

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.

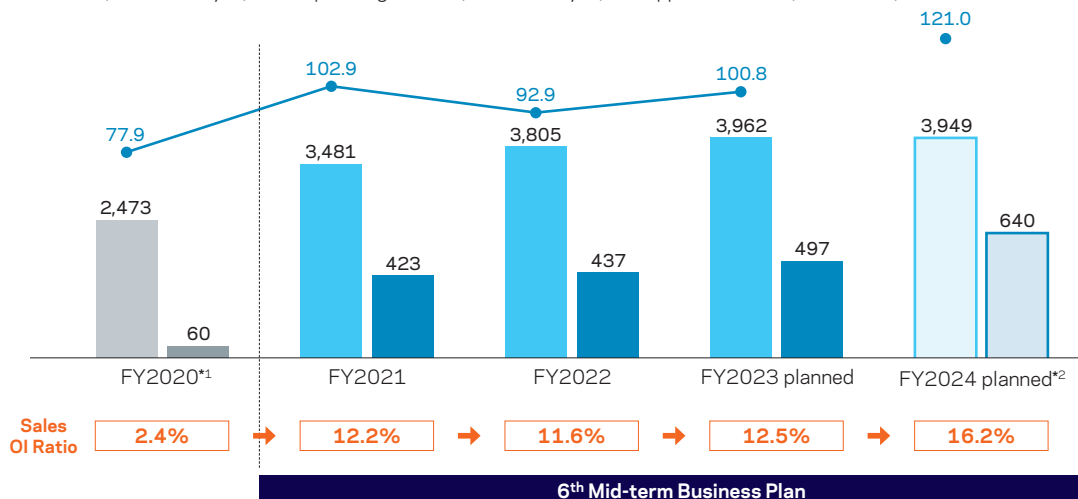
Additionally, we have added “delivering turnaround times demanded by customers” and “thorough health and safety management” as two new initiatives to the mid-term direction. At the very least, we will do everything we can to improve satisfaction from a customer-oriented perspective while ensuring safety 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

④ 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

1959-

Global Expansion

1934

Foundation

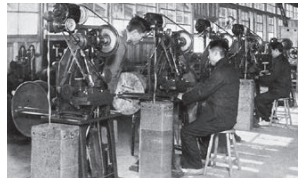
Founded in Nihonbashi Kakigara-cho, Tokyo (at center of photo); engaged in the processing and sale of metal zippers



1950

From a handicraft industry to mechanization

Four zipper chain machines imported from the U.S.



1959

Global expansion

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



1974

Launched integrated production system overseas

First overseas integrated zipper production plant



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

1939

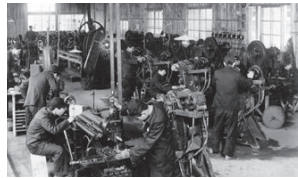
YKK utility model No.1

Metal slider for zippers

1952

Establishment of a fully integrated production system

Predecessor of the former Machinery & Engineering Group launched



1964

Achieved high-speed manufacturing

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



1992

Expansion into growing markets

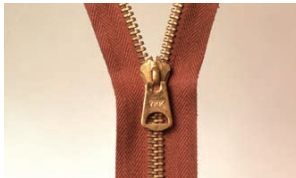
Full-scale base for expansion into China



Shanghai YKK Zipper Co., Ltd.

1946

YKK registered as a trademark



Zipper stamped “YKK”

1953

YKK patent No.1

Intermittent chain production machine developed

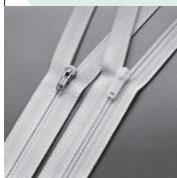
1994

Formulated the YKK Group Environmental Pledge

The Provision of Value Through Products and Technology

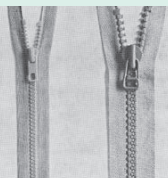
1952

Nylon zippers



1961

Delrin zipper (current VISLON®)



1966

YZiP® Metal zipper



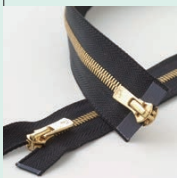
1983

Airtight and watertight zipper (current PROSEAL® zipper)



2000

EXCELLA® with fully polished elements



• 1958

CONCEAL® a zipper in which the element is not visible

• 1960s

Recycling of plastics begun

• 1980s

The recycling of yarn from internal yarn waste begun

1994

NATULON® made from recycled PET plastic

2016

ECO-DYE® a dye technology that uses almost no water in the dyeing process



*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.

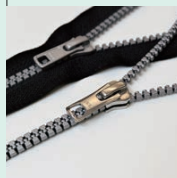
2018

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



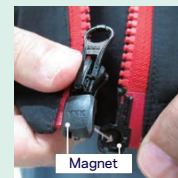
2019

AiryString® a tapeless zipper



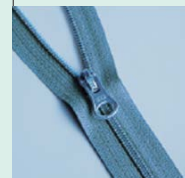
2020

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.



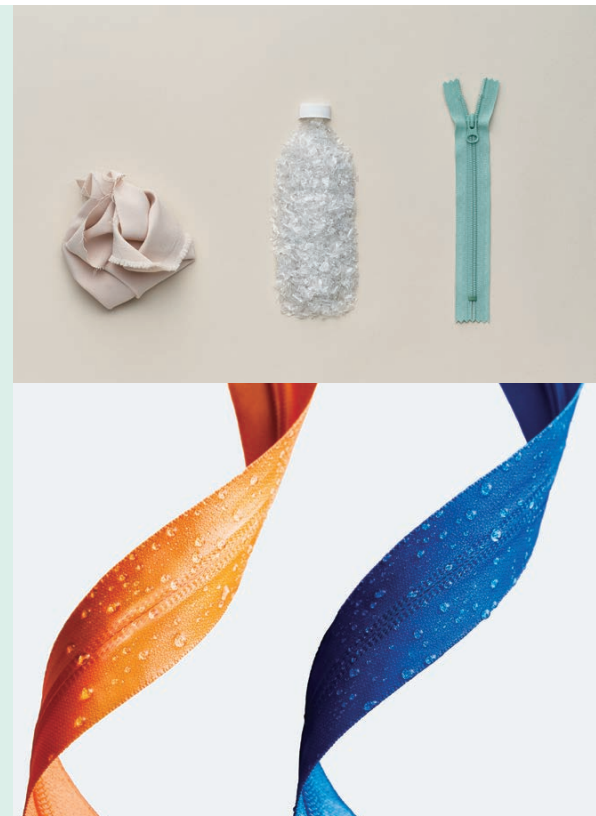
Toru Shikita

Vice President
Global Sales Headquarters

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

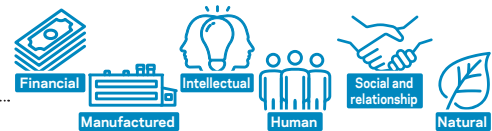
YKK has striven to develop eco-friendly products before sustainability ever became such a hot topic. In 1994, we formulated the YKK Group Environmental Pledge and developed eco-friendly products, including NATULON® Chemically Recycled zipper made using recycled PET in the tape. We have been focused on 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

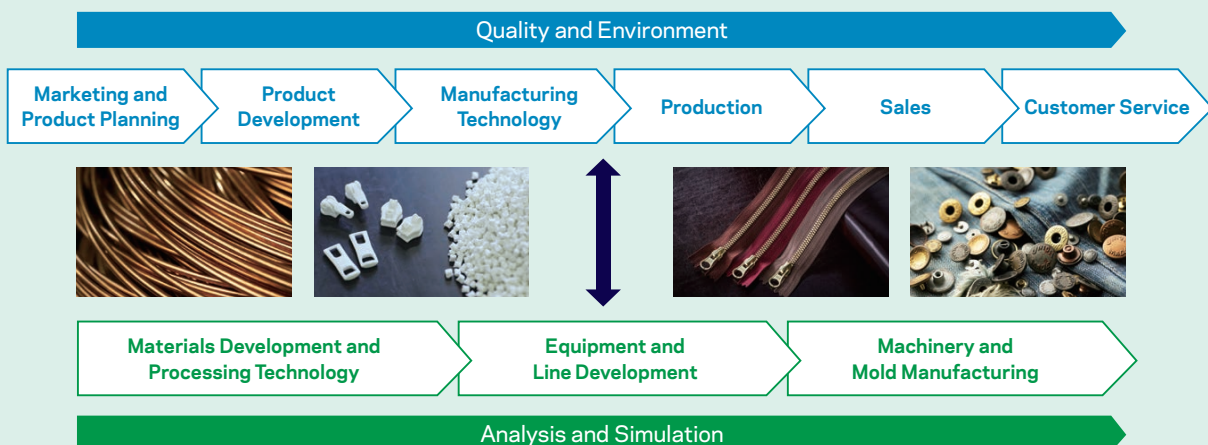


Yoshimine Kobayashi

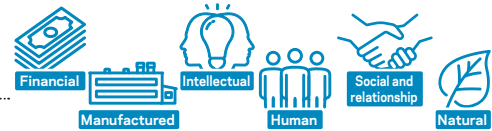
Director
Executive Vice President, Manufacturing & Engineering Division

▶ 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

The philosophy of Integrated Production	Total of the 6 th Mid-term (FY2021 to FY2024) Investment Plan 124.5 billion yen	Sustainability-related investment FY2023 (plan) 8.6 billion yen (capital investment)	FY2023 digital investment (plan) 1.5 billion yen (capital investment)	Industry-academia partnerships	Robust supply chains
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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.

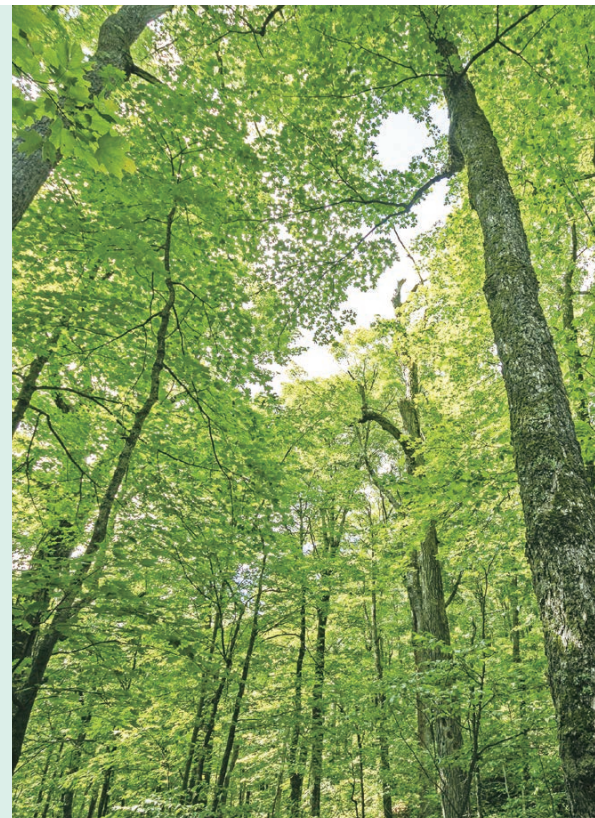
The benefits of the sun’s rays are felt throughout, but the trees must also huddle together in order to withstand the rain and wind.

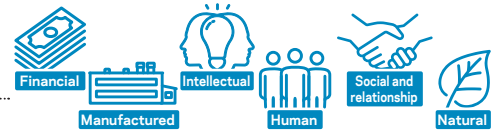
In a forest, there are, of course, large, experienced trees with many growth rings as well as young, thin trees. Some trees are tall and others are short.

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