

Dialogue Between the Chairman of the Board and an Outside Audit & Supervisory Board Member

Strengthening Governance Globally

— Seeking corporate value of higher significance, with the YKK Philosophy of the CYCLE OF GOODNESS® at our core —

To achieve sustainable growth and enhance corporate value, establishing effective corporate governance and improving management transparency is essential. What is the essence of governance, and what do we need to strengthen governance on a global scale? YKK Corporation Chairman Hiroaki Otani and Outside Audit & Supervisory Member Hikaru Minami exchanged views on these issues.



Hikaru Minami
Outside Audit &
Supervisory Board
Member

Hiroaki Otani
Chairman

After working in finance and accounting at Marubeni Corporation, he served as Director of Daiei, Inc. and subsequently held various leadership positions at Marubeni Corporation, including Executive Officer, Managing Executive Officer, Representative Director and Managing Executive Officer, and Audit & Supervisory Board Member.

After many years in the Fastening Business, including assignments in China, he was appointed Director of the Company in June 2014 and Representative Director and President in April 2017. He has served as Representative Director and Chairman of the Company since April 2025, and as a Director of YKK AP Inc. since June 2025.

What is the Essence of Governance?

Minami Governance is a general term for the mechanisms designed to ensure that a company is managed in accordance with its fundamental purpose. From that perspective, YKK has established effective governance in every region and at each company around the world. Locally driven management, in which each company takes responsibility for its own business operations, serves as YKK's core principle. At the same time, I feel that mechanisms such as regional headquarters, various committees, and the Internal Auditing Department are functioning effectively.

Furthermore, as a globally operating company, I highly value the way headquarters effectively coordinates and aligns the Group as a whole. The fact that the YKK Philosophy, including the CYCLE OF GOODNESS®, and the Management Principles are shared as the common foundation throughout the Group, together with headquarters' commitment

to ongoing dialogue with each location—taking into account its unique business environment and characteristics and working together to develop appropriate measures—enhances organizational cohesion and contributes to strong governance.

Otani I believe that the essence of governance lies in ensuring that all employees share the Management Principles and business objectives, and that these serve as a constant basis for decision-making. In that regard, I think YKK is a company with a very clear purpose. Our reason for existence is to contribute to our customers, employees, and society through superior technology, products, and management, and the guiding principle behind our decisions is "Fairness," as enshrined in our Corporate Values. I view the act of repeatedly articulating the core of this mindset as a form of governance in the broadest sense.

We are also constantly mindful of ensuring that the Board of Directors, the highest decision-making body, does not become a mere formality. As the Group

continues to expand, I believe that in order to maintain effective governance, we need to not only ensure a thorough understanding of and commitment to the Management Principles, but also to ensure that our policies and regulations are properly codified.

The Role of the Board of Directors and the Global Governance Framework

Minami Since the topic of the Board of Directors has come up, I believe that the most important role expected of outside officers on the Board is overseeing management.

Otani That's right. Before I joined the Board of Directors, a director at the time told me, "Precisely because we are a privately held company, there can be no leniency or compromise in our management." With the addition of outside officers to the Board, the Board gains not only an accelerator, but also a brake, creating a healthy tension between execution and oversight. I think that ensures YKK is subject to effective governance.

Minami For the Board to fulfill such a role effectively, it is important to enhance information sharing and communication, and I believe YKK is at a very high level in this regard, as well. With regard to the agenda items, the fact that information is shared openly before a vote helps us develop a deeper understanding. I believe it is very beneficial for making informed decisions that personnel from the relevant departments participate in the discussions, whether in-person or online.

From a communication perspective, it is particularly commendable that approximately half of the Board's discussions are devoted to reports, information sharing, and other matters that do not require formal resolutions.

Otani We do not rush through resolutions because of time constraints or the number of agenda items. We make sure that those in attendance gain an in-depth understanding of the matters under discussion, express their views from their respective perspectives, and engage in thorough discussions before moving on to a resolution.

Minami In particular, when considering YKK's global governance, effective communication, not merely systems and structures, is essential. I also believe it is important not just to point out problems and challenges, but to share improvement processes and best practices.

As mentioned earlier, the fact that each region has its own management functions is a major feature

of YKK's governance structure. I also believe that the YKK Global Improvement Activity (YGIA), in which audit findings and corrective measures from each company are shared through regional headquarters, is a very interesting initiative that is effective from a risk management perspective as well.

Otani The establishment of regional headquarters marked the start of our efforts to build a global governance structure. This is a key function for ensuring that the Management Principles are fully instilled and our business objectives are thoroughly shared.

YGIA was launched in FY2023, based on an idea that emerged from a weekly management team meeting. I believe that by making audit information visible and accessible across our operating companies and using it to build mechanisms that prevent recurrence, we are improving the level of governance at each operating company.

Minami I hope that in the future, we will see even more support not just for sharing information, but also for incorporating and embedding that information into the daily operations at each location.

Otani I would like to establish a company-wide culture at YKK of "not repeating the same mistakes."

Evolving What We Have Inherited and Passing It Down to the Next Generation

Minami YKK will soon celebrate its 100th anniversary. There are not many companies that have continued to grow and take on new challenges for such a long time.

I think the reason behind this is YKK's culture of taking what we've inherited from the previous generation, further developing it, and passing it down to the next. I think having a sense of solidarity across generations and eras is a major asset for YKK. I would like us to continue to be committed to sharing the YKK Philosophy and Management Principles while valuing that solidarity and handing over an even stronger organization to the next generation.

Otani Our 100th anniversary is not the goal, but simply a milestone along the way. In order to continually enhance corporate value, it will be necessary to constantly return to the YKK Philosophy of the CYCLE OF GOODNESS® and respond to the changes of the times.

In this way, the very act of passing down the YKK Philosophy across generations serves as a solid foundation for governance. I think that this is precisely what creates YKK's strength and leads to business expansion and our continued growth as a company.

