



Little Parts. Big Difference. >>>

This is YKK 2023

Fastening Business

YKK CORPORATION Integrated Report



YKK PHILOSOPHY

CYCLE OF GOODNESS®

“No one prospers without rendering benefit to others.”



As an important member of society, a company survives through coexistence.

When the benefits are shared, the value of the company's existence will be recognized by society.

When pursuing his business, YKK's founder, Tadao Yoshida, was most concerned with that aspect, and would find a path leading to mutual prosperity.

He believed that using ingenuity and inventiveness in business activities and constantly creating new value would lead to the prosperity of clients and business partners and make it possible to contribute to society.

This type of thinking is referred to as the Cycle of Goodness, and has always served as the foundation of our business activities.

We have inherited this way of thinking, and have established it as the YKK Philosophy.

YKK MANAGEMENT PRINCIPLE

“YKK seeks corporate value of higher significance.”



Seeking **corporate value** of higher significance,
YKK will pursue innovative **quality** in the seven key areas shown above.

YKK Group companies seek to delight our customers, earn the high regard of society and make our employees happy and proud.

We are improving the quality of our products, technology, and management as the means to achieve this.

We make fairness the fundamental standard for all YKK Group business operations, and this is the basis for our management decisions.

YKK CORE VALUES

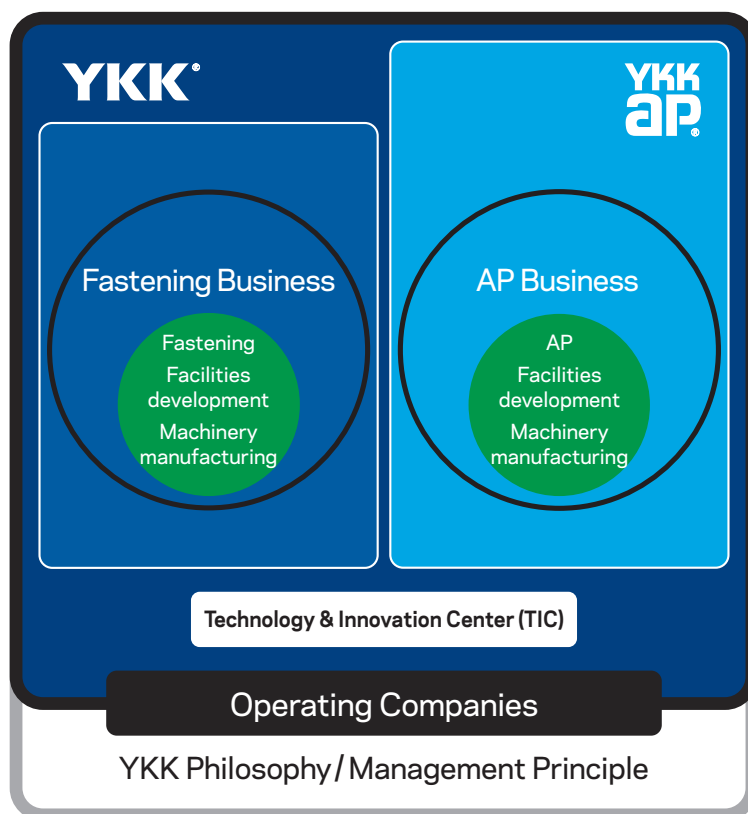
**Do not fear failure; experience builds success. /
Create opportunities for employees.**

Insist on quality in everything.

Build trust, transparency and respect.

YKK Group Management Structure

The YKK Group operates in 72 countries and regions around the world, with the Fastening Business and Architectural Products (AP) Business as core operations.



Supporting the Two Businesses Through the Development of Facilities and Manufacture of Machinery

In FY2021, the Machinery and Engineering Group was integrated to the Fastening Business and AP Business respectively to enable speedier development of machinery and facilities as well as the manufacture of machinery that are specialized to each business. The newly built Technology & Innovation Center provides technical support to each business to enhance their competitiveness.

YKK Group Consolidated

Number of Group Companies and Employees

108 companies **44,527** employees

Net sales

893.2 billion yen

Operating income

55.9 billion yen

Fastening Business



The Fastening Products business has been producing and marketing fastening products, including zippers (slide fasteners), hook & loop (textile products), buckles (plastic products), and snap & buttons, for over 80 years.

Fastening Products / Snaps & Buttons Businesses

Number of Group Companies and Employees

67 companies **26,699** employees

Net sales

380.5 billion yen

Operating income

43.7 billion yen

Architectural Products (AP) Business



Windows and doors are significant attributes to creating comfortable living spaces. Building facades create beautiful urban scenery. The YKK AP business aims to deliver good health, comfort, safety, and security through its architectural products.

Residential / Commercial / Exterior / Renovation / Industrial Products / Overseas AP Businesses

Number of Group Companies and Employees

24 companies **17,143** employees

Net sales

508.6 billion yen

Operating income

17.8 billion yen

Other Businesses



AGRO PECUARIA YKK LTDA.

YKK Rokko Corporation

In addition to YKK Real Estate Co., Ltd., YKK Business Support, Inc., which supports business operations within the YKK Group, and YKK Rokko Corporation printing company (a special YKK Group subsidiary), we are developing businesses rooted in local regions, such as the agricultural and livestock business in Brazil (Agro Pecuaría YKK Ltda.).

Number of Group Companies and Employees

17 companies **685** employees

(Note) Net sales and operating income are figures for the year ended March 31, 2023. Other figures are as of March 31, 2023.

Editorial Policy of the YKK CORPORATION Integrated Report “This is YKK 2023”

The YKK CORPORATION integrated report, “This is YKK 2023,” is an overview of management and business activities that are rooted in the Cycle of Goodness® YKK Philosophy embraced by YKK from its founding to the present day. The report is focused around YKK’s Fastening Business.

In particular, we publish an integrated report on financial and non-financial information, such as an overview of long-term value creation, the medium-term management strategy toward sustainable growth, financial performance, and sustainability efforts, in both printed and PDF formats. Furthermore, we also issue the Data Book (PDF file), which provides detailed data on the achievements of YKK’s sustainability-related activities and ESG performance.

Report Scope

Financial Information

Disclosed for the YKK Corporation, its 105 subsidiaries, and one affiliated company accounted for using the equity method on a consolidated basis as the “Group,” and for each segment (Fastening Business, Architectural Products Business, Other Businesses)

Sustainability Vision / Environmental

- With the Fastening Business at the center, includes other businesses involved in business operation
- Explanatory notes and the like are included as needed when the extent of coverage differs

Social

- The extent of the data is shown individually

Governance

- The extent of the data is shown individually

Period Covered

FY2022 (April 1, 2022 to March 31, 2023)

*Includes some activities from outside this period

Reference Guidance

“Guidance for Collaborative Value Creation,”
Ministry of Economy, Trade and Industry (METI)
“International <IR> Framework,”
The International Integrated Reporting Council (IFRS)

Date of Publication

Japanese: August 2023

English: October 2023

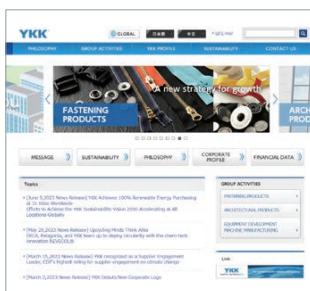
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Other Disclosure Information (See Here for Details)

<Website>



Please see the official YKK Corporation website for an introduction to our businesses, a corporate profile, financial and sustainability information, news releases, and more.



<Sustainability Journal>



This booklet shares stories illustrating our desire to achieve the YKK Sustainability Vision 2050. The Sustainability Journal is used globally as a customer communication tool.



Thoughts Behind the YKK Logo

The new corporate logo announced in March 2023 embodies the YKK Philosophy of the Cycle of Goodness, the Management Principle to “seek corporate value of higher significance,” and the YKK Core Values. The logo expresses YKK employees’ desire to place sustainability at the center of the company’s management and to continue its long-standing work to act rapidly and provide trusted quality.

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YKK's Founder, Tadao Yoshida

The Philosophy of YKK's Founder, Tadao Yoshida

YKK is constantly pursuing contributing to a sustainable society through its core business. The foundation of all such corporate activities is the Cycle of Goodness® corporate philosophy of YKK founder Tadao Yoshida. This philosophy clearly expresses YKK's spirit of continuing to prosper together with society, customers, related industries, and employees. It is a concept that is highly compatible with sustainability. The founder repeatedly conveyed the essence of this corporate philosophy to employees, speaking of it in various ways.

Tadao Yoshida's words, "business is like building a bridge," which are connected to the Cycle of Goodness, can be understood in terms of sustainability, as he

believed that unless we benefit society as a whole, we will not be able to prosper ourselves.

The words "manufacturing like clear spring water" and "trash can be a great resource if it is utilized with ingenuity" are linked to environmental consideration, and the words "the strength of a forest is better than a big tree" are linked to respect for human rights and individuality.

A philosophy that is highly compatible with sustainability has been at the core of YKK's management since the time of the founder. It continues to be inherited at the company even today, more than 80 years later.

Business is like building a bridge



(July 1965)

I don't think that a business will prosper unless it is both profitable and also contributes to the world and is useful to human society. Nothing brings more happiness than when we can contribute to the local industry and the local economy, thereby enriching the lives of local people. YKK's "bridges" that bring abundant civilization to developing countries and new affluence to developed countries will continue in the future.

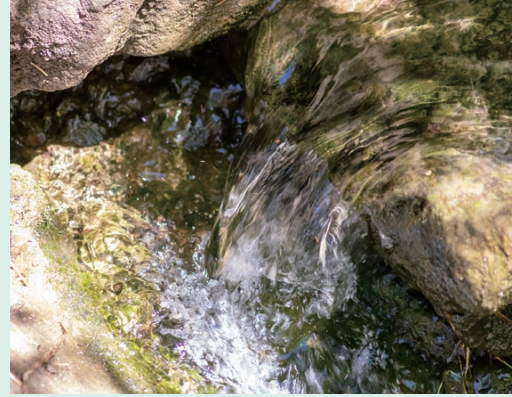
If we make use of our ingenuity, even our waste can be a great resource



(January 1971)

The first thing we should do is think about how to better deal with waste from our own neighborhoods and implement those ideas together. If we continue digging for underground resources, cutting down trees, catching fish, and increasing oceans where fish can't live as we are doing now, it will mean the destruction of humanity.

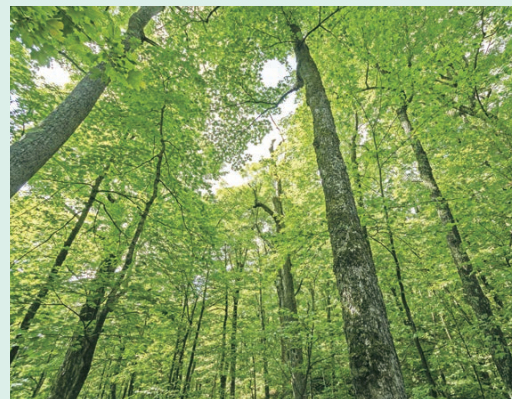
Manufacturing like clear spring water



(January 1984)

Like a wonderful fountain, it bubbles forth, rich and authentic. This is true abundance. The important thing is not to waste valuable resources. Then it will be a great product.

The strength of the forest is greater than the trees



(July 1970)

Some trees are thick with experience and age, others are young and thin. There are tall trees and short trees. We work well together, not under the control of anyone, using our strengths and abilities according to our individuality.

From the Cycle of Goodness[®] to a Sustainable Future

YKK sustainability vision 2050

YKK's action plan for a sustainable future



climate change

- Tackle GHG emissions
- Increase use of renewable energy

In order to combat global climate change, YKK commits to greenhouse gas emissions reduction targets that are required to meet the goals of the Paris Agreement - to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.



material resources

- Increase use of sustainable materials

YKK will reduce waste and the use of petroleum derived materials throughout the lifecycle of our fastening products. We will contribute to the transition to a circular society by eliminating production and plastic waste and developing products designed for circularity.



water resources

- Reduce water use and manage wastewater

To combat serious water resource depletion and degradation, YKK will reduce its water intakes and strictly manage wastewater.



chemical management

- Manage and reduce chemical usage

To ensure a healthy environment for future generations, YKK will reduce the environmental impact caused by chemicals used in the manufacture of our products.



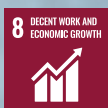
respect people

- Uphold human rights and ensure fair, safe work environments

YKK believes in the universal philosophy of respecting the dignity and rights of all human beings and is committed to contributing to a diverse and sustainable society.

Aiming for Climate Neutrality as a Company that Co-exists and Co-prospers with Society and the Natural Environment

SDGs



Message from the President



Hiroaki Otani

President,
YKK Corporation

Under the YKK Philosophy of the Cycle of Goodness®

The Cycle of Goodness places sustainability at the core of management to satisfy needs of our customers and local communities.

Aiming to be a “social good company” that serves not only the natural environment but also the social good and co-exists in mutual prosperity with all — the Purpose of our company is to practice the Cycle of Goodness to satisfy the needs of our customers and communities and help build a sustainable society.

In a constantly changing business environment

Over the two years since the 6th Mid-term Management Plan was launched in FY2021, the business environment surrounding YKK has changed dramatically. The world is experiencing change beyond anyone’s expectations, illustrated by the COVID-19 pandemic. At the same time, the SDGs, which have spotlighted environmental and social issues on a global scale, have become a word that we all hear on a daily basis. I also sense interest in eliminating any wastefulness is higher than it has ever been before.

For YKK to remain a company supported by its customers that continually fosters sustainable growth in this business environment, we must become a company that can satisfy the needs of our customers better than ever before. To do this, I believe it is important for YKK to not only satisfy customer demands but always identify and propose new needs. We shall also strive to continually cultivate new customers.

The YKK Philosophy of the Cycle of Goodness, based on the idea that “no one prospers without rendering benefit to others,” is in and of itself sustainability founded in a philosophy of co-existence and co-prosperity with our customers and stakeholders. To continue to provide the “social good” required by society after the COVID-19 pandemic, we will realize better products at a lower cost and greater speed, more sustainably, which I hope will foster sustainable growth both for YKK and society.

6th Mid-term Management Plan and FY2022 Results

Under the management vision “Technology Oriented Value Creation,” which was inherited from the previous mid-term management plan, the 6th Mid-term Management Plan aims to realize “Creativity to Realize a Sustainable Society” by harnessing “product appeal and proposal capabilities” and “technological and manufacturing capabilities.” In addition to these four strengths, the company is committed to utilizing “diverse human assets” that transcend differences in age, gender, nationality and other factors.

During the second year of the Mid-term Management Plan in FY2022, the Fastening Business faced the Ukrainian crisis and other uncertainties in markets as well as more rapid global inflation. The future of the economy only became more uncertain in the second half of the year, while the retail garment market especially in Europe and the U.S. saw dwindling demand and increasing retail inventory. Despite the declining sales volume caused by this business environment, we were able to increase revenue and profits. Net sales were 380.5 billion yen thanks to proper price revisions in line with inflation and the foreign exchange impact due to depreciation of the Japanese yen, while operating income was 43.7 billion yen thanks to continual cost reductions.

During the COVID-19 pandemic, YKK improved logistics, reduced costs and undertook many other efforts to solve problems on various fronts to be ready and

waiting after demand recovers. I know we will continue to fully exhibit these strengths in the future and hope that YKK can satisfy the needs of our customers and society in all respects while placing sustainability at the core of management.

Targets to be Achieved in the Next Two Years

The 6th Mid-term Business Policy advocates “sustainable growth under new normal – responding to diverse customer needs and acquiring customers.” Looking ahead to the new normal after the COVID-19 pandemic, we can anticipate customers will require the “right time, right material, and right amount” more than before. To satisfy these needs, YKK will continue to work exhaustively on three initiatives which have been raised as important points of business execution under the new normal: Promote sustainability, strengthen cost competitiveness, and promote digitalization.

As the second step to the organizational restructuring that has been underway since FY2021, we will establish a Business Strategy Division to handle essential marketing functions. We have also restructured the Global Sales Headquarters into an organization dedicated to strategies by sales function and moved the headquarters’ functions to Vietnam, which is the at the forefront of overseas garment manufacturing. All these initiatives have one unified goal to serve our customers. This organizational restructuring will reflect the needs of customers worldwide in sales strategies and leverage the strengths of our in-house integrated production system for product manufacturing equipment, which in turn should help further increase customer satisfaction.

One important part of this endeavor is speed. This is an important point from the perspective that sustainability is to eliminate wastefulness. Speed is also an important element to enhance competitiveness. I see this fiscal year as one that will test whether YKK can become a company that can immediately adapt to the requirements of customers and measure how much the company can increase non-price competitiveness. This is where we will focus our efforts.

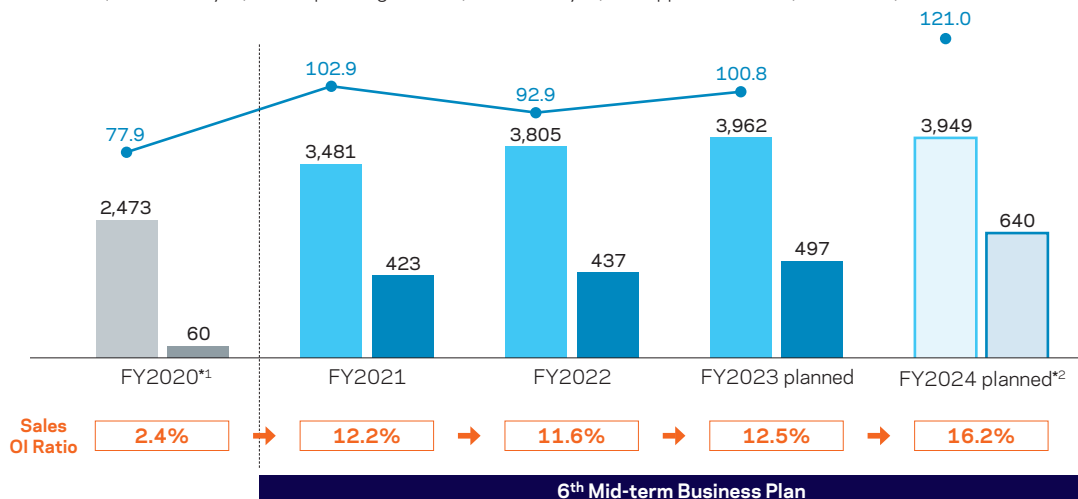
Additionally, we have added “delivering turnaround times demanded by customers” and “thorough health and safety management” as two new initiatives to the mid-term direction. At the very least, we will do everything we can to improve satisfaction from a customer-oriented perspective while ensuring safety for every employee and person working together with YKK. In FY2023, the Fastening Business will strive to reach its net sales target of 396.2 billion yen and operating income target of 49.7 billion yen.

Reforms for Promoting Sustainability

YKK announced its support of the Task Force on Climate-Related Financial Disclosures (TCFD) in 2019. Our support of the TCFD will strengthen the disclosure of information about the progress toward the YKK Sustainability Vision 2050, which was established in 2020 as a roadmap for YKK to become climate neutral (no GHG emissions) by 2050. In the FY2022 Supplier Engagement Rating by CDP, an international environmental non-profit organization, praised us for our initiatives to reduce GHG emissions throughout our entire supply chain, selecting YKK as a company for its Supplier Engagement Rating Leaderboard.

Fastening Business 6th Mid-term Business Plan (FY2021-24) Progress

■ Net sales (100 million yen) ■ Operating income (100 million yen) — Zipper units sold (100 million)



*1 After adjustment for reorganization

*2 Annual plan established in FY2021

Key Points of Business Execution Under the New Normal

Promoting sustainability

- Promote carbon neutrality and eco-friendly product development

Strengthening cost competitiveness

- Strengthen exhaustive cost competitiveness of core products

Promoting digitalization

- Solve customers' problems and reform employees' ways of working

In the development of products, I am highly aware of the need for YKK to satisfy diverse customer needs, including those related to sustainability. As part of our recent digital transformation (DX) initiatives, we have reinforced human assets versed in robotics and AI technologies. Our plan aims to actualize smart factories that run around the clock every day of the year to solidify a new business model that can adapt with explosiveness, even when responding to sudden orders from customers.

YKK is also seeking out diverse human assets in addition to those versed in digital technologies based on our "Forest Management" ideal to respect each and every employee. For example, employees active at the Global Sales Headquarters in Vietnam have diverse local and national backgrounds not only in Vietnam but throughout Asia and the rest of the world. In the future, we will continue to further our human resource systems so that every human asset familiar with local languages, business practices, and market conditions can reach their full potential. In 2021, we established the Diverse Human Assets Promotion Committee, which I chair, to promote various measures to further diversify our human resources, so that all employees can utilize their own abilities and work hard together in a friendly competition for the right positions. Moreover, YKK has consistently hosted roundtable meetings that emphasize talks between employees and management since 2008.

We have also made progress diversifying our corporate governance. As the first woman to serve as an outside director, Erica Okada was appointed in June last year and has helped build systems that help women to more actively participate as well as enhance sustainability. YKK is also increasing the number of vice presidents from operating companies overseas this fiscal year to further strengthen a global mindset within the organization.

The important part of these reforms is to not only illustrate performance numerically but also gauge how happy customers are through YKK products and services. I hope to always keep these various perspectives in mind as YKK continues to evolve as a corporate enterprise.

As a Company Indispensable to Society

Amid all the ongoing changes both inside and outside of the company that I have mentioned thus far, YKK is once again returning to its origins and announced a new corporate logo in March 2023. The tagline "Little Parts. Big Difference." that accompanies the logo signifies the common wish of YKK employees across the world: "Little parts, but big value."

Whenever we develop our business in any country/region, we will co-exist with local communities and society at large as well as provide new value in the hope everyone is glad YKK has become part of those communities. The principles YKK has held since its founding live on in our business activities today. We will continue to put the Cycle of Goodness into practice with the hope of always being a company indispensable to society.



Executive Dialogue



Further Evolving Global Management based on the Cycle of Goodness®

YKK currently does business in 72 countries and regions around the world guided by the YKK Philosophy of the Cycle of Goodness. In the pursuit to further evolve global management as society changes dramatically, Erica Okada has provided invaluable advice on the ideal form of global management on the basis of the YKK management principles since her appointment as an outside director in 2022.

Erica Okada

Outside Director, YKK Corporation
Professor, Department of International Corporate Strategy,
Graduate School of Business Administration, Hitotsubashi University

Dr. Okada received her bachelor's degree in economics from Princeton University, an MBA from the Tuck School at Dartmouth University, and a PhD from the Wharton School at the University of Pennsylvania. Her industry experience includes investment banking at Merrill Lynch and project finance at GE Capital. She has held faculty positions at the University of Washington, University of Hawaii at Manoa, and at the Wharton School, University of Pennsylvania. Her research has also been published extensively in top-tier peer reviewed academic journals, including the *Journal of Consumer Research*, *Journal of Marketing*, *Journal of Marketing Research*, and *Marketing Science*.

Masayuki Sarumaru

Chairman, YKK Corporation
Director, YKK AP Inc.

Born in 1951. Graduated from Sophia University. Joined YKK Corporation in 1975. After several positions, including at YKK (U.S.A.) Inc. and as head of the Fastening Products Group Fastening Business Global Marketing Group, Mr. Sarumaru was named YKK Senior Vice President and Fastening Products Group Director in 2007. In 2008, became YKK Director and Executive Vice President, Fastening Products Group Director. In 2011, became YKK President and Representative Director. In 2017, named YKK Vice Chairman of the Board. In 2018, became YKK Chairman of the Board (current) and in 2020 YKK AP Director (current).

Cycle of Goodness and Sustainability Core to YKK

Sarumaru Today, I hope to hear your thoughts on what global management should be, based on the management principles. In the course of his business activities, Tadao Yoshida, the founder of YKK, paid utmost attention to the fact that as an important member of society, a company survives through coexistence. When the benefits are shared, the value of the company's existence will be recognized by society. He considered ways to ensure mutual prosperity and believed that using ingenuity and inventiveness in business activities and constantly creating new value would lead to the prosperity of clients and business partners and make it possible to contribute to society. This idea is referred to as the Cycle of Goodness, and has always served as the foundation of our business activities. I have no doubt the Cycle of Goodness acts as a significant driving force in these changing times. That is why I am striving to raise employee awareness more than ever before.

First, I would like to pose a question to Dr. Okada. Could you please tell us your impression of the Cycle of Goodness as an outside director?

Okada The philosophy is simple and clearly worded, which makes Cycle of Goodness easy to understand for our stakeholders in Japan and around the world. It isn't just a mantra. The philosophy lies at the core of YKK's business activities. Frequent references are made to the Cycle of Goodness at the Board of Directors meetings. The other day when I had an opportunity to meet and greet the women who work at YKK, they brought up the Cycle of Goodness in our conversations on multiple occasions. As far as I know, management doesn't preach the philosophy, but everyone takes ownership of the Cycle of Goodness.

Sarumaru I think that the reason YKK employees act and make decisions founded in the Cycle of Goodness on a daily basis is because the Cycle of Goodness is not just some simple slogan but a pragmatic philosophy that grew out of business activities done in a harsh business environment. I am glad to have the Cycle of Goodness as a universal philosophy when expanding businesses globally because it goes beyond diverse values to evokes universal empathy.

Okada Cycle of Goodness is a broad philosophy that encompasses sustainability. Sustainability has become a hot topic in recent years, but sustainability just means that which can be maintained for a long time without interruption. Cycle of Goodness goes

beyond that to specifically highlight the virtues continuously created by that which can be maintained for a long time, including the environment and human rights. It's remarkable that the Cycle of Goodness has been the cornerstone of YKK since long before this current surge in interest in sustainable practices.

I think we can do a better job of communicating to, especially our outside, stakeholders how YKK is living up to the philosophy, and putting the Cycle of Goodness into action. I want more outside stakeholders to know about the virtues that YKK has created, with palpable demonstrations and examples.

Sarumaru I believe that has been a challenge for us. In 2019, we established the Sustainability Department to strengthen our initiatives and better communicate with customers and all our other stakeholders, but the fact is that it still is not enough. We will continue to work to more actively disseminate information.

Diversity Exemplified by the Board of Directors

Sarumaru Dr. Okada, you have extensive experience overseas. As an outside director, what do you think about our corporate governance system? When looking at YKK from the perspective of more global management and diversity, is there anywhere you see a lack of diversity, such as our lack of a non-Japanese director on the Board of Directors?

Okada It is true that there are no non-Japanese directors, but the YKK Board is quite global. Many of us have lived and worked in different regions of the world, and we all have varied backgrounds and experiences, which enables colorful discussions and debates. The Board respects differences in opinions, which in part results from this diversity. For example, in a previous vote about a certain resolution, I was the only one against the proposal. None the less the other directors encouraged me to express my dissenting opinion and the grounds. Our Board of Directors meetings are open, fair and productive. (They also always start early, so if you arrive on time, you're late!)



Sarumaru Your participation in the Nomination and Compensation Committee has a vital role equivalent to that of the Board of Directors. What are your impressions of the Committee so far?

Okada My role as an outside director on the Nomination and Compensation Committee is to make sure there is proper deliberation and approval on matters, such as when a candidate is appointed as a director. To date, I think the Committee has undertaken this process fairly.

Sarumaru Thank you. YKK has been aware of the importance of corporate governance for listed companies since very early on. In 1999, we adopted the Officer System that separates business execution and oversight functions of management. The Nomination and Compensation Committee must have at least one outside director as a member, and it does not allow officers involved in business execution to participate. Currently, the Committee also has two outside directors. These measures ensure the Committee can make decisions independent of business execution by the officers who report to the Board of Directors.

Globalization and Localization of Operating Companies

Sarumaru I understand that another challenge of a global organization is the localization of management at operating companies overseas. Currently, it really depends on the region whether or not local people make up top management. What do you think about this?

Okada I don't think local talent per se is absolutely necessary in top management. Expertise in local markets and knowledge of local customs are important, and it would tend to be local people who have those skills. But it need not be, as managers who are not born and raised locally could acquire those skills, or may already possess those skills. Furthermore, such skills are necessary but not sufficient to be successful in top management. There is also merit in deploying top management from Japan or elsewhere to cultivate young and up-and-coming talent. At whatever level of management, it is indispensable to incorporate the experience and expertise of local talent.

Sarumaru I agree. Although it may not be necessary to have local people in top management roles, management cannot succeed without human assets who deeply understand the culture and background of each country and region. Especially in recent years as the world faces more uncertainty than seen before, I think operating companies need to have a greater sense of urgency due to the impact it has on business.

Okada I have read and heard that founder Tadao Yoshida told employees deployed overseas to "Be a Native." This exemplifies the unique YKK approach to move together with the community. The YKK corporate flag flies alongside the local country's national flag at YKK factories overseas. The Japanese national flag is not raised because the roots are set in the community, not Japan. It's a symbol of YKK's strong commitment to localization. As I said earlier, the ability to share the same core values is what has made YKK's global expansion possible.

Sarumaru Thank you. As the ideal approach, I would like to develop human assets who share important universal values regardless of their country or region and who have gained management experience in a country or region other than their own to nurture a broad view before joining YKK management at the head office. I plan to broaden penetration of our principles and promote even greater human asset development.

Acknowledging Diverse Work Styles

Sarumaru You are the first woman to serve as a director at YKK. Could you tell us a bit about how you see the active participation of women in the professional world? In Japan, there are still only a few women who choose a career in technology and very few that play a central role in the manufacturing industry. I would like to see more women gain a wealth of experience, even outside the work at operating companies overseas. The challenge includes how to go about supporting the career development of women.

Okada Simply by the numbers, YKK may not have a very high ratio of women in management, but I don't think we should focus on numerical targets. Ideally we would offer a wide range of career options, regardless of gender, and let people decide how to design their own work style and manage their own work-life balance. Some people may prefer to get work done reliably and produce results in the long-term. Some people may prefer to work in specialized jobs to produce specific and/or immediate results, while raising children or taking care of their families. I think YKK would have a need for both types of work and workers.

Sarumaru I see. At the head YKK office in Japan, we only have a few non-Japanese employees, and I feel we struggle to be international and diverse.

Okada Diversity is important at the employee level too, but we want meaningful diversity. People of diverse backgrounds bring diverse skills and experiences to the table. At the right level of diversity, people still share the same core values, but their differences foster creativity and ideation. Diversity can be in national origin or gender, as we have discussed, but also academic and professional training, family composition, age, etc.

Sarumaru That is a very important point. To properly respond to the changing times, I think it is important to develop human assets who have new knowledge and skills, such as a proficiency in DX and IT. Whether in corporate governance or human asset development, I would like to spearhead further growth as a global organization by identifying what we should protect and what we should change.

Becoming the Company of Choice for Consumers

Sarumaru Lastly, could you tell us what expectations you have for YKK in the future?

Okada YKK has a strong brand. The product is interwoven into the fabric of people's lives: I can't think of anyone in the world who does not have a YKK in their possession. YKK can take the next step to enhance the brand power so that consumers look for YKK when they go shopping for clothing, for example. I want consumers to choose an item because it has a YKK zipper on it. As a marketing professor I hope to play a role in making that happen.

Sarumaru Thank you. I am sure technology will be essential in making that happen. I hope to ensure YKK will continue to be a technology company that always provides unparalleled technology. When I was in my twenties, I often dreamed about YKK becoming such a big name in zippers that I could open a dictionary to the word "zipper" and see the three letters "YKK." That is still my dream. YKK will continue to propel itself forward toward becoming a company chosen by consumers while taking advantage of the advice that you shared with us today in management. Thank you very much for sharing your valuable insights with me today.



The History of YKK's Value Creation

"Better products at a lower cost and greater speed, more sustainably"

The history of YKK is also a history of technological innovation to provide customers with better products. YKK will continue its challenge to keep creating new value for our customers and for society.

1934-

Foundation to Establishment of the Integrated Production System

1934

Foundation

Founded in Nihonbashi Kakigara-cho, Tokyo (at center of photo); engaged in the processing and sale of metal zippers



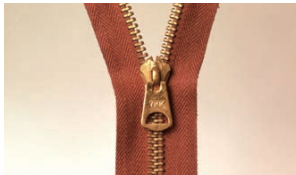
1939

YKK utility model No.1

Metal slider for zippers

1946

YKK registered as a trademark



Zipper stamped "YKK"

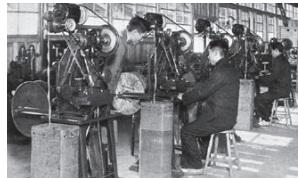
1959-

Global Expansion

1950

From a handicraft industry to mechanization

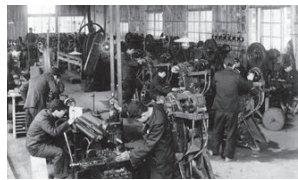
Four zipper chain machines imported from the U.S.



1952

Establishment of a fully integrated production system

Predecessor of the former Machinery & Engineering Group launched



1953

YKK patent No.1

Intermittent chain production machine developed

1959

Global expansion

Zipper manufacturing plant exported to India
Opened first overseas base in New Zealand



1964

Achieved high-speed manufacturing

Commenced manufacturing using the YKK-CM6 (certified Mechanical Engineering Heritage*1)



1974

Launched integrated production system overseas

First overseas integrated zipper production plant



YKK (U.S.A.) Inc. Macon Plant

1992

Expansion into growing markets

Full-scale base for expansion into China



Shanghai YKK Zipper Co., Ltd.

1994

Formulated the YKK Group Environmental Pledge

The Provision of Value Through Products and Technology

<p>1952 Nylon zippers</p>	<p>1961 Delrin zipper (current VISLON®)</p>	<p>1966 YZiP® Metal zipper</p>	<p>1983 Airtight and watertight zipper (current PROSEAL® zipper)</p>	<p>2000 EXCELLA® with fully polished elements</p>
<p>• 1958 CONCEAL® a zipper in which the element is not visible</p>	<p>• 1960s Recycling of plastics begun</p>	<p>• 1980s The recycling of yarn from internal yarn waste begun</p>	<p>1994 NATULON® made from recycled PET plastic</p>	<p>2016 ECO-DYE® a dye technology that uses almost no water in the dyeing process</p>

*Shows the fiscal year of the undertaking, development, commercial launch, trademark registration, or receipt of award

2001-

New Value Creation

2021-

A New Organization for "One YKK"

2011

International-level quality assurance system

Registered Japan's first "fire walled" third party conformity assessment body*2



The former Machinery and Engineering Group, Analysis Technology Center

2014

Received the Porter Prize as a global leader in zippers



2017

New forms of collaboration

Launched inter-company joint development



Joint development with JUKI Corporation

2017

Aiming for full automation

Efforts made to achieve smart, digital facilities



Advanced factory robotic automation center opens

2019

Established YKK Vietnam Co., Ltd. Ha Nam Plant



New plant using the latest systems

2020

Formulated YKK Sustainability Vision 2050



Aiming to achieve climate neutrality by 2050

2021

Restructuring of YKK organization and overseas regional management system

2023

Organization restructuring aimed at further boosting customer satisfaction

New Business Strategy Division; Global Sales Headquarters restructuring and moving of headquarters' functions to Vietnam

2023

Introduction of the new YKK Corporation logo



*1 Items that made contributions of historical significance to the development of technology and industry in Japan. They include machines, equipment, and related facilities and documents, which are considered cultural heritage for passing on to future generations. They are certified by the Japan Society of Mechanical Engineers (JSME).

*2 The first testing laboratory in Japan to be registered by the U.S. Consumer Product Safety Commission (CPSC) that can ensure the analytical value of lead content in products.

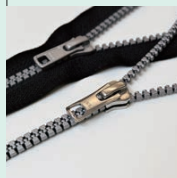
2018

QuickFree® a zipper which contributes to safety and security for children through enhanced operability



2019

AiryString® a tapeless zipper



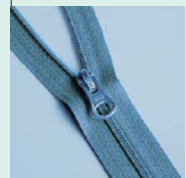
2020

NATULON® Ocean Sourced™ a zipper uses ocean-based plastic waste



2021

NATULON Plus® with increased ratio of recycled materials

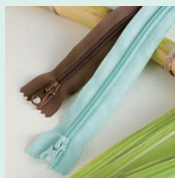


2019

AcroPlating® a new plating technology for brass that eliminates the use of conventional chemicals from the brass plating process

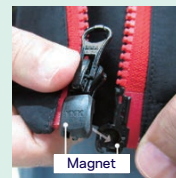
2019

GreenRise® a zipper which uses a plant-based polyester



2020

VISLON® with Magnetic Closure a zipper that closes using magnetic force



Product Appeal & Proposal Capability

Responding to Diverse Customer Needs

The Teachings of YKK Founder, Tadao Yoshida

“Make Just a Bit More Effort, If Only Paper Thin”

Everyone probably has dreams for tomorrow and goals for the future. Dreams and goals can be held by anyone irrespective of their age. Their size and scope differ from person to person, but there is one thing that does not change: making an effort is indispensable for making a dream come true. However, satisfactory results cannot be achieved just by making an ordinary effort. (Omission) This can be said of companies as well. What becomes necessary is the making of just a bit more effort, even if only paper thin. After doing your best at work, if you add just a little bit more effort on top of it, even just a single sheet's worth, then after ten or twenty years, it will add up and make a huge difference.

Centennial Commemorative Publication
From Tadao Yoshida, Founder of YKK, and the Cycle of Goodness Management Philosophy

▶ At times when I must overcome surmountable obstacles, I have found moral support in the weight of the “one more sheet of effort” teaching.



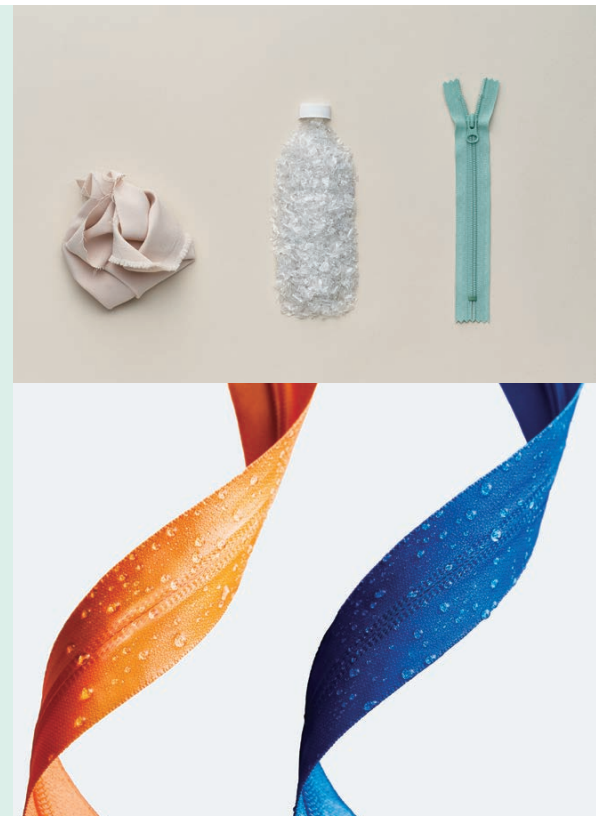
Toru Shikita

Vice President
Global Sales Headquarters

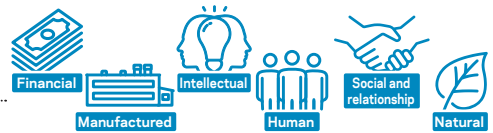
Expanding the range of products in the eco-friendly NATULON® series

YKK has striven to develop eco-friendly products before sustainability ever became such a hot topic. In 1994, we formulated the YKK Group Environmental Pledge and developed eco-friendly products, including NATULON® Chemically Recycled zipper made using recycled PET in the tape. We have been focused on expanding the number of products that use sustainable materials during the 6th Mid-term. We will make NATULON® a core product with the goal of switching 100% of the textile materials used in fastening products to sustainable materials by 2030, which is a target advocated by the YKK Sustainability Vision 2050. In FY2021, we also released NATULON Plus® zippers, which have a greater ratio of recycled material than NATULON® zippers. By expanding sales of these products, we will cut CO₂ emissions and petroleum-derived resource usage even further.

YKK continually develops new products as one avenue to broaden the NATULON® series. In 2020, we developed the NATULON® Ocean Sourced® zipper as a product using ocean bound plastic as the main raw material, and in 2022, we developed the AquaGuard® NATULON® zipper that uses recycled PET for the tape of water-resistant zipper. YKK will continually expand its product lines and respond to customer needs, which will help realize a sustainable society.



Top: NATULON®
Bottom: AquaGuard® NATULON®



▶ Related capital

YKK quality and brand strength	YKK trademark registration: 177 countries/regions	GMG* etc. "One YKK" capabilities	Development locations: 38 locations/ Employees: 927 people	5,749 patents/ utility models	Digital Showroom
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*Global Marketing Group (Figures as of March 31, 2023)

Increasing sensitivity to environmental changes and capitalizing on speed and on-site capabilities

Our goal is to identify issues our customers have not yet noticed to help propose products and solutions founded in the Mid-term Business Policy to respond to diverse customer needs and acquire customers. The only way to find issues that our customers have yet to see is to visit their sites and search for these issues ourselves. In April of this year, YKK moved its Global Sales Headquarters' functions from Japan to Vietnam, which has a large cluster of companies that do business in its own small garment industry. This move lets us immediately identify how customer needs and sites are evolving firsthand. As with the organizational restructuring in FY2021 that integrated sales and product development, this relocation of the Global Sales Headquarters to Vietnam further accelerates the speed it takes from identifying a need to commercializing a product. In addition to more quickly

developing and broadening sales of eco-friendly products that adapt to the ever-higher demand for sustainability today, YKK will realize the integration of manufacturing and sales based on the strength of its integrated production system. This will reduce the environmental impact of our manufacturing as well as respond to other needs.

Human assets are the foundation that supports a company. We have also discovered through exhaustive analysis that diversity is the key to eliminating the stress in customer communication involved with expanding businesses globally. This makes the development of human assets who have diverse experience and cultural backgrounds essential. The Global Sales Headquarters' will provide opportunities to enhance our leadership while gauging global markets and diversity worldwide.

Bringing out new possibilities in design and productivity through the AiryString® tapeless zipper

JUKI Corporation and YKK have been moving forward with a collaborative development project sharing independently owned technology and knowledge. This joint venture developed the AiryString® zipper in 2019 as a tapeless zipper in addition to a dedicated sewing machine that can sew zipper elements directly to cloth. Fusing zipper and cloth in this way not only helps create broader design possibilities but also eliminates tape, which reduces the weight of final products. This innovation streamlines sewing processes in a way that we can expect will contribute to the garment industry. To expand the use of this revolutionary zipper, YKK entered into a joint research project together with Bunka Fashion Graduate University in 2022. This collaborative partnership aims to not only commercialize AiryString® but also have students research patterns and sewing methods in a primarily academic environment. As part of our long history supporting the education of fashion students, we have hosted the YKK Fastening Awards since 2001 as a design competition for students. Since the 20th YKK Fastening Awards (2020), the JUKI Corporation has also presented a sewing machine as an additional award.



Top: AiryString®
Bottom: Project results are displayed at the YKK Digital Showroom

Technology & Manufacturing Capability

Aiming to Evolve the Philosophy of Integrated Production

The Teachings of YKK Founder, Tadao Yoshida

“Never Neglect the Study of Merchandising”

Knowing the products sold, remembering their varieties, and learning their origins is the basis for creating a more proactive, heartfelt relationship with customers, as the employee would be able to recommend good products and methods to customers. There is no doubt that customers would appreciate such conduct. That leads to the growth of a company.

Centennial Commemorative Publication
From Tadao Yoshida, Founder of YKK, and the Cycle of Goodness Management Philosophy

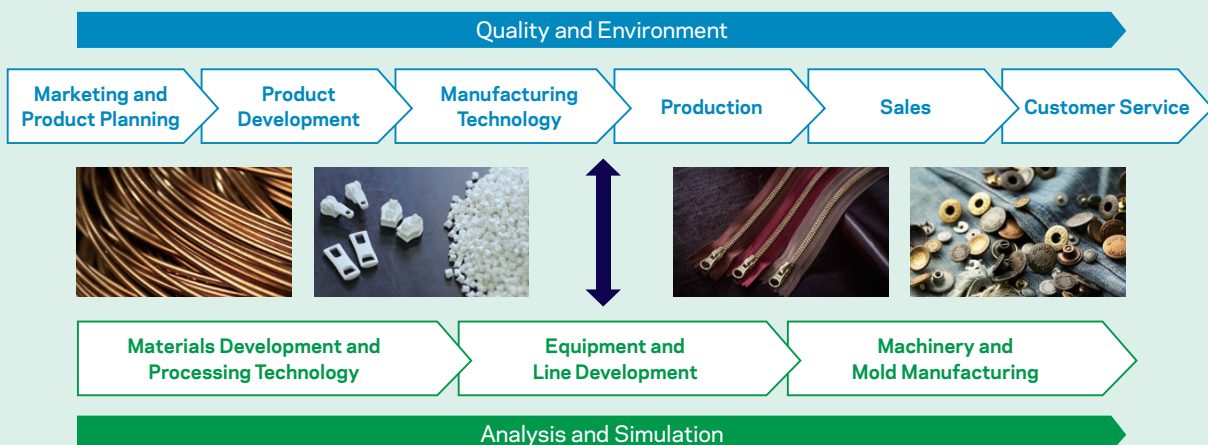


Yoshimine Kobayashi

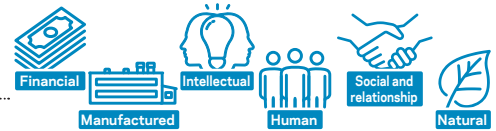
Director
Executive Vice President, Manufacturing & Engineering Division

▶ As someone involved with manufacturing, I always keep this teaching in mind so that I can aim for the next level.

YKK integrated production



YKK has achieved an integrated production system that encompasses materials, manufacturing equipment, and products. From elemental technologies, such as those for developing metal, fiber, and plastic materials, and green recycling technology to the establishment of logistics, sales, and manufacturing systems, YKK has established a process that enables the stable provision of products of a quality sought by its customers, anywhere in the world.



▶ Related capital

<p>The philosophy of Integrated Production</p>	<p>Total of the 6th Mid-term (FY2021 to FY2024) Investment Plan 124.5 billion yen</p>	<p>Sustainability-related investment FY2023 (plan) 8.6 billion yen (capital investment)</p>	<p>FY2023 digital investment (plan) 1.5 billion yen (capital investment)</p>	<p>Industry-academia partnerships</p>	<p>Robust supply chains</p>
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(Figures as of March 31, 2023)

Incorporating the customer perspective and increasing on-site capabilities and creativity in manufacturing

Over the first two years of the current Mid-term Management Plan, we have been able to focus on the medium-term direction: Thorough Pursuit of Cost Competitiveness. We have typically standardized our machines while expanding our businesses globally, but this new direction has enabled us to build optimal manufacturing lines while having various machine options to sufficiently drive manufacturing capabilities that adapt to the business environment in each country and region. Over the next two years, we will capitalize on the benefits of past capital investments and focus on further strengthening customer services. Improving quality cost and on-time delivery performance (QCD) is fundamental to our approach, but I feel the needs of customers related to on-time delivery performance are not only growing but diversifying. By relocating the Global Sales Headquarters' functions to the front lines of the garment industry in Vietnam, YKK can maximize the relationships between the operating companies

overseas and plants as well as respond with technology and manufacturing capabilities by more quickly receiving feedback from a wide range of customers.

YKK integrated production to develop and produce everything from its own products to manufacturing equipment is what will make this initiative a success. Currently, Kurobe and other plants are striving to build non-stop/unmanned production lines. We will further evolve YKK technology while incorporating new technologies into our philosophy of integrated production. Our future goal of building a truly "smart factory" will go beyond in-house efforts to encompass our customers and the rest of the value chain. To do this, on-site manufacturing capabilities and more creativity in development as well as enhancements and reforms are a must, which requires YKK to simultaneously train national staff as well as improve the skills of global human assets in technical fields.

For medium- to long-term value creation: Technology cultivation at TIC

The Technology and Innovation Center (TIC) is a new research and development hub established during the YKK organizational restructuring undertaken in FY2021. To actualize our 6th Mid-term Management Vision of "Technology Oriented Value Creation," TIC is pursuing technological development from a medium- to long-term perspective directly linked to strengthening the competitiveness of both the Fastening and AP Businesses.

In particular, YKK is developing sustainability technologies to achieve a circular economy. This includes the development of mono-materials, material and carbon recycling, and bioplastics. We will build development systems that integrate expertise across the board from organic, inorganic, and catalytic chemistry to supercritical and chemical engineering in order to research and develop technologies that can sort and recycle unused and recycled resources as well as synthesize functional materials with high efficiency.



Diverse Human Assets

Strengthening Human Assets Founded in Forest Management

The Teachings of YKK Founder, Tadao Yoshida

“The lazy talk big!”

Using his Toyama dialect, Tadao Yoshida said of those who never go to the factory, but just sit at their desks pontificating and giving out orders, “The lazy talk big.” Not just sitting at his desk, he knew the importance of going to the factory to think, and he would go himself and speak to the workers in the plant. From “Tadao Yoshida’s Thoughts on Technology”



Satoshi Honda

Director in charge of Pension Policies, CFO,
Executive Vice President, Business
Administration, Administration Division

▶ I share this teaching with the up-and-coming generation of employees as one lesson that demonstrates a work style where knowing what happens on site is indispensable.

YKK Forest Management

YKK is not a tree but rather a forest.

Everybody stands hand-in-hand and grows bigger together.

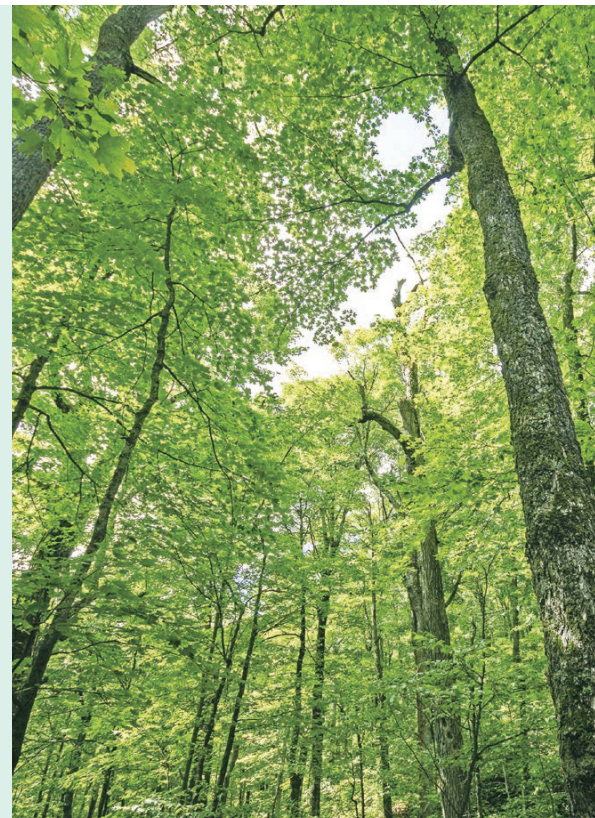
The benefits of the sun’s rays are felt throughout, but the trees must also huddle together in order to withstand the rain and wind.

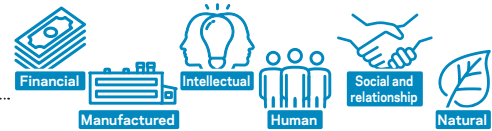
In a forest, there are, of course, large, experienced trees with many growth rings as well as young, thin trees. Some trees are tall and others are short.

Each person demonstrates their special abilities according to their individuality. They work well and move forward together without being controlled by anyone.

YKK employees are all workers, but at the same time, they are all managers. No matter how large the company becomes, my hope is that we will never lose the spirit of a forest filled with vitality, and that we will remain a company where anyone can express his or her opinions freely.

Centennial Commemorative Publication
From Tadao Yoshida, Founder of YKK, and the Cycle of Goodness Management Philosophy





▶ Related capital

Disseminating and implementing the Cycle of Goodness	26,699 diverse human assets in 72 countries/regions	Various kinds of career support	Initial global expansion 1959 (India, New Zealand)	Diverse Human Assets Promotion Committee	Mandatory retirement age system abolished (Japan)
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(Figures as of March 31, 2023)

Strengthening human assets in a favorable cycle that will improve corporate value

Diverse human assets, or simply diversity, is a workplace where a wide range of human assets with different ways of life and thinking come together to make things happen. The key to achieving diversity is nurturing an atmosphere that is accepting of diverse ways of thinking. Our approach at YKK is Forest Management (see P. 25), which emphasizes management by all. Forest Management respects the purpose and values each individual has about work while sharing an awareness and motivating every employee to move toward the same goals. All of the YKK management team has come together in an effort to build this corporate atmosphere.

Launched in 2021, the Diverse Human Assets Promotion Committee chaired by the president has been promoting measures to raise awareness about the cycle of hiring, developing, promoting, and actively utilizing human assets. These efforts include work

to further human asset development, skill training, recruitment of expert human assets outside YKK, and internal promotions of human assets. This cycle motivates and invigorates employees, which in turn helps heighten customer satisfaction and trust as well as enhance YKK corporate value. We will use this favorable cycle to further strengthen human assets. At the same time, YKK will focus on devising and executing succession plans, which have been a challenge as more and more of our operating companies overseas celebrate 50 years of business.

In the words of Founder Tadao Yoshida, "Japan as a Prefecture of a Country Called 'Earth.'" The relocation of our Global Sales Headquarters' functions to Vietnam is a great example of this. As work styles go beyond the borders of countries and regions now, YKK connects employees all around the world as if the world were one country with the aim to respond to customer needs.

Active investments into human assets

The initiatives related to human assets and diversity in the current Mid-term Management Plan cover everything from in-house human asset development and skills training to the promotion of better health. In particular, we are focused on measures that contribute to management strategies, such as using human assets to explore new technologies and domains. To promote experts and secure human assets versed in specialized technical fields in light of a more competitive global human asset recruiting environment, YKK is looking into reforming its personnel and compensation systems. We have even rolled out salary revisions taking into account the high cost of living in Japan.

In the future, we will continue to enhance employee engagement while considering how to reform and introduce these kinds of systems, while taking advantage of communication opportunities between employees and top management.

▶ The YKK Group's Human Assets and Diversity Initiatives

Utilizing diverse human assets to continually practice the management principle "YKK seeks corporate value of higher significance"

Nurturing of internal human assets and development of capabilities	<ul style="list-style-type: none"> ● Enhance mechanisms to nurture leaders and technical specialists ● Utilize human assets to explore new technologies and domains
Active recruitment of external human assets	<ul style="list-style-type: none"> ● Appointment of specialized human assets
Toward a competitive compensation system	<ul style="list-style-type: none"> ● Revision of HR/compensation systems and various regulations ● Introduction of related systems
Increased employee engagement	<ul style="list-style-type: none"> ● Opportunities for direct dialogue with top management
Health promotion	<ul style="list-style-type: none"> ● Employee health initiatives

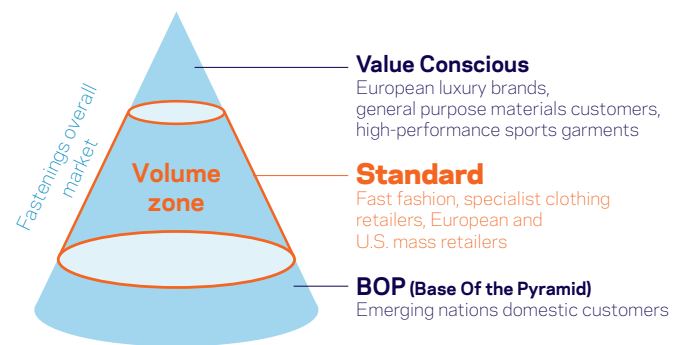
6th Mid-term Business Policy and Business Strategy

Sustainable Growth Under the New Normal - Responding to diverse customer needs and acquiring customers -

Under the 6th Mid-term Management Plan (FY2021 to FY2024), we continue the vision of “Technology Oriented Value Creation.” YKK has formulated a 6th Mid-term Business Policy and Business Plan based on three primary points identified as necessary to achieve “Creativity to Realize a Sustainable Society,” which are “product appeal & proposal capability,” “technology & manufacturing capability” and “diverse human assets.”

We see the dramatic changes anticipated by the new normal after the COVID-19 pandemic as an opportunity to pursue sustainable growth together with society under the policy to provide “better products at a lower cost and greater speed, more sustainably.” As a milestone in the 6th Mid-term Management Plan, YKK has undergone organizational restructuring in FY2023 to adapt to the fiercely changing business environment. That is why we will promote initiatives that put sustainability at the core of management based on this new structure. In addition, YKK must respond to current world affairs that leave the future uncertain as well as the continually changing business environment. That is why we have added “delivering turnaround times demanded by customers” and “thorough health and safety management” to our medium-term direction in an effort to improve customer satisfaction and ensure employee safety.

📌 Fastening Business market categories



Business Environment

Social

- COVID-19 impact
 - Limits on economic activity
 - Logistics disruption, rise in transport costs
- Vaccine rollout, national economic stimulus measures, etc. led to consumption recovery in Europe and the U.S.
- Surging raw material costs (non-ferrous metals/crude oil)
- Growing geopolitical risks

Market

- Expanding demand for sustainability in the apparel industry

Technology Innovation

- Changes in the customer value chain due to advances in information technology



YKK Philosophy, Cycle of Goodness® / Management

YKK Group Code

<6th Mid-term Business Policy>

Sustainable Growth Under the New Normal - Responding

“Turn change into opportunity”
“Contribution to Society” - Continue
“Better products at a lower cost and

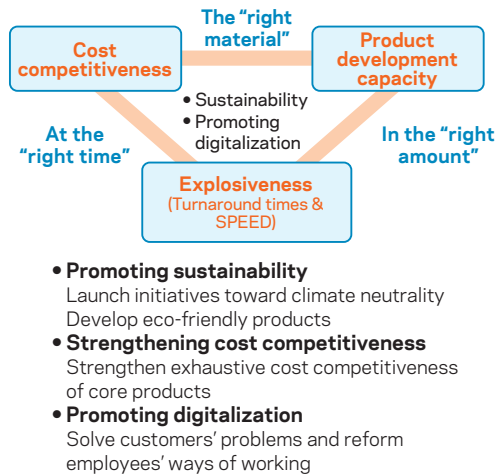
Medium-term Direction

- Flat organizational structure → P.29
 - Enhancing sustainability → P.31
 - Strengthening product planning and development → P.37
 - Thorough pursuit of cost competitiveness → P.39
 - Strengthening the use of digital technologies → P.40
- +
- Delivering turnaround times demanded by customers
 - Thorough health and safety management

Important Points and Targets of Business Execution in the New Normal

In the new normal after the COVID-19 pandemic, the “right time, right material, and right amount” will become an even greater requirement to supply customers with only the material they need in the right amount at the right time. The tasks to tackle in order to satisfy these requirements are to better position sustainability at the core of management, thoroughly reinforce the cost competitiveness of our core products, and further promote digitalization to support these efforts.

(100 million units/yen)



	FY2021 results	FY2022 results		FY2023 plan
Zipper unit sales	102.9	92.9	YoY: 90.2 %	100.8
Net sales	3,481	3,805	YoY: 109.3 %	3,962
Operating income	423	437	YoY: 103.2 %	497
Sales OI ratio	12.2 %	11.6 %	YoY: -0.6 pt	12.5 %
Foreign exchange	USD	112.27 yen	136.13 yen	130.00 yen
	EUR	130.50 yen	141.14 yen	140.00 yen
	RMB	17.49 yen	19.76 yen	19.30 yen

Principle “YKK seeks corporate value of higher significance.”
of Conduct

to diverse customer needs and acquiring customers -

to be a company for the social good -
greater speed, **more sustainably**”



Vision for the Medium- to Long-term

Technology Oriented Value Creation

Continuing to be a “social good” company

Better products at a lower cost and greater speed, more sustainably

Medium-term Direction

Flat Organizational Structure

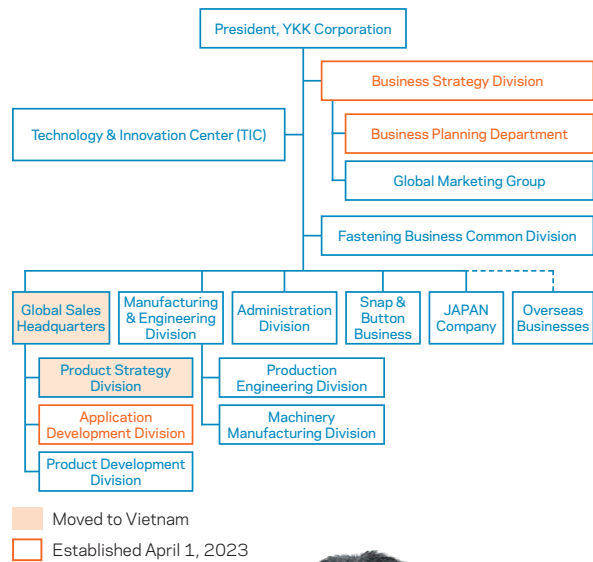
Organizational Restructuring for Immediate Response to the Drastically Changing Business Environment

In FY2021, the first year of the 6th Mid-term Management Plan, YKK reorganized and changed from a divisional structure to a flat structure consisting of functional organizations. The goal was to achieve sustainable growth even in the face of accelerating changes in the business environment over the period of the plan. Furthermore, with an eye toward responding to diverse customer needs and acquiring customers, in FY2023 we established the new Business Strategy Division and moved the functions of the Global Sales Headquarters to Vietnam, to place the organization closer to both customers and markets. This will boost customer satisfaction by incorporating global customer demands into our sales strategies.

Establishment of Business Strategy Division and Relocation of Global Sales Headquarters Function to Vietnam

As global circumstances and the environment surrounding our business change more rapidly than anticipated, we began implementing organizational restructuring in FY2023, the turning point of the current Mid-term Management Plan, with an eye toward the 7th Mid-term Management Plan and beyond. We established a new Business Strategy Division, with the Business Planning Department and Global Marketing Group (GMG) below it. The goal is to efficiently and rapidly promote business strategies. As well, the Global Sales Headquarters was restructured to specialize in strategies for individual sales functions, while the headquarters' functions was shifted to Vietnam, on the front lines of overseas garment manufacturing, in order to formulate and implement sales strategies closer to garment manufacturing regions. Within the headquarters, we placed the Product Strategy, Application Development, and Product Development Divisions. We also established the Global Supply Strategy Group, which is tasked with providing optimized "glocal" services spanning multiple business regions to garment manufacturers with geographically diverse locations.

▶ The Business Execution Structure of YKK Corporation (from April 1, 2023)



Everything for Maximizing Customer Satisfaction

Koichi Matsushima

Director
Executive Vice President, Business Strategy and Business Strategy Division

In FY2021, YKK reorganized and changed from a divisional structure to a function-based organization, a so-called flat structure, and raised awareness within the company that we work as "One YKK." At the time, I was the head of the Global Sales Headquarters, and we integrated sales and product development to speed up our response to customers. Another major result was the optimization and streamlining of sales-related tasks through the introduction of digital tools and other measures.

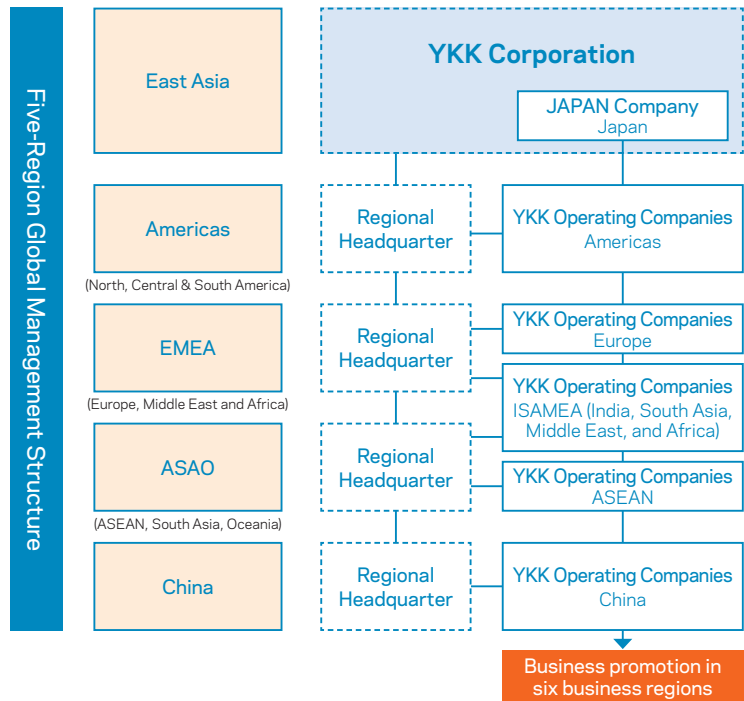
The goal of the new Business Strategy Division is to promote business strategies more efficiently and rapidly. To achieve this, I believe that it is vital for the division to play a central role in horizontally connecting functions

(sales, manufacturing and engineering, and administration) of the YKK fastening business as a whole and drawing up and implementing business-wide strategies. In particular, by pursuing faster delivery times and speed and cost competitiveness, which have been identified as company-wide issues, we will be able to meet diverse customer requests and raise customer satisfaction. We have been focusing on this task for some time, but having the division take the lead in the project further accelerates these efforts. Sharing information on a weekly and monthly basis and participating in meetings, such as the Sustainability Committee and Digital Promotion Committee, will enable us to rapidly implement strategies and achieve our goals.

Global Management Structures

Regarding our overseas management structure, we shifted to a Five-Region Global Management Structure (East Asia, Americas, EMEA, ASAO, and China) in FY2021. At the same time, we split the governance and business promotion organizations, and established six business regions (Japan, Americas, Europe, ISAMEA, ASEAN, and China), which are classified according to trade area or commercial distribution. Each business region will promote business under a business promotion manager (business leader) assigned therein and strengthen both the appropriate marketing methods for the region and production engineering capability. Under this new system, regional headquarters provide managerial support to the six business regions, with a focus on capital management and strengthening corporate governance.

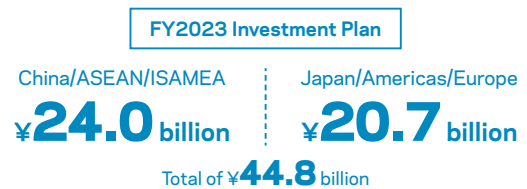
Sixth Mid-term Regional Management Structure



Investment Plans for Each Region

As an investment plan to make sustainability the basis of our management, further enhance the cost competitiveness of our core products, and pursue the digitalization that supports these efforts, we are scheduled to invest ¥44.8 billion in FY2023. We will actively undertake investment in future high-growth countries and regions, balanced to match the characteristics of each region. An investment of ¥24.0 billion is planned for China, ASEAN, and ISAMEA and ¥20.7 billion in the Americas and Europe. As well,

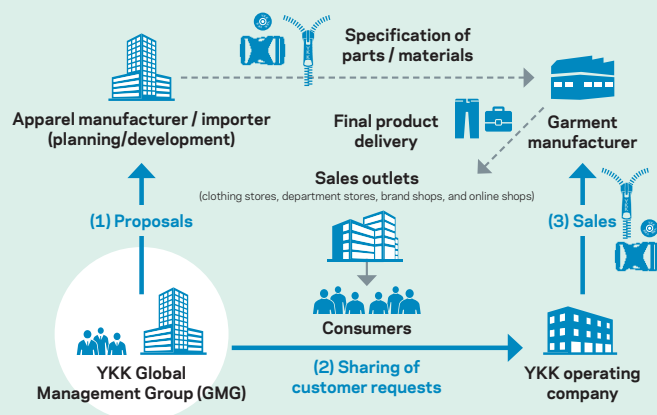
we will focus on sustainability and digital-related investment for the future.



YKK Strengths, GMG Performing on the World Stage

YKK's Global Marketing Group (GMG) works across countries and regions. We have dedicated YKK representatives for each customer in place at customers' manufacturing locations dispersed around the world. The role of GMG is to make proactive proposals, connect customer requirements with YKK operating companies in each country and region, and promote the development of new products. It is truly an organization that is responding to diverse customer needs and acquiring customers.

Examples of GMG's Work



Medium-term Direction

Enhancing Sustainability

Management Centered on Sustainability: YKK Sustainability Vision 2050

In October 2020, YKK formulated the YKK Sustainability Vision 2050. Targets were set for five themes—climate change, material resources, water resources, chemical management, and respect people—and we are working toward the achievement of the related SDGs and climate neutrality by 2050.

In FY2022, we redoubled our efforts to tackle issues such as climate change and resource recycling based on the sustainability promotion systems in each region around the world. The promotion of investments into energy-saving production equipment, solar power generation and other such technologies aims to tackle climate change and other social issue to realize a sound global environment.



Enhancing initiatives throughout the entire supply chain

Asako Yoshioka
Vice President, Sustainability Department

We can say that sustainability is encoded in YKK's very DNA, in the form of our Cycle of Goodness® philosophy and its proposition that “no one prospers without rendering benefit to others.” Going beyond in-house initiatives, the reduction of GHG emissions throughout the entire supply chain is also important. We cooperate with customers, business partners, and external industry organizations to work actively on solving global environmental and social issues.

Sustainability-related investment (capital investment) 8.6 billion yen (FY2023 business plan)

Portion of investment earmarked for CO₂ emission reductions 6.0 billion yen


YKK Sustainability Vision 2050 - Achievement of Climate Neutrality by 2050 -

Theme	Goal	SDGs
climate change Tackle GHG emissions Increase use of renewable energy	Reduce emissions of CO ₂ and other greenhouse gases in our company and supply chain. <ul style="list-style-type: none"> • Scope 1 and 2 50% reduction by 2030 (from a 2018 baseline year) • Scope 3 30% reduction by 2030 (from a 2018 baseline year) Be carbon neutral by 2050.	
material resources Increase use of sustainable materials	By 2030, switch to 100% sustainable textile materials (recycled materials, naturally-derived materials, etc.)	
	By 2030, replace all vinyl/plastic packaging materials with sustainable packaging, including recyclable/reusable forms.	
	Reduce the amount of waste to be landfilled or incinerated at all production sites.	
	By 2030, increase the waste recycling rate to 90%.	
water resources Reduce water use and manage wastewater	We will reduce our water intake through efficient usage, the development of new water saving production methods, and the increased recycling of wastewater.	
	Strictly manage wastewater at all manufacturing sites in accordance with Government regulations and YKK in-house standards established based on industry standards such as ZDHC (Zero Discharge of Hazardous Chemicals).	
	Manage and further reduce the use of chemical substances in product manufacturing from input to output in accordance with our own standards (YKK Restricted Substance List), which was established based on industry standards such as ZDHC MRSL (Manufacturing Restricted Substances List)	
chemical management Manage and reduce chemical usage	Our finished products meets international textile safety standards such as OEKO-TEX® STANDARD 100 ensuring they are free of harmful substances.	
	Develop new production methods that reduce and eliminate the use of toxic chemicals.	
	By valuing diversity, being inclusive, respecting human rights, and improving the work environment, we will create better and safe workplaces throughout our supply chains. We will ensure that each individual can work with peace of mind, make the most of his or her individuality, and lead a healthy and happy life.	
respect people Uphold human rights and ensure fair, safe work environments	Implement YGCC audit (YKK Global Criteria of Compliance), a comprehensive standard based upon YKK's Cycle of Goodness philosophy and the ISO26000 guidelines, at YKK Group facilities. Periodic evaluations by 3rd party auditors are conducted to assure transparency and improvement of sustainable practices.	

Realizing Our Vision through Partnerships

As the idea of sustainability, which seeks to realize a sustainable society, becomes an increasingly global trend, YKK cooperates with and contributes to sustainability efforts through international initiatives and membership in external industry organizations.

As well, we undertake self-assessments and external audits using the Higg Index, a suite of standards and module tools for assessing environmental and social impacts developed by the Sustainable Apparel Coalition (SAC). We post the results of Higg Index external audits for each of our locations on our website.

 [Higg Index external audit: Scores by location
https://www.ykkfastening.com/sustainability/higg.html](https://www.ykkfastening.com/sustainability/higg.html)

Organization Memberships/Initiatives, etc.

- Joined the Sustainable Apparel Coalition (SAC) **September 2018**
- Signed the Fashion Industry Charter for Climate Action **March 2020**
- Signed the Net-Zero Recovery statement **May 2020**
- Acquired 1.5°C Target commitment certification under the Science Based Targets initiative (SBTi) **March 2021**
- Joined the Japan Sustainable Fashion Alliance **September 2021**
- Joined the Ellen MacArthur Foundation Network **April 2022**
- Joined the 30by30 Alliance for Biodiversity **August 2022**
- Signed the United Nations Convention on Biological Diversity (CBD) COP 15 Business Statement for Mandatory Assessment and Disclosure **October 2022**

FY2022 results	FY2023 plan
<ul style="list-style-type: none"> • Scope 1 and 2 GHG emissions: 289,543t (46.9% reduction from 2018 baseline) • Scope 3 GHG emissions: 690,418t (20.9% reduction from 2018 baseline) • Renewable energy ratio of all power consumption: 46.1% • Locations running on 100% renewable energy: 31 • Locations using solar power generation systems: 21 	<ul style="list-style-type: none"> • Continue carrying out initiatives that aim to achieve the FY2030 emission reduction targets based on the SBTi certification to limit the temperature rise due to climate change to less than 1.5°C • Scope 1 and 2 GHG emissions FY2023: 432,241t or less (21.0% or more reduction from 2018 baseline) • Scope 3 GHG emissions FY2023: 764,069t or less (12.5% or more reduction from 2018 baseline)
Proportion of sustainable materials: 26% (up 14 points year-on-year)	Proportion of sustainable materials FY2023: 41%
Switch to sustainable packaging materials: 27.6%	Switch more plastic inner packaging materials to sustainable alternatives
Landfill waste: 6,282t (down 525t year-on-year)	Waste intensity FY2023: 4% reduction (year-on-year)
Waste recycling rate: 87.3% (up 0.3 points year on year) Moved forward the target year for a recycling rate of 90% from 2030 to 2025	Waste recycling rate of at least 88.0%
Water intake: 10.086 million t (down 1.338 million t from FY2018)	Water intensity: 2% reduction (compared to FY2022)
Approval of a partnership with Zero Discharge of Hazardous Chemicals Programme (ZDHC) to devise ZDHC guidelines for zippers and buttons	Roll out in-house wastewater management rules revised based on industry wastewater management standards
<ul style="list-style-type: none"> • Addition of the AFIRM Restricted Substances List and per-and polyfluoroalkyl substances (PFAS) as statutory compliance to the annual revisions of YKK RSL based on customer requests • Adoption of the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) for the management of chemical substances used in manufacturing processes 	<ul style="list-style-type: none"> • Annual revision of YKK RSL and communication of same to suppliers as well as implementation of appropriate surveys for suppliers • Carry out AFIRM RSL and all-encompassing fluorine tests • Verify the level of compliance with the ZDHC MRSL for the chemical substances used in manufacturing processes and expand use of the ZDHC MRSL • Cooperate with suppliers to properly assess the level of ZDHC MRSL compliance for unverified products
<ul style="list-style-type: none"> • Incorporation of the management of restricted substances in the processes for developing new products or changing materials • Periodic renewal of the OEKO-TEX® STANDARD 100 certification 	<ul style="list-style-type: none"> • Add AFIRM RSL testing as an item for the management of restricted substances when developing new products or changing materials • Periodically renew the OEKO-TEX® STANDARD 100 certification
Expansion of the lineup of products made with AcroPlating® technology, a new plating technology	Development to reduce dimethylformamide (DMF) as a measure to reduce chemicals with high atmospheric emissions
<ul style="list-style-type: none"> • Implementation of YGCC self-checks/audits at all applicable locations • Review and revision of YGCC audit items and scope • Revision of the YKK Group Human Rights Policy 	<ul style="list-style-type: none"> • Through implementation of YGCC and the promotion of CSR procurement, continue to identify/assess human rights risks as required by UNGP • Enhance the human rights reporting and consultation services that are made available to business partners

YKK Sustainability Vision Formulation Process

One important business partner of YKK is the fashion industry. Conventional business models in this sector entail mass production, mass consumption, and large volumes of waste have a huge impact on the environment, which is increasing the importance of CO₂ emission reductions, water resource management, chemical substances management, sustainable use of resources, and other initiatives to respond to environmental issues. Initiatives to tackle social and labor issues are also indispensable, whether those to respect human rights or build safe working environments. The importance of addressing these social issues on a global scale goes beyond the fashion industry to a wide range of other domains. As a company with obligations in these industries, YKK is aiming to actively spearhead initiatives that can solve these environmental and social problems. In response to this business landscape, in the YKK Sustainability Vision 2050 in October 2020, YKK identified five themes as “Materiality” (priority issues) covering not only the environment but also society and labor. These were climate change, material resources, water resources, chemical management, and respect people. We have set targets under each of these five themes and are working toward the related SDGs.

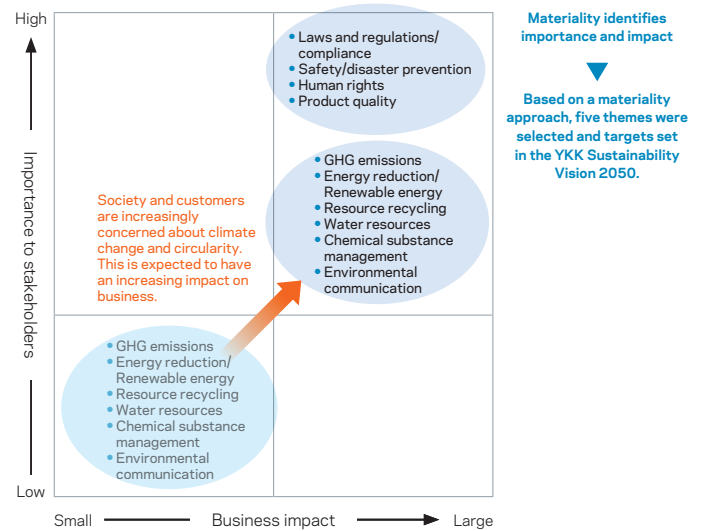
Sustainability Promotion Structure

A YKK Sustainability Committee chaired by the president of YKK is established. Working groups are created for each theme that work to solve issues as we aim to achieve the targets of the YKK Sustainability Vision 2050. Overseas, Sustainability Committees for each region have been established since FY2021 in response to the committee structure at Headquarters, in order to disseminate and implement Headquarters’ sustainability policies and measures, thereby establishing a global promotion system.

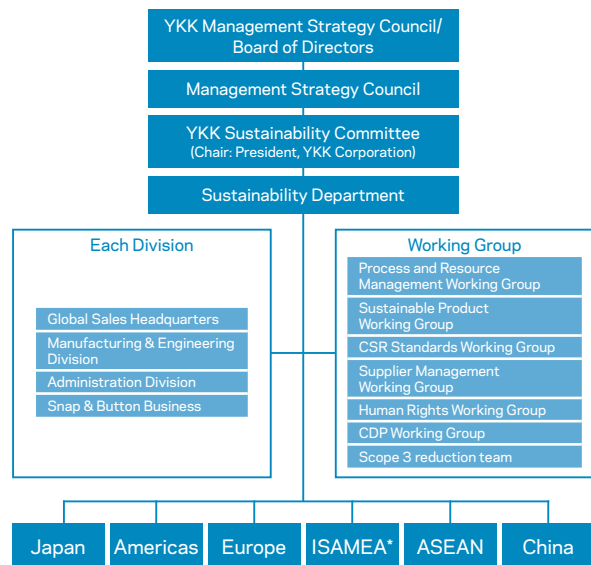
Sustainability Committee Meetings and Actions

The Sustainability Committee convened three times in FY2022. It heard reports and held discussions about various issues and measures to solve them, in communication activities and within the seven working groups established under the Sustainability Committee (Process and Resource Management WG, Sustainable Product WG, CSR Standards WG, Supplier Management WG, Human Rights WG, CDP WG, and Scope 3 reduction team).

Materiality Analysis (Identifying Priority Issues)



Sustainability promotion structure



* India/South Asia/Middle East/Africa

Meeting	Month	Content
1st	July 2022	Reports about the progress of initiatives carried out by working groups (WG) and about efforts undertaken by Sustainability Committees in each region
2nd	September 2022	Reports about the progress of initiatives carried out by WG and about efforts undertaken by Sustainability Committees in each region
3rd	March 2023	Reports about the progress of initiatives and activity plans for the next fiscal year from each WG and climate change initiatives undertaken in five regions overseas (China, ASEAN, ISAMEA, Europe, and Americas)

Information Disclosure Founded in the TCFD Recommendations

Since the adoption of the Paris Agreement in December 2015, there has been more and more momentum to evaluate the impact climate change has on business activities worldwide. Within this business climate, the TCFD announced its recommendations in June 2017, which YKK signed onto as a supporter in 2019.

YKK evaluates and strives to incorporate the impact climate change may have on its business activities into its business strategies according to the TCFD recommendations.

1. Governance

The YKK corporate governance system essentially consists of the Board of Directors, which carries out decision-making and supervisory functions related to management policies and other important matters, and the Audit & Supervisory Board, which carries out auditing functions. We have also introduced an officer system to promote business execution. In addition to regular meetings held once a month, the Board of Directors holds extraordinary meetings as necessary to discuss and make decisions on business plans as well as organizational and other important management matters. It receives reports and supervises the progress of the business execution of each Group company as well.

The Sustainability Committee launched as an advisory body for the Board of Directors discusses and promotes management policies and strategy related to sustainability, such as climate change. The president serves as chair of the Committee.

2. Strategy

YKK identifies and evaluates major risks and opportunities for the Fastening Business related to climate change according to the TCFD recommendations.

Type		Financial impact on YKK
Transition risk	Current regulation	Risks of higher operation costs of YKK plants and the YKK buildings if the carbon tax rises in the future
Physical risk	Acute	Risks of manufacturing bases suffering damage due to more frequent and severe flooding due to the rising temperature
	Chronic	Risks of declining profits due to higher air-conditioning costs at YKK plants and skyrocketing raw material prices driven by the rising average temperature worldwide
Opportunity	Products/Services	Opportunities to expand the number of products using recycled and other sustainable materials
	Resource efficiency	Opportunities to improve energy efficiency of equipment and broaden the adoption of renewable energies in order to mitigate the payment of the carbon tax in the future

3. Risk Management

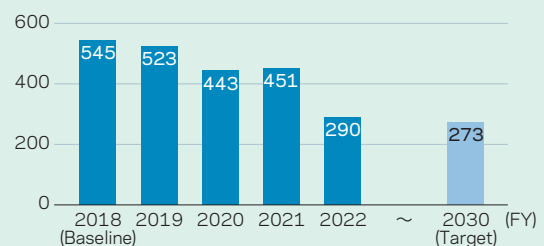
In accordance with the Risk Management Policy, risks are identified once each year by each organization in this business, worst-case scenarios and the status of response are confirmed, and the risks are assessed in 16 stages according to the scale of loss and damage and the frequency of occurrence. In addition, risks that are anticipated to have an impact of ¥100 million or more per year are deemed to be key risks that should be managed at the corporate management level. We also incorporate climate-related risks into the Group-wide risk assessment and management process to anticipate not only the short and medium-term but also the long-term impact (up to about 2030).

4. Metrics and Targets

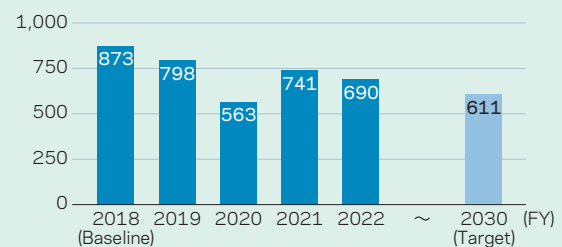
Our businesses aim to become climate neutral (net-zero emissions) by 2050. Therefore, we have set targets to reduce CO₂ and other greenhouse gas emissions from our company and supply chain. In addition, these targets have been certified by the Science Based Targets initiative (SBTi).

Metric	Target	
Scope 1 and 2	Reduction of direct CO ₂ emissions	50% reduction by FY2030 (compared to FY2018)
Scope 3	Reduction of indirect CO ₂ emissions from the supply chain	30% reduction by FY2030 (compared to FY2018)

<GHG emissions: Scope 1 and 2>
(1,000 t CO₂)



<GHG emissions: Scope 3>
(1,000 t CO₂)



See "This is YKK 2023 Data Book" for more detailed disclosure.

Initiatives Toward Achievement of the YKK Sustainability Vision 2050

climate change



46.9%
reduction
Scope 1 and 2
GHG emissions
(from FY2018
baseline)

In FY2022, the YKK Group reduced its GHG emissions (Scope 1 and 2) by 46.9%, which far surpassed its 16.8% reduction target compared to FY2018. This is largely thanks to measures that include broader adoption of energy-saving production equipment and plant infrastructure as well as the installation of solar power generation systems. As a result of actively introducing renewable energy, we were able to increase the number of sites that have shifted purchased power to 100% renewable energy in FY2022 by 20 locations compared to FY2021. YKK now has 31 locations only using renewable energy worldwide. We are also pushing to reduce GHG emissions by purchasing renewable energy certificates. In FY2022, the renewable energy ratio of all power consumption was 46.1% (including renewable energy certificates).

In addition, by promoting the use of recycled polyester materials through a shift to and increase in sales of the NATULON® series products and other means, we expect

to reduce GHG emissions by about 15,935t (against FY2018), compared to using virgin materials. In the future, we will also work to reduce Scope 3 emissions by shifting to recycled materials for the main materials used in our fastening products.



Solar power generation system
(Shanghai YKK Zipper Co., Ltd. Lingang factory)



Selected as a Supplier Engagement Leader in the FY2022 CDP Supplier Engagement Rating

material resources



NATULON® cumulative sales account for waste recycling of

about 340 million*
plastic bottles

*As of the end of March 2023.

Based on 29 g/bottle (500 ml size)

26%

Proportion of sustainable materials
(Total meters)
(FY2022 results)

87.3%

Waste recycling rate

Sustainable Materials for Fastening Products

Since full-fledged efforts to switch to recycled zippers began, the FY2022 unit sales of the NATULON® series have increased 176% year-on-year. We are now also dramatically expanding the NATULON Plus® zipper line, with a high ratio of recycled materials, and the ratio of products using sustainable materials has reached 26% of all product sales. Going forward, we set a target in FY2023 to increase the ratio of products using sustainable materials by 41%. This includes measures to encourage a shift to the NATULON® line while expanding product variations.

Switch to Sustainable Packaging Materials

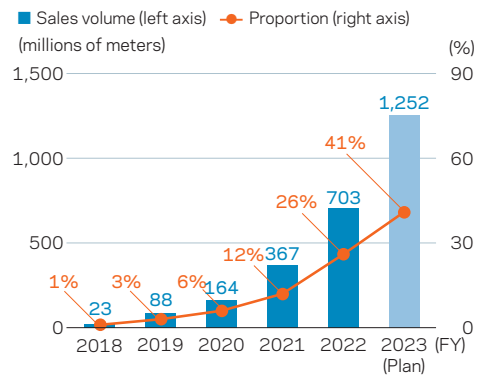
In FY2022, YKK JAPAN Company (Kurobe Manufacturing Center) completed the switch to biomass materials for the main inner packaging of fastening products. Moreover, we are also looking into returnable boxes and other measures that will reduce the amount of plastic packaging materials that YKK uses.

Waste Reduction/Waste Recycling

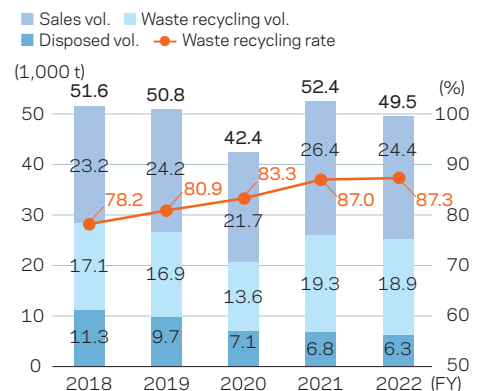
In FY2022, thoroughly separating waste materials and strengthening reuse at each of our operating companies and improved waste processing technology in the Asia Region, and other factors, combined to result in a recycling rate of 87.3%, exceeding the target. The amount of waste was also

reduced 96% compared to FY2018. YKK is moving forward with efforts to recycle and reuse resources and reduce waste.

Volume and Proportion of Sustainable Materials Sales



Changes in Waste Emissions/Waste Recycling Rates



water resources



11.7%
reduction

Reduction rate of
water intake
(From a FY2018
baseline)

At local manufacturing sites where water resource issues are a concern, YKK will reduce our water intake through efficient usage, the development of new water saving production methods, and the increased recycling of wastewater. Our activities promote a target to strictly manage wastewater at all manufacturing sites in accordance with government regulations and YKK in-house standards established based on industry standards such as Zero Discharge of Hazardous Chemicals (ZDHC).

In FY2022, we furthered the introduction of production and water recycling equipment that uses water more efficiently but were only able to reduce our water consumption 11.7% (compared to FY2018) against the 14% target. We have continued to evaluate and identify water risks in each country and region and verified progress has been made to combat these risks. In wastewater management, we will

continue to implement wastewater processing diagnosis and technology guidance at each location to further improve the technology of wastewater processing. YKK will revise its rules on wastewater management methods with reference to the ZDHC Wastewater Guideline and Higg Index as the wastewater management standards of the garment industry.



Wastewater processing and diagnosis setup at YKK (Thailand) Co., Ltd.

chemical management



New AcroPlating®
technology
to eliminate
100%
of hazardous
substances

In FY2022, we revised the YKK Restricted Substance List (YKK RSL) to the FY2023 version, taking into account laws, regulations, and industry standards for chemical substances related to fastening products. Based on customer requests, we added the AFIRM Restricted Substances List and polyfluoroalkyl substances (PFAS) as statutory compliance and we launched a survey of suppliers. This survey evaluates the level of compliance with the Manufacturing Restricted Substances List (ZDHC MRSL) to not only reduce the use of hazardous chemical substances that have the potential to be used in fastening products but also the hazardous chemical substances with the potential to be used in production processes or emitted into the environment.

These activities promote a switch to safer chemical substances but also work to reduce the impact on the natural environment and people. In terms of new manufacturing technology to eliminate hazardous substances, we have expanded our lineup of products made with the AcroPlating® technology, a new plating technology for brass that eliminates 100% of hazardous substances such as cyanide, chromium, and selenium. The ratio of products produced using AcroPlating® technology for sale as brass sliders increased two points year on year to 18% in FY2022.



AcroPlating™

respect people



Building
structures for
**respecting
human rights**
based on international
standards

In FY2022, we performed YGCC self-checks at all applicable locations and identified the level of CSR carried out by our suppliers and other business partners in an effort to continually reduce the risk of human rights violations. YKK is responding to and amending any issues identified at companies in each country and region to reduce human rights risks.

The YKK Group Human Rights Policy has also been updated to better suit modern times and reaffirm the YKK approach to respecting people as well as identifying and rectifying any human rights risks. To more clearly identify potential human rights risks, we also regularly review the YGCC audit items and scope as well as the CSR procurement questionnaire.

Going forward, we will also continue to identify and evaluate human rights risks through YGCC implementation and CSR procurement, continue to promote the building of relief systems, and work to transition to structures that conform to UNGP and due diligence laws that will be enacted in the future in Europe.



YKK Group Human Rights Policy
<https://www.ykk.co.jp/english/corporate/csr/humanrights.html>

Medium-term Direction

Strengthening Product Planning and Development

Continuous Launches of Added-Value Products

YKK can provide a “one-to-one” response – that is, understanding the needs of customers and markets of various locations, applying them to product development, and delivering the products to customers on a timely basis. This is YKK’s strength as a company that conducts business globally. YKK is not only focused on strengthening its core products but will also place its focus on upgrading and expanding products that are appealing to customers who seek high functionality that is not found in core products. At the same time, we are also focused on uncovering the needs of customers and society and developing products that will provide new value.

Major achievements in FY2022 include the

development of a low-friction coil zipper that smoothly opens and closes as well as a zipper that prevents fabric snags during use. At our manufacturing facilities, we endeavored in equipment and line development to strengthen the cost competitiveness of core products.

Going forward, YKK aims to strengthen product planning and development capabilities, act with greater speed, further expand eco-friendly products, and build optimal manufacturing lines suitable to each region to realize the right time, right material, and right amount, which are all key points of future business execution. We will also strive to use digital technologies to solve customer issues and realize employee work-style reforms.

Product Planning and Development Policy According to Market

Market	Main Type of Customer	Policy of the Initiative
Value Conscious	<ul style="list-style-type: none"> High-end brands High-function sports apparel Automobile interiors, etc. 	<ul style="list-style-type: none"> Strengthening the development of green products Continuous launches of added-value products
Standard	<ul style="list-style-type: none"> Casual apparel customers European and American mass retailers, and e-commerce 	<ul style="list-style-type: none"> Thorough pursuit of cost competitiveness

Product Development Policies Tailored for Business Regions



Development locations/personnel

FY2023 (plan): 39 locations/ 997 employees

(38 locations/927 employees as of the end of FY2022)

Product and Technology Development Example

The YKK Digital Showroom introduces many examples of customer voices and product development stories. P.40

VISLON® Nylon, Mono-plastic Material



VISLON® Nylon is a product that is expected to help shift garments to mono-plastic materials highly anticipated by the fashion industry. Due to the almost entirely polyamide (nylon) structure, this new zipper can be easily recycled together with the nylon garment on which it is sewn, without the need for removal. YKK ITALIA S.p.A. has been manufacturing and selling VISLON® Nylon as of March 2023.



Employee Voices

Mauro Grandis
YKK ITALIA S.p.A.
Variation Item Development

This product, most of its parts are made of nylon, illustrates a new direction in the use of raw materials in industry. A zipper made using a mono-plastic material that can be recycled expands the possibilities for customers to create sustainable products. Our goal is to realize a sustainable future together with these customers.

AcroPlating® Technology



We developed AcroPlating® as a new plating technology for brass materials that uses no conventional plating chemicals and eliminates the use of harmful substances such as cyanide, chromium, and selenium. This new finishing technology not only reduces GHG gas emissions from manufacturing processes but also saves water and power, which dramatically reduces the environmental impact of those manufacturing processes*. YKK will broaden the number of fastening

products that take advantage of this technology in the future.



Employee Voices

Masayuki Iimori
Development & Engineering
Department, Snap & Button
Business Division

The full removal of cyanide, chromium, and selenium which have adverse effects on the health of humans and other living organisms helps to improve the working environment in the manufacturing process. YKK has achieved an in-house integrated production system that encompasses materials, manufacturing equipment, and products.

*Source: Life Cycle Assessment:
https://www.ykk.com/english/corporate/csr/c_news/2021/20210622e.html

Reducing the environmental impact of the dyeing process with the cooperation of business partners

YKK Vietnam Co., LTD. Ha Nam Plant has teamed up with Patagonia, a US outdoor company, and ERCA SPA, an Italian pharmaceutical manufacturing company, to implement the innovative REVECOL®*1 dyeing auxiliary developed by ERCA into dyeing arrangement processes of the zipper tape and elements. REVECOL® is a highly functional and extremely safe dyeing auxiliary derived by upcycling exhausted vegetable cooking oil. The shift to this dyeing auxiliary is estimated to reduce the carbon footprint of products (CFP) by 72%*2, while reducing the annual use of dyeing auxiliary by 20% to 30%.



*1 REVECOL is a registered trademark of E.R.C.A. Esperienze Ricerche Chimiche Applicate S.p.A.
*2 These figures are from the bluesign® Product Carbon Footprint report, which compares REVECOL® to the conventional dyeing agents manufactured by ERCA. Bluesign is a registered trademark of bluesign technologies ag.



Left to right: Matt Swartz (Patagonia), Fabio Locatelli (ERCA), and Mike Maekawa (YKK Vietnam)

“This partnership has shown me once again how important a lot of little steps like the shift to an alternative dyeing agent can lead to something like this partnership. I will not only further these efforts toward the realization of a sustainable society but also do everything I can to raise more awareness throughout the entire fashion industry as well as with consumers.”

Medium-term Direction

Thorough Pursuit of Cost Competitiveness

Thoroughly Strengthen Cost Competitiveness of Core Products

The market environment has changed to an unprecedented degree due to the COVID-19 pandemic. Regarding strengthening cost competitiveness, which is recognized as a priority issue in the 6th Mid-term Business Plan, and in preparation for anticipated fierce competition ahead of us, we are making a thorough review of both the core products that satisfy a wide range of customers and regions, and *monozukuri* itself, including the machinery and equipment for making the products. We are building production lines of differing specifications

that match the business environments in each region. Through organizational restructuring, engineers in zipper and machinery manufacturing have been brought together and resources concentrated on high-priority development themes. This makes it possible to significantly reduce machinery and facilities development times. From FY2023 and on, this machinery and equipment will be introduced in turn into overseas sites to further strengthen our cost competitiveness.

Vision

- **Construct optimal manufacturing lines** for business environments in each region
- By reorganizing and integrating YKK HQ functions, **boost development speeds and concurrently work on several development themes**
- Work to **further reduce machinery prices**

Progress on Initiatives

- **Develop machinery and facilities tailored for market characteristics** throughout China and Asia (Customer requests (responding to diversification), manufacturing labor costs, etc.)
- Prioritize themes, concentrate resources, and link overseas operating companies to **reduce machinery and facilities development times**

➔ **From FY2023 and on, we will introduce machinery and equipment in turn into overseas companies to strengthen the onsite cost competitiveness of core products**

Strengthening Global Production and Engineering Functions and Training Local Human Assets

To achieve the thorough pursuit of cost competitiveness that is set out as a goal in the 6th Mid-term Plan, we are sending out production engineers from Kurobe in phases to overseas locations. The goal is to speed up the introduction of local equipment and products and strengthen cost competitiveness by expanding the scope of discretion for local manufacturing bases. As well, we are focusing on the training of local production engineers in technologies that meet the needs and characteristics of local markets in each region and bolstering quality assurance systems at these locations by running certification programs for certified quality measurements instructors and facilities maintenance technicians.



characteristics of local markets in each region and bolstering quality assurance systems at these locations by running certification programs for certified quality measurements instructors and facilities maintenance technicians.



Employee Voices

Xu Jian

Head of Maintenance, LIN GANG FACTORY, Shanghai YKK Zipper Co., Ltd.

Guided by production engineers from Japan, I have learned knowledge and skills relating to monofilament manufacturing. As an onsite engineer, I understand that my most important role is the production of high-quality products. I aim to build on the experience I've gained so far to study new technologies, pass on YKK technology and skills by training the next generation, and move forward with the times. I want to respond to the major changes in customer requests while having our work contribute to a sustainable society through sustainability initiatives and other means.

Medium-term Direction

Strengthening the Use of Digital Technologies

Making Smart Factories a Reality



Building non-stop/unmanned production lines

→ Establishing the foundation to make smart factories a reality

Responding to the shrinking workforce

Increase the quality of work and raise productivity by automating simple tasks

Ensuring reliable quality

Stabilize quality by expanding the scope of AI image inspection

Utilizing digital technology

Improve customer service by connecting the client to the production site and making use of the data

Contributing to sustainability

Reduce energy consumption and CO₂ emissions through automation and labor-saving. Operating at 100% with zero defects and zero waste

We have listed strengthening the *monozukuri* of standard category items and smart factories as manufacturing and engineering policies in the 6th Mid-term Business Plan. YKK founder Tadao Yoshida aimed for a “dark factory,” or a factory that did not need to be lit because it was fully automated and unmanned. To achieve this goal, we are engaged in the use of cutting-edge technologies, such as robotics, AI, and sensors to achieve a fault-tolerant, unmanned production line that can operate continuously for long hours without the intervention of people.

As manufacturing becomes increasingly automated, we believe that continuous improvement, upgrades, and evolution is supported by human assets who correctly understand and practice basic principles, and for this reason we have incorporated quality engineering into our training since 2011. In 2022, we were awarded the Best Paper in the Robust Quality Engineering Society*. In terms of practical development, we are leveraging facilities and machinery development for sustainability themes and contributing to a reduction in CO₂ emissions.

*Sponsored by the Precise Measurement Technology Promotion Foundation.

Investment in Digitalization (capital investment)

¥1.5 billion (FY2023 plan)

Pursuing a Stress-free Environment Through the Use of Digital Technology

In response to the accelerating use of digital technology in the garment industry, we are promoting digitalization in all value chains, from marketing to product planning, development, manufacturing, and sales. These efforts are led by our Digital Operation Planning Department, established in FY2021.

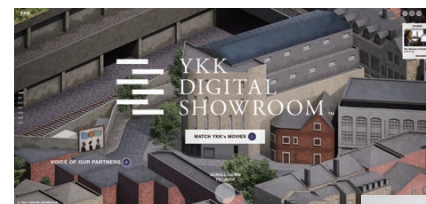
For customers, we are working to link data by digitizing product information and respond to demand for “right time, right material, and right amount.” At the same time, we are making active use of the YKK Digital Showroom, a venue for showcasing products and communicating with customers. In April 2023, we released YKK Trim Creator, a new tool that instantly outputs 3D models of zippers and product codes. The intuitive interface enables customers to select the desired zipper size, color, and slider combination and create a simulation on the spot. This reduces the actual sample production process, which also helps to reduce the environmental impacts.

Also, in order to improve efficiency in internal operations, we are working to standardize and automate global business operations by introducing workflows and linking core systems. As well, we are building platforms to enable true data driven management that uses BI and AI* to make decisions based on data analysis.

*BI: Business Intelligence; AI: Artificial Intelligence



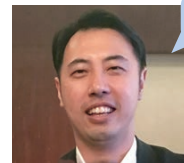
YKK Digital Showroom (available in Japanese, Chinese, and English)
<https://ykkdigitalshowroom.com/en/>



YKK Trim Creator:
https://ykkdigitalshowroom.com/en/gf/digitalization/ykk_trim_creator/admission



Employee Voices



Alson Ng
YKK Holding Asia Pte. Ltd.
Global Marketing Group

YKK Trim Creator enables designers to visualize in a more concrete way the colors and design of the zipper they want. Plus, it can give them inspiration for new trim ideas and instantly share their ideas with others.

Community Activities: Be a Native

As a member of the community in which we operate, YKK provides a variety of value through its business. It includes giving consideration to society and the environment, and contributing to the resolution of challenges faced by the community. The following is a sampling of our recent initiatives in various countries and regions.

ASAO Supporting the Healthy Growth of Children through Football

The YKK ASAO Kid's Football Clinic (AKFC) has been sponsored by YKK in the ASAO region* since 2007. Run in cooperation with the Real Madrid Foundation and other organizations, the clinic promotes children's healthy growth through football. More than 7,000 children have participated in the program. The clinic was suspended during the coronavirus pandemic but was resumed in Bangkok, Thailand, in 2022 for the first time in three years. 284 children, including refugees, receive training from professional coaches. We will continue to bring smiles to children's faces by supporting their healthy growth in the future.

*ASAO: ASEAN/South Asia/Oceania



Children who participated in the clinic



Employee Voices

Suraphong Tangphakphienkit
YKK (THAILAND) CO., LTD.

We had to temporarily suspend the program due to the effects of the coronavirus disease (COVID-19), but fortunately we are able to run it again. Watching the kids enjoy themselves so much made us feel great, too.

The Philippines Contributing to a Foundation for the Disabled, Aiming for a Coexistence Society

At YKK Philippines Inc. we are practicing the Cycle of Goodness®, respecting employees and the local environment, and working to improve our corporate activities. As part of these efforts, in November 2022, we donated wheelchairs, walking aids, four-legged canes, and other welfare equipment to the Create a Job for Disabled Association Inc., an organization that supports the disabled in the Philippines. The organization works to promote social inclusion for people with disabilities, and the donated items will help to support people with disabilities in their day-to-day lives. YKK Philippines Inc. received an acknowledgment of gratitude from the organization.



With users of the welfare equipment



Employee Voices

Annalyn Vinuya
YKK Philippines, Inc.

When the people who received and use the welfare equipment tell us how happy they are with it, it really gives us a boost, too. In the future, I want us to continue with activities that help local people.

China Linking with Designers on the Concept of Sustainability

YKK strives to contribute to a sustainable society. We work together with garment companies and designers who share this commitment to develop a range of eco-friendly products and technologies. At the 2022 Shanghai Fashion Week, YKK held a digital fashion show in a collaboration with Rico Lee, the Chinese clothing designer. Four lines were presented, which were created around the concept of "Nature" and using YKK fastening products such as NATULON Plus® zipper. They conveyed to customers the idea of environmental conservation and the experience of comfortable clothing.



Garment creations based on the concept of Nature



Employee Voices

Hou Ruizhen
YKK (China) Investment Co., Ltd.

Through these activities, we want to encourage the younger generation to use YKK fastening products, and join us in thinking about sustainability in the fashion industry.

El Salvador

Supporting Learning Spaces for Local Children

As a member of the local community, YKK El Salvador S.A. de C.V. is providing ongoing support to a school (Tecpan School) located near the YKK plant. Tecpan School is a local school that caters to students from kindergarten to 9th grade. However, the physical learning environment is inadequate, with some students attending classes in a thin-walled classroom with no windows. Learning of this situation, the company supported the building of a new brick-walled classroom that met government standards. Our hope is that the improved environment will help promote local children's education.

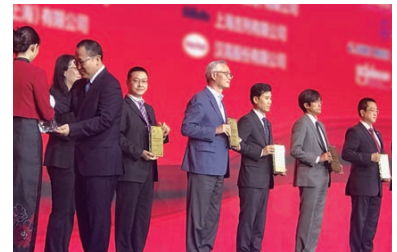


Children in the new classroom

China

Promoting Regional Development, Growing with the Local Community

Since establishing a representative office in Beijing, China, in 1989, YKK has been conducting business with the aim of developing together with communities throughout China. In 2022, Shanghai YKK Zipper Co., Ltd. was recognized for the eighth year in row as a company that makes economic contributions to the Shanghai Pudong New Area, while YKK (China) Investment Co., Ltd. received the Economic Outstanding Contribution Award. As well, YKK Zipper (Shenzhen) Co., Ltd. was selected as one of the 2022 Shenzhen Top 500 Enterprises, sponsored by the Federation of Shenzhen Industries and other organizations. Based on the YKK Philosophy of the Cycle of Goodness, we will continue to undertake business activities rooted in local communities.



The award ceremony

Italy

Individual Participation Office Environmental Activities

YKK Mediterraneo S.P.A. is working to reduce plastic waste produced in its offices and raise employee awareness of environmental conservation. In the break rooms, for example, the company has switched to coffee cups and stirrers made of compostable material and entirely produced in Italy, reducing both the annual use of plastic in vending machines by around 400 kg and CO₂ emissions from transport. We are preserving our important natural environment through a series of small-scale initiatives, such as installing water dispensers in the factory and distributing water bottles to all employees, to get everyone thinking about what actions they can take to protect the environment.



Newly introduced bio-degradable cups

Japan

Contributing to Local Revitalization through Town Development

A ceremony was held in March 2023 to celebrate the completion of the first phase (consisting of 94 units) of the employee dormitory, I-TOWN. The dormitory is being developed by YKK Real Estate Co., Ltd. as part of a larger town development project around Ikuji Station on the Ainokaze Toyama Railway, which is close to the Kurobe Manufacturing Center in Kurobe City, Toyama Prefecture. As part of the plan, YKK Group has joined the Council for Promoting the Revitalization of the Ikuji Station Area, and has been working with Kurobe City to study area revitalization through industry, government, and private sector cooperation. We are planning to complete approximately 270 units by 2024 and contribute to the local area by continuing to work with the community and government in developing the station area.



I-TOWN (Kurobe City, Toyama Prefecture)

Aiming to Instill the YKK Management Principles

Each Employee Understands and Practices the Principles

YKK, whose business extends to countries and regions throughout the world, has employees from diverse cultural backgrounds who hold different values. Consequently, instilling the YKK Management Principles and Core Values is an important topic for management. As such, we have been promoting YKK's Management Principles and Philosophy through the entire YKK organization so that each employee understands and inherits them in order to ensure their succession down the generations.

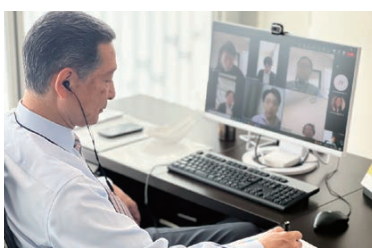


Venue for Dialogue Between Top Management and Employees

We prioritize frank communication between the management team and employees and have established a variety of venues for dialogue. The lifting of COVID-19 restrictions has meant more opportunities for face-to-face meetings, and we are actively engaging in dialogue with local employees at our overseas locations. In FY2022, we talked with approximately 660 employees about "the weaknesses and strengths of YKK and your own department."

Roundtable Meetings with the Chairman and President

The Roundtable Meeting is an activity to promote the Management Principles through dialogue between the chairman and president and employees. Through active discussions between them, they learn about the origin of the Management Principles and share issues and ideas to put it into practice in their daily work. In FY2022, meetings were held with about 100 employees in the Tokyo region and about 300 employees at overseas sites.



Roundtable discussions with the president (online)

Initiatives at the Kurobe Manufacturing Center

Every year, the chairman and president visit the Kurobe Manufacturing Center to speak with manufacturing site employees. Items discussed include the future of the manufacturing sites and *monozukuri*. In FY2022, infection prevention measures were taken, and 46 face-to-face roundtable discussions were held with a large number of employees. As a result, 265 employees were able to have a frank exchange of opinions with the chairman and president.



Dialogue at the Kurobe Manufacturing Center

Organization of "Management Principles Webinars" with young and mid-career employees

Since FY2020, we have held webinars for young and mid-career employees in Japan as an activity for thinking about implementing the Management Principles in the new normal. The executive vice presidents recounted their own experiences and spoke about their ways of thinking. It was an opportunity for mid-career and young employees to take a more energetic approach as participants worked for communication with employees.



YKK Management Principles Webinar by the executive vice presidents

YKK Group Management Principles Study Group

The Management Principles Study Group is made up of members selected from each business every year. It carries out research on the nature of the YKK Group's Principles and Philosophy to enable them to be passed on. The Study Group reports its findings to the management team every March. The FY2022 Study Group assessed the undertaking, "how to communicate in response to the changing times," inherited from past activities and, as part of the action policy to provide new tools, produced a video of discussions with mid-career employees for distribution within the company. The goal was for employees to get a more immediate sense of our management philosophy by hearing about it in the actual words and comments of the president and senior employees.



Members of the FY2022 Management Principles Study Group (at the President Report Meeting)



Mid-career employees' discussion video

Workplace-led Activities to Instill the Principle Deployed at Each Site

The YKK Group does business in countries and regions around the world and has employees from diverse cultural backgrounds who hold different values. In order to ensure that the Principles and Philosophy are shared and inherited, we plan and proactively implement activities to instill the Principles in a manner unique and suitable to that region.

Regions and areas

In each region, we implement activities to deepen each employee's understanding of the Management Principles through dialogue between employees. In FY2022, a total of about 22,000 employees participated.



Roundtable Meetings at YKK Holding Asia Pte. Ltd.

YKK Taiwan Co., Ltd.

At YKK Taiwan Co., Ltd., management school lecturers were invited to the plant, and YKK Taiwan leaders from the manager level and up were brought together for study sessions involving group work and discussions focusing on YKK management principles.



Group study using cards

YKK Lanka Private Limited

Four employees created posters based on the YKK Management Principles. YKK Lanka holds numerous workshops in both English and local languages to instill the Management Principles in employees' minds.



Management Principles posters created by employees

YKK Episodes

To help employees deepen their understanding of the Management Principles, we introduce YKK's history, based on the YKK Philosophy of the Cycle of Goodness, and employee episodes in the form of short Manga stories. (Translated into Japanese, English, Chinese, and other local languages.)



Expanding around the World - Memorable Stories -
<https://www.ykk.com/english/ykk/manga/>



Management Foundation Based on the YKK Philosophy

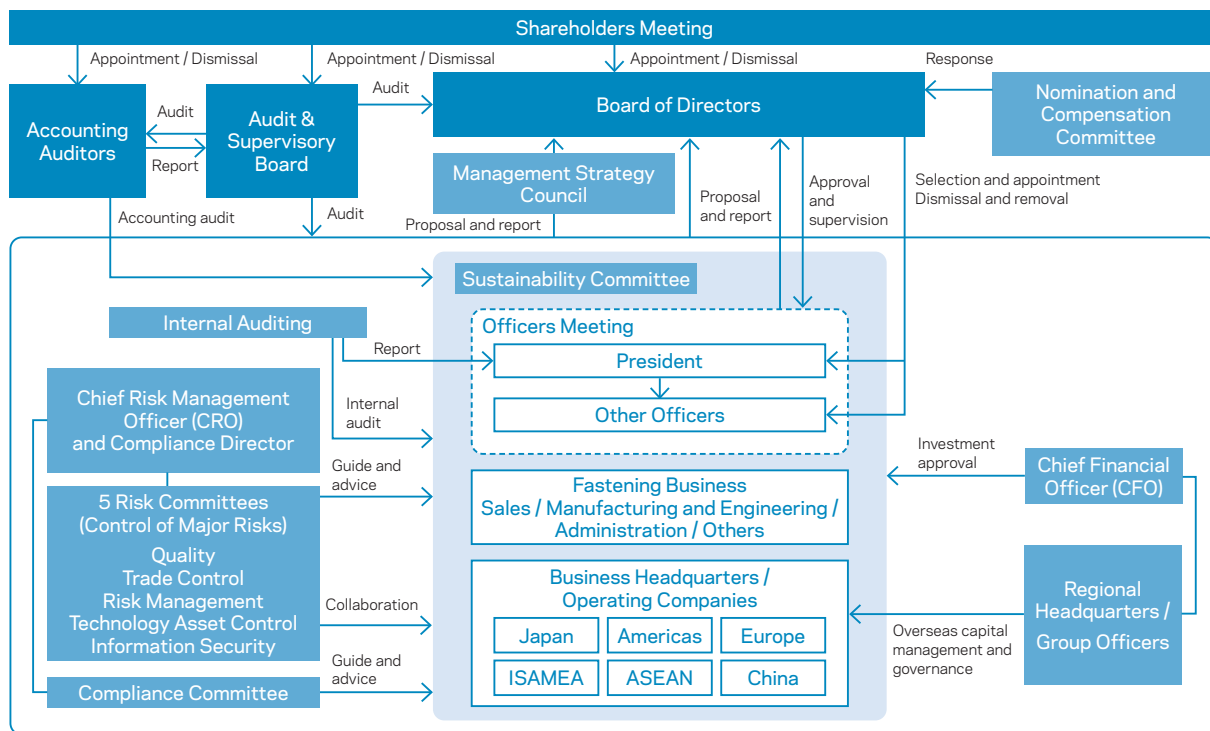
Corporate Governance

Fundamental Approach and System

The philosophy of the YKK Group in conducting our corporate activities is based on the philosophy of the Cycle of Goodness®. In other words, “No one prospers without rendering benefit to others.” This principle of consistent fairness is the foundation of all our management activities. In line with these ideas, we are working to enhance our corporate governance system with the aim of further increasing corporate value.

The governance structure of the Fastening Business, which is the mainstay of YKK Corporation, is as follows.

Fastening Business Corporate Governance Structure




Internal Control Systems Related to the Execution of Operations

- The company's directors establish the Board of Directors regulations and other necessary internal rules and otherwise conduct business appropriately in compliance with laws, regulations, and the articles of incorporation.
- The company established its Management Strategy Meeting to make careful decisions after thoroughly discussing, from multiple perspectives, the YKK Group Management Principles, management policies, management strategies, and important matters for resolution by the Board of Directors, etc.
- Important committees are established to appropriately deliberate, manage, and oversee important issues related to management. Based on the basic policy of contribution

to creating a sustainable society, the Sustainability Committee that was established in FY2021, reports to the Management Strategy Meeting, under which it was established, on the progress of relevant policies from the perspective of achieving the YKK Sustainability Vision 2050 targets.

- As for the management structure in the Fastening Business, there is a clear separation between the role of governance by the regional business headquarters and the role of promoting business through supervision in each business region in light of the characteristics, etc., of products and commercial distribution.

 The status of the internal control structure and operation has been disclosed on page 40 of the 88th annual securities report (in Japanese only).
<https://www.ykk.co.jp/japanese/corporate/financial/securities/index.html>

State of Directors and Audit & Supervisory Board Members (as of June 29, 2023)

The company selects inside directors from the perspective of global business management that is critical to the Group's consolidated management. We have selected two outside directors to obtain advice and oversight related to the company's management, based on a broad range of insight and abundant experience from the perspective of enhancing corporate governance. In addition, we have selected Audit & Supervisory Board members who have the appropriate experiences and abilities and the necessary knowledge regarding finance, accounting, and legal affairs.

(Numbers in brackets are board attendance in FY2022) *1. Outside director *2. Outside auditor



Masayuki Sarumaru
Chairman

(Board meetings: 13/13)

After working for many years in the fastening business, including being stationed in the United States, became a director of the company in June 2008. Served as president of the company from June 2011 to March 2017. Appointed Representative Director and Chairman (Chairman of the Board) in June 2018.



Hiroaki Otani
President

(Board meetings: 13/13)

After working for many years in the fastening business, including being stationed in China, became a director of the company in June 2014. Appointed president of the company in April 2017.



Koichi Matsushima
Director

(Board meetings: 13/13)

After working for many years in the fastening business, including being stationed in Europe, China, and Asia, became executive vice president over the Fastening Products Group of the company in April 2017. In June 2018, became a director of the company.



Satoshi Honda
Director
Pension Policies CFO

(Board meetings: 13/13)

After working for many years in corporate planning, including being stationed in the United States, was appointed executive vice president over business administration in April 2019. Became director of the company assigned to pension policies and was appointed Chief Financial Officer (CFO) in June 2020.



Katsuya Yumoto
Director
Compliance Director & CRO

(Board meetings: 10/10)

After working in the United States, was appointed vice president over the Legal and IP Center in April 2010. In June 2022, became compliance director and CRO (Chief Risk Management Officer).



Fumio Ikeda
Director
Research & Development

(Board meetings: 13/13)

After working for many years in the company's Machinery and Engineering Division, including being stationed in the United States and Asia, was appointed executive vice president over the Machinery & Engineering Group in April 2017. In June 2018, became a director of the company.



Yoshimine Kobayashi
Director

After working for many years in the company's Machinery and Engineering Division, including being stationed in the United States and Asia, was appointed executive vice president over the Manufacturing & Engineering Division in April 2023. In June 2023, became a director of the company.



Hidemitsu Hori
Director

After working in the United States, served as vice president of YKK AP Inc. from April 2007, then was appointed director of the same company in June 2009, president in June 2011, and Chairman Representative Director in April 2023. In June 2023, became a director of the company.



Keinosuke Ono
Director*1

(Board meetings: 12/13)

Has served as a professor at Keio University and Chubu University, has a deep understanding of management and experience as an outside director for other companies. In June 2007, appointed as an outside director.



Erica Okada
Director*1

(Board meetings: 10/10)

Has conducted research related to consumer behavior for many years at universities and graduate schools in Japan and overseas, giving her a high level of expertise related to marketing. Also has experience as an outside director for other companies. In June 2022, appointed as an outside director.



Satoshi Kawai
Audit & Supervisory Board Member*2

(Board meetings: 13/13)
(Audit & Supervisory Board meetings: 14/14)

In addition to having served as an attorney in legal work for many years, has experience as an outside director for other companies. In June 2004, appointed as an outside Audit & Supervisory Board member.



Kiyotaka Nagata
Audit & Supervisory Board Member (Full-time)

(Board meetings: 13/13)
(Audit & Supervisory Board meetings: 14/14)

After working for many years in the company's accounting and finance division, served as head of the Internal Auditing Department. In June 2013, appointed as a full-time corporate auditor.



Naoki Yanagida
Audit & Supervisory Board Member*2

(Board meetings: 13/13)
(Audit & Supervisory Board meetings: 12/14)

In addition to having served as an attorney in legal work for many years, has experience as an outside director for other companies. In June 2016, appointed as an outside Audit & Supervisory Board member.



Saeko Arai
Audit & Supervisory Board Member*2

Possess specialized knowledge as a certified public accountant and has experience as an outside director for other companies. In June 2023, appointed as an outside Audit & Supervisory Board member.

Skill Matrix

Type	Name	Company Management	Global	Specialist Fields				
				Sales/Marketing	Manufacturing/Engineering	Financial/Accounting	Organization/HR	Legal/Compliance
Director	Masayuki Sarumaru	●	●	●	●		●	
	Hiroaki Otani	●	●	●				
	Koichi Matsushima	●	●	●				
	Satoshi Honda		●			●	●	
	Katsuya Yumoto		●					●
	Fumio Ikeda				●			
	Yoshimine Kobayashi		●			●		
	Hidemitsu Hori	●	●	●		●		
	Keinosuke Ono (Outside)	●	●	●		●	●	
	Erica Okada (Outside)	●	●	●	●		●	
Audit & Supervisory Board Member	Satoshi Kawai (Outside)		●					●
	Kiyotaka Nagata					●		
	Naoki Yanagida (Outside)							●
	Saeko Arai (Outside)	●	●			●		

State of Directors, Audit & Supervisory Board Members, Operating Officers, Specialized Officers, and Group Vice Presidents

Total number	54
Number and ratio of female officers	4 (7.4%)
Number and ratio of foreign national officers	2 (3.7%)

Note: The text on the left does not include all the specialized expertise, knowledge, and experience of the individuals concerned.

The History of the Strengthening of Corporate Governance

	- 1990s	2000 -	2010 -	2020 -
Management Structure		June 1999: Reform of the management organization executed (Reform of the Board of Directors, and adoption of the Officer System) 2003 - Strengthening of the consolidated management of the YKK Group (Persons from YKK and YKK AP responsible for each organization appointed as directors) 2004 - Appointment of Group officers 2004 - Appointment of the Pension Policies Director 2005 - Appointment of Chief Financial Officer (CFO) and Chief Risk Management Officer (CRO)		2020 - Execution of recapitalization of subsidiaries, etc., between YKK Corporation and YKK AP Inc.; commencement of the capital management of the Architectural Products Business by YKK AP Inc.
Outside Directors		2003 Introduction of outside directors (1 director)	2007 - Increase in the number of outside directors (2 directors)	
Outside Audit & Supervisory Board Members	1994 Outside Audit & Supervisory Board Members (2 members)	2001 - 2006 (1 - 3 members)	2007 - (3 members)	
Other		2001 - Advisory Boards established and meeting held (until 2019, since 2022)	2008 - Voluntary establishment of Nomination and Compensation Committee, which includes two outside directors as members	

Overview of the Board of Directors and Individual Committees and the Status of Holding Meetings

	Overview	Number of meetings in FY2022
Board of Directors	Composed of ten directors, two of whom are outside directors. In accordance with the Companies Act and the YKK Board of Directors regulations, the Board of Directors provides a wide range of oversight from overseeing basic Group management policies, mid-term management plans and annual business plans to important investments, basic policies on personnel systems, risk management, basic compliance policies and all other matters related to decision-making and the progress of business execution by the Directors and Vice Presidents of YKK and its subsidiary companies.	13 times
Audit & Supervisory Board	Composed of four corporate auditors (three of whom are outside auditors). Evaluates auditing policies and audit plans, the status of establishment and operation of internal control systems, accounting auditors, etc.	14 times
Nomination and Compensation Committee	Established as an advisory committee for the Board of Directors. Deliberates on policy and systems related to the compensation of directors, vice presidents, etc., criteria and amounts of compensation, establishment, revision, and abolition of internal rules for compensation, and matters related to evaluation of performance, etc., and reports the results to the Board of Directors. Composed of five members, two of whom were outside directors, in FY2022. Nominates candidates for director and corporate auditor, appoints vice presidents and specialized officers, revises internal rules, and reviews performance evaluations and other such matters.	10 times
Management Strategy Council	Makes careful decisions after thoroughly discussing, from multiple perspectives, the YKK Group Management Principles, management policies, management strategies, and important matters for resolution by the Board of Directors, etc.	13 times

Directors and Corporate Auditors' Remuneration

The basic policy for the compensation of the company's directors is to have a compensation structure that takes into consideration consistency with continued improvement of corporate value and stable provision of dividends to shareholders, as well as the company's performance to increase the awareness of improving performance, and to set it at an appropriate level in light of the individual's responsibilities and duties, when determining the compensation for each director. Specifically, the compensation of directors consists of basic compensation and officer bonuses as short-term compensation and retirement bonuses as long-term compensation.

The composition of officer compensation and the amount of compensation have been disclosed from page 44 of the 88th annual securities report (in Japanese only).

 <https://www.ykk.co.jp/japanese/corporate/financial/securities/index.html>

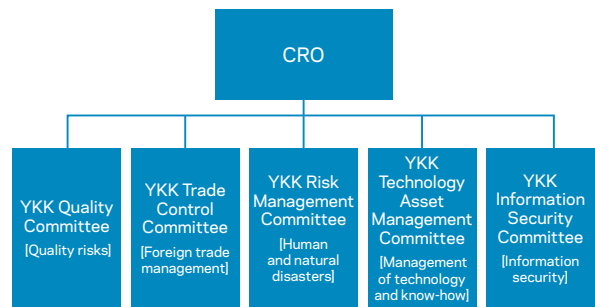
Risk Management

Fundamental Approach and System

YKK has established a Group Risk Management Policy and is engaged in risk management. A Chief Risk Management Officer (CRO) has been appointed to promote risk management. Various committees – Quality Committee, Foreign Trade Control Committee, Crisis Management Committee, Technical Asset Management Committee, and Information Security Committee – have been established, with regulations on risk management adopted and enforced. Furthermore, a Chief Financial Officer (CFO) has also been appointed, and a system established for appropriately managing financial and investment risks at YKK. In addition, YKK has established "Risk Response Guidelines" to ensure that it responds appropriately and promptly to any risks that may arise.

YKK Group Risk Management Policy
 By actively controlling risk levels and preventing various corporate risks, we will reduce or avoid the loss of human, material, and other management resources, and in the event of an emergency, we will promote risk management throughout the Group to minimize damage and losses, thereby leading to sustainable growth and increasing corporate value.

▶ Risk Management Structure



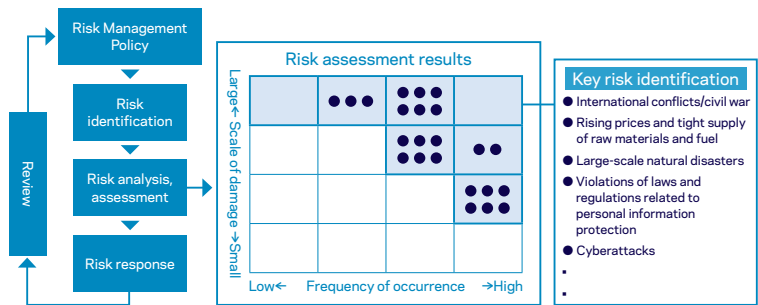
Risk Assessment Process and the Flow of Identifying Key Risks

In accordance with the Risk Management Policy, risks are identified once each year by each organization, worst-case scenarios and the status of response are confirmed, and the risks are assessed according to the scale of loss and damage (¥100 million or less to ¥5 billion or more) and the frequency of occurrence (5 years or less to 50 years or more). In addition, risks that are anticipated to have an impact of ¥100 million or more per year are deemed to be key risks that should be managed at the corporate management level, and the risks are managed while identifying their trends and making the status of progress of the response visible.

YKK categorizes the key risks identified through the process into four classifications: (1) financial risks, (2) risks in specialized fields, (3) risks addressed by the Committee, and (4) risks in the execution of business, and the CRO, CFO, and each of the responsible persons take the lead in addressing those risks.

Details of risk analysis have been disclosed from page 22 of the 88th annual securities report (in Japanese only).

▶ Risk Assessment Process and the Flow of Identifying Key Risks (conceptual diagram)



▶ Risk Item Classification

Financial risks (Responsibility of each assigned department)	Fluctuating exchange rates, projected benefit obligations, drop in the share prices of held stock, etc.
Risks in specialized fields (Responsibility of each assigned department)	Outbreak of disease, the Anti-monopoly Act/Subcontract Act, transfer pricing taxation, infringing on third-party patents or having YKK patents infringed on, bribery, response to more stringent environmental regulations, workplace injuries, etc.
Risks addressed by the committee (Responsibility of each Risk Committee)	International conflicts/civil war, large-scale natural disasters, violations of laws and regulations related to personal information protection, cyberattacks, terrorism/demonstrations, product defects/recalls, fires/explosions, technology leaks, etc.
Risks in the execution of business (Responsibility of the person responsible at each division)	Rising prices and tight supply of raw materials and fuel, declining demand/sluggish economy/intensifying competition, failed capital investments, delayed response to technological advancements, failed marketing/delayed entry into markets, delayed development of human assets, rumors, etc.

Compliance

Fundamental Approach and System

YKK considers compliance as “responding to societal demands.” Which means, in addition to abiding by laws, regulations, and internal rules, the company must conform to social standards when conducting business activities. The company has appointed a Compliance Director and established a Corporate Legal and Compliance Group under the Officer in charge of compliance. They work with external advisors to maintain a compliance system for YKK. In addition, a Compliance Committee was established to undertake appropriate compliance promotion measures from the perspective of business management and to deliberate on the operational status of compliance and responses to issues, and the latest regulatory developments.

YKK Group Code of Conduct

The YKK Group Code of Conduct that was revised in June 2021 is composed of seven principles and 29 detailed rules. They use as reference and conform to the Ten Principles of the UN Global Compact and the eight fundamental conventions of the International Labour Organization (ILO). They are also linked to the SDGs. We will work to ensure that every one of our employees implements the YKK Group Code of Conduct to “build trust, transparency and respect” with all our stakeholders, as stipulated in our Core Values.

 [YKK Group Code of Conduct \(entire text\)
https://www.ykk.com/english/philosophy/index.html](https://www.ykk.com/english/philosophy/index.html)

Seven Principles of the YKK Group Code of Conduct

- Compliance
- Fair operating practices
- Respect for human rights
- Harmony with the environment
- Health and safety
- Product quality and safety
- Contribution to communities

Revision and Distribution of the Compliance Book

In light of revision of the “YKK Group Code of Conduct,” we updated the “YKK Group Compliance Book” and have been distributing it to all relevant officers and employees.* In addition to providing easy-to-understand explanations of the contents and behavior that should be followed in each stipulation of the Code of Conduct, we have included a column for past compliance-related cases, and sections on the main relevant internal rules and laws and regulations, and information on the whistleblowing system, etc.

*The pictured book is an example from the East Asia Region (Japan, YKK Korea Co., Ltd., and YKK Taiwan Co., Ltd.). Creation and distribution of the Compliance Book based on the laws and regulations of each country and area in other regions.



YKK Global Criteria of Compliance (YGCC)

YKK established the YKK Global Criteria of Compliance (YGCC) to ensure that YKK deploys and carries out proper and effective compliance programs to conduct transparent business activities. Based on the YGCC, each YKK Group company in the world conducts internal and external audits of management systems, human rights, labor practices, the environment, health and safety, and fair business practices, working to strengthen and continuously improve YKK’s compliance system. The standards are regularly revised based on the societal demands. In FY2023, we updated the YGCC to version 4.0 and audits are being conducted according to the new standards, which are in line with current trends.



Intellectual Property Management

Fundamental Approach and System

YKK conducts intellectual property activities on a global basis as part of its business activities. Intellectual Property Department sites are located at the Kurobe Manufacturing Center, as well as in China, Singapore, England, and the United States. A system that can deal appropriately with requests and consultations from business and development departments in any country or region of the world has been established. Under this system, in the event, for example, that an invention is created at a development site somewhere in the world, it is promptly reported to the Patent Review Committee in Japan and the optimal rights are secured in accordance with YKK business strategy. In addition, when enforcing rights against a patent infringer or company making similar products, etc., the Intellectual Property Department in each country/region collaborates with the business division to devise measures concurrently for the country where the violating items were manufactured and the country in which they were distributed. This is to ensure that customers purchase authentic products, etc. Moreover, with the Trademark Committee in Japan taking the lead, we manage and operate trademarks including NATULON® and AcroPlating®, according to standardized Group rules so as to increase value from the perspective of the intellectual property under the YKK brand. In addition, to effectively promote measures against counterfeit products, we have established a Brand Counterfeit Product Countermeasures Committee in the company. We also partner with customers and many other companies and organizations outside the company to operate a Brand Protection Partnership (B.P.P.), an association for the exchange of opinions on measures against counterfeit products.

Status of Trademarks/Patents

YKK Trademark Registration
(Class 26)

177 countries/regions

Patents, utility models, and designs
(including pending patents)

5,749

Registered trademarks for zippers, etc.
(including pending patents)

4,144

Brand Protection Partnership (B.P.P.)
Number of participants (organizations) in workshops for measures against counterfeit products

3,668 people (2,105 organizations)

Intellectual Property Achievement Award
Award for excellent corporations utilizing the intellectual property rights system (trademark) given by the Ministry of Economy, Trade and Industry

2021

(As of March 31, 2023)

Strategic Intellectual Property Protection Initiatives

YKK generally files patents for its inventions to maximize the protection of original products and equipment, which are key to the unique ideas and technology capabilities of the company, through intellectual property rights. One intellectual property strategy is to file bundled patents to acquire multiple patent licenses for a single product. For example, the AiryString® zipper has received a primary patent for an element sewing method as well as multiple secondary patents. These types of patents protect original products born from YKK technology capabilities while preventing counterfeit products and ensuring the high-quality products that our customers can use with confidence.



Consolidated Financial Data of the YKK Group for the Past 11 Years

Fiscal year Year ended		2012 March 2013	2013 March 2014	2014 March 2015
Net sales	(million yen)	576,965	696,929	721,037
Ordinary income	(million yen)	33,681	66,022	69,720
Net income attributable to owners of parent	(million yen)	32,692	44,908	46,978
Comprehensive income	(million yen)	70,777	70,447	81,416
Total net assets	(million yen)	471,271	513,543	586,664
Total assets	(million yen)	788,440	883,336	946,283
Net assets per share	(yen)	384,171	417,986	477,438
Net income per share	(yen)	27,265	37,453	39,181
Equity ratio	(%)	58.4	56.7	60.5
Return on equity	(%)	7.7	9.3	8.8
Net cash provided by (used in) operating activities	(million yen)	67,214	85,186	91,254
Net cash provided by (used in) investing activities	(million yen)	(44,013)	(60,708)	(65,976)
Net cash provided by (used in) financing activities	(million yen)	(11,719)	(3,784)	(4,379)
Cash and cash equivalents at the end of period	(million yen)	116,510	143,131	173,558
Employees [The number in square brackets represent the average number of part-time employees not included in the number of regular employees.]	(number)	38,235 [7,123]	40,306 [6,828]	42,154 [5,738]

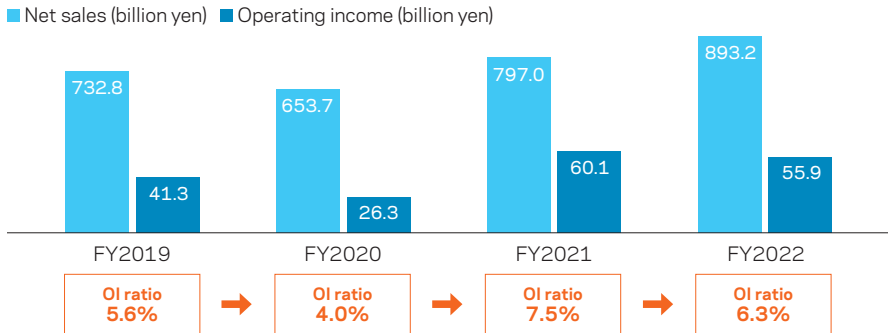
Notes: 1. Diluted net income per share is not shown because there are no dilutive shares.
2. Price earnings ratio is not presented because the stock is not listed.

2015 March 2016	2016 March 2017	2017 March 2018	2018 March 2019	2019 March 2020	2020 March 2021	2021 March 2022	2022 March 2023
741,935	712,783	747,762	765,781	732,854	653,765	797,019	893,226
70,988	61,545	59,924	64,466	42,661	30,134	63,964	60,689
44,646	45,180	38,728	45,824	23,629	17,340	44,097	37,929
(20,695)	51,998	30,123	38,420	(5,032)	76,289	105,061	72,928
561,547	609,848	636,361	671,195	662,564	735,527	837,264	906,290
954,060	963,231	978,563	1,011,934	983,645	1,014,918	1,156,941	1,221,583
456,991	496,267	518,187	546,662	539,329	599,184	682,026	738,691
37,237	37,683	32,302	38,220	19,708	14,463	36,782	31,638
57.4	61.8	63.5	64.8	65.7	70.8	70.7	72.5
8.0	7.9	6.4	7.2	3.6	2.5	5.7	4.5
101,727	81,619	57,525	68,607	77,731	82,241	81,132	81,724
(95,252)	(59,345)	(67,661)	(53,888)	(68,123)	(40,176)	(40,414)	(55,864)
(4,359)	(14,569)	(4,470)	(3,255)	(5,446)	(5,284)	(5,776)	(7,000)
167,229	171,259	155,076	166,241	164,708	211,378	264,639	291,706
44,250 [5,390]	44,674 [4,801]	45,618 [4,538]	46,167 [4,430]	46,261 [3,701]	44,510 [2,564]	44,410 [3,161]	44,527 [3,183]

Financial and Non-Financial Highlights

YKK Group Consolidated Financial Highlights

Net Sales, Operating Income, and OI Ratio



ROA

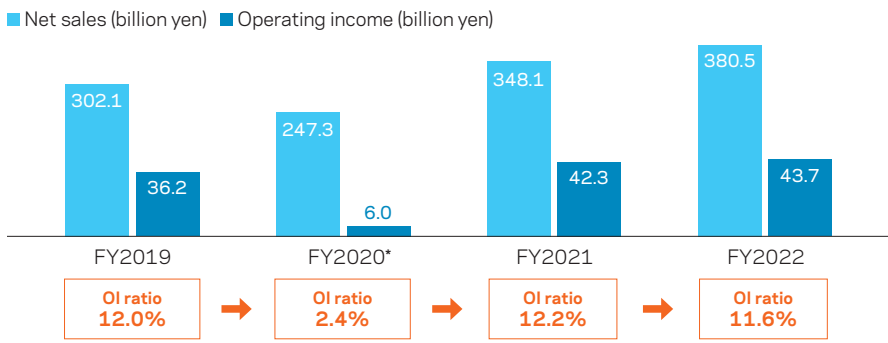


R&D Expenses
23.8 billion yen
 (FY2022)

Capital Investment
60.6 billion yen
 (FY2022)

Fastening Business Financial Highlights

Net Sales, Operating Income, and OI Ratio



* After reclassification and correction

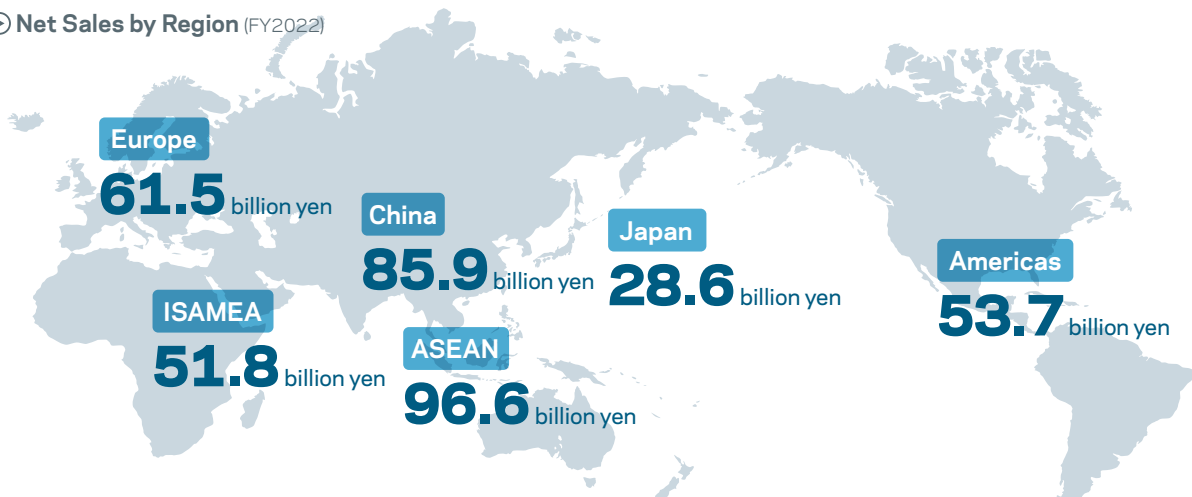
Zipper units sold (100 million)



R&D Expenses
13.3 billion yen
 (FY2022)

Capital Investment
26.9 billion yen
 (FY2022)

Net Sales by Region (FY2022)



*1 The totals for each business do not include accounting variance adjustments. Accordingly, they differ from the graph at the top.

*2 The Americas include North, Central, and South America. ISAMEA includes India, South Asia, the Middle East, and Africa.

Fastening Business Non-Financial Highlights



More detailed data can be found in the YKK CORPORATION integrated report, "This is YKK 2023," Data Book.
<https://www.ykk.co.jp/english/corporate/csr/eco/report/index.html>

Countries and regions where we do business

72 countries and regions
 (As of March 31, 2023)



Number of Group Companies and Employees

67 companies,
26,699 employees
 (As of March 31, 2023)



Year of First Overseas Expansion (India and New Zealand)

1959



Annual Zipper Production Output

More than **3** million km



GHG Emissions Reduction Rate (From a 2018 Baseline)

Scope1, 2

-46.9 %
 (FY2022)



Proportion of Sustainable Materials (Total Meters)

26.0 %
 (FY2022)



Percentage of Harmful Substances Eliminated Through the AcroPlating® New Plating Technology (Cyanide, chromium, selenium, etc.)

100 %



YKK Trademark Registration

In **177** countries and regions
 (As of March 31, 2023)



