

## Message from the President

# We aim to be an indispensable presence in society by implementing management based on the CYCLE OF GOODNESS®.

YKK's purpose as a company is to co-exist and co-prosper with our customers, the natural environment, and all other stakeholders, and to contribute to the creation of a sustainable society. As we celebrate the 90<sup>th</sup> year since our founding, we will continue to promote business activities with an eye toward the future.

### Toward The "Right Time, Right Material, and Right Amount" Era

The past three years of the 6<sup>th</sup> Mid-term Management Plan, which began in FY2021, have been marked by the spread of COVID-19 and Russia's invasion of Ukraine, as well as by other major developments in disease and global affairs.

Amidst those circumstances, we thought that the traditional business model of mass-producing goods and disposing of those that did not sell would be eliminated, and I feel that this is exactly what is happening. The entire garment industry is in the midst of a business model transformation. There is an increasing demand to produce things that are necessary, when people need them, in exact quantities—in other words, the right time, the right material, and the right amount—not just in the garment industry, but for all consumer goods.

We will need various kinds of wisdom and effort to make that a reality. While I think we have been very successful at strengthening the cost competitiveness of YKK's core products, which we have been focusing on for many years, it is also important for us to be capable of responding to diverse customer requests in a timely manner, providing services related to delivery dates, and offering a wide range of product variations and proposals. We still have room to exert greater effort to make our customers happy, and I feel that our business can grow on a global scale if we focus firmly on this area.

The YKK philosophy, the CYCLE OF GOODNESS, is our ideology for co-existence and co-prosperity with our customers and all other stakeholders. We will make

the motto of "better products at a lower cost and greater speed, more sustainably" a reality, and we aim to remain a socially good company that will be needed in the future.

### YKK's Strength as a Group of Small and Medium-Sized Companies

Due in part to sluggish market conditions, Fastening Business results for FY2023 showed a 0.3% year-on-year decrease in net sales to 379.3 billion yen and a 23.8% year-on-year decrease in operating income to 33.3 billion yen, resulting in decreased sales and income. However, I believe we need to look at performance not only in terms of current figures, but also over the medium-to long-term. Looking at the products in stores, I feel that in some countries and regions, more people are choosing YKK® products compared to before. I am convinced that the efforts we have been making so far are moving in the right direction and will surely bear fruit in the future.

In addition, under the current Mid-term Management Plan, we have implemented organizational restructuring since FY2021. Our shift from a system organized by business divisions to a flat structure, in which we arrange organizations by function, has helped raise internal awareness of the need to work under "One YKK." In addition, in FY2023, we relocated some functions of the Global Sales Headquarters to Vietnam. Today, most of YKK's sales are overseas. The move has allowed us to be closer to our customers, and to directly and swiftly identify changes in requirements and market trends. The number of visits to customers has increased significantly, and the



**Hiroaki Otani**

President,  
YKK Corporation



information we gain from these visits can be immediately used to make management decisions, among other benefits. I feel that the move is having the desired effect.

This flexibility in changing organizational structures and strategies in response to changing times is also due to the fact that YKK is an aggregation of more than 60 operating companies that are small and medium-sized, with the management of each company entrusted to its respective top management personnel. Our founder Tadao Yoshida emphasized the importance of “having the spirit of a small to medium-sized company.” He left behind the message that “all employees are co-managers, workers, and colleagues in the same position.” The idea is that the president and employees should be equal, and that the president is not perched atop a pyramid, but a tree that stands shoulder to shoulder with the employees. This attitude remains firmly with us today. All of us share the unchanging YKK philosophy of the CYCLE OF GOODNESS®, and constantly use it as the basis for our decisions. For this reason, we can make changes in a flexible manner, which is what gives YKK its strength.

### Toward Digital Promotion, Manufacturing Reform, and Engagement Improvement

We will develop various measures in anticipation of FY2024, the final year of the 6<sup>th</sup> Mid-term Management Plan, and the next Mid-term Management Plan.

First, we would like to focus on digital promotion. In order to provide better value to a wide range of customers and employees, we have expanded the existing Digital Operation Planning Department and established a new Digital Business Development Department in FY2024. We will also promote manufacturing innovations to strengthen our production system based on the philosophy of integrated production by consolidating

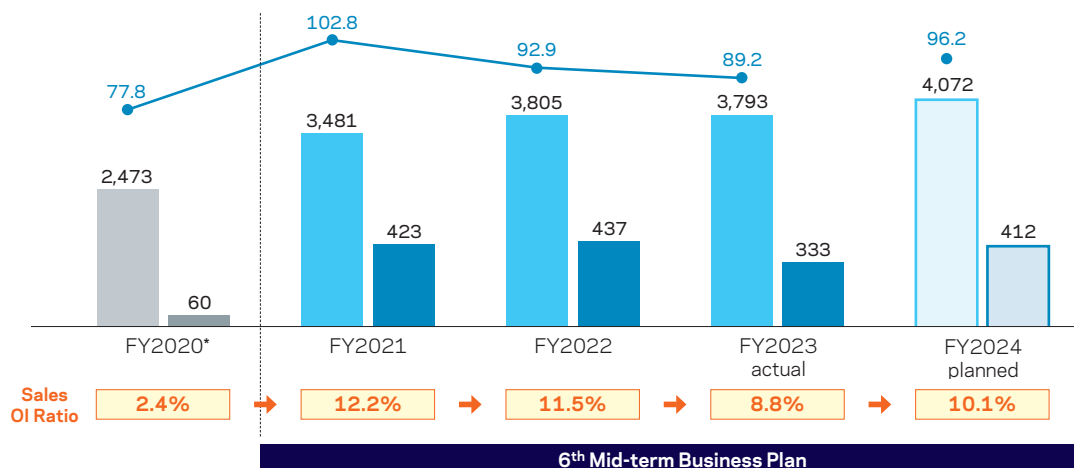
our product development and product strategy, as well as the projects for non-stop/unmanned lines and cost competitiveness initiatives that we have been pursuing, into the Machinery and Production Line Development Committee. By utilizing external general-purpose equipment and technology, in addition to our proprietary technology and equipment, we will increase our speed and cost competitiveness and take on the challenge of new technological innovations. We also intend to devote our efforts to brand strategy on a global scale. The Global Brand Strategy Department, newly established in FY2024, will play a central role in developing a variety of future projects.

I also believe that improving employee engagement is key to implementing these measures and enhancing their effectiveness. For a company, its “people” are everything. They are the greatest and most valuable assets that a company can have. They should not only be satisfied with their work, but also like the company and want to work with their colleagues, which motivates them to make customers happy and do their best for the sake of the company, thereby enhancing the quality of their work. I believe that this leads to improved performance of the entire company.

Although I am now in charge of YKK as a whole, I always want to treat employees in the field from the same perspective as when I was a manager of an overseas operating company. One such initiative is holding round-table meetings where I listen to the opinions of employees in a small-group setting. In the words of our founder Tadao Yoshida, “Employees, create benefits for others while developing yourselves,” and I hope to pass this attitude on to the next generation.

### Fastening Business 6<sup>th</sup> Mid-term Business Plan (FY2021-24) Progress

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



\* After adjustment for reorganization

## Key Points of Business Execution Under the New Normal

Promoting sustainability	● Launching initiatives toward climate neutrality, developing eco-friendly products
Strengthening cost competitiveness	● Strengthening exhaustive cost competitiveness of core products
Promoting digitalization	● Solving customers' problems and reforming employees' ways of working

### Achieving Sustainability

We felt that the CYCLE OF GOODNESS®, the corporate philosophy of our founder Tadao Yoshida, which we have cherished up to this point, was highly compatible with the concept of sustainability. That is why we declared in 2020, in the midst of an uncertain future due to the COVID-19 pandemic, that we would “place sustainability at the center of management” as a sign of returning to our roots. We see sustainability as a universal mission which transcends commercial objectives and aims to pass on a better society to the next generation.

In order to achieve that mission, we must ensure that the natural elements of climate, soil, and water are in place, and we need to protect the abundant environment and pass it on. We have been developing various initiatives at YKK under the Sustainability Vision 2050. Among other initiatives, YKK was chosen for the “A List”—the highest rating—in the 2023 Climate Change survey conducted by the global environmental disclosure organization, the Carbon Disclosure Project (CDP). I believe that we must not only maintain these activities in the future, but also continually improve them. As a step in this direction, we have newly revised the Vision and enhanced its perspective on biodiversity. Last year, the YKK Center Park Furusato-no-Mori (Hometown Forest) located within the Kurobe Manufacturing Center was certified by the Ministry of the Environment as a “Nature Coexistence Site,” which is connected to the idea of “Factory in a Forest” that Tadao Yoshida envisioned decades ago as coexisting with the natural environment. I would like us to carry on this philosophy and conduct our corporate activities in such a way that wherever we go in the world, local residents will be glad to have invited YKK to their region.

### Implementing the CYCLE OF GOODNESS® as we head toward our 100th anniversary

“A zipper might be just one part, but it still matters.” I would like to examine the meaning behind YKK’s new tagline, “Little Parts. Big Difference.”

A zipper is a very simple product, consisting of three main parts. However, to create a strong zipper that opens and closes smoothly, various high-quality metal, fiber, and

plastic materials must be combined in a well-balanced manner. I want our employees to be aware of their role in creating those “Big Differences,” even in little products, which can contribute to the quality improvement of secondary products and the business development of our customers, and to feel happy and proud to work for YKK.

Ten years from now, in 2034, our company will finally celebrate its 100th anniversary. Now is the time to pursue and practice our Management Principles, based on the CYCLE OF GOODNESS®, in all countries and regions where we do business. We will continue to work as one to become an indispensable presence for society, co-existing in harmony with customers, local communities, the natural environment, and all other stakeholders.



## Reflecting on the 6<sup>th</sup> Mid-term Management Plan and Looking Ahead

We will present the achievements and results produced by the 6<sup>th</sup> Mid-term Management Plan to date and introduce messages from the Executive Vice Presidents at the top of each function with an eye toward FY2024, the final year of the plan, and the next Mid-Term Management Plan.

### Toward Providing Value With “Soul”

#### Koichi Matsushima

Director  
Executive Vice President, Business Strategy  
and Business Strategy Division



The Business Strategy Division is responsible for organization-wide business planning. We have the important role of ensuring consistency through vertical and horizontal axes across the organization and its functions. I have been engaged in promotion with the desire to drive our key strategies across the entire Fastening Business. Notably, one of our results after our organizational restructuring in FY2021 has been that information sharing and decision-making have become much faster and more open, and a greater sense of global unity has been achieved.

Furthermore, in the organizational changes for

FY2024, we established the Global Brand Strategy Department to further focus on raising awareness of the YKK brand. Our employees around the world will unite to provide value to our stakeholders by putting their soul into each of our three “brand drivers” (sustainability, speed, and quality), which are the forces that will propel us into the future. To this end, as a member of the management team, I will work to maximize organizational strength by properly communicating our corporate strategy to employees and ensuring that they understand it deeply.

### Getting Closer to Where Our Customers Are

#### Toru Shikita

Vice President, Global Sales Headquarters



Over the past few years, geopolitical risks in various regions have increased. We often hear the key phrase “going from centralization to diversification” from our customers, and the business environment has changed dramatically. Against this backdrop, in 2023 we transferred our Global Sales Headquarters’ functions to Vietnam, our main battleground, to put ourselves at the forefront of the market and establish a structure that enables us to come face-to-face with 100% of global market sites and customers. In addition, we have assembled a diverse team to ensure that we are

able to meet the needs of our customers in detail and have engaged in direct dialogue with more than 300 customers annually in countries around the world.

Through these activities in which “we seek answers where the customers are,” the Global Sales Headquarters will discover issues on the global stage that even the customers themselves are unaware of. We will link YKK’s powerful network to take on the challenge of creating new products and demand, and provide product value that will delight customers and make employees proud.

## Using Ingenuity and Improvement to Empower “Monozukuri”

### Yoshimine Kobayashi

Director  
Executive Vice President, Manufacturing & Engineering Division



Over the past three years, the entire company has focused on “strengthening cost competitiveness,” “improving delivery times,” and “building non-stop/unmanned production lines.” In terms of strengthening cost competitiveness, even with the adversity from the COVID-19 pandemic during that period, we are beginning to see the results of technical aspects being introduced to manufacturing sites through company-wide projects, and we are attaining a growing degree of perfection. Our improvements to delivery time have also steadily evolved, from taking a traditional “internal perspective” to taking a “customer perspective.”

In the future, we will attempt to evolve “Monozukuri”

by enhancing core technologies in terms of our technology capabilities, and by utilizing digital and AI technology to make smart factories a reality. Furthermore, we will simultaneously work to solve current technological issues and explore new technologies from a long-term perspective, in collaboration with the Technology and Innovation Center (TIC). The key to our success will be how well we can demonstrate our ingenuity and improvements to date when market conditions have recovered in the future. We would like to achieve solid results in the final year of this Mid-term Management Plan.

## Boosting Our Competitiveness as “One YKK”

### Satoshi Honda

Director  
In Charge of Pension Policies, CFO, Executive Vice President,  
Business Administration, Administration Division



Three years have passed since the Administration Division was created as part of the organizational restructuring in FY2021, making it the “Administration Division of the Fastening Business,” both in name and in reality. During this Mid-term Management Plan, we have worked to strengthen governance, optimize costs, reform work styles, and create a succession plan in cooperation with operating companies overseas and with regional headquarters. I feel that employees in the Administration Division have also improved their level of awareness, going from “supporting the Business” to “transcending departmental boundaries to contribute to the Fastening Business together.” In terms of operational improvements, we have made

progress with Group-wide standardization, including shared reporting tools across countries and regions and the cloud, by spreading the habit of being aware of time and output and promoting digitalization.

On the other hand, in terms of human assets, we will continue to develop an environment in which everyone can play an active role, such as by abolishing the mandatory retirement age at operating companies in Japan, increasing the ratio of women in executive and managerial positions, and working to enrich career paths that are more flexible and diverse. Going forward, we will continue to boost our global competitiveness as “One YKK” which transcends national, regional, and organizational boundaries.



# The History of YKK's Value Creation

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

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

## 1934-

Foundation to Establishment  
of the Integrated Production System

## 1959-

Global Expansion

### 1934

#### Foundation

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



### 1939

**YKK utility model No.1**  
Metal slider for zippers

### 1946

**YKK registered as a trademark**



Zipper stamped "YKK"

### 1950

#### From a handicraft industry to mechanization

Four zipper chain machines imported from the U.S.



### 1952

#### Establishment of a fully integrated production system

Predecessor of the former Machinery & Engineering Group launched



### 1953

**YKK patent No.1**  
Intermittent chain production machine developed

### 1959

#### Global expansion

Exported zipper manufacturing equipment to India  
Opened first overseas base in New Zealand



### 1964

#### Achieved high-speed manufacturing

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



### 1974

#### Launched integrated production system overseas

First overseas integrated zipper production plant



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

### 1992

#### Expansion into growing markets

Full-scale base for expansion into China



Shanghai YKK Zipper Co., Ltd.

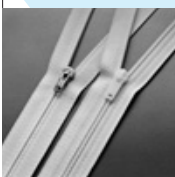
### 1994

**Formulated the YKK Group Environmental Pledge**

## The Provision of Value Through Products and Technology

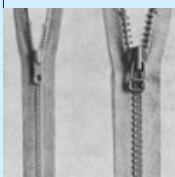
### 1952

Nylon zippers



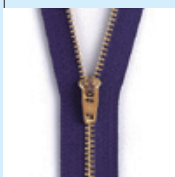
### 1961

Delrin zipper (current VISLON®)



### 1966

YZiP® Metal zipper



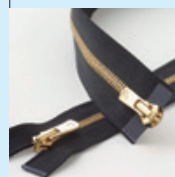
### 1983

Airtight and watertight zipper (current PROSEAL® zipper)



### 2000

EXCELLA® with fully polished elements



### • 1958

CONCEAL® a zipper in which the element is not visible

### • 1960s

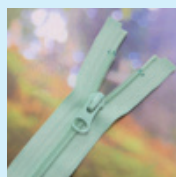
Recycling of plastics begun

### • 1980s

The recycling of yarn from internal yarn waste begun

### 1994

NATULON® made from recycled PET plastic



### 2016

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



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

## 2001-

## New Value Creation

2011

**International-level quality assurance system**

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



The former Machinery and Engineering Group, Analysis Technology Center

2014

**Received the Porter Prize as a global leader in zippers**

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

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

2017

**New forms of collaboration**

Launched inter-company joint development



Joint development with JUKI Corporation

2017

**Aiming for full automation**

Efforts made to achieve smart, digital facilities



Advanced factory robotic automation center opens

## 2021-

## A New Organization for "One YKK"

2019

**Established YKK Vietnam Co., Ltd. Ha Nam Plant**

New plant using the latest systems

2020

**Formulated YKK Sustainability Vision 2050**

Aiming to achieve climate neutrality by 2050

2021

**Restructuring of YKK organization and overseas regional management system**

2023

**Organization restructuring aimed at further boosting customer satisfaction**

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

2023

**Introduction of the new YKK corporate logo**
**YKK™**

Little Parts. Big Difference. >>>

2024

**Revised the YKK Sustainability Vision 2050**

Aiming to achieve climate neutrality and coexistence with nature

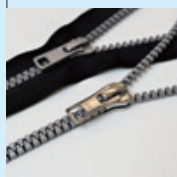
2018

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



2019

AiryString® a tapeless zipper



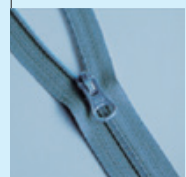
2020

NATULON® Ocean Sourced™ a zipper uses ocean bound plastic



2021

NATULON Plus® with increased ratio of recycled materials

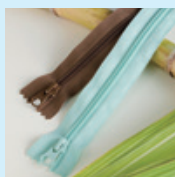


2019

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

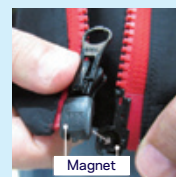
2019

GreenRise® a zipper which uses a plant-based polyester



2020

Can be closed by using magnetic force click-TRAK® Magnetic





Primary Points of the YKK Group 6<sup>th</sup> Mid-term Management Plan

## Product Appeal & Proposal Capability

At the YKK Group, the most vital aspect of the 6<sup>th</sup> Mid-term Management Plan is “Creativity to Realize a Sustainable Society.” As capital-enhancing measures with regard to product appeal & proposal capability, which make up one of the pillars of that effort, we have been developing innovative products, improving cost competitiveness and delivery times, and integrating sales and development through organizational restructuring. YKK’s strengths continue to evolve with the aim of creating new value, in addition to fulfilling diverse customer demands.



### Making It a Snap to Open/ Close with a Single Zipper

#### <Functions>

With the QuickFree® click-TRAK® Magnetic zipper, the slider snaps away when the chain is pulled to the left or right, and the zipper opens easily without lowering the puller. In addition, the magnets built in the left and right-side box pins pull toward each other, making it easy for the box pins to mesh without being manually aligned.

#### <Environment>

In addition, the tape portion of the zipper is made of recycled PET. YKK will cut CO<sub>2</sub> emissions and petroleum-derived resource usage by expanding sales of NATULON® zippers, an eco-friendly product with a higher ratio of recycled materials, as our core product.

## Enhancing Our Product Development Capacity

### Developing innovative products

Among YKK's innovative product development efforts, developing eco-friendly products is one of our strengths. We have been actively working to develop zippers and other products which utilize recycled materials and plant-based materials. At present, we are promoting the goal of changing the textile materials we use for fastening products to sustainable materials, and moving forward with the development of products that are easy to revive and recycle. Furthermore, we are enhancing our product planning and development capacity through the integration of sales and development in order to promptly fulfill customer demands.

### Enhancing cost competitiveness and improving delivery time

We have touted the "thorough pursuit of cost competitiveness" as part of our 6<sup>th</sup> Mid-term Business Policy, and we are promoting thorough cost reduction of core products. We work together with sales, manufacturing, and engineering to plan and develop equipment with the aim of constructing optimal manufacturing lines for business environments in each region that fulfill customer demands for products and are appropriate for different specifications which vary by country/region. We will respond to changes in the market environment by meeting customer demands in terms of both cost and delivery time.

#### Toward enhancing capital

- Improved FY2024 development locations/personnel to 39 locations/1,025 personnel
- Established the Digital Business Development Department to provide high-quality, high-volume information to customers
- Introduced machinery and equipment at the local level, individually tailored for market characteristics in China/Asia

Annual zipper  
production output

More than

**3** million km

Proportion of  
sustainable materials  
(total meters)

**38%**

(FY2023 results)

YKK trademark  
registration

in **117**  
countries and  
regions

## An Organizational Structure to Meet Diverse Customer Demands

### A structure to support customers as One YKK

YKK has a Global Marketing Group (GMG) with activities that span different countries and regions. The GMG is able to meticulously respond to customer needs—ranging from planning, development, and manufacturing to sales and services—from close by. It also plays a role in promoting the development of new products by linking customer requests to YKK operating companies in each country/region. In addition, the Glocal Supply Strategy Group (GSSG) was newly established in Vietnam in FY2023. This move made it possible to approach both buyers (garment manufacturers) and vendors (garment manufacturers). Our comprehensive capabilities as "One YKK" will lead to us fulfilling the demands of customers all over the world.

### The Global Sales Headquarters goes international (relocation to Vietnam)

Due to organizational restructuring, in April 2023, some of the Global Sales Headquarters' functions were relocated from Japan to Vietnam. As the garment industry becomes more and more globalized, this move has led to the prompt understanding and sharing of changes in customer demands, as well as the improvement of on-site capabilities through the integration of sales and product development. In addition, the ability to form diverse teams with members of various experiences and cultural backgrounds, and to propose global and local solutions, is also a strength.

#### Toward enhancing capital

- "Business Strategy Division" was newly established as a function of GMG. Improved mechanisms to connect consumer nations with garment manufacturing nations
- Newly established the GSSG. Improved services for garment manufacturing vendors across countries
- Full-scale use of information sharing tools and other tools through promotion of digitalization

Marketing function  
bases in

**12** apparel-  
consuming  
countries/regions

**Diversity** of

employees at the  
Global Sales  
Headquarters  
in Vietnam

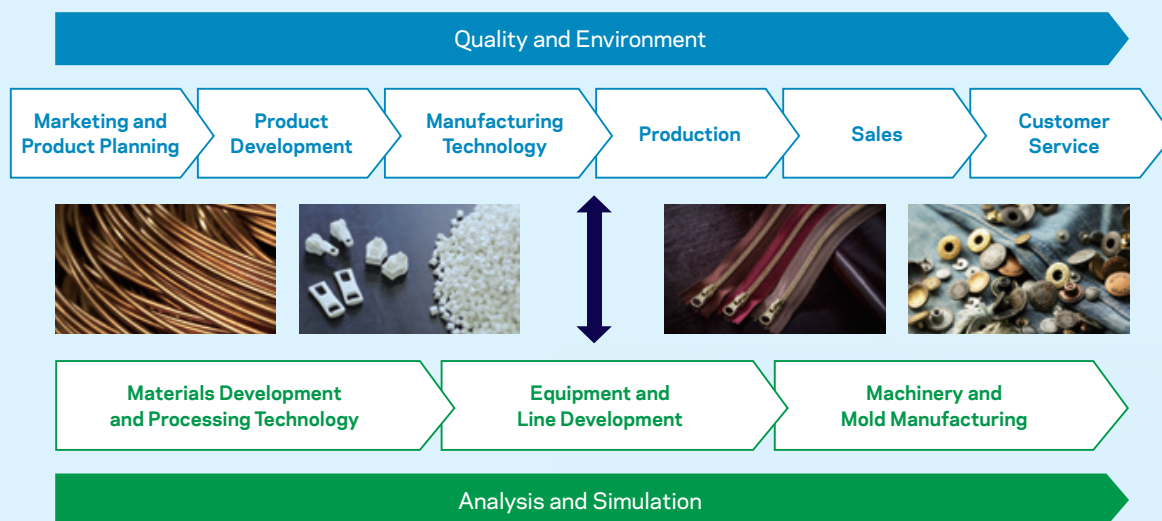
(employees from four  
countries/regions, etc.)

Primary Points of the YKK Group 6<sup>th</sup> Mid-term Management Plan

# Technology & Manufacturing Capability

At the YKK Group, the most vital aspect of the 6<sup>th</sup> Mid-Term Management Plan is “Creativity to Realize a Sustainable Society.” As part of our strategy to strengthen the capital of one of our pillars, “technological and manufacturing capabilities,” we are focusing on further evolving the “integrated production” concept, which is the foundation of YKK’s manufacturing, and on building smart factories. Furthermore, with the aim of enhancing the Technology and Innovation Center (TIC), our research and development division for the purpose of medium- to long-term value creation, we aspire to fulfill diverse customer demands and contribute to sustainability.

## YKK Integrated Production



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

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





## The Continuously Evolving Concept of Integrated Production

### The strength of the “integrated production” concept

“Integrated production” at the YKK Group makes it possible for us to offer the highest-quality products worldwide, and it is the cornerstone of our company’s growth and development. We can respond to ever-changing customer needs and detailed requirements in a timely manner. In addition, in terms of cost competitiveness, we have created new materials and methods never seen before. In this way, our in-house integrated production system offers new value to our customers and society. Currently, in order to further evolve this “integrated production” concept, we are flexibly and meticulously responding to diverse customer needs by incorporating new technologies from outside the company, as well.

### Building optimal manufacturing lines

With the aim of achieving thorough “cost competitiveness” and “enhanced customer service” for our core products, as stated in the 6<sup>th</sup> Mid-term Business Policy, we are promoting the introduction of production lines, machinery, and equipment at the local level that are suitable to the business environment and market characteristics of each region. The ability for sales, manufacturing, and engineering divisions to work together to plan and develop a wide variety of equipment with different specifications is one of the strengths of YKK’s “integrated production” concept. In addition, we are promoting smart factories in order to supply products according to the “right time, right material, and right amount.”

#### Toward enhancing capital

- Constructing optimal production lines for each business environment (refer to P.35)
- Strengthening global production and engineering functions and training local human assets
- Building the foundation to make smart factories a reality

## Technology Cultivation at TIC

### A sustainability perspective in R&D

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

### Improving the environment for development by upgrading analysis facilities

Taking the establishment of the TIC as an opportunity, we promoted improvements to analysis bases so we would be able to engage in technological development based on smoother communication and organizational strength than ever before. We took each TIC group, which had been dispersed throughout the manufacturing center, and consolidated them all into a single building. In addition to temperature and humidity being controlled in the building, the indoor environment was designed to suppress floor vibration and noise, and analysis equipment was newly introduced to enable in-depth technical exploration based on fundamental principles. We have also developed an environment that enables detailed analysis from various perspectives, including material, form, composition, and condition, for different materials such as plastics, metals, and composite materials.

#### Toward enhancing capital

- Fostering human assets to develop core technologies in sustainability, materials, robotics, and digitalization
- Enhancing technical research from a global perspective
- Improving technological development of AI and digitalization in manufacturing

Total of the 6<sup>th</sup> Mid-term  
(FY2021 to FY2024)  
Investment Plan

**124.5**  
billion yen

Investment in  
digitalization (capital  
investment) planned  
for FY2024

**4.3**  
billion yen

FY2024  
Plans to install over

**200** units of  
machinery and  
equipment on-site

Sustainability-related  
investment  
(capital investment)  
2024 Plan

**7.7**  
billion yen

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

**5,859**

(As of March 31, 2024)

Over **50** units  
of analysis equipment  
that are capable of  
advanced analysis

## Diverse Human Assets

At the YKK Group, the most vital aspect of the 6<sup>th</sup> Mid-term Management Plan is “Creativity to Realize a Sustainable Society.” In order to promote the activities of “diverse human assets,” one of the pillars of that effort, we are investing in diversity promotion and enhancement of human capital. For YKK, “people” are our most important and precious asset. We define “diverse human assets” as “employees who can contribute to the company by leveraging their individual experiences and knowledge,” and we are working to enhance corporate value by boosting employee engagement and creating an organization where employees can work autonomously and enthusiastically.

### YKK Forest Management

**YKK is not a tree but rather a forest.  
Everybody stands hand-in-hand and grows bigger together.  
The benefits of the sun’s rays are felt throughout,  
but the trees must also huddle together in order to withstand the rain and wind.  
In a forest, there are, of course, large, experienced trees with many growth rings,  
as well as young, thin trees. Some trees are tall and others are short.  
Each person demonstrates their special abilities according to their  
individuality.  
They work well and move forward together without being controlled by anyone.  
YKK employees are all workers, but at the same time, they are all managers.  
No matter how large the company becomes,  
my hope is that we will never lose the spirit of a forest filled with vitality,  
and that we will remain a company where anyone can express his or her  
opinions freely.**

- YKK Forest Management -Centennial Commemorative Publication  
From Tadao Yoshida, Founder of YKK, and the CYCLE OF GOODNESS® Management Philosophy



YKK VIETNAM CO., LTD.



YKK BANGLADESH PTE. LTD.



## YKK Forest Management

### Diverse human assets who practice Forest Management and are active on a global stage

The concept of Forest Management, as described by founder Tadao Yoshida, aims to create a vibrant organization that grows autonomously by utilizing the individuality of each tree, just like trees in a forest. At YKK, which operates in countries and regions around the world, approximately 26,000 employees with diverse backgrounds, personalities, experiences, and knowledge are active on a global stage. These “diverse human assets” are YKK’s most important asset, and the source of the value we create.

### An organizational climate and system where employee diversity is put to good use

The initiatives related to promoting the active participation of diverse human assets cover everything from in-house human asset development and skills training to the promotion of better health. In particular, we are focused on measures that contribute to management strategies, such as using human assets to explore new technologies and domains. To promote experts and secure human assets versed in specialized technical fields in light of a more competitive global human asset recruiting environment, YKK is looking into reforming its personnel and compensation systems in Japan. In FY2021, we launched the “Diverse Human Assets Promotion Committee” to set up a flexible and effective review structure to resolve issues related to human capital.

#### Toward enhancing capital

- Creating an environment in which everyone can play an active role, including flexible and diverse career paths
- Themes of priority activities by the Diverse Human Assets Promotion Committee  
Shifting engineers toward multiple disciplines and systematizing their basic skills / Promotion of multi-skilled workers in manufacturing divisions / Review of course, grade, and salary systems that enable diverse human assets to work enthusiastically / Infrastructure development to improve engagement

**26,696**  
diverse human assets  
in **70**  
countries and  
regions

Initial global expansion  
**1959**  
(India, New Zealand)

Transferees who used  
the internal hiring  
system

**107** people

(total as of the end of FY2023,  
since the system began in Japan  
in FY2021)

## Increased Employee Engagement

### Listening to individual employee feedback and applying it to management

The management team at YKK places great importance on listening to employee voices. Employees’ opinions and suggestions also serve as an opportunity to improve the workplace environment, an initiative which embodies the founder’s idea that “everyone is both a worker and a manager.” In addition, based on the belief that employee job satisfaction and dynamism will lead to earning customer satisfaction and trust, which in turn will enhance YKK’s corporate value, starting in 2023, we introduced a survey which focuses on employee engagement. We will link increased employee engagement to new value creation and increased corporate value.

### Global Management Principles Promotion Activities

We believe that in order for employees with diverse ideas and values to advance toward the same goal, it is extremely important for them to have a shared understanding of a universal philosophy. The YKK Philosophy and Management Principles have taken root in many employees around the world through steady and ongoing activities such as “roundtable meetings” where employees engage in small-group dialogues with the president and chairman, “forums” for discussion with executive vice presidents, field-led activities, and a “Management Principles Study Group” by younger employees. (See ➡ P.43)

Dialogues with the  
management team

**646**  
employees  
in Japan and  
overseas

(FY2023)

Understanding and  
empathy towards  
the CYCLE OF  
GOODNESS®

**76%**

(2024 employee engagement  
survey)

#### Toward enhancing capital

- Continuing dialogue between the management team and employees and going more in-depth
- Multi-faceted Management Principles Promotion Activities, as well as employee participation
- Strengthening brand communication and employee engagement