



English

Fastening Business



This is YKK 2021

YKK CORPORATION Integrated Report
Data Book

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

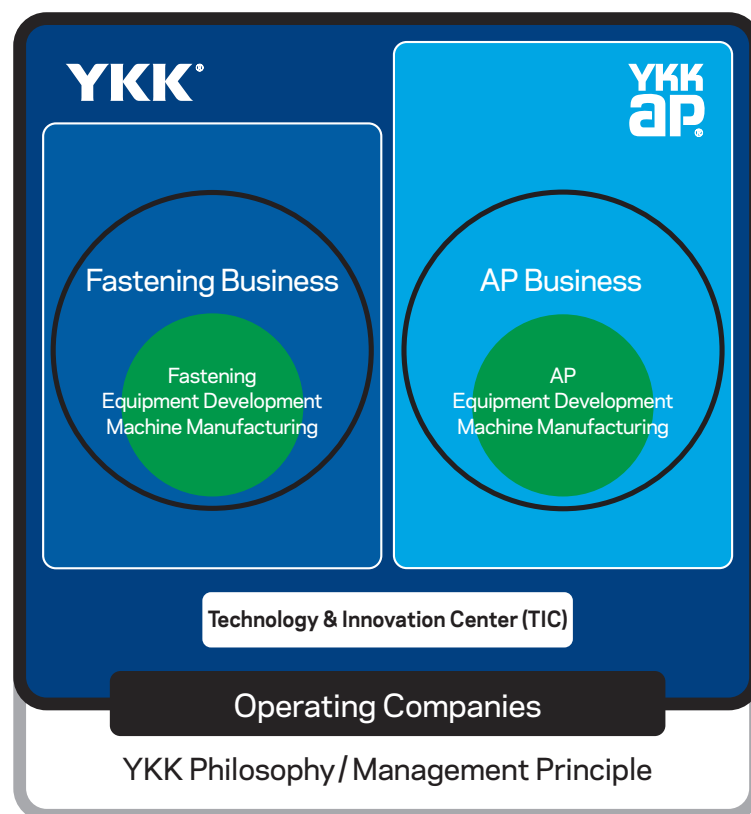
**Do not fear failure; experience builds success. /
Create opportunities for employees.**

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 Equipment 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 equipment 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.

Materials Development and Processing Technology



Analysis and Simulation



Equipment and Line Development



Machinery and Mold Manufacturing



YKK Group (Consolidated)

Number of Group Companies and Employees

106 companies, **44,510** employees

Net sales

653.7 billion yen

Operating income

26.3 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. While they may be small parts, YKK aims to contribute to the safe, secure, and happy lives of people through the widespread use of its products.

Fastening Products / Snaps & Buttons Businesses

Number of Group Companies and Employees

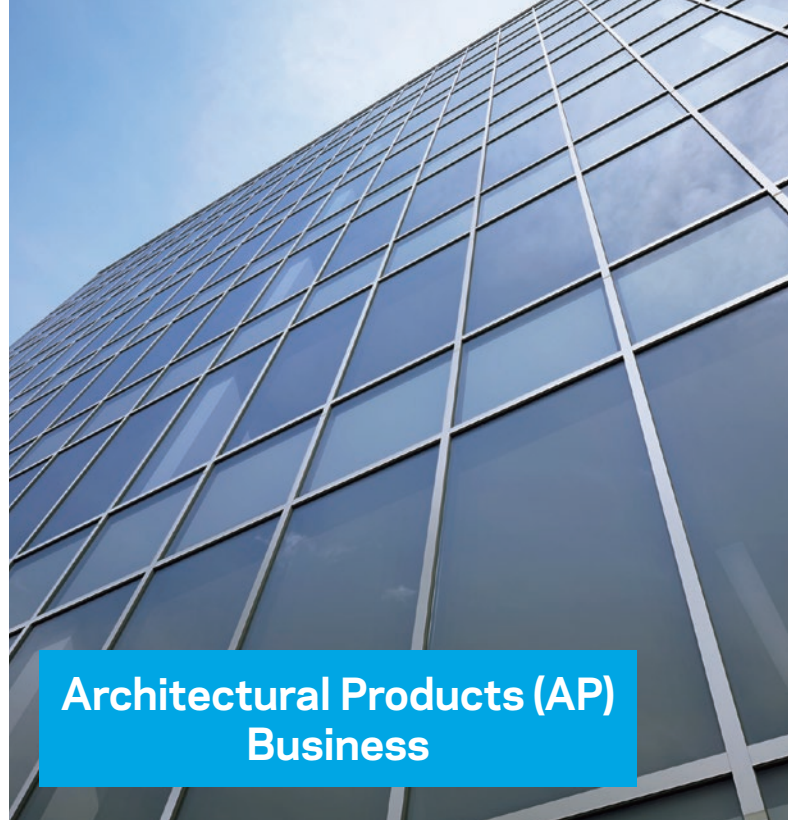
67 companies, **27,132** employees

Net sales

247.1 billion yen

Operating income

17.3 billion yen



Architectural Products (AP) Business

Residential and commercial buildings, where people live and work, create value in their surrounding area, become part of the local culture, and are ultimately a part of the global environment. 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

23 companies, **16,717** employees

Net sales

402.8 billion yen

Operating income

21.1 billion yen

Other Businesses



AGRO PECUARIA YKK LTDA.



YKK Rokko Corporation

YKK operates businesses that are rooted in the community. They include YKK Real Estate that is, among other businesses, involved in the development of Passive Town, which utilizes natural energy sources. YKK Business Support provides business administration support within the YKK Group. YKK Rokko is the Group's special-purpose printing business subsidiary. There are also businesses involved in overseas area management, and AGRO PECUARIA YKK LTDA., which is a livestock and agriculture business in Brazil.

Number of Group Companies and Employees

16 companies, **661** employees

(Note) Net sales and operating income are figures for the year ended March 31, 2021. Other figures are as of March 31, 2021.

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List of Companies (Fastening Business and Other Businesses Related to Business Operations)

YKK CORPORATION	YKK EUROPE LTD.	YKK INDIA PRIVATE LIMITED
YKK Snap Fasteners Japan Co., Ltd	YKK HOLDING EUROPE B.V.	YKK BANGLADESH PTE. LTD.
YKK KOREA CO., LTD.	YKK RUSSIA	YKK VIETNAM CO., LTD.
YKK TAIWAN CO., LTD.	YKK (U.K.) LTD.	YKK (THAILAND) CO., LTD.
YKK REAL ESTATE CO., LTD.	YKK DANMARK A/S	YKK PHILIPPINES, INC.
YKK Business Support Inc.	YKK DEUTSCHLAND GMBH	YKK LANKA PRIVATE LIMITED
CAFE BONFINO CORP.	DYNAT VERSCHLUSSTECHNIK GMBH	YKK (MALAYSIA) SDN. BHD.
YKK TOURIST CO., LTD.	YKK STOCKO FASTENERS GMBH	PT. YKK ZIPPER INDONESIA
ESSEN	YKK Poland Sp. zo. o.	PT. YKK ZIPCO INDONESIA
KUROBE M TECH	YKK Nederland B.V.	YKK OCEANIA LIMITED
KUROBE C G,	YKK FRANCE SARL	GOLDEN HILL TOWER LIMITED
KUROBE MOBILITY SERVICE	YKK CZECH SPOL S.R.O.	YKK DEVELOPMENT (S) LTD
YKK Rokko Corporation	YKK Austria GmbH	YKK ALUMINIUM (AUSTRALIA) PTY. LTD.
YKK CORPORATION OF AMERICA	YKK ROMANIA S.R.L.	YKK GPS (QUEENSLAND) PTY LTD.
YKK (U.S.A.) INC.	YKK ITALIA S.P.A.	YKK (CHINA) INVESTMENT CO.,LTD
TAPE CRAFT CORPORATION	YKK MEDITERRANEO S.P.A.	DALIAN YKK ZIPPER CO.,LTD
YKK CANADA INC.	YKK ESPAÑA S.A.	SHANGHAI YKK ZIPPER CO.,LTD
YKK MEXICANA S.A. DE C.V.	YKK PORTUGAL – ACESSORIOS PARA VESTUARIO, LDA.	SHANGHAI YKK TRADING CO., LTD.
YKK SNAP FASTENERS MANUFACTURA MEXICO, S.A.de C.V.	YKK HELLAS AEBE	YKK SNAP FASTENERS (WUXI) CO., LTD.
YKK HONDURAS, S.A.	YKK METAL VE PLASTIK URUNLERI SANAYI VE TICARET A.S.	SUZHOU YKK MACHINERY & DIE WORKS CO., LTD.
YKK EL SALVADOR, S.A. DE C.V.	YKK MIDDLE EAST SAL	YKK (XIAMEN) TRADING CO., LTD.
YKK COLOMBIA S.A.S.	YKK TUNISIA SARL	YKK ZIPPER (SHENZHEN) CO., LTD
YKK DO BRASIL LTDA.	YKK TRADING TUNISIA SARL	YKK (SHENZHEN) TRADING CO., LTD.
YOSHIDA NORDESTE S/A INDUSTRIA E COMERCIO	YKK MAROC S.A.R.L	YKK HONG KONG LIMITED.
INDUSTRIA YKK (CHILE) LTDA.	YKK EGYPT S.A.E. PRIVATE FREE ZONE	
YKK ARGENTINA S.A.	YKK KENYA EPZ LIMITED	
YKK INSURANCE COMPANY OF AMERICA	YKK SOUTHERN AFRICA (PTY) LTD	
AGRO PECUARIA YKK LTDA.	YKK HOLDING ASIA PTE. LTD.	
	YKK PAKISTAN (PRIVATE) LIMITED	

Report Scope

Period Covered

- FY2020 (April 1, 2020 to March 31, 2021)

Report Scope

YKK Sustainability Vision 2050

- With the Fastening Business at the center, includes other businesses involved in business operation

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

Financial Information

- Disclosed for the YKK Corporation and its 105 subsidiaries on a consolidated basis as the “Group,” and for each segment (Fastening Business, Architectural Products Business, Other Businesses)



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.

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.

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.

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 Coexists and Co-prospers with Society and the Natural Environment

SDGs



YKK Sustainability Vision 2050

Medium-Term Direction: Enhancing Sustainability

Management Centered on Sustainability – Formulation of YKK Sustainability Vision 2050 –

In October 2020, YKK formulated the YKK Sustainability Vision 2050, which aims to achieve climate neutrality by 2050. It takes the YKK Group Environmental Vision 2050, which was formulated in 2019, and incorporates it into the numerical targets for the Fastening Business. Targets were set for five themes – climate change, material resources, water resources, chemical management, and respect people – and we are promoting initiatives toward the achievement of the related SDGs and climate neutrality by 2050. Positioning these initiatives as efforts that are similar to the spirit of “No one prospers without rendering benefit to others” as found in the “Cycle of Goodness” YKK Philosophy, we will continue to place sustainability at the center of YKK management and promote various measures toward achievement of the sustainable society laid out in the Vision.

The Whole of YKK Will Aim for Achievement of the Vision

Asako Yoshioka

General Manager,
Sustainability Department

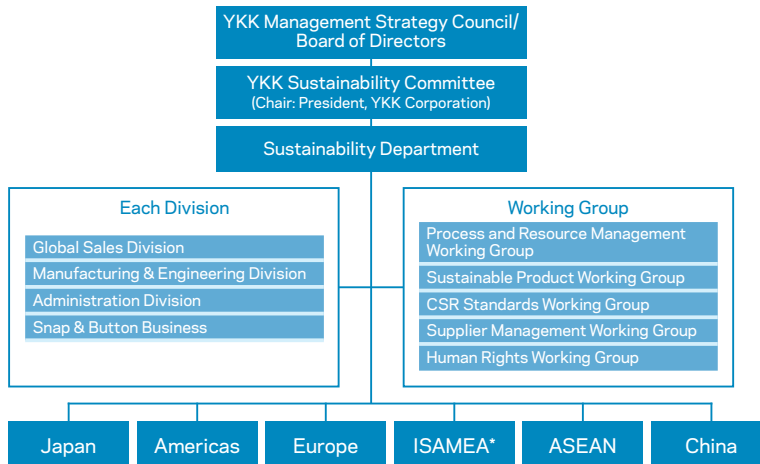


The Sustainability Department was established in April 2019 to enable YKK to take on the question, “What can YKK do for the Earth?” The department formulates and implements strategies in an integrated fashion, creating a global system for the promotion of sustainability with the collaboration of the working group and division for each theme. We will work as one toward achievement of the vision.

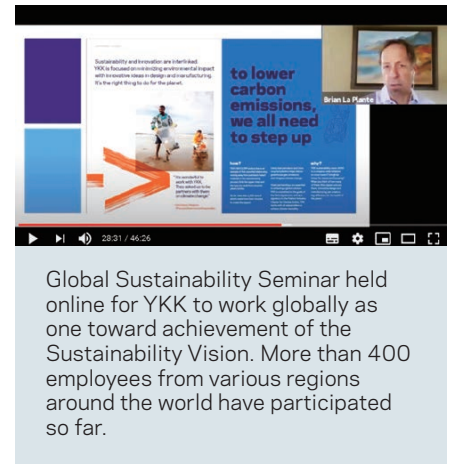
“YKK Sustainability Vision 2050” – Achievement of Climate Neutrality by 2050 –

Theme	Goal
 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. ▪ Scope 1, 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).
 Chemical Management Manage and reduce chemical usage	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) Our finished products meet industry standards such as Standard 100 by OEKO-TEX® ensuring they are free of harmful substances. Develop new production methods that reduce and eliminate the use of toxic chemicals.
 Respect people Uphold human rights and ensure fair, safe work environments	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. 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.

Sustainability Promotion Structure



* India/South Asia/Middle East/Africa



Index / FY2020 Results

SDGs

Scope 1, 2 GHG emissions: 459,639 tons (20% reduction from a 2018 baseline)
 Scope 3 GHG emissions: 539,892 tons (36% reduction from a 2018 baseline)
 Greenhouse gas reduction target for FY2030 certified by SBTi as aligned with "1.5°C target" (March 2021)



Proportion of Sustainable Materials: 6.5%



Participation in the Ministry of the Environment "Plastics Smart" Campaign (Japan)

Landfill disposal amount: 7,029 tons (down 2,700 tons YOY)

Recycling rate: 82.3% (up 2.5% YOY)

Total water intake by all manufacturing sites: 7.41 million tons (down 1.61 million tons YOY)



Carried out thorough management of wastewater at each location by establishing voluntary control standards that are more stringent than the legal requirements of each country, thereby enabling appropriate wastewater management. There were no violations of standards related to wastewater.

Revised in-house standards (YKK RSL) and informed overseas business companies of same. Suppliers also notified of the YKK RSL, with compliance requested.



Periodic renewal of OEKO-TEX® product certification carried out.

Established AcroPlating®, a new plating technology for brass, which reduces the use of chemical substances, etc., as a replacement for the use of conventional plating technologies for coloring metal products. Completed the development of a paint that reduces the use of toluene and xylene. Scheduled to make a switchover to the new paint in FY2021.

YGCC audit carried out at manufacturing plants possessing major facilities.



Initiatives Toward Achievement of YKK Sustainability Vision 2050

Climate Change



1.5°C target
Obtained
SBTi
certification

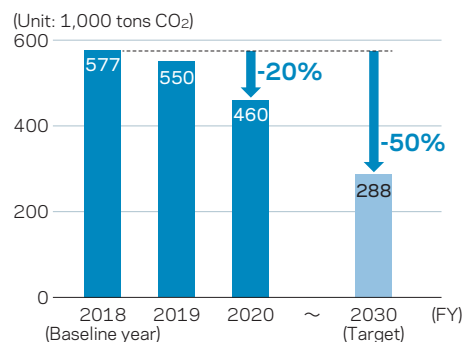
20%
reduction
Scope 1, 2
GHG emissions
(from a FY2018 baseline)

Reduced energy use from the shutdown of some of our overseas business companies due to the global spread of the COVID-19 pandemic resulted in the significant reduction of GHG emissions by YKK in FY2020. Amid such circumstances, we continued to engage in energy conservation activities, such as the updating of production facilities and the introduction of highly efficient equipment. In China, preparations are underway for the introduction of solar power generation, with a new 2,144 kW capacity scheduled to come online in fiscal 2021. In Europe, there was an increase in our plants achieving 100% renewable energy purchasing. This brings the total number of factories worldwide that procure 100% renewable electricity to 10. Meanwhile, GHG emissions reduction of approximately 10,400 tons is expected from increased sales of the NATULON® zipper series, which uses recycled materials and is contributing to the reduction of Scope 3 GHG emissions.



Solar power generation at Shanghai YKK Zipper

CO₂ Emission Amounts (Scope 1, 2)



Material Resources



188%
FY2020 year-on-year
performance for the
sale of NATULON®
Series zippers

6.5%
Proportion of
Sustainable Materials
(Total meters)

Creating Sustainable Materials

In FY2020, sales of the NATULON® Series, zippers that use recycled materials, increased 88% year-on-year, bringing the proportion of products that use sustainable materials to 6.5% of all products sold. Furthermore, we rolled out NATULON PLUS™, which contains a higher level of recycled materials, and GreenRise®, a partially plant-derived zipper. We are also making a phased switchover of SOFIX® products to SOFIX® NATULON®.

Packing Materials

We proposed a scheme to the Japanese Ministry of the Environment to collect and reuse plastic packaging materials used at the time of product shipment from customers (garment factories, etc.) and participated in the "Plastic Smart" campaign organized by the Ministry.

Reduction and Recycling of Waste

The amount of generated waste declined with the fall in production volumes due to the COVID-19 pandemic. However, we will continue suppressing the generation of waste through such measures as the updating of our production facilities. Moreover, by proactively selecting recycling companies to handle waste disposal, we now have six plants with a recycling rate of 100% and 13 plants with a recycling rate of more than 90%.



NATULON®

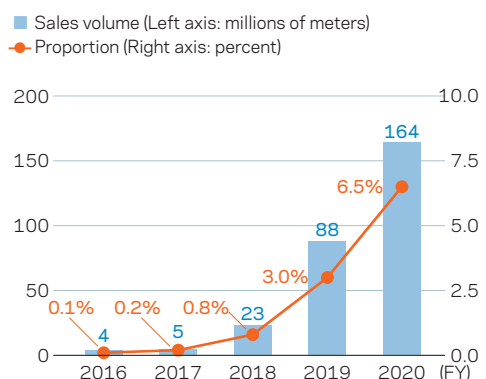
GreenRise®



NATULON Plus™

SOFIX® NATULON®

Volume and Proportion of Sustainable Materials Sales



Water Resources



18%
reduction

Reduction rate of
water intake by all
manufacturing sites
(YOY)

Since FY2019, we have used an original checklist to obtain an understanding each year of the water risks of each of our manufacturing locations. The checklist carries out evaluations using as reference water risk evaluation through the World Resources Institute's Aqueduct data platform, "Setting Site Water Targets Informed by Catchment Context" international guidelines, and others.

To ensure the appropriate management of wastewater, experts from the YKK head office have been carrying out diagnostic checks since FY2014 of our overseas business companies' wastewater treatment facilities as well as providing technical guidance on operational and

management methods. Due to the spread of the COVID-19 pandemic, in FY2020, guidance was provided online in the place of providing in-person guidance on site.



Wastewater diagnostic checking scene

Chemical Management



792
companies

Supplier surveys
based on the YKK RSL

YKK released the 2020 version of the YKK Restricted Substance List (RSL), which is a list of in-house standards that were established based on industry standards related to chemical substance management. They were distributed to 44 business companies that manufacture fastening products. Additionally, an ongoing survey of suppliers is being carried out, with responses received from 792 suppliers regarding the state of their compliance. Furthermore, the renewal of OEKO-TEX® product certification was completed by 40 companies. Certified product compliance with OEKO-TEX® standards is being maintained.

AcroPlating®, a new technology for eliminating the use of harmful substances in the coloring of metal products, was established. The new brass plating

technology uses no conventional plating chemicals. It has fully eliminated the use of harmful substances, such as cyanide, chromium, and selenium. From FY2021, we will be carrying out a switchover to products made using this technology. YKK has also completed the development of a paint that reduces the use of toluene and xylene. We are scheduled to make a switchover to the new paint in FY2021.

Ø ZDHC

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100



Respect People



"Respect People"

YGCC audits that
include this perspective
are being carried out

YKK formulated the YKK Global Compliance Criteria (YGCC) and is carrying out periodic evaluation and improvement activities based on these criteria. In FY2020, YGCC audits were carried out at manufacturing plants possessing major facilities. We are also working to improve the YGCC through reviews of the items for audit and other means.

To ensure compliance with the UN Guiding Principles on Business and Human Rights through the supply chain, we will promote confirmation and review of audit and correction items, etc., and make them synonymous with human rights due diligence. Going forward, YKK will

sequentially expand the target of the audits as well as promote sound response and audits.



YGCC audit scene

Organizations and Initiatives YKK Participates In, etc.

Science Based Targets initiative approved YKK's reduction targets of 1.5°C

YKK's target of greenhouse gas reduction for 2030 of 1.5°C has been approved by an international organization, the SBT initiative. This is an effort to limit the global average temperature rise due to climate change to less than 1.5°C compared to before the Industrial Revolution. (March 2021)



YKK joined the net-zero recovery efforts

YKK took part in a "net-zero recovery" statement announced on May 19, 2020 by the SBT initiative and UN Global Compact. The statement is based on the idea of aligning the climate control objective of achieving carbon neutrality (reaching net-zero CO₂ emissions) by 2050 with the economic recovery from COVID-19.

YKK signed the Fashion Industry Charter for Climate Action

YKK signed the Fashion Industry Charter for Climate Action in March 2020, which established the fashion industry's initiative under the auspices of United Nations Climate Change at COP24. Based on the long-term objectives of the Paris Agreement, this charter focuses on achieving a 30% reduction of total greenhouse gases (GHG) by 2030 and achieving carbon neutrality by 2050.



YKK joined the Sustainable Apparel Coalition

The SAC is an apparel organization, which YKK joined in 2018, that works to reduce the impact that products worldwide have on the environment and society. YKK, along with apparel brands, retailers, manufacturers, raw material manufacturers, research institutes, governmental organizations, etc. across the world, works on improving sustainability of supply chains in the apparel, footwear, and textile industries.



Awards and Achievements (FY2020)

Please see News Release and Updates on our website for more details.

https://www.ykk.com/english/corporate/csr/c_news/index.html

Awarded month/year	Name of award and reason	Recipient	Awarding organization
May 2020	2019 Japanese Institute of Landscape Architecture Award (Technology Category) (Initiative on Passive Town landscapes)	YKK Fudosan Company Limited	Japanese Institute of Landscape Architecture
October 2020	APEE Ethical Code Compliance Excellent Performance Award for 2020	YKK Portugal-Acessorios para Vestuario, LDA.	Portuguese Association of Business Ethics
October 2020	2020 Good Design Best 100 (YKK VISLON® Magnet Type zipper received the award.)	YKK Corporation	Japan Institute of Design Promotion
October 2020	Japan Institute of Metals and Materials Technical Development Award (YKK developed unique amorphous carbon surfaces and achieved a reduction in material loss during the molding process.)	YKK Corporation	Japan Institute of Metals and Materials
December 2020	2019 Top 100 Companies for Job Creation (YKK was recognized for their contribution to regional development by promptly recovering production capacity and proactively creating jobs in the midst of the COVID-19 pandemic.)	Shanghai YKK Zipper Co., Ltd.	Shanghai Foreign Investment Association
February 2021	24th Environmental Communications Award, Grand Prix in Environmental Reporting Category (YKK report "This is YKK 2020" received the award two years in a row.)	YKK Corporation	Ministry of Environment, Global Environmental Forum
April 2021*	Intellectual Property Achievement Award "Minister of Economy, Trade and Industry Award" (YKK's activities on trademarks for client companies and general consumers were recognized.)	YKK Corporation	Japan Patent Office, Ministry of Economy, Trade, and Industry

*FY2021

Environment

Fastening Business and Other Businesses Related to Business Operations

Environmental policy promotion system

The company's Environmental Policy Board, which operated under the Management Strategy Committee, determined the environmental policies and measures for YKK and oversaw the promotion of environmental policies across the Group. The Environmental Policy Board was integrated with the newly established YKK Sustainability Committee in FY2021, and will determine policy and oversee the status of the YKK Sustainability Vision 2050 across the entire Group.

Environmental management system

YKK builds an environmental management system in each company that follows the ISO 14001 international standard and promotes continuous environmental activities.

The Fastening Products Group, Machinery & Engineering Group, and Administrative divisions in YKK Corporation each has obtained the ISO 14001 certification and has worked on environmental activities.

With the organizational restructure, YKK Corporation as a whole will obtain the ISO 14001 certification from FY2021 to continue advancing environmental activities.

Environmental objectives and achievements

YKK has established a mid-term environmental management policy and measures are analyzed every four years to fit the mid-term management policy. In the 5th mid-term environmental management policy from FY2017 to FY2020, we continued our activities to achieve a sustainable society focusing on the concepts of "Making positive contributions to society" and "Minimizing environment impact on society(aiming for zero impact)" while keeping the keywords "Creating a low-carbon society through technology oriented value creation" in mind. (Please see P.26-P.27 for more details.)

In FY2021, we will aim to achieve the environmental policy and objectives we have established in the 6th mid-term management vision and YKK Sustainability Vision 2050.

YKK 6th Mid-term Environmental Policy (FY2021-FY2024)

Under the 6th Mid-term Management Vision, "Technology Oriented Value Creation", YKK will promote sustainability through its business activities and products, harmonize with the environment, continue to be a company for the social good, and contribute to society.

Guidelines for Action

- In accordance with YKK Sustainability Vision, we will strengthen our environmental management system and carry out continuous improvement to ensure environmental compliance and reduce environmental impacts.
- In order to achieve climate neutrality by 2050, we will reduce CO₂ and other greenhouse gas emissions over the long-term.
- We will reduce environmental impacts throughout the product life cycle and promote the transition to sustainable energy and materials.
- We will reduce our impacts and loads on the environment by reducing the use of water and chemical substances for the preservation of ecosystems and enrichment of life.

April 1, 2021

Hiroaki Otani

President, YKK Corporation

FY2021 YKK Environmental Objectives: Contribute to society in harmony with the environment

1 Ensure compliance

- We will comply with environmental laws and regulations and other agreed-upon requirements, strive to improve environmental management through the implementation and penetration of environmental education, and continue to achieve zero environmental compliance violations and zero environmental accidents.

2 Response to climate change

- Scope1, 2 emissions 12.6% carbon emission reduction from FY2018
- Scope 3 emissions 7.5% carbon emission reduction from FY2018

3 Provide and propose environmentally friendly products

- Identify and ensure the implementation of environmentally friendly themes in the development of products and equipment.
- Promote the provision of NATULON[®], an environmentally friendly product manufactured using renewable energy.

4 Utilize resources

- Research and try to abolish the use of plastic packing materials or switch to sustainable materials.
- Target waste recycling ratio of 81% or more.
- Reduce water consumption per unit of sales by 1.0% from FY2020.
- Promote appropriate management and reduction of chemical substances.

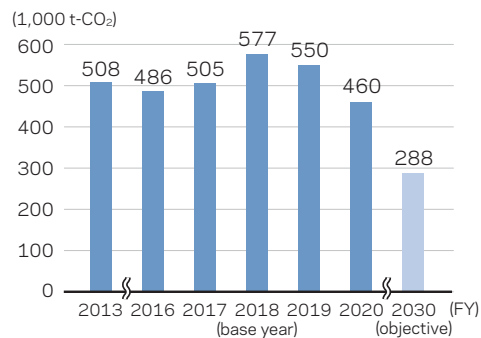
Fastening Business and Other Businesses Related to Business Operations

Changes in CO₂ emissions

YKK received an approval for its reduction target of 1.5°C from the Science Based Targets initiative in March 2021. We will aim for a 50% reduction (compared to FY2018) of greenhouse gases in Scope 1 and 2, and a 30% reduction (compared to FY2018) in Scope 3 by 2030.

Scope 1, 2

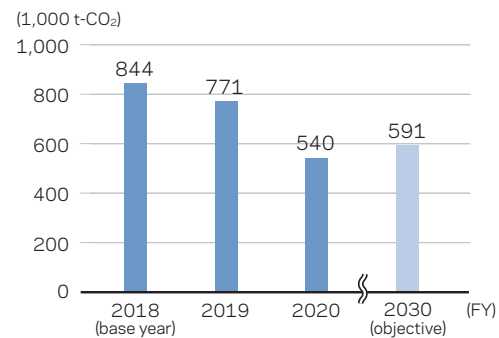
* Calculated using the YKK Group GHG calculation rules
(CO₂ conversion factor fluctuation of electricity)



CO₂ emissions in FY2020 was reduced by 10% compared to FY2013

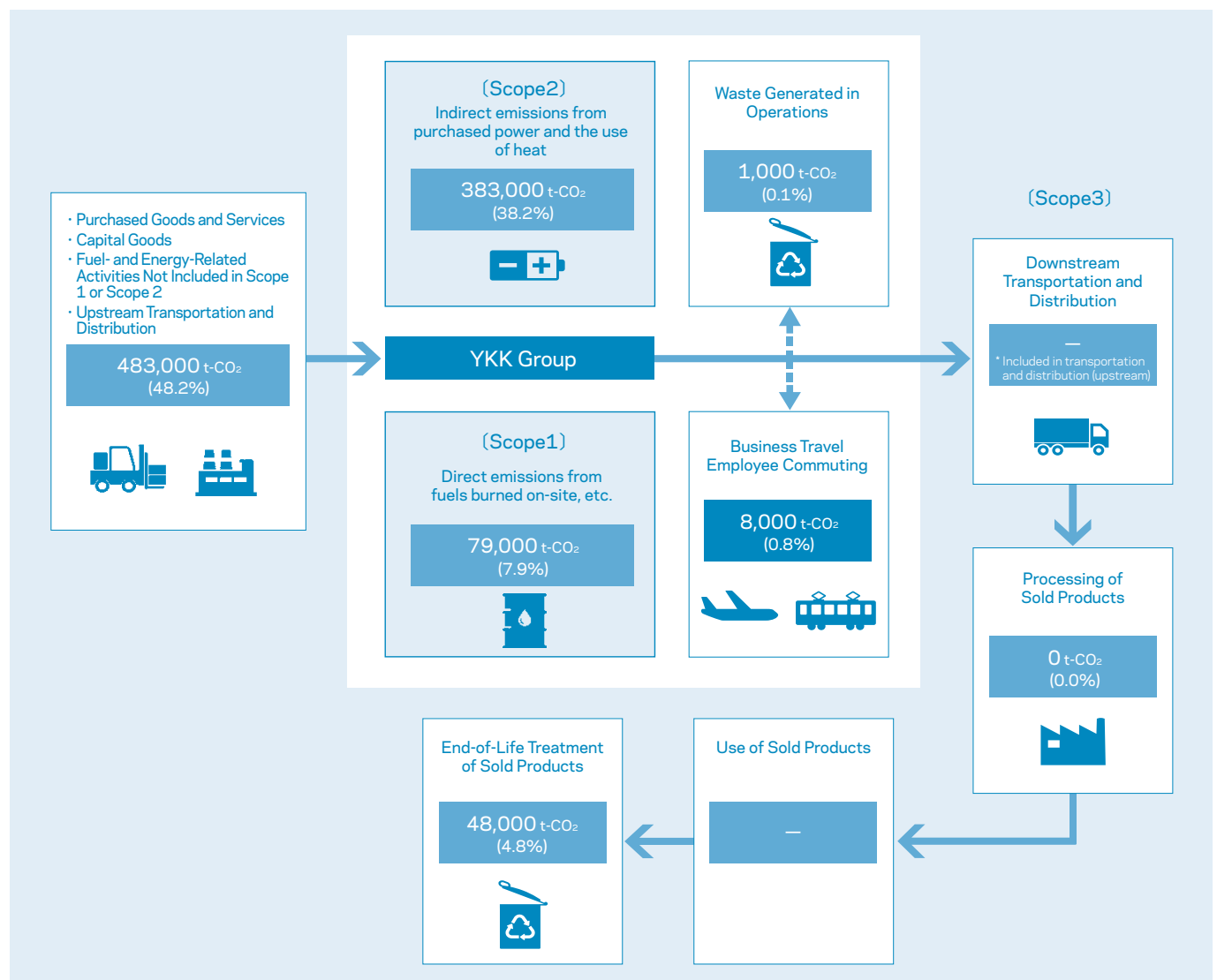
Scope 3

* Calculated using the Scope 3 calculation method noted later (P.18)



CO₂ emissions in FY2020 was reduced by 36% compared to the base year of FY2018

CO₂ emissions in supply chains (FY2020 results)



Breakdown of CO₂ emissions from the entire supply chain (FY2020 results)(1,000 t-CO₂)

			Emissions
Scope1	Direct emissions from fuels burned on-site, etc.		76
Scope2	Indirect emissions from purchased power and the use of heat		383
Scope3	Category 1	Purchased Goods and Services	318
	Category 2	Capital Goods	80
	Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	49
	Category 4	Upstream Transportation and Distribution	37
	Category 5	Waste Generated in Operations	1
	Category 6	Business Travel	0
	Category 7	Employee Commuting	8
	Category 8	Upstream Leased Assets	–
	Category 9	Downstream Transportation and Distribution	–
	Category 10	Processing of Sold Products	0
	Category 11	Use of Sold Products	–
	Category 12	End-of-Life Treatment of Sold Products	48
	Category 13	Downstream Leased Assets	–
	Category 14	Franchises	–
	Category 15	Investments	–
Scope 3 Total			540
Scope 1, 2, and 3 Total			1,000

* Calculated using the YKK Group GHG calculation rules (CO₂ conversion factor fluctuation of electricity) and the Scope 3 calculation method noted later

Scope 3 calculation method (amount of activity x emission intensity)

Categories		Calculation method	
		Amount of activity	Emission intensity
Category 1	Purchased Goods and Services	Weight of purchased raw materials	Intensity database ^(*1)
Category 2	Capital Goods	Equipment investment value of capital goods	Intensity database ^(*1)
Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Amount of energy (electricity and fuel) consumption	Intensity database ^(*1, *2)
Category 4	Upstream Transportation and Distribution	Cargo owner's procurement ton-kilometers	Intensity database ^(*1, *2)
Category 5	Waste Generated in Operations	Amount of processed waste materials per type	Intensity database ^(*1, *2)
Category 6	Business Travel	Transportation allowance per transportation means	Intensity database ^(*1)
Category 7	Employee Commuting	Transportation allowance per transportation means	Intensity database ^(*1, *2)
Category 8	Upstream Leased Assets	We excluded emissions associated with the operation of the leased assets because they were included in Scope 1 and 2.	
Category 9	Downstream Transportation and Distribution	We excluded it because we included it in category 4 because the product is shipped directly to the customer.	
Category 10	Processing of Sold Products	Amount of production (duration and number of pieces)	Intensity per amount of production in YKK processing process
Category 11	Use of Sold Products	We excluded this because there are no use-stage emissions by the products we sold.	
Category 12	End-of-Life Treatment of Sold Products	Amount of production (weight)	Intensity database ^(*1, *2)
Category 13	Downstream Leased Assets	We excluded this because we do not lease to others.	
Category 14	Franchises	We excluded this because we are not franchise presidents.	
Category 15	Investments	We excluded it because we are not an investment business and not a financial services provider.	

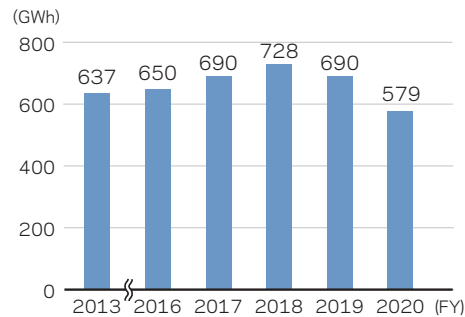
*1 "Emission Intensity Database for Calculating Greenhouse Gas Emissions for Organizations through Supply Chains (Ver. 3.1)"

*2 "LCI Database IDEAv2 (for Calculating Greenhouse Gas Emissions for Supply Chains)"

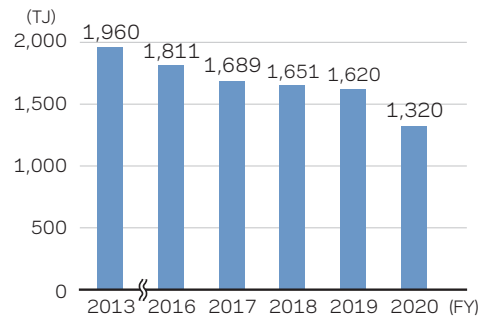
Fastening Business and Other Businesses Related to Business Operations

Changes in energy consumption

Electric power



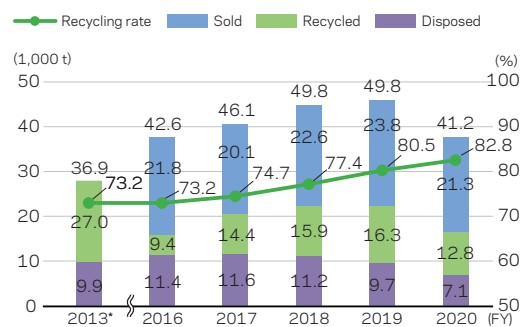
Total fuel (Energy equivalent)



Breakdown of amount used for each fuel

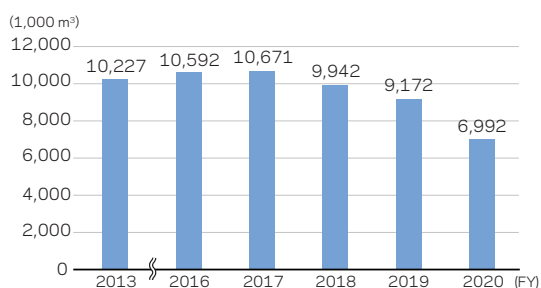
	Unit	2013	2016	2017	2018	2019	2020
Heavy fuel oil A	kL	3,019	2,087	2,204	2,127	2,381	2,153
Kerosene	kL	2,777	2,253	2,216	2,364	1,588	794
LPG	t	3,343	2,211	1,469	1,578	1,738	1,632
Natural gas	1,000 m ³	26,565	29,397	27,368	27,901	28,165	24,963
Light oil	kL	4,948	4,888	5,265	5,426	4,662	1,681
Gasoline	kL	825	810	690	740	642	458
Heavy fuel oil C	kL	0.5	0.3	–	–	–	–
Coal	t	3,375	3,850	3,850	426	421	250

Changes in amounts of emitted waste material and recycling rates

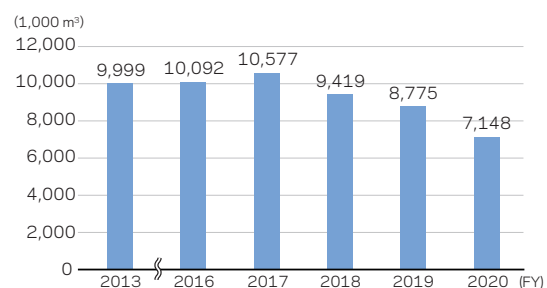


* Amount sold in FY2013 is included in amount recycled

Changes in intake water (total amount)

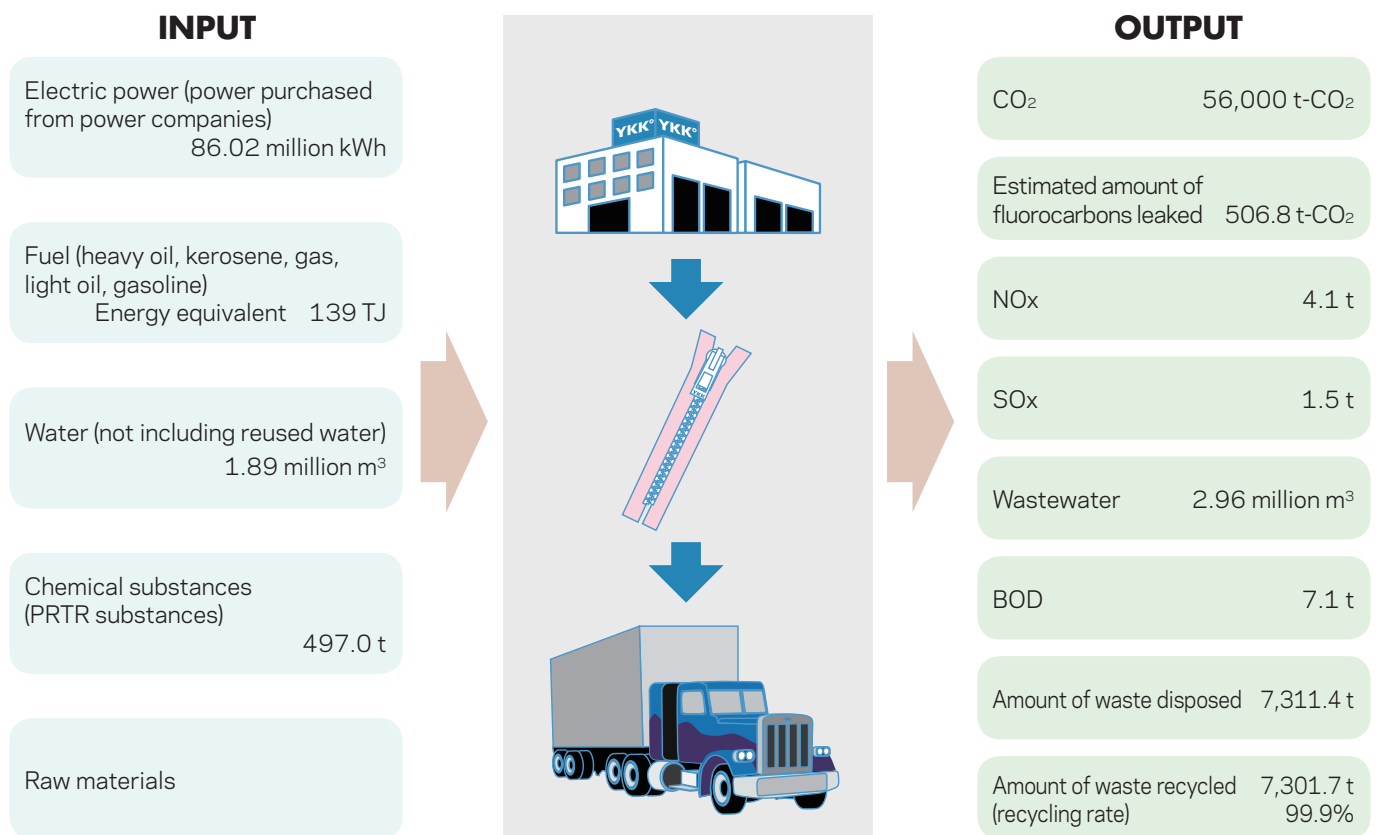


Changes in discharge water (total amount)



[Reference] Fastening Business and Other Businesses Related to Business Operations (Domestic)

Environmental impact mass-balance (FY2020 results)

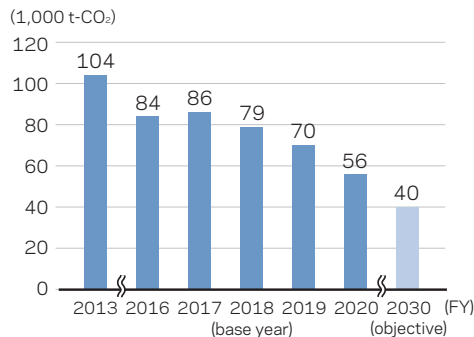


[Reference] Fastening Business and Other Businesses Related to Business Operations (Domestic)

Changes in CO₂ emissions

Scope 1, 2

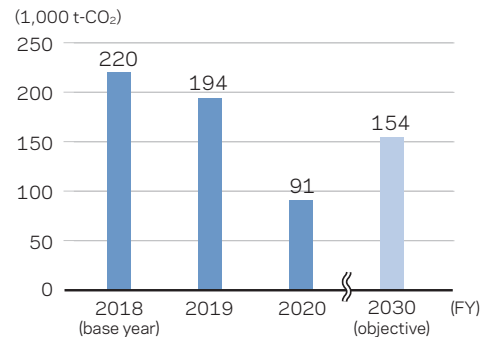
* Calculated using the YKK Group GHG calculation rules (CO₂ conversion factor fluctuation of electricity)



CO₂ emissions in FY2020 was reduced by 46% compared to FY2013

Scope 3

* Calculated using the Scope 3 calculation method noted before (P.18)



CO₂ emissions in FY2020 was reduced by 59% compared to the base year of FY2018

Breakdown of CO₂ emissions from the entire supply chain (FY2020 results)

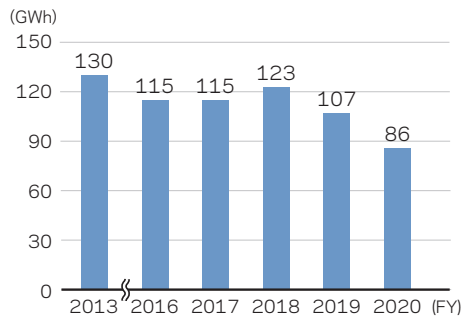
(1,000 t-CO₂)

			Emissions
Scope1	Direct emissions from fuels burned on-site, etc.		9
Scope2	Indirect emissions from purchased power and the use of heat		47
Scope3	Category 1	Purchased Goods and Services	45
	Category 2	Capital Goods	25
	Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	8
	Category 4	Upstream Transportation and Distribution	3
	Category 5	Waste Generated in Operations	0
	Category 6	Business Travel	0
	Category 7	Employee Commuting	5
	Category 8	Downstream Transportation and Distribution	–
	Category 9	Downstream Transportation and Distribution	–
	Category 10	Processing of Sold Products	0
	Category 11	Use of Sold Products	–
	Category 12	End-of-Life Treatment of Sold Products	4
	Category 13	Downstream Leased Assets	–
	Category 14	Franchises	–
	Category 15	Investments	–
Scope 3 Total			91
Scope 1, 2, and 3 Total			147

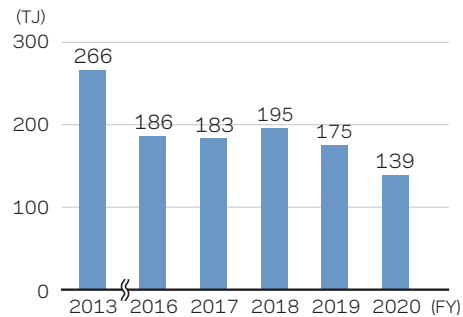
* Calculated using the YKK Group GHG calculation rules (CO₂ conversion factor fluctuation of electricity) and the Scope 3 calculation method noted before (P.18)

Changes in energy consumption

Electric power



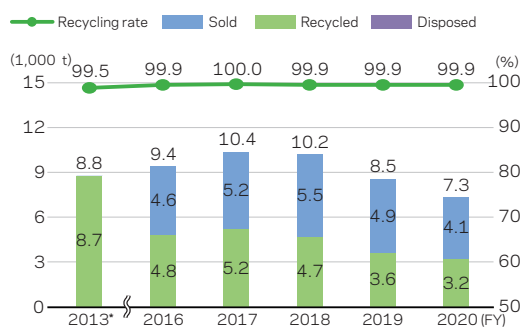
Total fuel (Energy equivalent)



Breakdown of amount used for each fuel

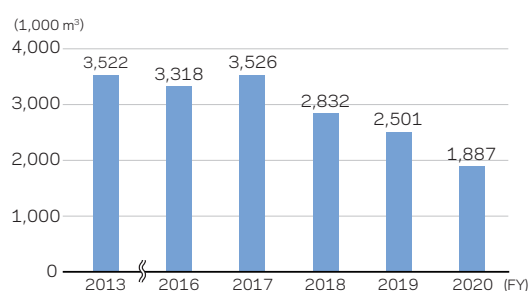
	Unit	2013	2016	2017	2018	2019	2020
Heavy fuel oil A	kL	2,700	1,812	1,778	1,694	1,977	1,859
Kerosene	kL	2,673	2,060	2,079	2,250	1,499	755
LPG	t	1,178	722	693	770	792	714
Natural gas	1,000 m ³	0	8	11	12	1	1
Light oil	kL	43	27	29	113	23	22
Gasoline	kL	49	44	37	90	62	46
Heavy fuel oil C	kL	–	–	–	–	–	–
Coal	t	–	–	–	–	–	–

Changes in amounts of emitted waste material and recycling rates

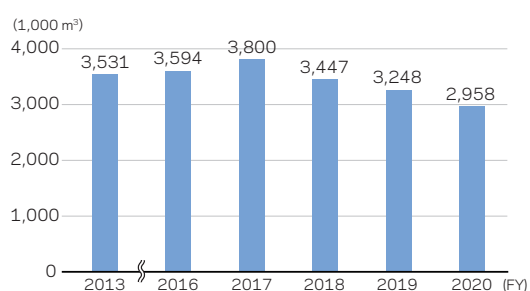


* Amount sold in FY2013 is included in amount recycled

Changes in intake water (total amount)



Changes in discharge water (total amount)



[Reference] Fastening Business and Other Businesses Related to Business Operations (Domestic)

Atmosphere (Production sites in Japan, FY2020 results)

Equipment	Plant	Soot and dust [g/Nm ³]					Nitrogen oxides [ppm]				
		National emissions standard	Municipal agreed value	Voluntary emissions standard	Highest value measured in fiscal 2020	Assessment	National emissions standard	Municipal agreed value	Voluntary emissions standard	Highest value measured in fiscal 2020	Assessment
Boilers	Kurobe	0.30	–	0.06	0.01 Below	Acceptable	180	–	50	48	Acceptable

Water quality (Production sites in Japan, FY2020 results)

Unit: mg/l (except pH)

Item	Plant	National emissions standard	Prefectural water emission standard	Municipal agreed value	Voluntary emissions standard	Highest value measured in fiscal 2020	Assessment
pH	Kurobe	5.8~8.6*	5.8~8.6*	5.8~8.6	6.0~8.4	Min.: 6.9 Max.: 7.2	Acceptable
	Ageo	5.8~8.6*	5.8~8.6*	5.8~8.6*	6.0~8.4	Min.: 6.8 Max.: 7.74	Acceptable
BOD	Kurobe	120*	15	15	4	2.8	Acceptable
	Ageo	25	25	20	7	4.3	Acceptable
COD	Kurobe	–	–	–	12	12.0	Acceptable
	Ageo	160	160	120	10	10.9	Acceptable
Suspended solids	Kurobe	150	90	50	10	4.0	Acceptable
	Ageo	60	60	50	13	11.0	Acceptable
Oil	Kurobe	5	–	3	1	0.5 Below	Acceptable
	Ageo	5	5	5	1.3	1	Acceptable
Cyanide	Kurobe	1	–	0.1	0.01 Below	0.01 Below	Acceptable
Hexavalent chromium compounds	Kurobe	0.5	–	0.1	0.02 Below	0.02 Below	Acceptable

* Standard when discharging into rivers

Groundwater inspections (Kurobe, FY2020 results)

	Substance	Unit	Environmental standard*	Measurement results Fiscal 2020	Assessment
Volatile organic compounds	Dichloromethane	mg/l	0.02 or less	0.002 Below	Acceptable
	Carbon tetrachloride	mg/l	0.002 or less	0.0002 Below	Acceptable
	1,1-Dichloroethylene	mg/l	0.02 or less	0.002 Below	Acceptable
	Cis-1,2-Dichloroethylene	mg/l	0.04 or less	0.004 Below	Acceptable
	1,1,1-Trichloroethane	mg/l	1 or less	0.0005 Below	Acceptable
	Trichloroethylene	mg/l	0.03 or less	0.002 Below	Acceptable
	Tetrachloroethylene	mg/l	0.01 or less	0.0005 Below	Acceptable
Heavy metals	Cadmium	mg/l	0.01 or less	0.001 Below	Acceptable
	Cyanide	mg/l	Not detected	0.1 Below	Acceptable
	Lead	mg/l	0.01 or less	0.005 Below	Acceptable
	Hexavalent chromium	mg/l	0.05 or less	0.005 Below	Acceptable
	Selenium	mg/l	0.01 or less	0.002 Below	Acceptable
	Fluorine	mg/l	0.8 or less	0.2	Acceptable
	Boron	mg/l	1 or less	0.1 Below	Acceptable

* Environmental standard: Keeping the amount below this standard is desirable for protection of human health and preservation of the living environment

Noise (Production sites in Japan, FY2020 results)

Unit: db

Plant	Type	Prefectural standard	Municipal agreement on pollution control	Voluntary standard	Highest value measured in fiscal 2020	Assessment
Kurobe	Daytime (8:00~19:00)	70	60	60	58	Acceptable
Kurobe	Morning (6:00~8:00) Evening (19:00~22:00)	65	55	55	53	Acceptable
Kurobe	Night-time (22:00~6:00)	63	50	50	50	Acceptable
Ageo	Daytime (8:00~19:00)	70	70	70	65	Acceptable
Ageo	Morning (6:00~8:00) Evening (19:00~22:00)	65	65	65	57	Acceptable
Ageo	Night-time (22:00~6:00)	60	60	60	55	Acceptable

PRTR calculations (Production sites in Japan, FY2020 results)

Unit: t

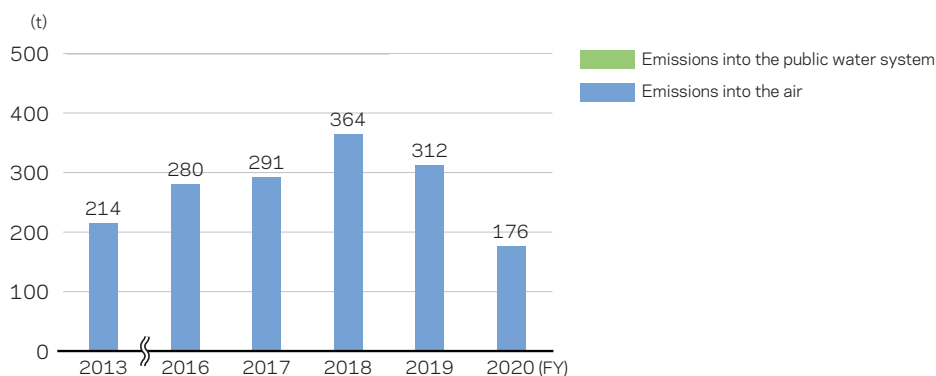
Substance number	Substance	Volume handled	Emissions				Consumption	Transfer amount to sewer system	Transfer amount	
			Atmospheric emissions	Public water emissions	Soil emissions	Landfill volume			Waste materials	Sewage
1	Zinc compounds (water-soluble)	1.35	0.01 Below	0.01 Below	—	—	0.67	0.13	0.54	—
53	Ethylbenzene	3.62	3.56	0.01 Below	—	—	0.02	0.01 Below	0.03	—
80	Xylene	30.88	6.39	0.01 Below	—	—	20.71	3.62	0.17	—
144	Inorganic cyanide compounds	18.17	0.18	0.02	—	—	0.01 Below	3.60	14.36	—
232	N, N-dimethylformamide	87.50	87.50	0.01 Below	—	—	0.01 Below	0.01 Below	0.01 Below	—
296	1,2,4-Trimethylbenzene	14.46	3.90	0.01 Below	—	—	5.63	4.93	0.01 Below	—
300	Toluene	76.40	73.88	0.01 Below	—	—	2.08	0.01 Below	0.44	—
308	Nickel	64.58	0.01 Below	0.01 Below	—	—	62.44	0.01 Below	2.13	—
309	Nickel compounds	1.05	0.01 Below	0.01 Below	—	—	0.01	1.04	0.01 Below	—
395	Water-soluble salts of peroxodisulfuric acid	3.29	0.01 Below	0.01 Below	—	—	0.01 Below	3.29	0.01 Below	—
412	Manganese and manganese compounds	175.50	0.18	0.01 Below	—	—	175.32	0.01 Below	0.01 Below	—
438	Methylnaphthalene	20.16	0.01 Below	0.01 Below	—	—	20.16	0.01 Below	0.01 Below	—

* Aggregated substances of which we handle 1t or more (0.5t or more per year for Class I Designated Chemical Substances) per year at our domestic production locations

* Consumption: The amount consumed as raw materials, the amount contained in products, or the amount recycled by being sold

* Transformed amount: The amount that has been transformed into other substances by incineration, reactive processing, etc.

Changes in Emissions of PRTR Substances (Production sites in Japan)



[Reference] Fastening Business and Other Businesses Related to Business Operations (Domestic)

Violations of environmental laws and regulations

We have not had any administrative actions or fines imposed related to environmental laws and regulations in the past five years.

Environmental accounting

◆ Actual environmental conservation costs (YKK alone, FY2020 results)

Unit: ¥1 million/year

Item		Description of main initiatives	Equipment investment	Cost	
Costs within business area	Prevention of pollution	Replacement of wastewater treatment facilities	153	237	
	Conservation of the global environment	Improvements in energy efficiency, replacement of air conditioning and compressors	38	68	
	Recycling of resources	Promotion of resource recycling and management of industrial waste	13	50	
Business area internal cost total			204	355	
Upstream/downstream costs		Sustainable procurement	0	8	
Management activities costs		Maintenance of ISO certifications, environmental information disclosure, environment-related analyses	12	196	
R&D costs		Product development	0	167	
Social activities costs			0	0	
Environmental damage repair costs			0	0	
Other costs		Inspection/management of fire extinguishing equipment, response to the Soil Contamination Countermeasures Act	4	48	
Total			220	774	
			Fiscal 2019	183	952
			Fiscal 2018	288	1,559
			Fiscal 2017	341	1,646
			Fiscal 2016	461	1,588

	Environmental equipment investment			Environmental costs		Sales (Unit: ¥100 million)	Total equipment investment
	(Unit: ¥100 million)	Ratio to sales (%)	Equipment investment ratio (%)	(Unit: ¥100 million)	Ratio to sales (%)		
Fiscal 2020	2.2	0.3	4.0	7.7	1.2	641	55
Fiscal 2019	1.8	0.2	1.6	9.5	1.0	908	115
Fiscal 2018	2.9	0.3	2.4	15.6	1.6	988	121
Fiscal 2017	3.4	0.4	3.5	16.5	1.9	855	98
Fiscal 2016	4.6	0.6	3.5	15.9	1.9	827	131

[Reference] 5th mid-term environmental policy and objectives**(fastening business and other businesses related to business operations, FY2017-FY2020)**

	Environmental Policy	Environmental Targets by 2020
Making positive contributions to society	Offering and expanding a full range of products that contribute to health, safety and security, and that take the environment into account	• Develop/expand environmentally-friendly products • Win prize at external environmental award system, and use to good effect
	Promoting environmental contribution activities	• Implement environmental activities for children aimed at the next generation • Develop environmental awards and environmental support
	Promoting ecosystem conservation	• Cooperate with NPOs, NGOs etc. to conserve ecosystems
	Actively disclosing environmental information	• Renew environment website, create/distribute environmental promotional material • Enrich and expand dialogue with stakeholders
Minimizing environmental impact on society (aiming for zero impact)	Maintaining and improving environmental compliance	• Improve each company's environmental management level through self-checks • Boost the level of environmental management audits
	Reducing CO ₂ emissions Promoting responses to climate change risks	• Devise and implement schemes to reduce and minimize CO₂ emissions (further Group-wide promotion of low and energy-saving initiatives) Japan: Reduce CO₂ emissions 20% by 2020 compared with the fiscal year 2013 Overseas: set target to reduce the annual rate of consumption by over 1% Group: curb the increase in CO₂ emissions to 8% from 2013 levels by 2020 • Work with supply chains to reduce both direct and indirect CO₂ emission levels
		• Identify climate-change driven environmental risks, and implement countermeasures at all YKK plants
	Sustainable supplies	• Rank social and environmental friendliness of procured raw materials to lower the procurement risks by promoting sound sourcing
	Using resources efficiently/ reducing resource usage Promoting waste reduction	• Promote improvement in product design and yield in order to mitigate resource use • Japan: Increase resource reusage rate by 4% compared with 2013
		• Overseas: Reduce landfill waste by 8% compared with 2013 through reuse, recycling of resources, reprocessing and treatment/disposal
	Tackling water risks	• Identify regional water risks in all YKK plants, and implement countermeasures
	Promoting chemical substance reductions	• Reduce PRTR substances by 30% compared with 2013 through substitute goods, process improvements etc.

[Reference] Environmental action plan (fastening business and other businesses related to business operations, FY2020 results)

* Classification by organizational structure prior to FY2020

	Environmental Policy	Fiscal 2020 Environmental Action Plan	Fiscal 2020 Results
Making positive contributions to society	Offering and expanding a full range of products that contribute to health, safety and security, and that take the environment into account	- Fastening Products Group: Continue addressing harmful substances - Machinery and Engineering Group: Develop and provide the Fastening Products Group and Architectural Products Group with environmentally-friendly equipment and lines	- Fastening Products Group: Continued addressing of harmful substances, started LCA calculations - Machinery and Engineering Group: Developed environmentally-friendly equipment and lines (For the Fastening Products Group) 46-52% reduction in electricity 57-92% increase in productivity (For the Architectural Products Group) 7 main themes completed
	Promoting environmental contribution activities	Win prize at external environmental award system, and use to good effect	"This is YKK 2020" received the Environmental Communications Honor Award
	Promoting ecosystem conservation	Perform ecosystem preservation activities by coordinating with local governments and NGOs, discuss event activities	Events, etc. were canceled due to the COVID-19 pandemic
	Actively disclosing environmental information	- Fastening Products Group: Sustainability, respond to client needs - Promote proactive environmental information disclosure to and opinion exchanges with clients, local community, governments, etc.	- Fastening Products Group: Enhanced the Higg Index initiative on behalf of the Group - Fastening Products Group: Worked on customer audit with the YGCC audit, improved workplace environment - Issued "This is YKK 2020" - Participated in online environmental fairs (Eco Life Fair, Toyama Environmental Fair)
Minimizing environmental impact on society (aiming for zero impact)	Maintaining and improving environmental compliance	- Establish the mid-term environmental objectives, review the environmental policy promotion system - Thoroughly execute the YKK Group Environmental Management Rules	- Reviewed the next mid-term environmental policy promotion system - Continued goal of 0 violations of environmental compliance and 0 environmental accidents
	Reducing CO ₂ emissions	- Promote further small energy / energy saving in order to reduce CO₂ emissions - Fastening Products Group: Reduce CO₂ emission intensity by 8.4% compared to FY2018 - Machinery and Engineering Group: (Domestic) Reduce intensity of energy production output by 3% compared to last year	- Fastening Products Group: Reduced CO₂ emissions by 22% compared to FY2018 - Machinery and Engineering Group: (Domestic) Reduced intensity of energy production output by 29% compared to last year - Kurobe Manufacturing Center: Continued construction of natural gas plumbing for the factory (Natural gas is planned to be supplied in 2024)
	Promoting responses to climate change risks	Kurobe Manufacturing Center: Continue construction of natural gas plumbing for the factory (Natural gas is planned to be supplied in 2022)	Established the objective of CO₂ emission reduction for FY2030 (Objective approved by the SBT)
		Analyze procurement related data for reducing CO₂ emissions of supply chains	- Gathered Scope 3 data of the foreign offices - Established the objective of CO₂ emission reduction for Scope 3
		Identify environmental risks from climate change and perform preventative measures (TCFD)	Prepared for environmental risk analysis due to climate change
	Sustainable supplies	Send out supply chain surveys and have dialogs with suppliers	Fastening Products Group: Expanded CSR procurement activities overseas
	Using resources efficiently/ reducing resource usage Promoting waste reduction	- Promote further recycling based on use cases of reducing waste materials - Fastening Products Group: (Overseas) Achieve a recycling rate of 80% for waste materials	Fastening Products Group: (Overseas) Achieved a recycling rate of 79.2% for waste materials
	Tackling water risks	Establish and execute measures to reduce water risks based on water risk checks	Reviewed water risk check sheet and prepared use cases of water risk reduction activities
	Promoting chemical substance reductions	(Domestic) Reduce emissions of PRTR substances - Fastening Products Group: Appropriately manage and promote reductions in the use of chemical substances - Machinery and Engineering Group: Analysis C, organize possessed poisonous chemicals and consider alternatives (reduce 5%)	(Domestic) Reduced emissions of PRTR substances - Fastening Products Group: Appropriately managed and promoted reductions in the use of chemical substances - Machinery and Engineering Group: Reduced the possessed poisonous chemicals by 19%

Social

Human resources and hiring: YKK alone

	Unit	End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of FY2020
Number of employees	people	4,048	4,149	4,733	4,823	4,849
Gender	Male	2,775	2,843	3,153	3,240	3,280
	Female	1,273	1,306	1,580	1,583	1,569
Gender %	Male	69	69	67	67	68
	Female	31	31	33	33	32
Age	10s	968	1,019	1,132	1,194	1,196
	30s	958	966	1,084	1,075	1,107
	40s	793	830	1,049	1,088	1,085
	50s	965	954	1,022	970	936
	60s or older	364	380	446	496	525
Average age	years old	42.0	41.8	41.8	41.7	41.7
Gender	Male	42.3	42.1	42.2	42.4	42.5
	Female	39.7	39.9	40.3	40.6	40.8
Average length of service	year	19.1	18.8	18.6	18.3	18.3
Average working hours	time	1,977	1,955	1,952	1,894	1,660*1
Paid vacation utilization rate	%	70.4	78.0	79.5	85.9	77.7
Turnover	people	89	174	183	153	200
Childcare system user	people	122	108	111	188	175
Nursing care system user	people	5	6	5	11	6
Flex time system user	people	405	414	413	384	588
Female management	people	32	38	47	51	53
Employment rate of people with disabilities: YKK Corporation	%	2.12	2.12	2.15	2.24	2.56
Employment rate of people with disabilities: YKK Group	%	2.38	2.40	2.40	2.45	2.51
Training cost per person	Yen	44,043	47,998	54,839	59,317	25,690
People who took business skill training	people	319	451	379	328	— *2
People who took career training	people	344	417	349	362	327
People who took distance learning	people	402	406	408	432	748

*1 Impacted by the spread of COVID-19 for FY2020

*2 The training was switched to distance learning in FY2020

Occupational health and safety: Fastening business and other businesses related to business operations

Industrial injury statistics		FY2016	FY2017	FY2018	FY2019	FY2020
Domestic	Frequency rate (1 day or more of absence from work)* (Permanent employees)	0.38	0.64	0.83	0.38	0.22
	*Frequency rate: Metric to show the frequency of industrial injuries	$\frac{\text{Number of employees on leave due to industrial injuries}}{\text{Total actual working hours}} \times 1,000,000$				
Overseas	Injuries and death per 1,000 (1 day or more of absence from work)* (Permanent employees and dispatched workers)	2.7	1.8	2.1	1.7	1.7
	*Injuries and death per 1,000: Percentage of industrial injuries per 1,000 workers per year	$\frac{\text{Number of employees on leave due to industrial injuries per year}}{\text{Average number of employees per year}} \times 1,000$				

Employee health: Fastening business and other businesses related to business operations (domestic)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Percentage of people taking the stress check	%	96.6	98.8	99.0	99.7	98.9
Percentage of people who exercise regularly (Exercise for 30 minutes or more a day for once or more a week)	%	— *1	41.6	41.4	42.6	47.1
Percentage of people with metabolic syndrome	%	13.2	13.4	13.9	14.9	— *2
Percentage of people targeted for special health guidance	%	17.9	18.3	17.8	18.5	— *2
Percentage of smokers	%	— *1	22.6	23.0	22.2	21.3
Long-term leave days (leave of absence)	day	5,587	8,347	9,308	9,008	8,397

*1 Health survey was not performed in FY2016

*2 Numbers for FY2020 are still being aggregated

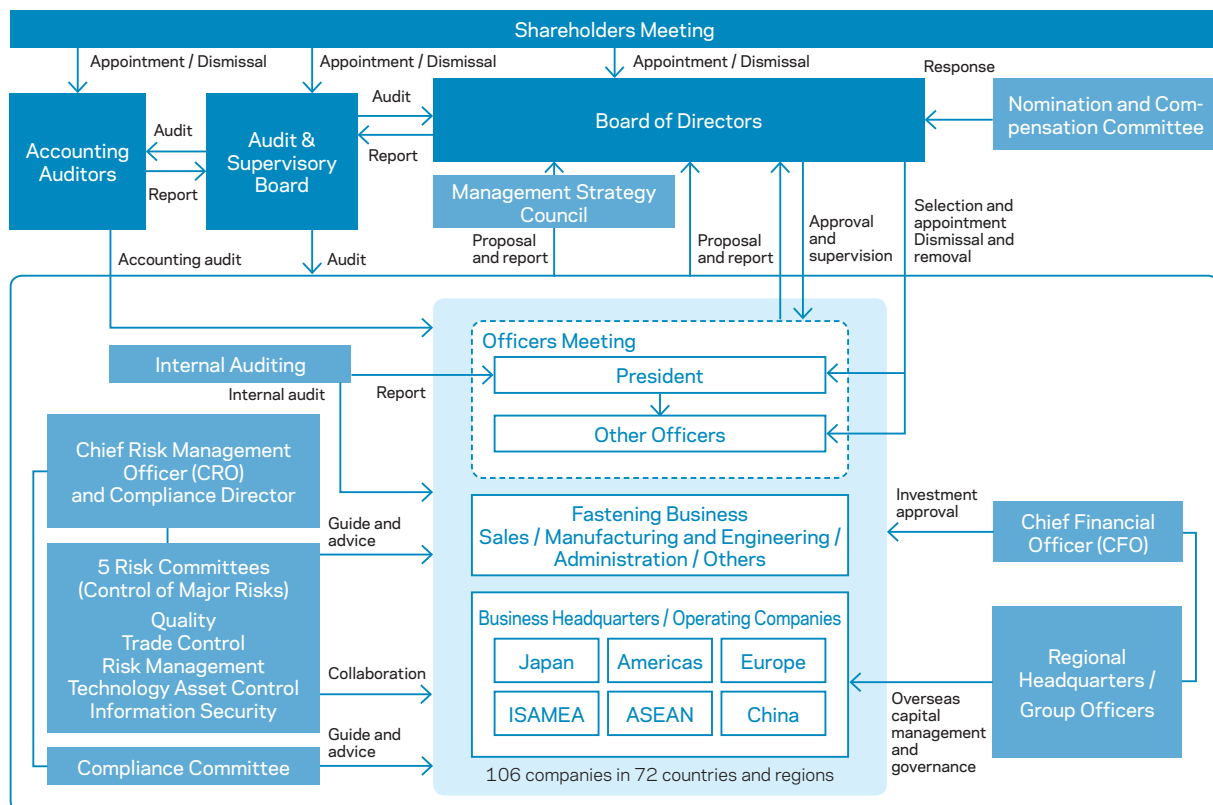
Governance

Corporate Governance

Fundamental Approach and System

The philosophy of the YKK Group in conducting our corporate activities is based on the spirit 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 Fastening Business, which is mainstay of YKK Corporation, is as follows.

Fastening Business Corporate Governance Structure



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

Total number	49
Number and ratio of female officers	2 (4.0%)
Number and ratio of foreign national officers	2 (4.0%)

Internal Control Systems Related to the Execution of Operations

- The company's Directors adhere to the Board of Director's regulations, comply with regulations pertaining to the performance of Director duties, and execute operations appropriately in accordance with the principle of the separation of duties.
- The company established its Management Strategy Meeting to improve the efficiency of deliberations by the Board of Directors. The Directors hold thorough discussions on the YKK Group Management Principle, management policies, management strategies, important matters for resolution by the Board of Directors, etc., before adopting official resolutions.
- The company established the Environmental Policy Committee, which operates under the Management Strategy Meeting, and which, determines the environmental policies and measures for the YKK Group and oversees the promotion of environmental policies across the Group.
- The YKK Group takes the Five-Regional Management Structure consisting of East Asia, Americas, EMEA, ASAO, and China, with the Group Officers appointed for each region to report the state of the capital and governance of the subsidiaries of the relevant region to YKK Corporation. The YKK Group also segments the business territory into the six business regions, namely Japan, Americas, Europe, ISAMEA, ASEAN, and China, taking into consideration the characteristics of the trade areas and distribution flows, etc. Under the leadership of the business leader, each region will carry out business and report the state of the business to YKK Corporation.

EMEA: Europe, Middle East, and Africa
 ASAO: ASEAN, South Asia, and Oceania
 ISAMEA: India, South Asia, Middle East, and Africa

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 Board established, and meeting held (- 2019)	2008 - Voluntary establishment of Nomination and Compensation Committee, which includes two outside directors as members	

Compliance

	Unit	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
YGCC third-party audits performed	Case	3	9	16	13	6 *

* Only performed at the bare minimum number of companies due to the impact of the COVID-19 pandemic in FY2020. From FY2021, third-party audits will resume as circumstances allow.

	Unit	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Whistleblowing cases reported*	Case	21	24	25	31	20

* The number of yearly cases reported in the fastening business companies and other domestic companies

Intellectual properties

"YKK" registered trademarks
(Class 26)

177 countries/regions

Patents and utility models
(Including pending patents)

4,730

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

3,759

B.P.P. (Brand Protection Partnership)*
workshop participants
(The number of organizations)

3,012 people
(1,760 organizations)

Award for excellent corporation utilizing the
intellectual property rights system (trademark)
given by The Ministry of Economy, Trade and
Industry and the Japan Patent Office

2021

* Opinion exchange meeting held by YKK for countermeasures against fake items

(As of March 2021)

Financial Information

YKK Group Consolidated Financial Information (YKK and 105 Consolidated Subsidiary Companies)

Consolidated Balance Sheet

(Millions of yen)

	Prior Fiscal Year (Ended March 31, 2020)	Current Fiscal Year (Ended March 31, 2021)
Assets		
Current assets		
Cash and deposits	165,747	214,483
Notes and accounts receivable	177,038	171,453
Securities	3,643	640
Inventories	136,442	131,394
Other	26,079	24,335
Allowance for doubtful accounts	(2,362)	(2,572)
Total current assets	506,588	539,734
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	436,527	446,491
Accumulated depreciation	(282,635)	(294,737)
Buildings and structures, net	153,892	151,754
Machinery, equipment and vehicles	610,312	638,643
Accumulated depreciation	(464,839)	(500,152)
Machinery, equipment and vehicles, net	145,472	138,490
Land	62,596	62,892
Construction in progress	13,197	14,725
Other	109,327	115,531
Accumulated depreciation	(79,596)	(86,389)
Other, net	29,730	29,142
Total property, plant and equipment	404,888	397,005
Intangible assets	25,954	25,379
Investments and other assets:		
Investment securities	23,302	29,739
Deferred tax assets	13,177	12,182
Other	10,792	11,883
Allowance for doubtful accounts	(1,059)	(1,007)
Total investments and other assets	46,213	52,798
Total noncurrent assets	477,056	475,183
Total assets	983,645	1,014,918

Consolidated Balance Sheet

(Millions of yen)

	Prior Fiscal Year (Ended March 31, 2020)	Current Fiscal Year (Ended March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	64,182	61,808
Short-term borrowings	4,731	4,314
Current portion of long-term loans payable	5	2,003
Income taxes payable	7,375	5,756
Provision for bonuses	15,635	15,567
Deposits received from employees	34,692	35,945
Other	56,280	55,373
Total current liabilities	182,904	180,770
Noncurrent liabilities		
Corporate bonds	10,000	10,000
Long-term borrowings	2,009	17
Deferred tax liabilities	4,720	3,591
Retirement benefit liabilities	107,483	70,762
Provision for directors' retirement benefits	939	449
Other	13,022	13,799
Total noncurrent liabilities	138,176	98,620
Total liabilities	321,080	279,390
Net assets		
Shareholders' equity		
Capital stock	11,992	11,992
Capital surplus	35,360	35,360
Retained earnings	705,365	719,828
Treasury stock	(16)	(18)
Total shareholders' equity	752,701	767,162
Accumulated other comprehensive income		
Valuation difference on other securities	2,543	6,607
Deferred gains/losses on hedges	187	959
Foreign currency translation adjustment	(49,450)	(23,768)
Remeasurements of defined benefit plans	(59,377)	(32,608)
Total accumulated other comprehensive income	(106,096)	(48,809)
Non-controlling interests	15,959	17,174
Total net assets	662,564	735,527
Total liabilities and net assets	983,645	1,014,918

Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Net sales	732,854	653,765
Cost of sales	473,594	429,243
Gross profit	259,260	224,522
Selling, general and administrative expenses	217,918	198,176
Operating income	41,341	26,346
Non-operating income		
Interest income	2,676	1,424
Dividends income	689	615
Subsidy income	–	3,894
Miscellaneous income	3,136	3,381
Total non-operating income	6,502	9,315
Non-operating expenses		
Interest expenses	920	824
Foreign exchange losses	545	1,234
Valuation loss on derivatives	–	1,151
Miscellaneous loss	3,716	2,316
Total non-operating expenses	5,182	5,527
Ordinary income	42,661	30,134
Extraordinary income		
Gain on sales of noncurrent assets	5,000	804
Other	15	1
Total extraordinary income	5,016	805
Extraordinary loss		
Loss on sale of noncurrent assets	281	157
Loss on retirement of noncurrent assets	1,389	1,804
Loss due to COVID-19	–	1,069
Loss on valuation of investment securities	–	1,037
Other	69	956
Total extraordinary loss	1,740	5,025
Income before income taxes and non-controlling interests	45,936	25,914
Income taxes-current	15,976	9,196
Income taxes-deferred	5,221	(1,117)
Total income taxes	21,197	8,079
Net income	24,738	17,834
Net income attributable to non-controlling interests	1,109	494
Net income attributable to owners of parent	23,629	17,340

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Prior Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Net income	24,738	17,834
Other comprehensive income		
Valuation difference on other securities	(5,425)	4,063
Deferred gains/losses on hedges	(107)	771
Foreign currency translation adjustment	(26,500)	26,711
Adjustment for retirement benefits	2,262	26,907
Total other comprehensive income	(29,770)	58,454
Comprehensive income	(5,032)	76,289
Comprehensive income attributable to		
owners of the parent	(5,921)	74,625
Non-controlling interests	889	1,663

Consolidated statement of changes in shareholders' equity

Prior Fiscal Year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,992	35,360	684,613	(15)	731,950
Changes in items during the period					
Dividends from surplus			(2,877)		(2,877)
Net income attributable to owners of parent			23,629		23,629
Purchase of treasury stock				(1)	(1)
Net changes in items other than shareholders' equity					—
Total changes in items during the period	—	—	20,751	(1)	20,750
Balance at the end of current period	11,992	35,360	705,365	(16)	752,701

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income Total		
Balance at the beginning of current period	7,968	295	(23,189)	(61,620)	(76,545)	15,790	671,195
Changes in items during the period							
Dividends from surplus					—		(2,877)
Net income attributable to owners of parent					—		23,629
Purchase of treasury stock					—		(1)
Net changes in items other than shareholders' equity	(5,425)	(107)	(26,260)	2,242	(29,551)	169	(29,381)
Total changes in items during the period	(5,425)	(107)	(26,260)	2,242	(29,551)	169	(8,631)
Balance at the end of current period	2,543	187	(49,450)	(59,377)	(106,096)	15,959	662,564

Consolidated statement of changes in shareholders' equity

Current Fiscal Year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,992	35,360	705,365	(16)	752,701
Changes in items during the period					
Dividends from surplus			(2,877)		(2,877)
Net income attributable to owners of parent			17,340		17,340
Purchase of treasury stock				(1)	(1)
Net changes in items other than shareholders' equity					—
Total changes in items during the period	—	—	14,463	(1)	14,461
Balance at the end of current period	11,992	35,360	719,828	(18)	767,162

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income Total		
Balance at the beginning of current period	2,543	187	(49,450)	(59,377)	(106,096)	15,959	662,564
Changes in items during the period							
Dividends from surplus					—		(2,877)
Net income attributable to owners of parent					—		17,340
Purchase of treasury stock					—		(1)
Net changes in items other than shareholders' equity	4,063	771	25,681	26,769	57,286	1,215	58,501
Total changes in items during the period	4,063	771	25,681	26,769	57,286	1,215	72,963
Balance at the end of current period	6,607	959	(23,768)	(32,608)	(48,809)	17,174	735,527

Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Fiscal Year (From April 1, 2019 to March 31, 2020)	Current Fiscal Year (From April 1, 2020 to March 31, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	45,936	25,914
Depreciation expenses	54,799	56,354
Increase (decrease) in allowance for doubtful accounts	194	61
Increase (decrease) in net defined benefit liabilities	(13,189)	(11,733)
Interest and dividends income	(3,365)	(2,039)
Interest expenses	920	824
Subsidy income	–	(3,894)
Loss (gain) on valuation of investment securities	–	1,037
Loss on retirement of property, plant and equipment	678	816
Loss (gain) on sales of property, plant and equipment	(4,718)	(646)
Decrease (increase) in notes and accounts receivable - trade	16,201	8,493
Decrease (increase) in inventories	1,049	9,683
Increase (decrease) in notes and accounts payable - trade	(4,915)	(3,814)
Other	(4,486)	5,575
Subtotal	89,105	86,632
Interest and dividends income received	2,783	2,000
Interest expenses paid	(925)	(835)
Subsidies received	–	3,894
Income taxes paid	(13,231)	(9,450)
Net cash provided by (used in) operating activities	77,731	82,241
Net cash provided by (used in) investing activities		
Net decrease (increase) in short-term loans receivable	(1,236)	30
Payments into time deposits	(7,715)	(916)
Proceeds from withdrawal of time deposits	8,001	1,761
Purchase of property, plant and equipment	(60,488)	(38,471)
Proceeds from sales of property, plant and equipment	6,680	1,687
Purchase of intangible assets	(3,244)	(3,563)
Proceeds from sales of intangible assets	9	1
Purchase of investment securities	(115)	(401)
Proceeds from sales and redemption of investment securities	147	8
Payments from changes in ownership interests in subsidiaries that result in change in scope of consolidation	(10,418)	–
Other	257	(313)
Net cash provided by (used in) investing activities	(68,123)	(40,176)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	39	(426)
Repayments of finance lease obligations	(1,906)	(1,437)
Proceeds from long-term loans payable	15	18
Repayments of long-term loans payable	(18)	(13)
Purchase of treasury stock	(1)	(1)
Cash dividends paid	(2,875)	(2,872)
Dividends paid to non-controlling interests	(700)	(551)
Net cash provided by (used in) financing activities	(5,446)	(5,284)
Effect of exchange rate change on cash and cash equivalents	(5,693)	9,888
Net increase (decrease) in cash and cash equivalents	(1,533)	46,669
Cash and cash equivalents at the beginning of period	166,241	164,708
Cash and cash equivalents at the end of period	164,708	211,378

Notes to the Consolidated Financial Statements

Significant Accounting Policies

1. Scope of consolidation

(1) Number of consolidated subsidiaries 105

Number of consolidated subsidiaries decreased due to mergers between the parent and other consolidated subsidiaries 1

ARU SUPPORT Inc.

Number of consolidated subsidiaries decreased due to liquidation 2

YKK Snap Fasteners Asia Ltd.

The New Zipper Company Ltd.

The 105 consolidated subsidiaries also include YKK Holding Europe B.V. and YKK Netherlands B.V.

(2) Number of unconsolidated subsidiaries 5

Name of major unconsolidated subsidiary:

Y2K HOLDINGS CORPORATION

The reason for exclusion from consolidation is as follows:

These companies have been excluded from consolidation because they are small, and their total assets, net sales, net income (amount equivalent to the equity portion held by the Company) and retained earnings (amount equivalent to the equity portion held by the Company) do not have a significant effect on the consolidated financial statements.

2. Application of equity method

(1) Number of companies accounted for using the equity method

Not applicable.

(2) Number of companies not accounted for using the equity method 8

Unconsolidated subsidiaries: 5

Y2K HOLDINGS CORPORATION and others

Affiliated companies: 1

NIIKAWA PORTAL CORPORATION and other

The reason for not applying the equity method is as follows:

These companies are not accounted for using the equity method because their impact is not significant on the consolidated financial statements in terms of their total net income (amount equivalent to the equity portion held by the Company) and retained earnings (amount equivalent to the equity portion held by the Company), and they are not significant as a whole.

3. Accounting period of consolidated subsidiaries

The fiscal year end of certain foreign consolidated subsidiaries, including SHANGHAI YKK ZIPPER CO., LTD., is December 31. These subsidiaries are consolidated using their financial statements as of the parent fiscal year end, which are prepared solely for consolidation purposes.

4. Matters regarding accounting policy

(1) Valuation standards and valuation methods for significant assets

a) Securities

1) Held-to-maturity debt securities

Held-to-maturity debt securities are carried at amortized cost (Straight-line).

2) Other securities

a. Marketable securities

Marketable securities are carried at fair value as of the consolidated fiscal year end, with changes in unrealized gains or losses included directly in net assets. Cost of securities sold is determined using the moving average method.

b. Non-marketable securities

Non-marketable securities are carried at cost, which is determined using the moving average method.

b) Derivatives

Derivative financial instruments are stated at fair value.

c) Inventories

Inventories are mainly stated at cost based on the gross average method (the balance sheet amounts are determined including any required write-downs based on any decrease in profitability).

(2) Depreciation of assets

a) Property, plant and equipment (excluding leased assets):

Amortization is calculated using the straight-line method.

The estimated useful lives are as follows:

Buildings and structures 2 - 50 years

Machinery, equipment and vehicles 2 - 15 years

b) Intangible assets (excluding leased assets):

Amortization is calculated using the straight-line method.

Software for internal use is amortized over a period of mainly 5 years using the straight-line method.

c) Leased assets:

Leased assets held under finance lease transactions, where ownership is not transferred.

Depreciation of leased assets is calculated using the straight-line method over the lease terms with no residual value.

d) Right-of-use assets

Overseas subsidiaries apply the International Financial Reporting Standards 16 "Leases" (hereinafter, "IFRS 16"). In accordance with IFRS 16, in principle, borrowers in lease transactions record all lease transactions as right-of-use assets, and depreciation and amortization is calculated using the straight-line method.

(3) Basis for significant reserves

a) Allowances for doubtful accounts

Allowances for doubtful accounts are provided at an amount sufficient to cover probable losses on collection. The allowances consist of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the historical actual percentage of collection losses on normal receivables.

b) Provision for bonuses

Accrued bonuses of the Company and its consolidated subsidiaries have been provided based on the estimated amount of bonuses to be paid to employees that relates to the current consolidated fiscal year.

c) Provision for directors' retirement benefits

Provision for directors' retirement benefits of the Company and certain domestic consolidated subsidiaries has been made at an amount to be required at the current consolidated fiscal year end based on the Company's bylaws.

(4) Accounting for retirement benefits

a) Attribution to periods of expected retirement benefits

The Company and its domestic consolidated subsidiaries calculate retirement benefits obligations by using the straight-line attribution method to attribute expected benefits to the periods up to the current fiscal year.

b) Amortization of actuarial gains and losses and past service costs

The Company and its domestic consolidated subsidiaries amortize past service costs using the straight-line method over the average remaining years (10 to 22 years) of service of eligible employees.

Amortization of actuarial gains or losses begins in the consolidated fiscal year after the fiscal year in which the gain or loss is recognized, and is recorded using the straight-line method over a period within the average remaining years (9-22 years) of service of eligible employees at the time of occurrence in each consolidated fiscal year.

(5) Reporting of significant revenues and expenses

Reporting of sales and costs of construction contracts

Revenue and costs from construction contracts have been accounted for based on the percentage of completion method for the portion of construction completed by the end of the current consolidated fiscal year, when the outcome of the construction contracts can be estimated reliably (the percentage of completion is estimated based on costs incurred). The completed contract method has been applied for all other construction contracts.

(6) Translation of significant assets and liabilities denominated in foreign currencies into yen

Current and noncurrent receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect on the final day of the consolidated fiscal year, and differences arising from the translation are treated as loss or gain on exchange. All asset and liability accounts of foreign consolidated subsidiaries and affiliates are translated into yen at the rates of exchange in effect at the consolidated fiscal year end, and all income and expense accounts are translated into yen at the average exchange rate during the year. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests in net assets.

(7) Hedge accounting

a) Hedge accounting

Deferral hedge accounting is adopted, in principle. Forward foreign exchange contracts are subject to appropriation if they satisfy the requirements for appropriation treatment.

b) Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting is adopted in the current consolidated fiscal year are as follows:

Hedging instruments: Forward foreign exchange contracts

Hedged items: Payables denominated in foreign currencies, forecast transactions denominated in foreign currencies.

c) Hedging policy

Foreign exchange fluctuation risk is hedged in accordance with the Company's basic policy related to risk management.

d) Assessment of hedge effectiveness

Hedge effectiveness is assessed quarterly, based on the change in market value of hedged items and the change in market value of hedging instruments. Forward foreign exchange contracts, which are subject to appropriation treatment, are excluded from the assessment of hedge effectiveness.

(8) Goodwill amortization method and period

In principle, goodwill is amortized using the straight-line method over an estimated effective period from the date of occurrence. When the amount of goodwill is insignificant, goodwill is fully expensed in the period in which it arises. When the amount of goodwill is insignificant, goodwill is fully expensed in the period in which it arises.

(9) Cash and cash equivalents in the Consolidated Statements of Cash Flows

Cash and cash equivalents consist of cash on hand, cash at banks that can be withdrawn at any time, and short-term investments with a maturity of 3 months or less when purchased that can easily be converted to cash and are subject to little risk of change in value.

(10) Other significant accounting policies of the Consolidated Financial Statements

a) Accounting for consumption tax

Transactions subject to consumption tax are recorded at amounts exclusive of consumption tax.

b) Application of tax effect accounting to the transition from the Consolidated Taxation System to the Group Tax Sharing System

The Company and certain domestic consolidated subsidiaries are transitioning to the Group Tax Sharing System which was established by the Act on Partial Revision of the Income Tax Act (Act No. 8 of 2020). Furthermore, in the case of items for which the non-consolidated tax system was reviewed in conjunction with transition to the Group Tax Sharing System, provisions in Article 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28; February 16, 2018) are not applied as per treatment defined in Item 3 of the PITF No.39 Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (March 31, 2020). The amount of deferred tax assets and deferred tax liabilities are based on tax law rules prior to the amendment.

(Changes to accounting policy)

Not applicable.

(Unapplied accounting standards, etc.)

- Accounting Standard for Revenue Recognition (Corporate Accounting Standards No. 29, issued by the ASBJ on March 31, 2020).
- Implementation Guidance on Accounting Standard for Revenue Recognition (Corporate Accounting Standards Implementation Guidance No. 30; March 31, 2020; Accounting Standards Board of Japan)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (Corporate Accounting Standards No. 19, issued by the Accounting Standards Board of Japan on March 31, 2020).

(1) Overview

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) jointly developed a comprehensive accounting standard for revenue recognition and issued “Revenue from Contracts with Customers” (IFRS 15 for the IASB and Topic 606 for the FASB) in May 2014. In light of the fact that IFRS 15 is effective for fiscal years beginning on or after January 1, 2018, and Topic 606 is effective for fiscal years beginning on or after December 15, 2017, the ASBJ has developed a comprehensive accounting standard for revenue recognition and issued it together with the application guidance.

The basic policy of the ASBJ in developing the accounting standard for revenue recognition is to define the accounting standard from the perspective of comparability between financial statements, which is one of the benefits of consistency with IFRS 15, by incorporating the basic principles of IFRS 15 as a starting point, and if there are items that should be taken into consideration in the practices that have been conducted in Japan, alternative treatments will be added to the extent that comparability is not impaired.

(2) Scheduled application date

Standards will be applied from the beginning of the fiscal year ending March 31, 2022.

(3) Impact of applying the accounting standards, etc.

The impact on consolidated financial statements due to application of Accounting Standard for Revenue Recognition is immaterial.

- Accounting Standard for Fair Value Measurement (Corporate Accounting Standards No. 30; July 4, 2019; Accounting Standards Board of Japan).
- Accounting Standard for Measurement of Inventories (Corporate Accounting Standards No. 9; July 4, 2019; Accounting Standards Board of Japan).
- Accounting Standard for Financial Instruments (Corporate Accounting Standards No. 10; July 4, 2019; Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (Corporate Accounting Standards Implementation Guidance No. 31; July 4, 2019; Accounting Standards Board of Japan)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (Corporate Accounting Standards Implementation Guidance No. 19; March 31, 2020; Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the United States Financial Accounting Standards Board (FASB) have issued detailed guidance consisting of approximately the same contents on fair value measurement (IFRS 13 Fair Value Measurement in International Financial Reporting Standards (IFRS); Topic 820 Fair Value Measurement in the Accounting Standards Codification Topic of the Generally Accepted Accounting Principles). Based on this situation, mainly in regards to guidance and disclosure on the fair value of financial instruments, the Accounting Standards Board of Japan has taken measures to ensure that Japanese standards are consistent with the international accounting standards, and the Accounting Standard for Fair Value Measurement, etc., have been published.

As a basic policy for the development of accounting standards on fair value measurement by the Accounting Standards Board of Japan, from the viewpoint of enhancing comparability between financial statements of corporations in Japan and overseas through the use of a unified measurement method, in principle, adopt all provisions of IFRS 13. In addition, in consideration for the practices, etc., used in Japan up to now, it was decided that other treatment will be defined for individual items to the extent that does not significantly impair comparability.

(2) Scheduled application date

Standards will be applied from the beginning of the fiscal year ending March 31, 2022

(3) Impact of applying the accounting standards, etc.

The application of the Accounting Standard for Fair Value Measurement, etc. has no impact on the consolidated financial statements.

Segment information

1. Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance. Each business unit of the Group formulates comprehensive domestic and overseas strategies for the products it handles and develops business activities.

Accordingly, the Group is composed of product segments based on business headquarters, with the two reportable segments of the “Fastening Products” business and the “AP” business. The “Fastening Products” business manufactures and sells zippers, zipper parts, zipper materials, snaps fasteners, buttons, etc. The “AP” business manufactures and sells residential windows and sashes, windows and sashes for commercial buildings, interior furnishings, exterior materials, shaped products, and, architectural products.

2. Calculation method for the amount of net sales, income or loss amounts, assets, liabilities, and other items by reportable segment

Reportable segment income is the value for operating income.

Intersegment net sales and transfers are mainly recorded at market prices and the cost of goods manufactured.

3. Information by reportable segment on net sales, income or loss amounts, assets, liabilities, and other items

Prior Fiscal Year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments			Other *1	Adjustments *2	Consolidated *3
	Fastening Products	AP	Total			
Net sales						
Sales to third parties	301,803	425,594	727,397	5,456	-	732,854
Intersegment net sales and transfers	317	218	536	53,216	(53,753)	-
Total	302,120	425,812	727,933	58,673	(53,753)	732,854
Segment income	36,213	22,871	59,085	(115)	(17,627)	41,341
Segment assets	469,971	374,378	844,350	273,702	(134,407)	983,645
Other items						
Depreciation expenses	32,548	16,525	49,073	3,482	2,243	54,799
Increase in tangible and intangible assets	41,732	19,350	61,083	2,733	2,051	65,869

- (Notes) 1. “Other” includes the manufacture and sale of fastening and construction machinery, molds and machine parts, real estate, aluminum smelting and other business activities.
2. (1) Adjustments for segment income of (17,627) million yen include a 3,865 million yen elimination of intersegment transactions and (21,835) million yen of operating expenses not allocable to reportable segments. Operating expenses not allocable to reportable segments include those related to administrative departments of the Company.
- (2) Adjustments for segment assets of (134,407) million yen include a (50,641) million yen elimination of receivables due from head office administrative departments, 469,711 million yen of company-wide assets not allocable to reportable segments, and a (632) million yen adjustment for inventory assets.
3. Segment income has been reconciled to operating income represented in the Consolidated Statements of Income.

Current Fiscal Year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments			Other *1	Adjustments *2	Consolidated *3
	Fastening Products	AP	Total			
Net sales						
Sales to third parties	247,016	402,769	649,785	3,979	–	653,765
Intersegment net sales and transfers	167	114	281	37,551	(37,833)	–
Total	247,183	402,884	650,067	41,531	(37,833)	653,765
Segment income	17,354	21,193	38,547	(3,185)	(9,016)	26,346
Segment assets	480,235	385,429	865,664	250,736	(101,483)	1,014,918
Other items						
Depreciation expenses	32,739	17,745	50,485	3,530	2,339	56,354
Increase in tangible and intangible assets	20,097	14,841	34,939	1,778	3,061	39,779

- (Notes) 1. "Other" includes the manufacture and sale of fastening and construction machinery, molds and machine parts, real estate, aluminum smelting and other business activities.
2. (1) Adjustments for segment income of (9,016) million yen include a 5,940 million yen elimination of intersegment transactions and (15,405) million yen of operating expenses not allocable to reportable segments. Operating expenses not allocable to reportable segments include those related to administrative departments of the Company.
- (2) Adjustments for segment assets of (101,483) million yen include a (62,038) million yen elimination of receivables due from head office administrative departments, 480,442 million yen of company-wide assets not allocable to reportable segments, and a (156) million yen adjustment for inventory assets.
3. Segment income has been reconciled to operating income represented in the Consolidated Statements of Income.

