind. To this end, we have installed a three-dimensional earthquake vibration simulator to test earthquake resistance and manufacture highly resistant construction materials.



Research Institute for Life-in & Environment & Disaster Prevention



Three-dimensional earthquake vibration simulator

**VOICE**

**Hiroyuki Takigawa**  
Assistant Manager, Product Development  
Department #4, Product Development Division



We pursued convenience and developed a proprietary sound-absorbing structure. In this way, we were able to develop a product with the same lightness as regular steel doors, a pleasing design and high sound-absorbing properties without changing the door's thickness. The wide-ranging product lineup is able to meet diverse needs, such as adding a small window or making the door barrier-free.

**VOICE**

**Takumi Matsubara**  
Design and Construction Planning Department



In addition to expanding training programs for construction workers, we are also putting efforts into programs for BX Group employees in the fields of design, construction and construction management who lack experience. Our goal is to improve construction capabilities as a whole by providing a wide range of education, including product installation and construction-related electrical knowledge.

**VOICE**

**Ryota Yamazaki**  
Chief, Research Institute for Life-in & Environment & Disaster Prevention



In addition to the three-dimensional earthquake simulator, we have also installed a flying object collision simulator to test our products' capabilities of protecting the inside of buildings from flying objects, such as during major typhoons or due to sudden gusts of wind. In this way, we are working to improve evaluations by testing products under fitting circumstances. Going forward, we will continue striving to provide customers with even greater safety and peace of mind by conducting various product evaluations.

# Core Businesses

Our core businesses of manufacturing and selling shutters and doors have supported the growth of the BX Group since its establishment. Throughout the years, we have developed products that meet the changing needs of society by putting ourselves in the position of consumers. This includes developing products with properties such as fire and crime prevention, wind and water protection, universal design and IoT integration. In this way, we support people in their daily lives and businesses.



# Focus Businesses

Our focus businesses are comprised of the eco & disaster prevention business, which contributes to mitigating environmental impact and adapting to climate change-related disasters; the maintenance business, which aims to prevent accidents and breakdowns in advance, and ensure safe and reliable use of our products; the long-life business, which works to increase urban resilience and adapt to changing living environments; and the international business.



**Business Overview**

As socioeconomic activities return to normal, private-sector capital investments in the construction and housing industries are slowly but surely on the rise, and demand for construction remains firm. However, prices for energy and raw materials, including steel, are rising, and supply chains are in disorder. As such, the future outlook is still uncertain. Investments in residential housing remain on the same level as last year due to concerns about persistently high construction costs and rising mortgage interest rates. Nevertheless, we expect construction demand to continue for non-residential buildings, stemming from factors such as R&D and IT investments backed by AI and IoT integration, urban redevelopment mainly in the Tokyo metropolitan area, and large-scale logistics warehouses expanding with the growth of e-commerce.

**Net sales ratio: Core businesses 57.0%**

Category	Percentage
Core businesses	57.0%
Focus businesses	31.2%
Other	11.8%
Shutters	29.3%
Doors	20.6%
Exterior	3.6%
Partitions	3.5%

**Business Overview**

Demand for disaster prevention and mitigation products is expected to continue rising going forward. These include, for example, products that aim to provide measures against flooding during concentrated torrential rains and strong winds during increasingly severe typhoons as a result of climate change; and against quake vibrations in case of major earthquakes. Furthermore, the maintenance business is expected to remain strong due to rising demand for eco-friendly products as well as eco-friendly businesses and urban redevelopment projects facilitated by the spread of ZEH and ZEB (efforts to decarbonize houses and buildings as measures against global warming). We expect the long-life business to remain strong not only in the non-residential market, which stagnated due to COVID-19, but also in the residential market, where consumers have needs associated with using spaces in ways that fit their new lifestyles.

**Net sales ratio: Focus businesses 31.2%**

Category	Percentage
Core businesses	57.0%
Focus businesses	31.2%
Other	11.8%
International	9.1%
Long life	3.2%
Maintenance	15.7%
Eco & disaster prevention	3.1%

**Shutter business**

Net sales (Unit: 1 billion yen)

Year	Net sales	Medium-term Plan
2021	52.8	-
'22	53.3	-
'23	53.8	58.3

**Medium-Term Strategy** Heavyweight shutters: Increase orders, including for urban redevelopment properties, with a focus on large logistics warehouses. Lightweight shutters: Expand sales of high-value-added products, such as by enhancing operability and open/close speeds. Window shutters: Promote maintenance and electrification of existing window shutters.

**Progress** Net sales were 58.3 billion yen (9.4% above plan target), driven by expanded sales of heavyweight shutters for factories, large logistics warehouses and large commercial facilities.

**Outlook** We will work to increase earnings by expanding sales of shutters for factories, warehouses and redevelopment properties, which we expect to continue performing well, and by expanding sales of IoT-compatible electric shutters and other high-value-added products.

**Door business**

Net sales (Unit: 1 billion yen)

Year	Net sales	Medium-term Plan
2021	41.2	-
'22	39.6	-
'23	41.0	42.7

**Medium-Term Strategy** Strive to increase orders for building doors, particularly for redevelopment properties that are performing strongly in urban areas, and improve productivity by maximizing synergy with other Group companies.

**Progress** Net sales were 41.0 billion yen (1.0% under plan target). Expanded sales of steel doors for large commercial facilities drove sales, but did not reach the Medium-Term Plan target.

**Outlook** We will increase earnings by actively promoting more widespread sales of the eco-friendly steel door, SGD, which reduces environmental impact and reforms work styles through its adhesive method and lightweight properties.

**Partition business**

Net sales (Unit: 1 billion yen)

Year	Net sales	Medium-term Plan
2021	6.7	-
'22	6.6	-
'23	8.4	6.9

**Medium-Term Strategy** Promote proposals of high-value-added products that pursue safety and peace of mind, such as partitions for schools additionally equipped with anti-seismic features.

**Progress** Net sales were 6.9 billion yen (17.9% under plan target). Expanded sales of toilet booths and school partitions that can be used for diverse purposes drove sales, but did not reach the Medium-Term Plan target.

**Outlook** We will strive to increase orders by continuing to focus on exploring the market for existing properties, particularly schools, which require western-style and universal design toilet booths as well as partitions that are earthquake-proof and have longer service life.

**Eco & disaster prevention business**

Net sales (Unit: 1 billion yen)

Year	Net sales	Medium-term Plan
2021	6.8	-
'22	6.3	-
'23	7.4	6.1

**Medium-Term Strategy** Promote and expand eco-friendly and disaster prevention products that can mitigate and adapt to climate change.

**Progress** Net sales were 6.1 billion yen (17.6% under plan target). Orders decreased in the water-sealing business, which decreased net sales in the disaster prevention business.

**Outlook** Demand is rising for products such as awnings to shut out heat and water barrier products to prevent flooding during torrential rains. Against this backdrop, we will continue expanding sales in the eco & disaster prevention business in response to climate change risks.

**Maintenance business**

Net sales (Unit: 1 billion yen)

Year	Net sales	Medium-term Plan
2021	29.6	-
'22	29.8	-
'23	31.0	31.3

**Medium-Term Strategy** Improve and enhance maintenance inspections and repair services through collaborations within the BX Group.

**Progress** Net sales were 31.3 billion yen (5.0% above plan target), driven by regular maintenance contracts, including statutory inspections, and emergency repair services.

**Outlook** We will acquire new customers by boosting collaboration among BX Group companies to increase orders for statutory inspections of fire prevention equipment mandated by the Building Standards Law.

**Long-life business**

Net sales (Unit: 1 billion yen)

Year	Net sales	Medium-term Plan
2021	6.3	-
'22	5.7	-
'23	7.4	6.4

**Medium-Term Strategy** Strengthen house remodeling and building renovation proposals.

**Progress** Net sales were 6.4 billion yen (13.5% under plan target). Sales were driven by both the house remodeling business, in which commodity delivery delays were resolved, and the building renovation business, which showed strong profitability. Nevertheless, the Medium-Term Plan target was not reached.

**Outlook** We will strengthen the house remodeling business by utilizing the government's subsidy program for making houses more energy efficient. We will also bolster the building renovation business using keywords such as "earthquake resistance" and "water sealing."

**International business**

Net sales (Unit: 1 billion yen)

Year	Net sales	Medium-term Plan
2021	12.5	-
'22	13.3	-
'23	18.1	20.0

**Medium-Term Strategy** Strengthen business foundations and promote business expansions to reach the international business net sales ratio target of 10%.

**Progress** Net sales were 18.1 billion yen (36.1% above plan target), driven by business in Australia, where industrial shutter manufacturer Max Door joined the Group. The international business net sales ratio rose 1.7% to reach 9.1%.

**Outlook** BX Bunka New Zealand, together with Doorworks and Sprint Roller Shutters, which newly joined the Group in Australia, will expand the residential garage door and industrial/commercial shutter businesses in the Oceania region. At the same time, we will continue to work on expanding sales in Vietnam's local market.



# Medium-Term Management Plan (2021 - 2023)

The BX Group mission is to contribute to the development of society through diverse manufacturing and services, despite changing times and environments, and to deliver happiness to people by providing safety and security. We will take the initiative to respond to rapidly changing social environments, develop our businesses in a future-oriented manner and pursue comfortable environments.

## I. Advance management strategies based on policies for optimal capital structure, with a focus on capital cost and balance sheet management.

Management indicators of the Medium-Term Management Plan

	FY2021 performance	FY2022 performance	FY2023
Net sales	182.3 billion yen	199.1 billion yen	200.0 billion yen
Operating profit	9.1 billion yen	9.6 billion yen	14.6 billion yen
Operating profit margin	5.0%	4.9%	7.3%
Return on equity (ROE)	8.0%	9.6%	11.5%
Return on invested capital (ROIC)	5.2%	6.8%	10.5%
BxVA	-2.0 billion yen	-0.5 billion yen	3.0 billion yen
BxVA spread	-2.1%	-0.5%	3.2%
DE ratio	0.19	0.18	0.20 or less
Equity-to-asset ratio	48.7%	46.6%	51.9%

Capital cost

WACC	Target 7.3%
Cost of shareholders' equity	Target 8.5%
Cost of debt	Target 0.7%


\* BxVA stands for "BX value-added," representing the amount of value added relative to invested capital. The planned value is calculated assuming an effective corporate tax rate of 30.62%.

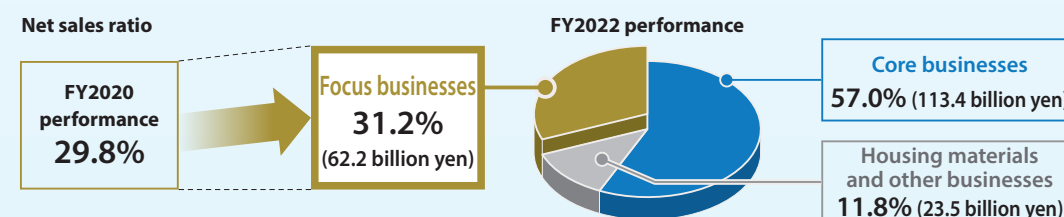
## II. Significantly strengthen shareholder returns, including share buybacks.

Shareholder Return Policy	Plan	Performance
	<ul style="list-style-type: none"> <li>The target dividend payout ratio is 35%.</li> <li>We plan to repurchase 10 billion yen +α worth of shares over the three-year Medium-Term Management Plan. ("α" is when M&amp;As do not proceed as planned due to various circumstances, opportunities, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Share buybacks</li> <li>FY2021 5.0 billion yen</li> <li>FY2022 7.0 billion yen</li> </ul>

## III. Pursue higher productivity in core businesses and expand the scale of focus businesses to achieve a net sales ratio exceeding 34.0%.

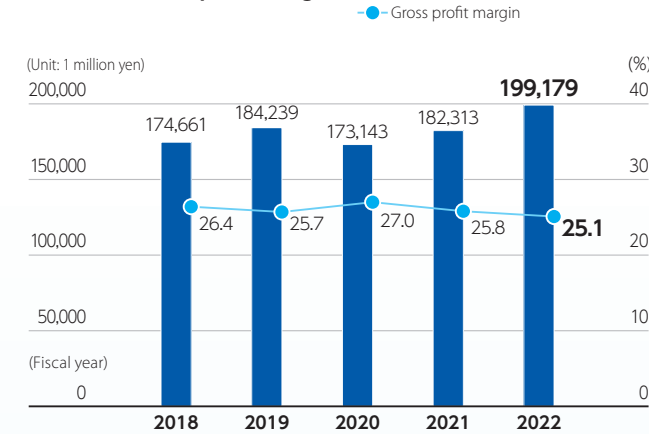
Investment plan to increase productivity	Plan	Performance
	<ul style="list-style-type: none"> <li>We plan to make capital investments of 12.0 billion yen over the three-year Medium-Term Management Plan to improve productivity by advancing DX and saving manpower.</li> </ul>	<ul style="list-style-type: none"> <li>System-related investments to renew production facilities and reform work styles</li> <li>FY2021 3.7 billion yen</li> <li>FY2022 4.7 billion yen</li> </ul>

Expansion of focus businesses	Plan	Performance
	<ul style="list-style-type: none"> <li>We plan to allocate 15.0 billion yen to M&amp;As during the three-year Medium-Term Management Plan, particularly in growth fields, where we can expect business expansions and synergy.</li> </ul> 	<ul style="list-style-type: none"> <li>BX Bunka New Zealand Limited was established in January 2023. In May of the same year, it acquired all the issued shares of the Windsor Group, a New Zealand-based company that manufactures and sells garage doors.</li> <li>In April 2023, BX Bunka Australia acquired all the issued shares of Doorworks Australia Pty Ltd, an Australia-based residential garage door manufacturer.</li> <li>In September 2023, BX Bunka Australia acquired all the issued shares of Sprint Roller Shutters Pty Ltd, an Australia-based company that manufactures and sells shutters for industrial and commercial facilities.</li> </ul>

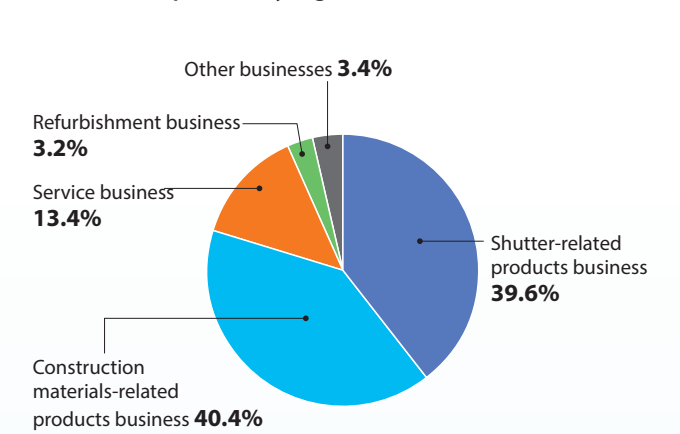


# Financial Highlights

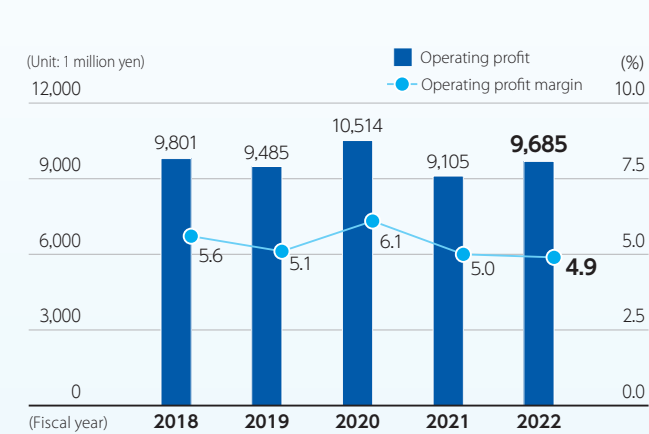
Net sales / Gross profit margin



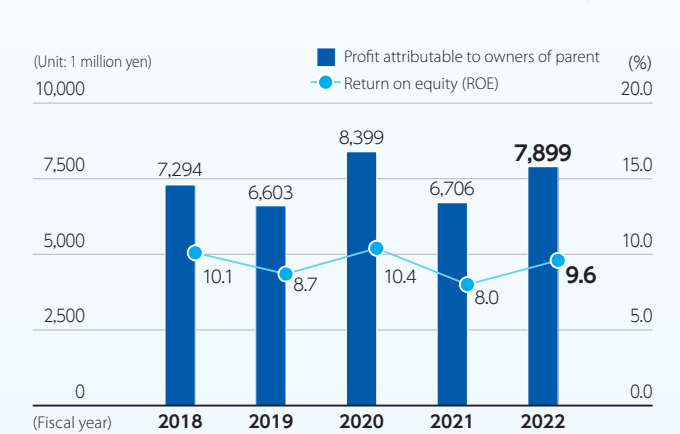
Net sales composition by segment



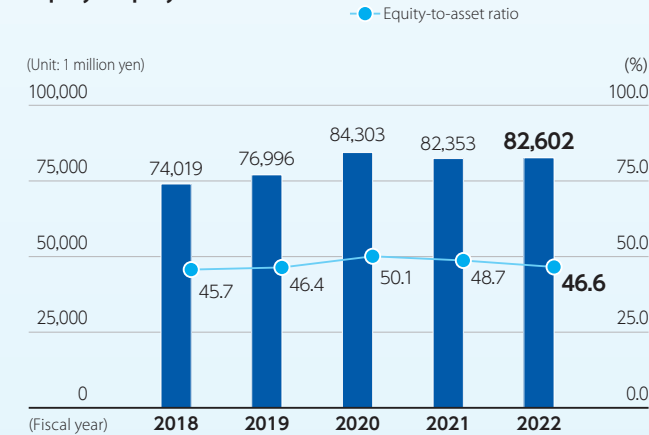
Operating profit / Operating profit margin



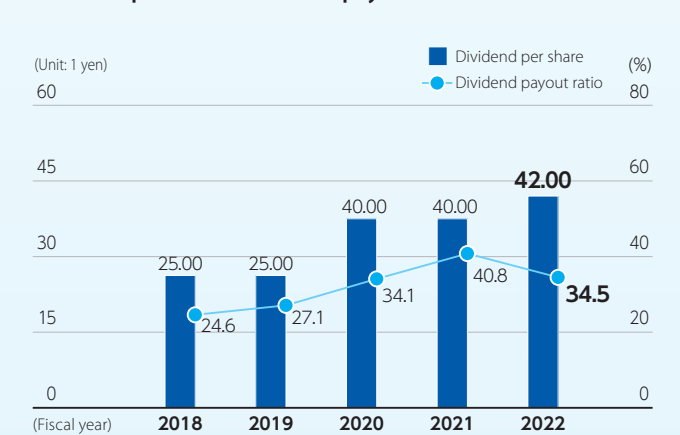
Profit attributable to owners of parent / Return on equity (ROE)



Equity / Equity-to-asset ratio



Dividend per share / Dividend payout ratio



# Sustainability Management

## Our approach to sustainability

The BX Group has formulated the CSR Charter, and the CSR Activity Policy to put it into practice, based on the Corporate Creed and Management Philosophy. By encouraging each and every employee to value and willingly follow these guidelines, we strive to be a company that is trusted by society.

We promote activities that contribute to enhancing corporate value across the entire Group in accordance with the CSR Charter in order to achieve the BX Group vision of becoming a Comfortable Environment Solutions Group and realizing sustainability across both our Group and society.

### CSR Charter and Activity Policy



### CSR Promotion System

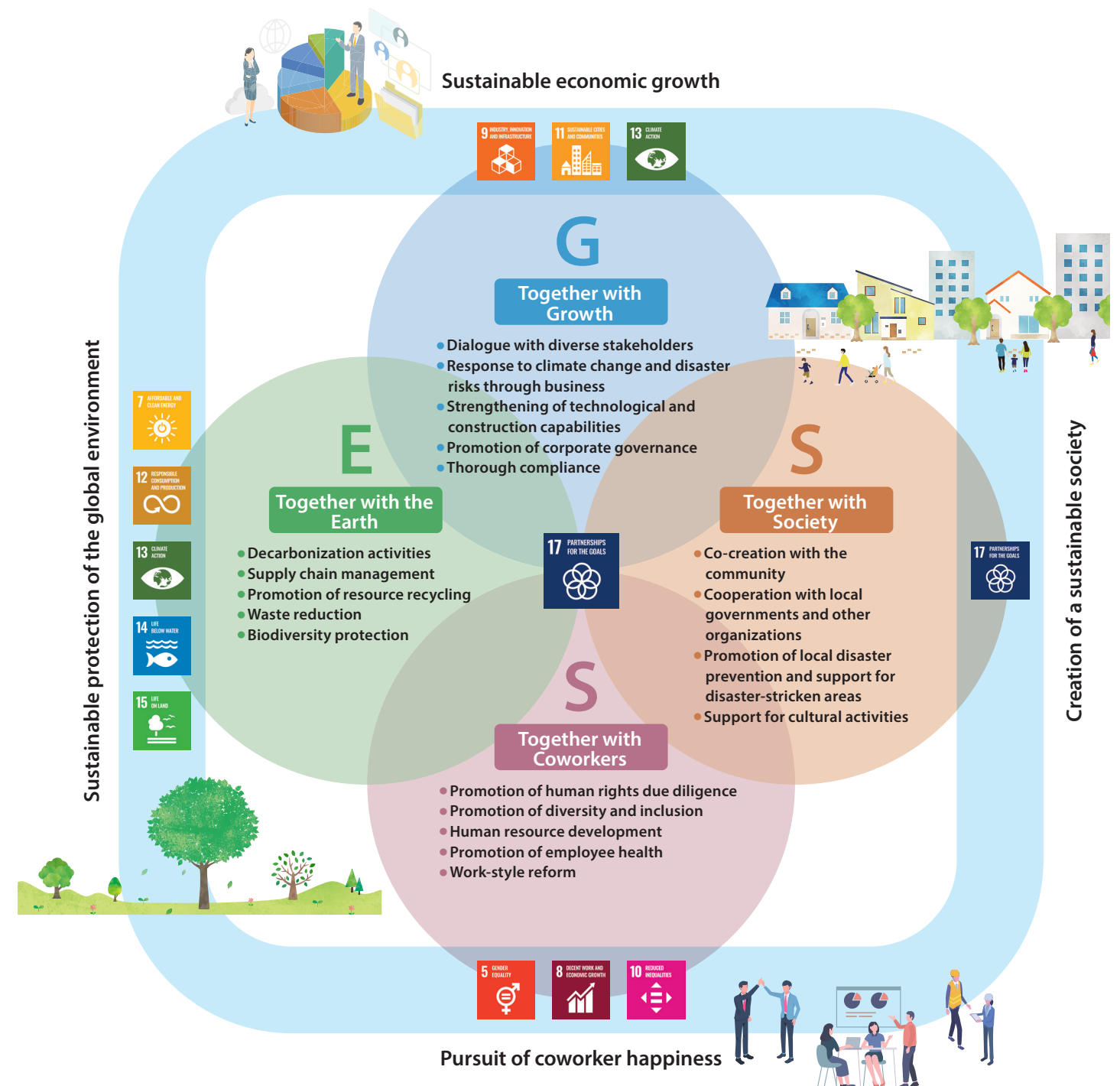
We have established the Sustainability Committee with an Executive Officer as Chairperson, the CSR Management Department Manager as Vice Chairperson, and the Chairpersons of the four CSR Charter committees as Members. The Sustainability Committee is an organization that promotes general activities based on the four pillars of the CSR Charter across the entire Group. Its role is to determine the themes, directionality and details of individual measures to be undertaken. Each of the CSR Charter committees oversees and regularly reports to the Sustainability Committee on activities related to compliance, local communities, social contribution, global environment, human rights, labor, etc.



## Four CSR Charter Themes and SDGs

As we work to achieve our vision of being a Comfortable Environment Solutions Group, the BX Group is committed to providing current and future generations with the values needed to lead safe, secure and comfortable lives in a healthy global environment. Our vision for society is in harmony with the SDGs' objective of creating a sustainable society. As such, we have identified and are addressing important issues related to the four pillars of the CSR Charter: sustainable economic growth, creation of a sustainable society, sustainable protection of the global environment, and pursuit of coworker happiness.

### Four CSR Charter Materialities





# Four CSR Charter Materialities and KPIs

At the BX Group, we have established material issues that we must focus on from the perspectives of both business and society. These issues were identified by organizing the relationships between our CSR Charter and the SDGs, which are common goals of the international community.

Further details and related information on items with the **WEB** mark can be found on the CSR web page.  
(KPI figures are non-consolidated unless specified "consolidated" or "BX Group")

ESG	CSR Charter	Materialities (Important Issues)	SDGs contributed to	Initiative Themes	Key Performance Indicators (KPI)	FY2022 Initiative Performances	Page	
E	Together with the Earth	Decarbonization activities		<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions</li> <li>Conversion to renewable energy</li> <li>Development and provision of environmental solutions</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 + 2: 46.2% reduction from FY2019 (2030), BX Group</li> <li>Scope 3 (procurement / logistics): 27.5% reduction from FY2019 (2030), BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 + 2: <b>8.7% reduction</b> (from FY2019)</li> <li>Scope 3 (procurement / logistics): <b>8.1% increase</b> (from FY2019)</li> </ul>	P. 21-22	
		Business management with reduced environmental impact	Supply chain management		<ul style="list-style-type: none"> <li>Logistics system improvement</li> </ul>	<ul style="list-style-type: none"> <li>Complete transition to new logistics system at 7 BX factories (FY2024)</li> </ul>	<ul style="list-style-type: none"> <li>New logistics system introduced at Akita Factory (introduction completed at Oyama Factory, Kakegawa Factory)</li> </ul>	P. 18
		Development of eco-friendly technologies and products	Promotion of resource recycling		<ul style="list-style-type: none"> <li>Promotion of green procurement</li> </ul>	<ul style="list-style-type: none"> <li>Endorsement of Green Procurement Guidelines: 100% of new suppliers</li> <li>Office supplies: 100% of purchases are of products compliant with the Green Purchasing Law (Head Office building)</li> </ul>	<ul style="list-style-type: none"> <li>The BX Green Purchasing Guidelines and Sustainability Report 2022 sent to 116 business partners</li> <li>Tanomail, a BX exclusive web page to order eco-friendly products was launched</li> <li>Use of <b>100%</b> recycled copy paper in Head Office building</li> </ul>	P. 18
		Voluntary environmental protection activities	Waste reduction		<ul style="list-style-type: none"> <li>Development as a net zero emissions Group</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of 5% (year on year) in waste emissions and disposal costs, BX Group</li> <li>Net zero emissions achieved by 100% of domestic manufacturing sites (FY2026), BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Waste emissions (landfill and incineration) <b>reduced by 15.3%</b> (year on year)</li> <li>Waste disposal costs (landfill and incineration) <b>reduced by 5.5%</b> (year on year)</li> <li>Net zero emissions achieved by BX KENSEI (achieved by <b>17/26 sites</b>)</li> </ul>	P. 22
			Biodiversity protection		<ul style="list-style-type: none"> <li>Voluntary environmental protection activities</li> <li>Cultivation of employee awareness</li> </ul>	<ul style="list-style-type: none"> <li>E-learning courses taken by 100% of employees to standardize knowledge, BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Environmental e-learning course taken by <b>100%</b> of employees</li> <li>Columns published on biodiversity and environmental topics</li> <li>Participated in the 2023 Junior Eco-Clubs' All-Japan Festival</li> </ul>	
S	Together with Society	Co-creation with the community		<ul style="list-style-type: none"> <li>Participation in community activities</li> </ul>	<ul style="list-style-type: none"> <li>Employee participation rate of 50% in social contribution activities (2026), BX Group</li> <li>Participation in community activities or engagement in community interactions in various areas, BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Leave system introduced for volunteer work</li> <li>Column published on volunteering</li> <li>Various community-rooted activities</li> </ul>	P. 23 <b>WEB</b>	
		Contributing to society as a corporate citizen		Cooperation with local governments and other organizations	<ul style="list-style-type: none"> <li>Resolving issues by collaborating with various organizations</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative problem-solving activities with nonprofit organizations (number of organizations): 30 annually, BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative activities with various organizations such as facilities for persons with disabilities (<b>35 organizations</b>)</li> <li>Aided forcible entry firefighting training by providing components and conducting lectures for free (Bunka Shutter Service)</li> <li>Organized food drives (Gochaku Factory, Himeji Factory, BX Okinawa Bunka Shutter)</li> </ul>	P. 23 <b>WEB</b>
		Humanitarian contributions to society		Promotion of local disaster prevention and support for disaster-stricken areas	<ul style="list-style-type: none"> <li>Support for areas affected by the Great East Japan Earthquake</li> <li>Cooperation in community disaster prevention efforts</li> </ul>	<ul style="list-style-type: none"> <li>Active support for disaster-stricken areas, BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Supported and helped organize the Happy Disc Project in Watari Town</li> <li>The Hongo Fire Department's BX Building Division cooperated with the disaster prevention policies of the Tokyo Metropolitan Government and Bunkyo City (<b>17 members</b>, including employees of the BX Building)</li> <li>Agreement on Mutual Cooperation in the Event of a Disaster with Bunkyo City</li> </ul>	P. 23
		Support for cultural activities		Support for cultural activities	<ul style="list-style-type: none"> <li>Promotion of social contribution activities through sports</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution activities by Buzz Bullets employee-athletes, at least once a year</li> </ul>	<ul style="list-style-type: none"> <li>Held frisbee classes (Bunkyo City, etc.)</li> <li>Dispatched instructors to hold dodgebee classes in welfare facilities for persons with disabilities</li> <li>Supported community soccer team activities (Tokyo United FC, etc.)</li> </ul>	P. 23 <b>WEB</b>
	Together with Coworkers	Respect for human rights	Promotion of human rights due diligence	<ul style="list-style-type: none"> <li>Respect for human rights and prevention of human rights violations</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of human rights due diligence (2023), BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Formulated and published the Bunka Shutter Group Human Rights Policy</li> <li>Endorsed "My Declaration of Human Rights" led by the Ministry of Justice</li> <li>Formulated the Human Rights Due Diligence Performance Guidelines</li> <li>Conducted harassment training (<b>962</b> BX Group managers)</li> </ul>	P. 24 <b>WEB</b>	
		Job creation	Promotion of diversity and inclusion	<ul style="list-style-type: none"> <li>Creation of an environment in which diverse human resources can play an active role</li> <li>Promotion of women's empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of Diversity and Inclusion Policy (2023), BX Group</li> <li>Percentage of female managers: 10% (2028)</li> <li>Percentage of female employees recruited upon graduation: 30% (2025)</li> <li>Employment rate of persons with disabilities hired: 2.5% (2025)</li> <li>Implementation of engagement surveys (2023)</li> </ul>	<ul style="list-style-type: none"> <li>Formulated the Diversity and Inclusion Policy</li> <li>Percentage of female managers: <b>2.2%</b></li> <li>Percentage of female employees recruited upon graduation: <b>27.1%</b></li> <li>Employment rate of persons with disabilities: <b>2.15%</b></li> </ul>	P. 26	
		Increased satisfaction	Human resource development	Human resource development	<ul style="list-style-type: none"> <li>Career development initiatives</li> <li>Strengthening and expansion of human resource development</li> </ul>	<ul style="list-style-type: none"> <li>Number of female employees taking Career Design Training: 60 (2023)</li> <li>Number of IT literacy distance learning students: 100 (2023)</li> </ul>	<ul style="list-style-type: none"> <li>Number of female employees taking Career Design Training: <b>39</b></li> <li>Number of IT literacy distance learning students: <b>139</b></li> </ul>	P. 26
			Promotion of employee health	Promotion of employee health	<ul style="list-style-type: none"> <li>Employee health initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Regular health checkup exam rate: 100% (2023)</li> <li>Stress check exam rate: 90% (2023)</li> <li>Establishment of a health consultation office (2023), BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Regular health checkup exam rate: <b>99.8%</b> / Re-examination checkup rate: <b>22.2%</b></li> <li>Stress check exam rate: <b>83.4%</b></li> </ul>	
			Work-style reform	Work-style reform	<ul style="list-style-type: none"> <li>Supporting diverse work styles and increasing employee satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Annual paid leave usage rate: 70% (2023)</li> <li>Average monthly overtime hours: 26 hours (2023)</li> <li>Rate of male childcare leave acquisition: 20% / Rate of female childcare leave acquisition: 100% (2023)</li> </ul>	<ul style="list-style-type: none"> <li>Annual paid leave usage rate: <b>64.5%</b></li> <li>Average monthly overtime hours: <b>30.3 hours</b></li> <li>Improved part-time employee benefits / changed employment statuses of temporary workers with disabilities</li> <li>Rate of male childcare leave acquisition: <b>22.9%</b></li> <li>First 5 days of childcare leave (excluding male maternity leave) became paid leave</li> <li>Period of pre-childbirth unpaid leave available was extended from 6 to 8 weeks prior to birth</li> </ul>	
		G	Together with Growth	Pursuit of customer satisfaction	Dialogue with diverse stakeholders	<ul style="list-style-type: none"> <li>Expansion of IR and SR meetings</li> </ul>	<ul style="list-style-type: none"> <li>Increase of 100% year on year</li> </ul>	<ul style="list-style-type: none"> <li>IR and SR meetings held: <b>143%</b> of previous year</li> </ul>
Growth and development of the Group	Response to climate change and disaster risks through business			<ul style="list-style-type: none"> <li>Sales expansion for the eco &amp; disaster prevention business</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of 7.3 billion yen (FYE March 31, 2024), consolidated</li> </ul>	<ul style="list-style-type: none"> <li>Net sales of <b>6.1 billion yen</b> (FYE March 31, 2023), consolidated</li> <li>Released electric blind shutter Mado Master Soral</li> <li>Released electricity supply system Plug-In Power Unit</li> </ul>	P. 10 <b>WEB</b>	
	Strengthening of technological and construction capabilities			<ul style="list-style-type: none"> <li>Construction skills improvement</li> <li>Increase net sales ratio of new products</li> </ul>	<ul style="list-style-type: none"> <li>Increase of construction workforce to promote insourcing: 105% year on year (FYE March 31, 2024)</li> <li>Net sales ratio of new products: 30% (FYE March 31, 2024)</li> </ul>	<ul style="list-style-type: none"> <li>Increase rate of construction workforce: <b>101.2%</b> (FYE March 31, 2023)</li> <li>Periodic renewals of critical area welding certification systems: <b>90</b></li> <li>Net sales ratio of new products: <b>30.0%</b> (FYE March 31, 2023)</li> </ul>	<b>WEB</b>	
Integrity in business management	Promotion of corporate governance		<ul style="list-style-type: none"> <li>Advancement of capital cost management</li> </ul>	<ul style="list-style-type: none"> <li>ROE: 11.5% (FYE March 31, 2024), consolidated</li> <li>ROIC: 10.5% (FYE March 31, 2024), consolidated</li> </ul>	<ul style="list-style-type: none"> <li>ROE: <b>9.6%</b> (FYE March 31, 2023), consolidated</li> <li>ROIC: <b>6.8%</b> (FYE March 31, 2023), consolidated</li> </ul>	P. 11-12 P. 27-30		
	Thorough compliance	<ul style="list-style-type: none"> <li>Strengthening of compliance education</li> </ul>	<ul style="list-style-type: none"> <li>Compliance comprehension level: 90%, BX Group</li> </ul>	<ul style="list-style-type: none"> <li>Result of compliance comprehension test: <b>90%</b></li> </ul>	P. 28			



## Together with the Earth



### Environmental Management by the BX Group

Our mission at the Group is to deliver happiness to people through diverse manufacturing that is friendly to people, society and the environment. In particular, we recognize that the environmental issues currently faced by society, such as global warming, are important issues that our Group must address as a priority.

The “comfortable environment” that we strive to achieve is a society in which current and future generations can lead safe, secure and comfortable lives in environments that fit the times. As such, we believe it is important to share the blessings of nature together.

As a Comfortable Environment Solutions Group, the BX Group promotes business activities that aim to achieve carbon neutrality by 2050 and pass on rich natural environments and comfortable lifestyles to the next generation.

#### Environmental governance

At Bunka Shutter, we have established the Sustainability Committee as an organization to promote general activities based on the CSR Charter across the entire Group. The Sustainability Committee consists of four CSR Charter committees. The Together with the Earth Committee is responsible for setting CO<sub>2</sub> emissions and waste reduction targets and monitoring their progress. It also promotes efforts to reduce the Group’s overall environmental impact, such as by managing the progress of decarbonization activities and overseeing the statuses of various other measures.

An Executive Officer acts as the Chairperson of the Sustainability Committee. The Chairperson is responsible for proposing overall sustainability and CSR measures, setting targets, monitoring activities, facilitating education and raising awareness in such areas as the environment, including climate change, local communities, social contribution, human rights, labor and compliance. The Chairperson also reports related information and activity results to the Board of Directors through the Meeting of Managing Operating Officers.

As an arbitrary advisory body for the Representative Director to make decisions, the Meeting of Managing Operating Officers deliberates in advance on matters to be discussed or reported to the Board of Directors. When reports are made to the Board of Directors, such as on the risks and opportunities posed to the Company’s business activities or financial affairs by climate change, they must also be deliberated by the Meeting of Managing Operating Officers in advance.

The Board of Directors receives regular and appropriate reports from the Executive Officer acting as the Chairperson of the Sustainability Committee on the risks and opportunities posed to the Company’s business or financial affairs by climate change, and discusses and evaluates these reports.

#### Environmental management strategy

In May 2021, we announced the BX Group Declaration of Decarbonization for 2050 as a commitment to achieve net zero CO<sub>2</sub> emissions across our business activities by 2050, thereby contributing to the prevention of global warming. The BX Group Environmental Vision “Blue neXpand 2050: Expanding the Blue Sky into the Future” is communicated to all employees of the Group. The vision designates climate change, resource recycling and coexistence with nature as priority areas and aims to eliminate negative environmental impact. Not only that, it also strives to create positive environmental value through our business activities and pass on a comfortable environment to the next generation.

With the Medium-Term Management Plan, we aim to create new values in pursuit of comfortable environments by FY2023. To this end, we are promoting the eco & disaster prevention business as a focus business to support future growth. We are also working to expand our lineup of eco-friendly products that help mitigate global warming, and disaster prevention products that address climate change risks.

### Risk management

We consider the issue of climate change as both a risk and opportunity capable of significantly impacting business management. As such, the Sustainability Committee’s Climate Change Team monitors and assesses climate change risks and opportunities through various meetings and identifies those that are particularly important. The Climate Change Team is led by the CSR Management Department and includes members from the Corporate Planning Department, Manufacturing Planning Department, Human Resources & General Affairs Department, and Accounting Department.

In identifying climate change risks and opportunities, the Climate Change Team conducts climate change scenario analyses under the leadership of the

CSR Management Department. The important risks and opportunities derived from the scenario analyses are reviewed by the Sustainability Committee and then reported and recommended to the Meeting of Managing Operating Officers and the Board of Directors.

The Climate Change Team is entrusted with taking into account future economic conditions and climate change-related initiatives in Japan and the world. Factors that are considered to likely create an impact are discussed in the Sustainability Committee and recommended to the Meeting of Managing Operating Officers and Board of Directors so that they can be firmly incorporated into business plans.

### Environmental Management

The BX Group promotes environmental management systems based on Eco Action 21. Oyama Factory, BX Shinsei Seiki and BX Tenpal Saitama Factory, which are major Bunka Shutter factories, have acquired the ISO 14001 certification for their environmental management systems and are continuously working to improve their environmental performance. The Research Institute for Life-in & Environment & Disaster Prevention, located adjacent to Oyama Factory, is a comprehensive testing and research facility that conducts various types of performance tests, fundamental technology research, product evaluations and safety verifications in addition to establishing evaluation standards. It also houses a lot of testing equipment related to global environment research as we strive to enhance our ability to resolve environmental issues.

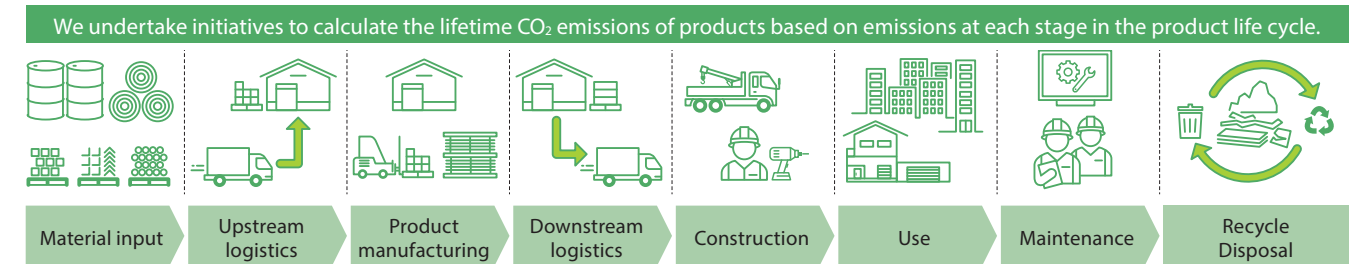
#### Eco-friendly design

When developing a new product or improving an existing product, we work to improve its environmental performance by evaluating how it affects the environment at each stage of its life cycle. We design products with a focus on

energy efficiency, reduction of environmental impact and resource recycling based on the Environmentally Friendly Design Guidelines. By doing so, and also conducting life cycle assessments (LCA\*), we are shifting our product development to be more environmentally conscious.

In FY2022, our years-long work of making the shutter opening and closing switch more energy efficient produced significant results. CO<sub>2</sub> emissions while using the electric products were reduced by 7% compared to the last fiscal year. Suppressing the standby power consumption greatly reduces the use of energy in our electric products when they are not being used to open or close shutters. In particular, we reduced the standby power consumption in our new energy-saving opening and closing switch, which was improved for window shutters, by 20% compared to existing products. Over around 50% of products in our window shutter departments are already using the new, energy-saving opening and closing switch. Going forward, we plan to likewise reduce standby power consumption for products in other fields as well.

\* Life cycle assessment (LCA): A method for quantitatively evaluating the environmental impact of a product over its whole life cycle.



### Supply Chain Management

We have formulated procurement guidelines as a communication tool to ensure that both our company and our suppliers work to fulfill social responsibilities. The guidelines lay out our procurement policies and initiatives, and based on that, clarify the matters that we request suppliers comply with. In FY2022, we revised the guidelines and expanded the section on the environment to reduce environmental impact throughout the entire life cycle. We have our business partners conduct annual surveys using an evaluation list based on the procurement guidelines. Using their self-evaluation results and our evaluation results, we create opportunities to communicate, help make improvements and support our suppliers with regulatory compliance and

environmental initiatives.

Furthermore, a new logistics system linked with our logistics suppliers has gradually been implemented in seven Bunka Shutter factories so far. The system aims to both optimize operations and reduce CO<sub>2</sub> emissions within the logistics process. Going forward, we will continue to promote the strengthening of our supply chain and reducing environmental impact to respond to changing social circumstances and meet the expectations and demands of society.

#### Together with the Earth Promotion System



#### BX Group Environmental Vision

**Expanding the Blue Sky into the Future**

The future that the BX Group envisions is a society where everyone can look up at a blue sky and live in comfortable environments while enjoying the blessings of nature. As such, we strive to not only eliminate negative environmental impact but also create positive environmental value through our business activities in the three areas of climate change, resource recycling and coexistence with nature. In this way, we work to pass on a comfortable environment to the next generation.

**Three Priority Areas for the BX Group**

- Climate change:** We work with stakeholders to achieve carbon neutrality.
- Resource recycling:** We aim to achieve net zero emissions by promoting a circular economy.
- Coexistence with nature:** We help protect biodiversity by striving to prevent negative environmental impact and contributing to the restoration and regeneration of nature.





## TCFD Endorsement

In October 2021, Bunka Shutter endorsed the Task Force on Climate-related Financial Disclosure (TCFD). Going forward, we will actively promote the disclosure of information regarding the impact climate change has on our business activities based on the TCFD recommendations.



### Risks and opportunities associated with climate change

We have analyzed the risks and opportunities associated with climate change in our core shutter and door businesses under two scenarios: one with a temperature increase forecast of less than 2°C, and one with a temperature increase forecast of 4°C. We have identified transition risks, physical risks and opportunities under each scenario. Financial impact analyses were conducted for factors that were assumed to be particularly impactful to the Company. We conducted profit/loss (PL), balance sheet (BS) and cash flow statement (CF) simulations through 2050 under the given assumptions to assess the impact and importance of the identified drivers on the PL, BS and CF.

The results of the assessment of climate change-related risks and opportunities derived from the scenario analyses are reflected in our business strategy based on their level of impact and likelihood of occurrence. Risks and opportunities that are rated as particularly impactful are as follows, along with the status of measures to address them.

The financial impacts estimated in the scenario analyses are made under certain assumed conditions, and factors whose likelihoods of occurrence are difficult to determine at present are also incorporated into the analyses.

### Scenario Analysis

Name of Scenario	Imagined World View
Less than 2°C scenario (SSP1-2.6)	Environmental regulations are tightened, and structures built to ZEB and ZEH standards become more popular. Demand for highly energy-efficient products and renewable energy services increases.
4°C scenario (SSP5-8.5)	Environmental regulations remain at current levels, without significant progress in the spread of ZEB and ZEH. Meanwhile, demand for disaster prevention and mitigation products increases due to the increasing frequency of natural disasters.

### Evaluation on the degree of impact on businesses and financial affairs

Impact on business strategy or financial affairs  
**Big:** Impact is expected to be large **Medium:** Impact is expected to be moderate **Small:** Impact is expected to be small

Category	Factor	Description	Impact		Response
			Less than 2°C scenario	4°C scenario	
Transition risk	Policies, laws and regulations	Carbon taxes and other burdens	Big	Medium	<ul style="list-style-type: none"> <li>Conversion to renewable energy (BX Head Office, BSTC Tokiwadai)</li> <li>Installation of solar power generation systems at Himeji Factory in addition to Oyama Factory and the Research Institute for Life-in &amp; Environment &amp; Disaster Prevention</li> <li>Development of the eco-friendly steel door, SGD, by reducing the weight of materials and changing the assembly method</li> <li>Promotion of the Green Procurement Guidelines and request to 116 suppliers to engage in eco-friendly management</li> <li>Longer service life for the steel staircase, Danjuro II, by using steel sheets with corrosion-resistant plating</li> </ul>
		Changes in energy mix	Big	Big	<ul style="list-style-type: none"> <li>Promotion of the management and optimization of the energy consumption portfolio</li> <li>Promotion of replacing equipment with a focus on productivity and high efficiency</li> </ul>
	Technology	Transition to low-carbon technologies	Big	Small	<ul style="list-style-type: none"> <li>Suppliers' shift to low-carbon technologies (including changes in the manufacturing process of steel, etc.) may lead to increased capital investment and higher procurement costs</li> <li>Consider converting to alternative materials for procured parts with high CO<sub>2</sub> emissions</li> <li>Gather information from suppliers using surveys</li> </ul>
Physical risk	Acute	Increase in severity and frequency of natural disasters and extreme weather phenomena	Small	Big	<ul style="list-style-type: none"> <li>Establish a BCP for procurement to ensure stable supply and promote duplicating supply chains, holding a minimum level of in-house inventory (three months of product inventory), creating procurement guidelines and visualizing the Company's inventory status</li> <li>Based on the "Business Continuity Guidelines for Manufacturing Divisions," build structures for gathering and responding to information on downstream distribution statuses in the event of emergencies, including natural disasters; focus on such matters as the status of roads and other infrastructure and the ability of customers to accept deliveries</li> </ul>
		Increasing need for eco-friendly products that help mitigate climate change	Big	Small	<ul style="list-style-type: none"> <li>Electric blind shutter, Mado Master Soral A residential window shutter equipped with a blind function that blocks out sunlight and shields heat during summer and absorbs sunlight during winter to make air conditioning/heating more effective</li> <li>Eco-friendly steel door, SGD Reduced emissions by 35kg-CO<sub>2</sub> per door by reducing the weight of materials and changing the assembly method</li> </ul>
Opportunity	Products and services	Increasing need for products that adapt to the impact of climate change	Big	Big	<ul style="list-style-type: none"> <li>Expand Water Barrier Master Series for flood mitigation Shutters with water barrier panels, doors with superior water-blocking properties, easy-to-install water barriers, buoyancy water barriers, compact water barrier sheets</li> <li>Expand Wind Block Series for resisting strong winds Shutters for factories and residential applications with superior wind resistance performance, and shutters connected to residential home energy management systems (HEMS) with weather warning notification functions</li> </ul>

## Solutions to mitigate and adapt to climate change

We perceive climate change as not just a business risk but also an opportunity to promote our eco & disaster prevention business and enhance corporate value.

The Intergovernmental Panel on Climate Change (IPCC) released its latest Sixth Assessment Report in March 2023. It predicted that an increase in global temperatures cannot be avoided due to CO<sub>2</sub> accumulation and raised the need to strengthen international efforts to address the threat of global warming. Meanwhile, various regions are incurring greater damages and social impacts are growing due to increasingly frequent and severe cases of extreme weather and natural disasters caused by global warming. Against this backdrop, we expect even greater demand going forward for eco-friendly products that help mitigate climate change, and disaster prevention products that can adapt to climate change.

### Mitigation Solutions

#### Solar power generation system business

We promote the use of renewable energy by leveraging the metal processing technologies that we have developed over the years and our nationwide after-sale maintenance system.



#### Awning business, BX Tenpal

We offer eco-friendly products that effectively counter summer heat by adjusting sunlight exposure to create comfortable spaces both indoors and outdoors. These products offer great energy-saving benefits and lower apparent temperatures.



Slide Canvas Sorakaze ▶

#### Tekumoku: Wood-plastic recycled composites

Over 90% of this resource recycling product uses recycled plastic and wood waste produced at deconstruction sites and factories. It offers high durability, stable quality and feels like natural wood.



#### Mado Master Soral: Residential electric blind shutter

This product offers great energy-saving benefits as it efficiently adjusts indoor room temperatures throughout the year by letting in wind and shielding sunlight.



### Adaptation Solutions

#### Rakuset: BX water barrier panel

This product can be installed without construction in various places. It acts as a water barrier while still allowing people to enter and exit. Rakuset SD, released in FY2022, allows the water barrier panel to easily and quickly be fitted into the frames of service entrance steel doors.



#### Tomepita: Compact water barrier sheet

This compact water barrier sheet has ten times the ability to stop water compared to sandbags. It has few parts and the package is light, compact and can be carried by a single person alone. Its maintenance after use is simple, it can be used repeatedly and takes up very little room when stored.



#### Aquafloat: Buoyancy water barrier

This water barrier panel rises automatically using water's buoyancy. The product does not require electricity and can be set up and left alone at night or in unmanned facilities. It can cover wide openings, making it an optimal water barrier solution for factories, warehouses, buildings, residential apartments and commercial facilities.



#### Wind Block Series

This series features products that ensure high wind resistance to protect factories and residential properties from large typhoons and sudden gusts of wind. They not only offer sturdy protection against flying objects but also prevent damage to buildings caused by negative pressure.



## Decarbonization Activities

In FY2021, Bunka Shutter announced the BX Group Declaration of Decarbonization for 2050 to address decarbonization, which is a critical factor in climate change. We have since launched initiatives to reduce CO<sub>2</sub> emissions within the goal of achieving carbon neutrality across our business activities by 2050. The entire Group, including international Group companies, will participate in decarbonization efforts.

Around 40% of CO<sub>2</sub> emissions produced within the Group's business activities comes from electricity use. Another around 40% comes from gasoline consumed by cars used for business. Therefore, we have established two major pillars to lead CO<sub>2</sub> reduction efforts. The first is founded on thorough energy-saving activities, which include replacing equipment at our production sites. For example, we will install high-efficiency lighting and convert to 100% renewable energy, such as solar power, that can fundamentally be generated and consumed in-house. The second pillar is converting to and using eco-friendly cars (HV, PHV and EV) for business activities.

In FY2022, we promoted the conversion to eco-friendly cars with a system to offer environmental contribution subsidies to HV, PHV and EV users. We also added infrastructure to support the conversion, such as by installing quick charge stations in the Head Office building and Himeji Factory. As of April 2023, 24% of cars used for business activities are eco-friendly vehicles. Furthermore,

a solar power generation system was installed at the new office of BX KOUN's Himeji Factory this fiscal year. This makes it our fifth domestic site to install a solar power generation system to enable in-house generation and consumption of 100% renewable energy.

In terms of Scope 3 emissions, we set CO<sub>2</sub> reduction targets for indirect emissions produced through procurement and logistics activities within our supply chain, and are working in collaboration with our suppliers to actively reduce emissions.

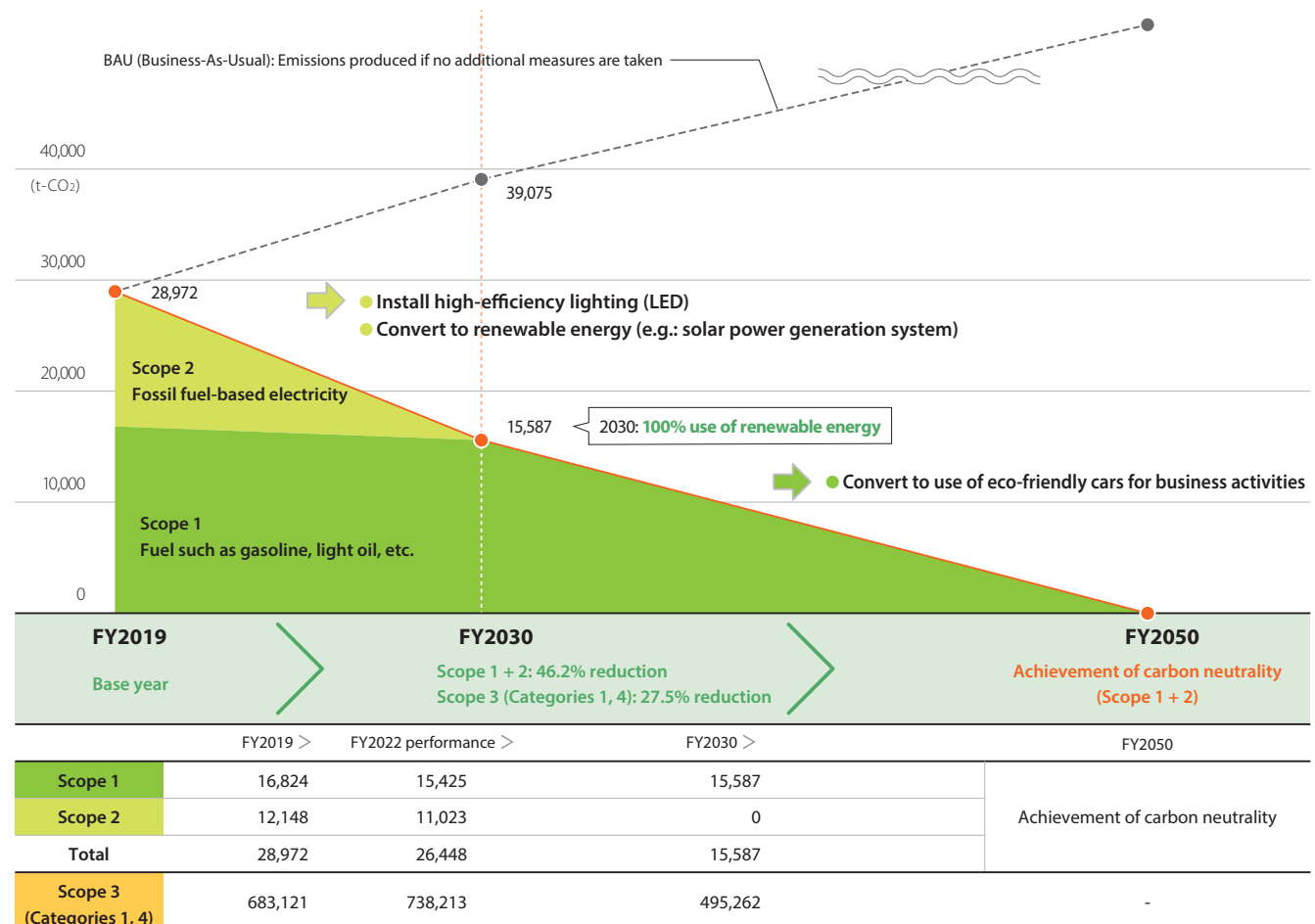
### Indicators and targets

In order to achieve carbon neutrality across our business activities by 2050, we will aim to reduce Scope 1 and 2 emissions by 46.2% by 2030, based on the 1.5°C target recommended by the Science Based Targets (SBT) initiative. FY2019 is set as the base year.

Particularly in terms of Scope 2 emissions, we will strive to achieve net zero emissions by 2030 by procuring 100% of electricity from renewable energy sources.

In terms of Scope 3 emissions, we will aim to achieve a 27.5% reduction from FY2019 in Category 1 (purchased goods and services) and Category 4 (transportation and distribution) based on the 2°C target.

### Roadmap to achieve carbon neutrality

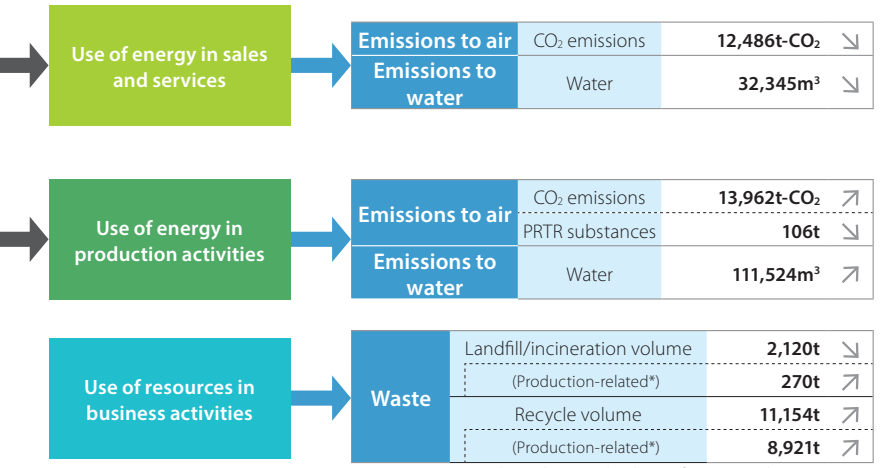


## Overall Environmental Impact Across FY2022 Business Activities

### INPUT

Category	Item	Value	YOY
Energy	Electricity	6,799 thousand kWh	↘
	Kerosene	39kl	↗
	City gas	102,158m <sup>3</sup>	↘
	LPG	21t	↗
	Gasoline	3,400kl	↘
Water resource	Light oil	567kl	↘
	Clean water	29,533m <sup>3</sup>	↘
	Underground water	2,812m <sup>3</sup>	↘
Energy	Electricity	18,745 thousand kWh	↗
	Kerosene	88kl	↘
	City gas	244,886m <sup>3</sup>	↘
	LPG	931t	↗
	Gasoline	805kl	↗
Water resource	Light oil	97kl	↗
	Clean water	46,920m <sup>3</sup>	↗
	Underground water	64,604m <sup>3</sup>	↗

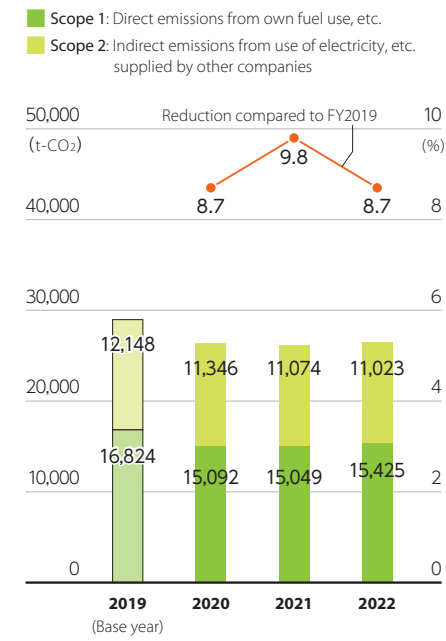
YOY ↗ Increased → Same ↘ Decreased



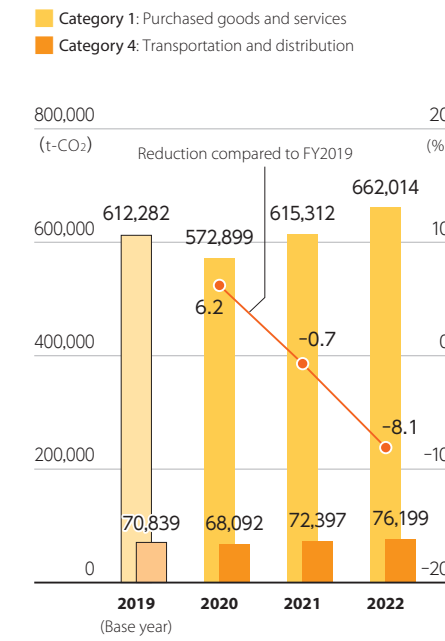
### OUTPUT

\*Net zero emissions achieved at 7 Bunka Shutter factories and 10 Group company offices

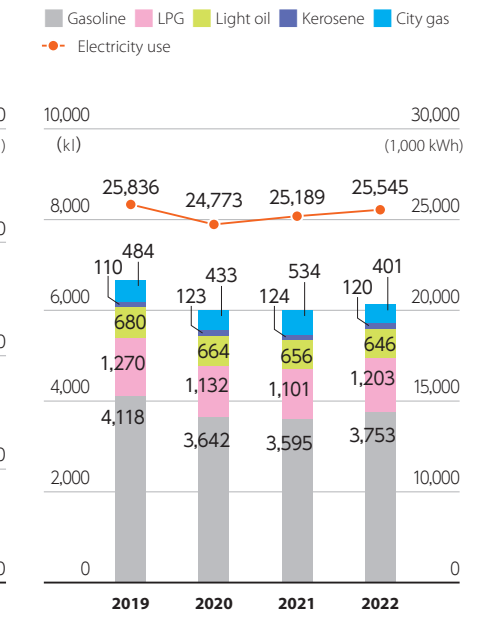
### Change in CO<sub>2</sub> emissions (Scope 1 + 2)



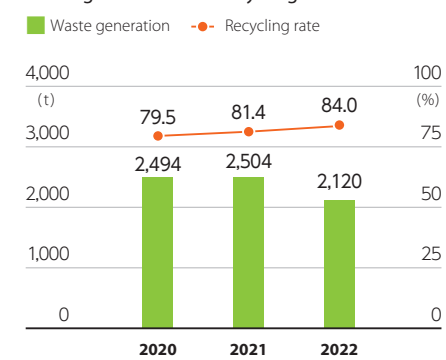
### Change in CO<sub>2</sub> emissions (Scope 3)



### Change in energy use



### Waste generation and recycling rate



### Chemical substance management

Item	Value	YOY
<b>Emissions to air (t)</b>	<b>91.3</b>	<b>↗</b>
Ethylbenzene	18.6	↗
Xylene	36.4	↗
Trimethylbenzene	1.6	↗
Toluene	34.7	↘
Lead and other chemical substances	0.01	↘
<b>Total</b>	<b>91.3</b>	<b>↗</b>
<b>Change in volume (t)</b>	<b>14.2</b>	<b>↘</b>
Ethylbenzene	2.0	↘
Xylene	4.1	↘
Trimethylbenzene	0.002	↘
Toluene	8.1	↘
Lead and other chemical substances	0.03	↘
<b>Total</b>	<b>14.2</b>	<b>↘</b>





## Together with Society



### Contributing to society as a corporate citizen

#### Co-creation with the community

The BX Group contributes to finding solutions for regional issues in various areas around Japan through collaboration with organizations that provide diverse welfare services.

Through Bunka Shutter Service, we have been proactively buying products manufactured by persons with disabilities to use as novelties for many years, and once a month, BX TR and others organize traveling sales of bread involving organizations that support the employment of persons with disabilities. To reduce food waste and use food effectively, BX Okinawa Bunka Shutter, the Gochaku Factory, and others organize food drives with the help of local

governments and NPOs to deliver foodstuffs to children and welfare facilities in their communities. We will continue to deploy similarly community-rooted contribution activities throughout Japan in the future.



BX Okinawa Bunka Shutter's food drive

### Humanitarian contributions to society

#### Collaboration with local governments

Since 1994, Bunka Shutter Service, which inspects and repairs shutters, has provided training on destroying shutters during emergencies at firefighting training sessions held at fire academies and fire departments around Japan, which contributes to speedier rescues. In FY2022, 1,172 trainee firefighters at 21 fire academies took part in such training, and we received a letter of appreciation from the Shizuoka Prefectural Fire Academy.



Forcible entry firefighting training

We intend to continue collaborating with various local governments to help people live with safety and peace of mind.

#### Support for disaster-stricken areas

For there to be even further recovery from the Great East Japan Earthquake, along with passing on memories of the disaster, it is necessary to continue providing support that will serve as the driving force for the future of the Tohoku region. To provide an opportunity to revive industries and increase understanding of the disaster area, Bunka Shutter organizes BX Marche at the Head Office's BX Hall facility. Additionally, we have been interacting with Watari town in Miyagi Prefecture since the immediate aftermath of the earthquake, and we organize the Watari Children's Festival which involves sports classes and fairs for children in the community. In recognition of these efforts, in April 2023, we were awarded a commendation as a long-term contributor by the Miyagi Prefecture Watari Town Tourism Association.



The letter of commendation awarded to the Tohoku branch

### Support for cultural activities

#### Contributing to society through cultural activities

At Bunka Shutter, we have inherited the mindset of "contributing to culture through construction materials" from our founder, and we support a variety of cultural activities. At BX Hall, to support music and traditional performances, we sponsor organizations involved in solving regional issues such as providing childcare support, hold events such as participatory classical music concerts and picture book readings by professional voice actors in an endeavor to interact with the community.

\* We refrained from activities such as events between FY2020 and FY2022 due to the spread of COVID-19.

#### Contributing to society through sports

The players on the ultimate frisbee\* corporate team, the Bunka Shutter Buzz Bullets, voluntarily carry out activities such as ultimate frisbee tournaments in collaboration with Bunkyo City and organizing sports lessons at welfare facilities for persons with disabilities.

Additionally, as an official sponsor of a soccer team based in Bunkyo City, we support the revitalization of the local community and also assist players

who have retired from the team in finding second careers. Bunka Shutter has been certified as a Tokyo Sports Promoting Company for seven consecutive years in recognition of these activities.



UNITY, the dodgebee team at the Team Lien welfare facility for persons with disabilities

\* A 7-person team sport using flying disks (frisbees).



## Together with Coworkers



### Respect for Human Rights

As a Comfortable Environment Solutions Group, the BX Group aims to help people achieve happiness by providing safety and peace of mind through diverse manufacturing while also continuously contributing to the development of societies and economies. And to that end, respect for human rights and an engagement with human rights issues are indispensable. We will pursue human rights initiatives as stated in our founding spirit: "to serve society with sincerity," in order to practice the culture of "a company that values people" that our Group has inherited.

#### Formulating a Human Rights Policy

Although the BX Group has been working towards respect for human rights based on our CSR Charter "Together with Coworkers," in order to respond to increasing human rights risks and evolving issues in international society, and to increase the sophistication of our human rights management including in the supply chain, in November 2022 we formulated our first Human Rights Policy based on international human rights-related standards rooted in the United Nations Guiding Principles on Business and Human Rights.

Furthermore, to enhance employee understanding, we have also been publishing articles and educating employees about human rights and LGBTQ issues.

Going forward, we will endeavor to deepen Group-wide understanding of respect for human rights based on the Bunka Shutter Group Human Rights Policy, and contribute to the creation of a sustainable society by fulfilling our responsibilities in that regard.

#### Promotion of human rights due diligence

To identify, evaluate, prevent or mitigate human rights risks involving our businesses including the supply chain based on the Human Rights Policy, we have established a project team that cuts across relevant departments and formulated Human Rights Due Diligence Performance Guidelines.

The project team's functions will be developed within the Together with Coworkers Committee, and they will pursue human rights due diligence initiatives to verify and improve human rights risks while paying attention to human rights issues specific to each business department.

In FY2023 we will follow the guidelines to perform an impact assessment of business on human rights and carry out an employee survey about human rights. For our suppliers, we will endeavor to increase their understanding of the reformulated Procurement Policy that includes human rights entries and conduct a survey to identify and assess human rights issues.

#### Harassment prevention

Bunka Shutter uses Harassment Prevention Standards that state standards for determining harassment, prevention measures and specifically prohibited items in order to clarify behaviors that constitute harassment. We provide a variety of learning opportunities, including not only education through e-learning but also harassment training for all personnel in managerial positions in the Group in FY2022.

#### Management of foreign technical trainees

We manage foreign technical trainees appropriately based on Japan's foreign technical trainee system and are endeavoring to put structures in place to avoid or reduce human rights risks. We also give them various kinds of support to enable them to acquire technical skills with peace of mind even in an unfamiliar living environment. This support includes guidance on construction site rules and safety management, rent subsidies for rental housing, language training to help them pass level N3 of the Japanese Language Proficiency Test and a system that allows them to consult us about lifestyle or work issues at any time.

#### Establishment of consultation and reporting contact point

We had established and operated an internal and external reporting and consultation contact point in order to detect and correct wrongdoing at an early stage, and strengthen our compliance management by providing an appropriate structure for employees and others to make public and internal reports as well as consultations about harassment. However we have now set up an external reporting and consultation contact point that is shared by the entire BX Group. In addition to ensuring transparency and improving the efficiency of information collection, it has also begun to operate as a contact point for human rights-related consultations and reports.

The dedicated contact point online supports English and Vietnamese as well so that foreign trainees can use it in their native languages.

We also take thorough protective measures so that consulters do not suffer unfair treatment.

#### Major human rights issues we prioritize handling

- Prohibition of discrimination
- Prohibition of harassment
- Ensuring health and safety in the workplace
- Paying reasonable wages and managing working hours
- Prohibition of forced labor and child labor
- Respect for freedom of association and the right to collective bargaining



You can read the full text of the Bunka Shutter Group Human Rights Policy here





## Basic approach to human resources

The BX Group regards human resources as one of the most important business foundations it needs in order to respond to rapidly changing social conditions and diversifying customer needs and to continue to create new value for society.

To strive to achieve “a comfortable environment for people and the earth” and further advance the Group’s growth and the Medium-Term Management Plan, it is imperative that we embrace different values and perspectives, such as individual personalities and abilities, regardless of who they belong to. Furthermore, we need to develop human resources who can embody the human resource image the Group seeks as well as our corporate culture involving the Corporate Creed and Management Philosophy, and implement business policies.

We will strengthen our human resource foundation firstly through securing diverse human resources by respecting the individuality and creativity of our colleagues, aiming for the growth and satisfaction of each one of them and promoting diversity and inclusion, and secondly by enhancing our human resource development system, striving to create an environment where diverse abilities can be displayed and increasing employee engagement. Then, through the high-level synergy of those human resources, we will increase the resilience of management by boosting the earning power of our core businesses, expanding the scales scope of focus businesses and trying to develop new businesses, all of which will be converted into sustainable growth and greater corporate value.

### Medium- to Long-Term Increase in Corporate Value

#### Medium-Term Management Plan Vision

### Open the Way to the Future - To be a Comfortable Environment Solutions Group



**Human resources sought**  
 People who take the initiative to think, act, and solve issues  
 People who proactively challenge themselves while maintaining positive mindsets and actions  
 People who can create new business areas through expert knowledge, skills or ideas not limited to existing business areas

**CSR Charter/Activity Policy** P. 13-14  
**Together with Coworkers**  
 We respect the individuality and creativity of our colleagues and aim for the satisfaction and growth of each and every one of them.

<p><b>The Founding Spirit that we value</b></p> <p><b>Corporate Creed</b> (Sincerity, Hard Work, Service)</p>	<p><b>Management Philosophy</b></p> <p>We act by always putting ourselves in the position of our customers.                  We contribute to the development of society with excellent quality.                  We place importance on positiveness and harmony and move forward day by day.</p>	<p><b>Corporate culture/readiness as employees</b></p> <p><b>MEI, GEN, SO</b> (represented by being cheerful, energetic, and honest)</p>
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We reflect the “human capital” mindset which regards human resources as capital in our management strategies and endeavor to maximize the value of human resources through initiatives like these.



◀ Details of the human capital mindset are disclosed in the Annual Securities Report.

### Promoting diversity and inclusion

We have newly established a Diversity and Inclusion Policy in order to provide employees with opportunities for acquiring and displaying diverse skills, and to proactively promote diversity and inclusion.

By creating an environment where everyone can utilize their individual characteristics and display their abilities to the fullest and by accepting a variety of values and perspectives, we will attempt to create new value which will lead to growth for the Group.

### ● Securing diverse human resources

We will enthusiastically recruit both new graduates and mid-career hires without discrimination regarding nationality, age, gender, presence or absence of disability, or any other factor. By doing this and thereby accepting a diverse range of values and multifaceted perspectives, we will reduce the rigidity of our human resources, create new businesses and grow the company.

When it comes to the employment of women, we regard the perspective of women as vital to the Company’s growth in aspects such as promoting work-style innovation and finding new products and businesses. Therefore we are working to improve the balance in the ratio of male to female employees through active recruitment, and at the same time we are setting up environments that accommodate flexible work-styles through telework and expanded childcare leave policies.

We also hold career design training for mid-level female employees to help them improve their management and leadership skills.

We promote the recruitment of persons with disabilities in all departments and job types around Japan, with the goal of developing them into human resources that can contribute not only at our company but at any other company. In FY2022, all interested persons with disabilities were made into official regular employees. We also improved their treatment, increased opportunities for them to succeed, and endeavored to increase their satisfaction and improve their competitiveness in the recruitment market.

Percentage of mid-career hires	81.6%	Participants in career design training	39
Percentage of newly graduated female hires	27.1%	Percentage of persons with disabilities hired	2.15%
Percentage of female managers	2.2%		

### Human resource development

At Bunka Shutter, we believe that a company’s value is sum total of the HR capabilities of all employees. Therefore, to develop our human resources, we provide level-based training that corresponds to job position and function and offer various kinds of training intended to improve skills such as problem-solving abilities and innovation. To increase productivity, we also provide distance-learning education on IT literacy. During every kind of training, we provide opportunities for management to give direct lectures about their expectations for employee growth and the Company’s stance and direction.

Furthermore, to encourage skills acquisition and qualifications for expertise such as construction and construction management, we give incentives such as qualification bonuses and celebratory cash gifts to those who acquire qualifications.

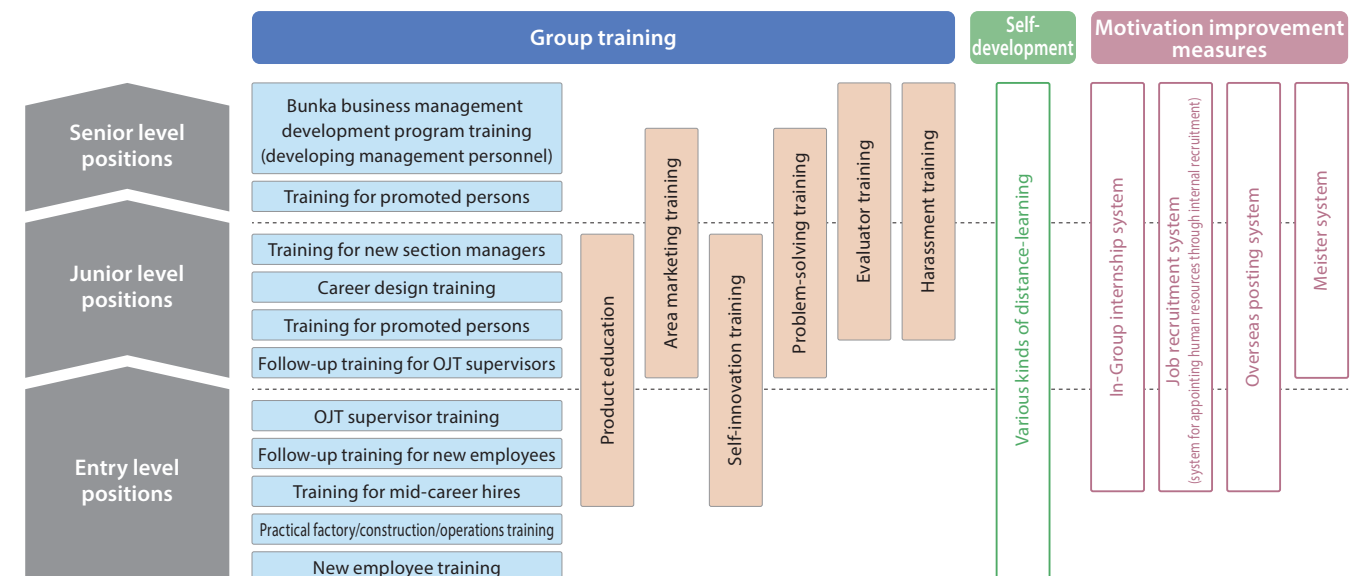
Additionally, we introduced a Meister system in 2007 to train successors for the company’s proprietary technologies and high-level technical skills at manufacturing sites. Improving technical skills will grant our products greater safety and reliability and enable us to improve customer satisfaction and meet diversifying needs. Four of the Meisters are persons who were rehired after retirement. Their presence increases the motivation of senior employees while their activities are contributing to the company’s growth.

Through measures like these, we hope that every employee will embody the human resource image our Group seeks, which will expand the areas of value we provide to society and lead to the building of a resilient corporate body.

Training time per employee **14 hours/year**  
 Participants in IT literacy distance-learning **139**  
 Meisters **38**



### System chart of human resource development and motivation improvement measures







## Promotion of corporate governance

### Basic approach

Our basic approach to corporate governance is to enhance the function of management checks and to maintain and continue fairness from the perspective of further improving management transparency in order to implement business activities that meet the expectations of our stakeholders, including shareholders, investors, customers, business partners, and members of local communities. In order to do so, we are strengthening and enhancing our corporate governance system and disclosing information in a timely and accurate manner.

In addition, we will appropriately put the Corporate Governance Code into practice as it is applied to listed companies on the domestic stock exchanges. We agree with the concept of enhancing corporate value through sustainable growth while contributing to the development of stakeholders and the economy as a whole, and will work to further strengthen our corporate governance.

### Outline of corporate governance structure

Under our corporate organizational structure that includes an Audit and Supervisory Committee, the Board of Directors supervises management, and the Company has adopted the Operating Officer System that separates management supervision from business execution.

At the time of publication of this report, the management structure consisted of 7 Directors (excluding Directors who are Audit and Supervisory Committee Members), 5 Audit and Supervisory Committee Members who are also Directors (including 4 Independent Outside Directors), and 24 Operating Officers including 6 serving concurrently as Directors.

The members of the Audit and Supervisory Committee audit the Board of Directors, Directors and Operating Officers from the perspective of legality

and appropriateness, including the status of development and operation of the internal control system from a standpoint independent of the Board of Directors.

We have also established a Meeting of Managing Operating Officers chaired by the Representative Director and President, which deliberates important matters including Board of Directors agenda items, in accordance with the Company's bylaws. The Meeting of Managing Operating Officers consists of the Representative Director and Officer in charge of Management Operations, Officer in charge of Sales, Officer in charge of Manufacturing, and Officers in charge of Design, Construction, New Business, Product Development and International Business.

### Board of Directors

A total of eight Board of Directors meetings were held in FY2022. In accordance with laws and regulations, the Articles of Incorporation, the Board of Directors regulations, and other internal rules, the Board of Directors passes resolutions on important matters such as those related to the General Meeting of Shareholders, important organizational and personnel matters, financial results, and important matters concerning assets, etc. For the purpose of clarifying the structure of management responsibilities and accelerating decision making, the Board of Directors delegates authority over its resolutions to each responsible director.

As of November 2023, our Board of Directors consists of 12 members: 7 Directors who are not Audit and Supervisory Committee Members, who are from within the Company, are familiar with our business, and are capable of making prompt and appropriate decisions based on the characteristics of our business, and 5 Directors who are Audit and Supervisory Committee Members, including 4 Independent Outside Directors.

### Assessing the effectiveness of the Board of Directors

Bunka Shutter conducted a self-evaluation of the effectiveness of the Board of Directors' meetings held in FY2022 by administering a 46-item questionnaire to all Directors in office as of March 31, 2023. It consisted of six topics: Composition of the Board of Directors, Operation of the Board of Directors, Support System for Directors, Directors' Own Efforts, Audit and Supervisory Committee, and Summary.

The results of self-evaluations by each Director indicated that the Board of Directors generally functioned appropriately. In analyzing and evaluating the Board's effectiveness, we reaffirmed the need to further increase that effectiveness by, for example, further enhancing reporting and discussions on reports about Group companies' business activities, internal controls and the risk management system.

Based on the results of each Director's self-evaluation and opinions, we will strive to further improve the effectiveness of the Board of Directors by continuously working to resolve issues that have been identified and reviewing the effectiveness evaluation items, as well as by having Directors themselves raise issues and stimulate discussion.

### Nomination/Remuneration Committee

In August 2021, Bunka Shutter established the Nomination/Remuneration Committee as an advisory body under the Board of Directors to strengthen the independence, objectivity and accountability of the Board's functions regarding the selection and dismissal of Directors and decisions on remuneration.

The Nomination/Remuneration Committee consists of at least three Directors selected by resolution of the Board of Directors, a majority of whom are Independent Outside Directors. The chairperson of the committee is selected from among its members by resolution of the Nomination/Remuneration Committee, and the position is currently occupied by an Independent Outside Director.

### Independence and Diversity of Outside Directors

Bunka Shutter has not established its own criteria or policy for the election of Outside Directors. Appointments are made in accordance with the Companies Act and other laws and regulations, as well as the independence standards of the Tokyo Stock Exchange.

The four Independent Outside Directors have a wealth of experience in their respective fields and a high level of insight based on their experience. They contribute to strengthening corporate governance by providing advice on the Company's business activities and ensuring the validity and appropriateness of the Company's decision-making process.

### Introducing a performance-based remuneration system

Our basic policy is to set Director remuneration at an appropriate level based on the individual roles and responsibilities of each Director within the cash and stock remuneration limits determined by the General Meeting of Shareholders, with a view to achieving the Company's management policies while contributing to a sustained and medium- to long-term increase in our corporate value.

Director remuneration (excluding Directors who are Audit and Supervisory Committee members) previously consisted of monthly remuneration and a directors' bonus. However we introduced an additional stock-based remuneration in June 2022.

The purpose of this system is to clarify the link between Director remuneration and the Company's performance and share value so that Directors will share the risks and returns of changes in share price together

with shareholders, which will heighten their motivation to contribute to medium- to long-term performance and increasing corporate value.

### Conduct of audits and internal audits by Audit and Supervisory Committee members

As a Company with an Audit and Supervisory Committee, Bunka Shutter further strengthens the audit function of the Board of Directors by, for example, allowing Directors who are Audit and Supervisory Committee members to have voting rights at Board of Directors' meetings. Consisting of five Directors who are members of the Audit and Supervisory Committee, including four Independent Outside Directors, our Audit and Supervisory Committee audits the execution of Directors' duties in terms of legality and appropriateness for the purpose of ensuring the transparency of management.

Audit and Supervisory Committee members attend meetings of the Board of Directors and Meeting of Managing Operating Officers, as well as important internal meetings related to sales and manufacturing, and inspect important documents. To strengthen the Group's governance system, the Audit Office of the CSR Management Department and the Corporate Planning Department work together to conduct audits, including on-site inspections and remote audits of Group companies, including those overseas.

In addition, the Audit Office of the CSR Management Department and the Operations Department of the Business Division systematically conduct internal audits of business divisions, branches, factories and sales offices. The Audit and Supervisory Committee, the Internal Audit Department and the Accounting Auditor form a three-party auditing structure to exchange information and opinions from time to time to ensure the effectiveness of audits.

### Internal control system status

In order to ensure that the execution of duties by Directors and employees of the Company and its subsidiaries complies with laws, regulations and the Articles of Incorporation, the Board of Directors has established a basic policy for the establishment of an internal control system in accordance with Article 362, Paragraph 4, Item 6 of the Companies Act and each Item of Article 100 of the Enforcement Regulations of the Companies Act. The Company has established a system to ensure that all officers and employees of the Company and its subsidiaries achieve efficiency, fairness, legal compliance and asset protection in all business operations.

### Strengthening compliance

The BX Group has established CSR Guidelines that set forth rules to be followed to ensure that each and every one of our employees not only complies with laws and regulations, but also acts in accordance with social norms and corporate ethics. Every employee is given a compact-sized CSR Charter Handbook to carry at all times to encourage compliance-conscious behavior, and e-learning and video livestreams of various laws and regulations are offered to provide easy learning opportunities and raise employee awareness.

In addition, we conduct compliance training for new employees, mid-career hires and newly appointed managers, as well as for Group companies, in an effort to create a culture that does not tolerate misconduct at the organizational level. Furthermore, to quantify and evaluate the degree to which compliance is pervasive, we conduct comprehension tests and organizational culture diagnoses and use them as a reference for education and the establishment of evaluation criteria.

We will keep working towards building an environment that prevents compliance violations in an organizational manner.

### Election of Independent Outside Directors

	Experience and insight	Status of activities
Shozo Fujita	Mr. Fujita has held various important positions as a prosecutor, including Superintending Prosecutor of the Nagoya High Public Prosecutors Office. After retiring from the office, he worked as an attorney at law, and has a wealth of knowledge and a high degree of insight in the legal field.	To ensure the adequacy and appropriateness of decision-making by the Board of Directors and Audit and Supervisory Committee, he mainly offers statements and expresses opinions from the standpoint of a legal expert, and provides advice and recommendations for the establishment of internal control systems.
Kazufumi Abe	Mr. Abe is a former employee of UACJ Corporation, where he gained extensive work experience, including as a Full-time Statutory Auditor.	He provides advice and recommendations to ensure the adequacy and appropriateness of decision-making by the Board of Directors and Audit and Supervisory Committee, mainly by expressing his opinions based on his extensive business experience at other companies and his work experience as an auditor.
Yoshihiko Hayasaka	As a former Director and Senior Managing Operating Officer of Maeda Corporation, Mr. Hayasaka has acquired extensive experience as a corporate manager primarily in the construction industry, and offers a high degree of insight based on that experience.	He provides advice and recommendations to ensure the adequacy and appropriateness of decision-making by the Board of Directors and Audit and Supervisory Committee, mainly by expressing his opinions based on his experience as a manager at other companies.
Kazue Shimamura	Ms. Shimamura has abundant knowledge and broad insight as a professional in the field of commerce, mainly in the academic world, having served as a professor in the Faculty of Commerce at Waseda University, where she also served as Vice President of the Academic Affairs Division, Dean of the Faculty of Commerce, and Dean of the School of Commerce.	She provides advice and recommendations to ensure the adequacy and appropriateness of decision-making by the Board of Directors and Audit and Supervisory Committee by expressing her opinions from the perspective of an expert mainly in the fields of consumption and marketing.



**Directors - Audit and Supervisory Committee Members**



**Toshihiko Shiozaki**  
Representative Director - Chairperson  
2007 Director - Senior Operating Officer  
2012 Director - Senior Managing Operating Officer  
2016 Representative Director - President Executive Director - Representative Director - Chairperson (current)



**Hiroyuki Ogura**  
Representative Director - President Executive President  
2011 Director - Senior Operating Officer, General Manager, West Japan Business Division  
2018 Director - Managing Operating Officer in Charge of Sales  
2021 Representative Director - Executive President (current)



**Yoshinori Shimamura**  
Director  
Senior Managing Operating Officer in Charge of New Business, Product Development, International Business  
2011 Director - Senior Operating Officer in Charge of Product Development - Product Development Department Manager  
2018 Director - Managing Operating Officer  
2021 Director - Senior Managing Operating Officer (current)



**Yoshinori Fujita**  
Director  
Managing Operating Officer in charge of Sales, Design, Construction  
2014 Operating Officer and Kyushu Branch Manager  
2017 Director - Senior Operating Officer General Manager, West Japan Business Division  
2021 Director - Managing Operating Officer (current)



**Mitsuru Mita**  
Director  
Managing Operating Officer  
General Manager, East Japan Business Division  
2014 Representative Director - President, BUNKA SHUTTER SERVICE CO., LTD.  
2018 Director - Senior Operating Officer  
2021 Director - Managing Operating Officer (current)



**Haruhiko Ichikawa**  
Director  
Managing Operating Officer  
In Charge of Management Operations  
2013 Operating Officer - Human Resources & General Affairs Department Manager  
2018 Director - Senior Operating Officer  
2021 Director - Managing Operating Officer (current)



**Hiroki Yamasaki**  
Director  
Senior Operating Officer  
General Manager, Sales Development Business Division  
2015 Operations Department Manager, West Japan Business Division  
2017 Operating Officer - Sales Planning Department Manager  
2019 Director - Senior Operating Officer (current)



**Nariyuki Matsuyama**  
Director  
Audit and Supervisory Committee Member (full-time)  
2013 CSR Management Department Manager  
2015 Operating Officer - CSR Management Department Manager  
2021 Managing Operating Officer - CSR Management Department Manager  
Director - Audit and Supervisory Committee Member (full-time, current)



**Shozo Fujita**  
Director  
Audit and Supervisory Committee Member (Independent Outside Director)  
2010 Superintending Prosecutor of the Nagoya High Public Prosecutors Office  
2016 BUNKA SHUTTER Auditor  
2017 Director - Audit and Supervisory Committee Member (current)



**Kazufumi Abe**  
Director  
Audit and Supervisory Committee Member (Independent Outside Director)  
2010 Sumitomo Light Metal Industries, Ltd. (now UACJ Corporation) Managing Operating Officer - Deputy General Manager, Corporate Administration Division  
2013 Sumitomo Light Metal Industries Full-time Statutory Auditor  
2016 BUNKA SHUTTER Auditor  
2017 Director - Audit and Supervisory Committee Member (current)

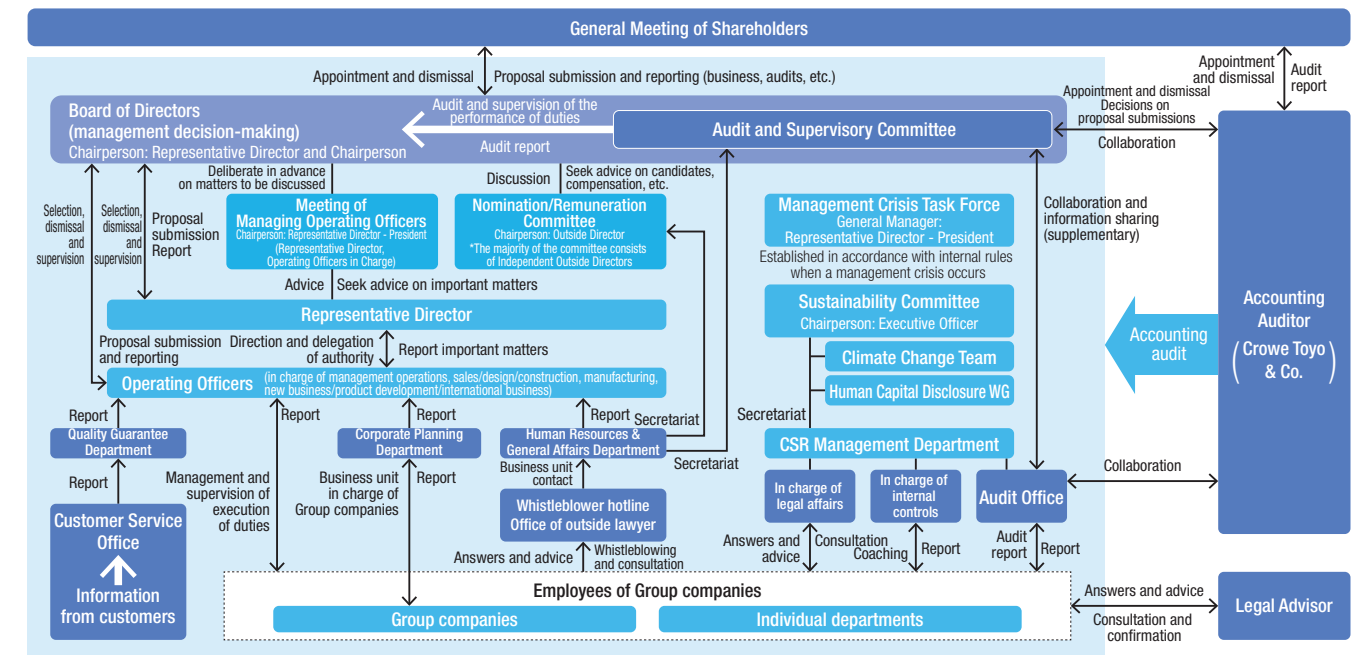


**Yoshihiko Hayasaka**  
Director  
Audit and Supervisory Committee Member (Independent Outside Director)  
2012 Maeda Corporation Director - Senior Managing Operating Officer  
2017 FBS Miyama Inc. (now FBS CO., LTD.) Board of Directors Chairperson  
2021 Director - Audit and Supervisory Committee Member (current)



**Kazue Shimamura**  
Director  
Audit and Supervisory Committee Member (Independent Outside Director)  
2006 Waseda University Professor - Faculty of Commerce (to date)  
2012 Waseda University Dean of the Faculty of Commerce, Dean of the School of Commerce (until 2016)  
2023 Director - Audit and Supervisory Committee Member (current)

**Outline of Corporate Governance System**



**Director Skills Matrix**

Bunka Shutter recognizes that the current structure is of an appropriate size for effective discussion and decision-making by the Board of Directors. In addition, from the standpoint of ensuring diversity and expertise on the Board of Directors, the Board is composed of an appropriate number of Directors, appointed with consideration for a balance of personnel who can demonstrate strength in management in each business field and personnel suitable for maintaining and improving compliance and administration, such as by selecting persons with management experience at other companies, legal experts, etc.

Our Company has prepared the following skills matrix, which lists the balance and diversity of knowledge, experience and abilities required of each Director in light of the Company's management strategy.

	Business management	Industry knowledge and expertise	Governance Risk management Internal controls	Human resources and labor Human resource development Social issues	Finance and accounting Financing M & A	Sales Marketing	Product development Quality management Manufacturing and procurement	International experience International business
<b>Toshihiko Shiozaki</b>	●	●	●	●	●	●	●	
<b>Hiroyuki Ogura</b>	●	●	●	●		●		
<b>Yoshinori Shimamura</b>	●	●		●			●	●
<b>Yoshinori Fujita</b>	●	●				●		
<b>Mitsuru Mita</b>	●	●				●		
<b>Haruhiko Ichikawa</b>	●	●	●	●	●			
<b>Hiroki Yamasaki</b>	●	●				●		
<b>Nariyuki Matsuyama</b>		●	●	●			●	
<b>Shozo Fujita</b>	●		●	●				●
<b>Kazufumi Abe</b>			●	●	●		●	
<b>Yoshihiko Hayasaka</b>	●	●	●			●		
<b>Kazue Shimamura</b>				●	●	●		





## Chairperson of the Board of Directors

**Toshihiko Shiozaki** Representative Director and Chairperson

In 2021, I stepped down as President and assumed the position of Chairperson of the Board of Directors. This moved me from the position of responsibility for execution to the position of making decisions about the execution of duties and supervising Directors as they fulfill their roles. When conducting Board of Directors' proceedings as the Chairperson, I strive to create a platform for brainstorming that accepts all kinds of opinions as long as they take the growth strategy for the Group's future into account.



Extensive debate from a diversity of viewpoints and opinions is essential to the Board of Directors' decision-making process. Bunka Shutter welcomed Ms. Kazue Shimamura from the field of academia as a Director this fiscal year. In my opinion, increasing the diversity of

the members not only in terms of background but also in terms of experience, views, areas of expertise and other possessed skills is important because it increases the effectiveness of the Board of Directors while also strengthening our corporate governance.

My experience as the person responsible for execution is extremely useful in the fulfillment of my serious responsibility as the Chairperson of the management decision-making body. Since my appointment as a Director, I watched the history of the Company unfold from the executive side for longer than anyone else. While setting a clear boundary with management execution and direction, I have many opportunities to communicate my experiences on the executive side and things I have learned through our history during Board of Directors' meetings. Bunka Shutter has its strong and weak points, and its organizational culture is unique in its own way as well. My hope is that sharing our history with the other members will give management an even higher vantage point on matters.

For us to grow continuously in a rapidly changing society, it is vital for the Board of Directors to have discussions on our future vision as well. I pledge to fulfill my duty as the Chairperson of the Board of Directors to increase the number of stakeholders that empathize with our purpose of continuing to provide sustainable and comfortable environments through diverse manufacturing, and to increase corporate value even further so that we can meet the expectations of those stakeholders.

## Message from an Outside Director

**Kazue Shimamura** Outside Director

As an academic, I specialize in the fields of advertising, PR and other kinds of communication in marketing, so I am not highly knowledgeable about business management or businesses involving shutters and construction materials. However, according to the Corporate Governance Code, Independent Outside Directors are expected to give advice that seeks to promote the continued growth of the Company and the medium- to long-term increase of its corporate value, and also to supervise management and appropriately reflect the opinions of stakeholders in the Board of Directors from an independent standpoint. To fulfill this responsibility, I would like to absorb, digest and understand a wealth of information and knowledge about the BX Group's business areas and form my own opinions based on that. I will study diligently and assiduously especially when it comes to the (1) Human resources and labor, human resource development, social issues, (2) Finance and accounting, financing, M & A and (3) Sales and marketing aspects described in the skills matrix.

At the same time, I am aware that since I lack advance knowledge about these business areas, the expectation is that I will provide recommendations and suggestions from a completely different viewpoint. And especially as the first female Director in the Company, I hope to contribute to the empowerment and development of women in the Company. I also plan to use my

expert knowledge in advertising and communication to give advice on improving communications with a variety of stakeholders such as management and employees, shareholders, business partners, customers, local communities and jobseekers. The Company's management has conveyed the strong ambition of the BX Group to deeply engage with the environment and society and to grow as a company in order to "bring about a sustainable and comfortable environment for people and the Earth." The Earth in the 21st century faces many issues that cannot be solved easily, such as the impact of COVID-19 and the intensification of natural disasters due to global warming, but I am highly expectant that the BX Group's businesses will engage deeply with these issues, which will lead to growth in corporate value.



## Risk management

### Product safety and quality improvement

The BX Group is dedicated to not only in improving the quality of our products but also in enhancing the quality of our work at all stages of the value chain from planning to maintenance, with the aim of earning the trust of society by creating products our customers can trust.

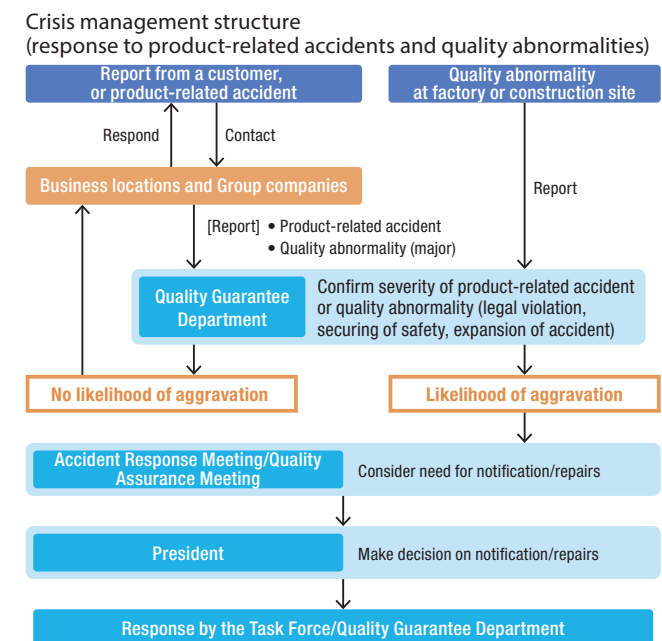
In FY2022, to ensure that we delivered the quality customers desired, we checked the quality management status of each product component again and endeavored to stabilize quality in order to strengthen our systems for preventing quality abnormalities and product-related accidents. We also focused on human resource development and provided all employees with opportunities for studying through e-learning in order to foster awareness and equalize knowledge about laws and regulations.

At the Research Institute for Life-in & Environment & Disaster Prevention, which conducts various performance tests and product evaluations, we are improving evaluation standards in order to guarantee even greater safety, and we are doing this through measures such as sequentially installing new testing devices and evaluation technologies. In this way, we will strive to increase the trust customers have in BX products by providing products that give them even greater safety and peace of mind.

### ● Response to product-related accidents and quality abnormalities

We have built a crisis management structure that allows us to respond speedily and appropriately to product-related accidents and quality abnormalities.

Each location reports information on product-related accidents and major quality abnormalities to the Quality Guarantee Department. If the department determines that there is a likelihood of aggravation from the legal, safety or accident expansion perspective, the matter is deliberated at the various meetings (Accident Response Meeting/Quality Assurance Meeting). Meeting participants consider the response, including the need for notification and repairs, with the focus on regulatory compliance and safety, and arrive at a final decision after consultation with the President. We use the product-related accident and quality abnormality information to conduct a speedy investigation to determine the cause and take steps to prevent a recurrence. At the same time, we also horizontally deploy these activities to bring about reform and improvement.



### CSR procurement guidelines

The cooperation of our business partners and suppliers is essential to the realization of the "comfortable environment" the BX Group aims for. With fair, just and open transactions as the foundation, we endeavor to promote procurement guidelines that allow us to build collaborative structures with our suppliers in order to meet the expectations of society throughout our supply chain, including from the viewpoint of achieving a decarbonized society and conserving the global environment.

The guidelines clearly establish our approach to and standards for CSR purchasing and CSR procurement, which includes not only thorough compliance but also procurement that guarantees quality (Q), costs (C) and delivery (D) and takes the global environment, labor and human rights into account, which our suppliers understand. Furthermore, in addition to periodic quality inspections, we conduct mutual checks based on supplier self-evaluations using business partner evaluation forms and our own company evaluations. We endeavor to create opportunities for regular communication using the feedback results and to build relationships of trust, and we also perform thorough risk management. We will continue working to build a firm foundation through the promotion of CSR procurement that aims at sustainable procurement.

#### 1. Compliance with social norms

We share information and give guidance to our suppliers regularly and take steps to spread CSR awareness so that they can have a shared acknowledgement of our CSR approach and initiatives.

#### 2. Ensuring the quality of purchased goods

We endeavor to improve and stabilize the quality of the raw materials, components and products we procure by conducting periodic inspections to understand suppliers' quality management status.

#### 3. Conservation of the global environment

We conduct fact-finding investigations of our suppliers with regards to green purchasing and their status of acquiring ISO 9001 certification.

#### 4. Consideration for industrial safety and respect for human rights

We take steps to make sure that our suppliers understand and are instilled with our initiatives for workplace hygiene, safety and respect for human rights.

### Stable supply of products

To ensure that we supply products in a stable manner even if unexpected risks such as pandemics or large-scale natural disasters should occur, the BX Group has formulated a business continuity plan (BCP/BCM) that anticipates all kinds of emergencies.

### Business continuity plan

#### Secure communications

● We have installed satellite communication equipment at each factory and built a communication structure between all locations including the Head Office so that we can speedily grasp the state of a disaster in detail.

#### Procurement BCP

##### ● Duplication of supply chain

We are fundamentally building multiple distribution channels from a BCP perspective. Additionally, we are working continuously to build a system that covers all necessary information, including about the manufacturing and supply locations of second-tier suppliers beyond our direct suppliers. We are also making progress on switching from importing certain goods from overseas to manufacturing them in Japan.



● **Securing minimum inventory at the Company**

The procurement of semiconductors and other electronic components remains difficult as a result of the greater demand accompanying the recovery in economic activity after the COVID-19 pandemic. As a countermeasure, we are creating a collaborative structure involving various suppliers, BX Group Companies and BX factories that will allow us to maintain an inventory of a total of three months' worth of finished goods and components.

● **Developing procurement guidelines**

We ensure that all our suppliers are thoroughly familiar with our CSR procurement guidelines and endeavor to secure even more stable supplies.

● **Visualization of the Company's inventory levels**

We are building a system that allows us to visualize and share information about the inventory levels of purchased goods at Bunka Shutter's seven factories so that we can provide components and raw materials more efficiently. Furthermore, in response to global concerns about the supply of electronic components such as semiconductors, we have built and are operating a structure that allows us to list all the electronic components included in our electrical equipment and manage all their inventory levels.

**Supply of products**

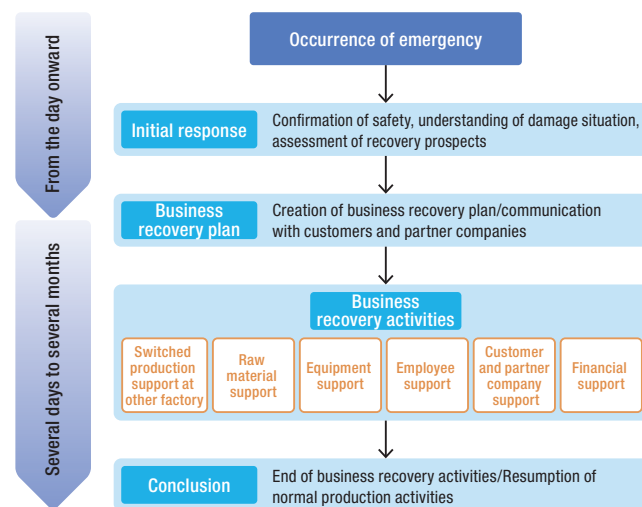
● **Response to manufacturing system**

We are building a system that allows us to switch production to another factory if a factory is affected by a disaster. We plan to expand functionality so that we can achieve even smoother production switches.

● **Building a logistics system**

By rebuilding the in-Group distribution network and sharing distribution information between businesses, we intend to set up a system that allows us to combine this information with disaster status information in order to search for optimal routes and secure vehicles.

**Business continuity activity implementation process**



**Information security**

To guarantee the security of information assets, the BX Group has formulated a Basic Policy on Information Security and engages in activities that maintain security. In addition to preparing for external cyberattacks by using EDR (anti-cyberattack software) and encrypting all company PCs, we have implemented measures against information leaks in line with the promotion of remote working. These include installing fingerprint authentication on personal computers, deleting information remotely and strengthening passwords. Furthermore, to be prepared in case of a disaster, we have grouped all servers together at a data center and created a safe environment that includes backups.

● **Promotion organization**

To improve the security of the Group as a whole by creating a unified security policy for the entire BX Group, the Security Committee, chaired by an Executive Officer, and a Task Force appointed from each department, protect information assets, manage an information asset management ledger, share information about information security and work to strengthen the structure.

● **Education to improve information literacy**

Apart from implementing e-learning education on information security for all Group employees, we also organize training on targeted attack emails (malware, etc.) in an effort to increase employees' security awareness.

**Basic Policy on Information Security**

1. **Scope**

The scope of this policy is all officers and employees belonging to the BX Group.

2. **Compliance with laws and regulations**

The BX Group complies with laws, regulations, guidelines and agreements concerning information security.

3. **Management of information assets**

The BX Group takes the appropriate organizational and technological measures to protect all information assets held by the Group.

4. **Information security education**

To enable both its employees and related persons to handle and manage information assets appropriately, the BX Group regularly educates them, raises their awareness of the importance of information assets, and strives to increase their information security literacy.

5. **Continuous improvement**

The BX Group strives for continuous improvement in line with information security management and will revise this policy and various related regulations as necessary.

**Preparing for the occurrence of a large-scale disaster**

Bunka Shutter practices the measures below to prepare for the occurrence of a large-scale disaster.

1. We have distributed a "Guide to Earthquakes," and have put a system in place to simulate how to act when an earthquake occurs and how to find emergency contact numbers. We also provide support for early returns in cases where returning home is expected to be difficult.
2. All of our business offices are fully stocked with supplies for all workers. The Head Office building in particular has additional supplies for visitors and residents in the neighboring community.
3. For offices with many workers, we regularly hold disaster drills that anticipate the occurrence of a large-scale disaster, and we provide training so that they will be able to calmly take safety measures.
4. To prepare for a situation where transportation systems are paralyzed, we hold training for Head Office workers where they practice walking home. We intend to hold the same kind of training for locations in other cities such as Osaka and Nagoya.

# Third-party guarantee

To increase the trustworthiness with regards to the amount of energy used and CO<sub>2</sub> emitted by the entire BX Group, Bunka Shutter received third-party guarantee from Socotec Certification Japan, an independent third-party organization.

