

Executive Dialogue

The CYCLE OF GOODNESS® is the starting point for principle-driven management at YKK

Sarumaru In recent years, purpose-driven management has been attracting a lot of attention in company management. However, since the days of YKK founder Tadao Yoshida, YKK has managed its affairs based on the corporate philosophy of the CYCLE OF GOODNESS: “No one prospers without rendering benefit to others.” This is the belief that as an important member of society, a company survives through coexistence, and when the benefits are shared, the value of the company’s existence will be recognized by society. I believe it is important that this CYCLE OF GOODNESS is not just a mantra on a plaque we hang on the wall, but that we put it into practice in our management and business activities.

Arai I heard about the CYCLE OF GOODNESS when I became an Outside Audit & Supervisory Board Member, and thought it was a wonderful mindset to have. The CYCLE OF GOODNESS is frequently mentioned at the various meetings I attend, and I feel that it has spread to both the management team and employees. YKK has survived from the past to the present because of the CYCLE OF GOODNESS at its core, and I believe that this idea will be the source for YKK’s continued development.

Sarumaru I get the sense that the CYCLE OF GOODNESS is highly compatible with a sustainability mindset. Long before the current emphasis on sustainability initiatives, founder Tadao Yoshida explained in 1965 that business activities must benefit human society and said that “business is like building a bridge.” He also had quotes linked to eco-friendliness, saying “manufacturing like clear spring water,” and “if we make use of our ingenuity, even our waste can be a great resource.” In the phrase “the strength of the forest is greater than the trees,” he explains that a company should not be a single tall tree, but rather an organization akin to a forest, in which individual personalities, such as solid trees with years of experience and young, slender trees, are put forth. This is precisely what we now refer to as “diversity.”

Arai Those words have been integrated into the CYCLE OF GOODNESS, which has become an action indicator for everyone at YKK. I believe that the CYCLE OF GOODNESS works to bring a sense of unity to the group as a whole.

Sarumaru I have shared the idea of the CYCLE OF GOODNESS with people of differing cultures and religions in different countries and regions, and I have never received any negative comments. It is probably because the CYCLE OF GOODNESS is a very fundamental attitude.

However, values have changed with the times, as well. As our employees have become more diverse

and increasingly from the younger generation, it is an important question as to how we can disseminate the founder’s philosophy within YKK. In addition to such dialogue opportunities as “roundtable meetings” between management and employees, and initiatives led by frontline employees to discuss YKK’s philosophy on a global basis, there is also the “Management Principles Study Group,” in which employees think for themselves about passing on the founder’s philosophy. I believe that these efforts will also lead to increased employee engagement with the company.

Arai As you say, activities to instill the philosophy in employees are vital. At YKK, I feel that management



Saeko Arai

Outside Audit & Supervisory Board Member,
YKK Corporation
Representative, Acuray Inc. Certified Public Accountant

After working in accounting audit and taxation at an accounting firm, Ms. Arai launched an IT startup with her co-founders and became the first female CFO of a Japanese company. Worked to build the company’s accounting, general affairs, and human resource systems from the ground up, and was involved in business planning, capital policy, and fundraising, among other endeavors. Three years after it was established, the company achieved the first listing on the Tokyo Stock Exchange Mothers market. Has served as CFO, director, and advisor in the hotel wedding and environmental energy industries, and holds a Master of Business Administration (MBA) from Duke University in the U.S. Currently serves as Representative for Acuray Inc., Member, Board of Directors (Outside) for Sumitomo Pharma Co., Ltd., Outside Audit & Supervisory Board Member for TeamS Inc., Outside Audit & Supervisory Board Member for Kao Corporation, Deputy Chairman of the Lifelong Health and Wellness Association, and Professor at Hakuoh University.

is putting considerable effort into spreading the philosophy to employees. This effort is conveyed to the employees and has led to the activities of the "Management Principles Study Group."

Sarumaru The decision to improve our efforts to spread the philosophy to each employee was triggered by a cartel-related scandal in Europe in 2007. Faced with this situation, I felt strongly that we needed to return to the basics and think about what the company should be. I think those efforts have led to the present state of affairs, where the CYCLE OF GOODNESS® has taken root even in the younger generation.

Nevertheless, it is also true that because the CYCLE OF GOODNESS is a universal concept, we tend to rely on it too much. We recognize that simply pursuing the CYCLE OF GOODNESS is not enough. We also need to constantly adjust to the common language and standards of society at any given time.

Although YKK is privately held company, we have been working to establish information disclosure and governance on a par with publicly listed companies. We are continuously making improvements by introducing external perspectives into management, strengthening internal audits, and ensuring transparency.

YKK Management Principles

- Aiming to Evolve Corporate Governance -

In 2034, YKK will celebrate the 100th anniversary of its founding. In the present day, what do we need to continue to evolve even further, with the YKK philosophy of the CYCLE OF GOODNESS at our core? We asked Ms. Saeko Arai, who has served as an Outside Audit & Supervisory Board Member since 2023, to share her views on improving governance and the YKK Management Principles.



Masayuki Sarumaru

Chairman, YKK Corporation
Director, YKK AP Inc.

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

Maximizing our corporate value by incorporating diverse perspectives

Arai While I began my career as an accountant, I was later involved with the management of an IT company as its co-founder. I have accumulated diverse career experiences, such as providing support for Japanese and American startup businesses and training students and other candidates for roles as corporate leaders and executives. I feel that I have been running at full speed, without being aware of being a woman. I hope to leverage such experience to provide diverse perspectives as an Audit & Supervisory Board Member.

Sarumaru As you say, we are very grateful to be able to receive your input from a variety of perspectives. We have also been reviewing the skills matrixes of Directors and Audit & Supervisory Board Members, as we strongly believe that different viewpoints and different criteria are needed in the future management of the company.

Arai I think having three perspectives—those of management/involved parties/third parties (shareholders, customers, and consumers)—is particularly important. With these three perspectives, I would like to explore the essence of issues while conducting interviews in a balanced manner to avoid bias as much as possible. Originally, the English word “audit,” comes from the Latin word for “listen,” so listening plays an important role. I recognize that my role is to provide advice through those efforts which encourages everyone to have insights toward our goal of maximizing corporate value, while simultaneously monitoring the company.

Sarumaru Since the majority of YKK’s business activities are overseas, we would be very interested

in having you examine the actual state of affairs at those overseas operations, and hearing your opinions on how we can enhance local audits by utilizing your knowledge and experience.

Arai I am grateful that when I was newly appointed, everyone at YKK, including the President and Chairman, told me that “a fresh perspective is important, so feel free to speak your mind,” even though I was in the process of understanding the company’s situation. The Board of Directors and Audit & Supervisory Board have created an environment where people are comfortable speaking up, and I feel that such leadership by the Chairpersons of each Board enhances the effectiveness of the meetings. In both cases, the discussions are so lively that there is never enough time to discuss everything.

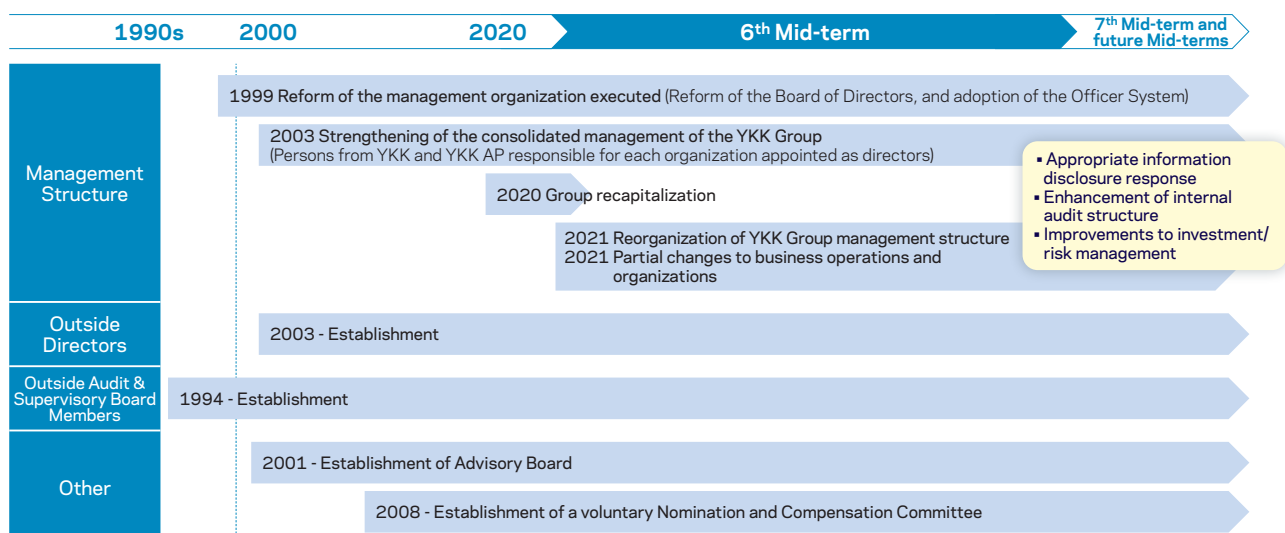
Questions and comments from outside directors are always taken seriously, and we invariably receive feedback in one form or another. We are given plenty of chances to interact directly with vice presidents. These are very valuable opportunities for learning in the field.

The challenge is “training human assets who can handle audits”

Arai I think the establishment of a Chief Risk Management Officer (CRO) position is also very significant in terms of governance. I find it to be wonderful that various committees, such as committees for quality and risk management, have been set up under the CRO, and that each of them is functioning well.

With regard to diversity on the Board of Directors and the Audit & Supervisory Board, which we touched on earlier, I feel that we have achieved a balance that

History of the strengthening of corporate governance



is sufficient to function at this stage. While there is no answer that is 100% correct, I think it is important for us to make changes toward becoming the kind of company we wish to be in the future.

Sarumaru Thank you. Earlier, you mentioned that the Board of Directors and the Audit & Supervisory Board hold lively discussions. I believe that communication is all about two-way dialogue, in which we properly respond to what people have to say.

Arai The fact that the Chairman himself is guided by such ideas about communication may help to set the tone for the entire company, and enhance the effectiveness of the Board of Directors and the Audit & Supervisory Board.

On the other hand, if I had to point out an issue, it would be the development of human assets capable of carrying out audits. In Japan, some companies have weak internal audit functions, but in Western countries, there are companies that position the internal audit department as a stepping stone to becoming the future president. Some have auditor academies, which assemble auditor candidates and newly appointed auditors from across the group for training.

My own experience has shown me that auditing duties and studying for that purpose are valuable for various jobs and management. These will be beneficial experiences even if the employee does not become an auditor, in the sense that they will greatly influence the employee's mindset and conduct.

Sarumaru Accounting audits are outsourced, but apart from that, I feel we need to further improve the system that enables internal audits from a compliance perspective, both in terms of quality and level. While we have established the YKK Global Criteria of Compliance (YGCC) at a global level, due to the fact that we are engaged in operational deployment in a variety of countries and regions, I also perceive the difficulty of conducting audits in each situation. As you say, I think developing human assets is a key issue.

Toward the 100th year of our founding

Arai YKK will celebrate its 100th anniversary in 2034, and I think it is astonishing that the company has grown so significantly with small parts like zippers and snaps and buttons, and has expanded its business worldwide. This is the result of the hard work that YKK employees all over the world have put in. I also believe that constant striving for the CYCLE OF GOODNESS® is also a force for continuity. Going forward, I hope YKK will continue to be an appealing company where its customers say, "We want to use YKK zippers." I am also looking forward to further development of new products, using various technologies that have been developed.

Sarumaru Sarumaru Thank you. Naturally, "people" are the most important element for a company's survival. A company is a collection of people and is also made up of individuals. I think it is important to have an organization that is exactly like "a forest" where each and every employee can demonstrate their abilities and is full of vitality. In the decade leading up to 2034, the pace of social change will be extremely fast, and the market is difficult to predict. However, I am looking forward to seeing how YKK employees will work together to expand the company and create products that will delight customers and society.

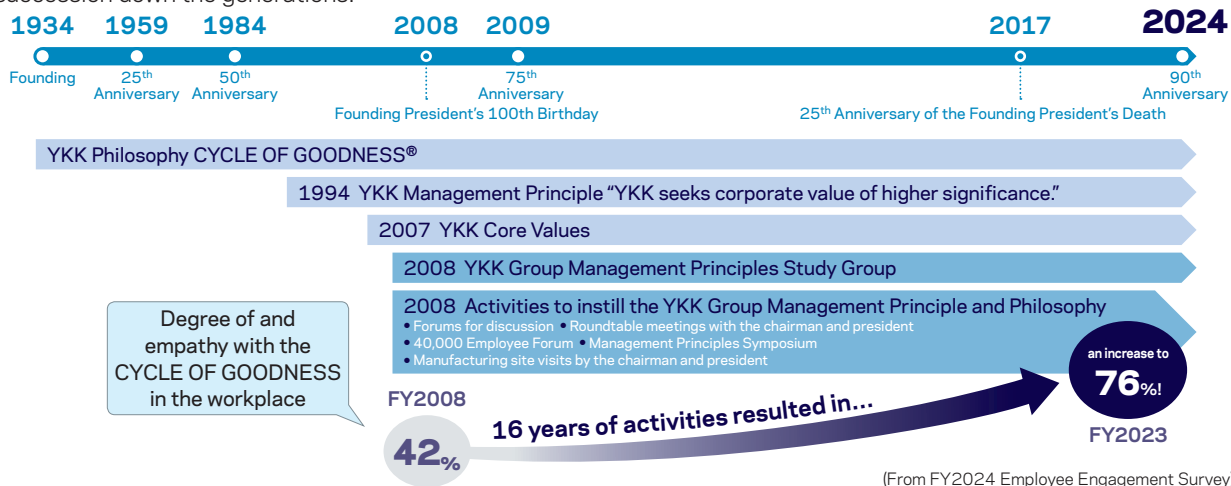
The important thing is if YKK will be able to continue being a company that is beneficial to the world, and a company that contributes to society; that is what implementing the CYCLE OF GOODNESS is all about. I am convinced that we can continue to be a company where everyone is always ready to take on new challenges because we are rooted in the spirit of the CYCLE OF GOODNESS, which has remained a constant throughout our history. Thank you very much for sharing your valuable insights with me today.



Aiming to Instill the YKK Management Principles

Each Employee Understands the Principles and Puts Them into Practice

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



Venue for Dialogue Between Top Management and Employees

We prioritize frank communication between the management team and employees and have established a variety of venues for dialogue. In "roundtable meetings" with the Chairman and President, employees meet face-to-face with the Chairman and President, and through active discussions, they learn about the origin of the Management Principles and share issues and ideas to put them into practice in their daily work. We hold in-person meetings, not only in Japan but also overseas, to actively engage in dialogue with local employees at our overseas locations. In addition, a wide variety of dialogues are held throughout the year, such as "forums for discussion" with executive vice presidents and roundtable talks at production sites.

In FY2023, we held these dialogues with 646 employees in Japan and overseas.



Roundtable meeting with the President (Shanghai YKK Zipper Co., Ltd.)



Roundtable meeting with the Chairman (Tokyo)

"Workplace-led" Activities to Instill the Principles Deployed at Each Location

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

■ YKK KOREA CO., LTD.

Reusable bags inscribed with the CYCLE OF GOODNESS philosophy and the YKK logo were produced and distributed to all employees. In addition to fostering a sense of unity within the company, we also use the bags in our sales activities to attract interest from people outside the company.

■ YKK ARGENTINA S.A.

A "quiz contest" was held using a questionnaire application as part of our Management Principles Promotion Activities. A total of 23 teams, each composed of three employees, competed to demonstrate their knowledge about YKK products and their quality, and a grand prize and participation prizes were given out.



YKK KOREA CO., LTD. reusable bags



YKK ARGENTINA S.A. activities

YKK Group Management Principles Study Group

The YKK Group Management Principles Study Group is made up of members selected from each business every year. It carries out research on the nature of YKK's Principles and Philosophy to enable them to be passed on, and reports its findings to the management team every March. In FY2023, the Study Group developed and released an "assessment game" internally for the purpose of having each employee gain a deeper understanding of the YKK Management Principles by coming into contact with them anew and putting them into practice.



Members of the FY2023 Management Principles Study Group



Toward Even Greater Employee Engagement

Approach to employee engagement

YKK, which operates in countries and regions around the world, has a diverse range of human assets with diverse backgrounds and personalities. These people are the very source of the value YKK creates. We believe that job satisfaction and vitality of our employees will lead to satisfying customers and gaining their trust, which in turn will enhance YKK's corporate value.

Based on the philosophy of "Forest Management" as described by YKK's founder, we are focusing on improving employee engagement, in order to implement the promotion of activities by "diverse human assets" as one of the most important points of our Mid-Term Management Vision.

The goal of the new "employee engagement survey" - Connecting better engagement to improved corporate value -

Although we have conducted employee awareness surveys at YKK since 2003, there have been issues such as a gap between the purpose of the surveys and the questions asked, and delays before survey results can be linked to actions for improvement. The new engagement survey, which we launched in 2023, will improve the speed of feedback and quality of analysis, and lead to specific actions for improvement in each department. By measuring the effectiveness of these actions, we aim to improve engagement.

Survey overview

Time of survey	Conducted once a year
Subjects	YKK employees
Survey method	Internet
Survey items (examples)	<ul style="list-style-type: none"> Expectations and level of satisfaction with regard to the company, "management, and the workplace Overall level of satisfaction with the company, work, management, and the workplace Company-related opinions and requests

YKK Episodes

To help employees deepen their understanding of the Management Principles, we introduce YKK's history, based on the CYCLE OF GOODNESS® philosophy, and employee episodes in the form of short Manga stories. (Translated into Japanese, English, Chinese, and other languages as necessary)



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



Management Foundation Based on the YKK Philosophy

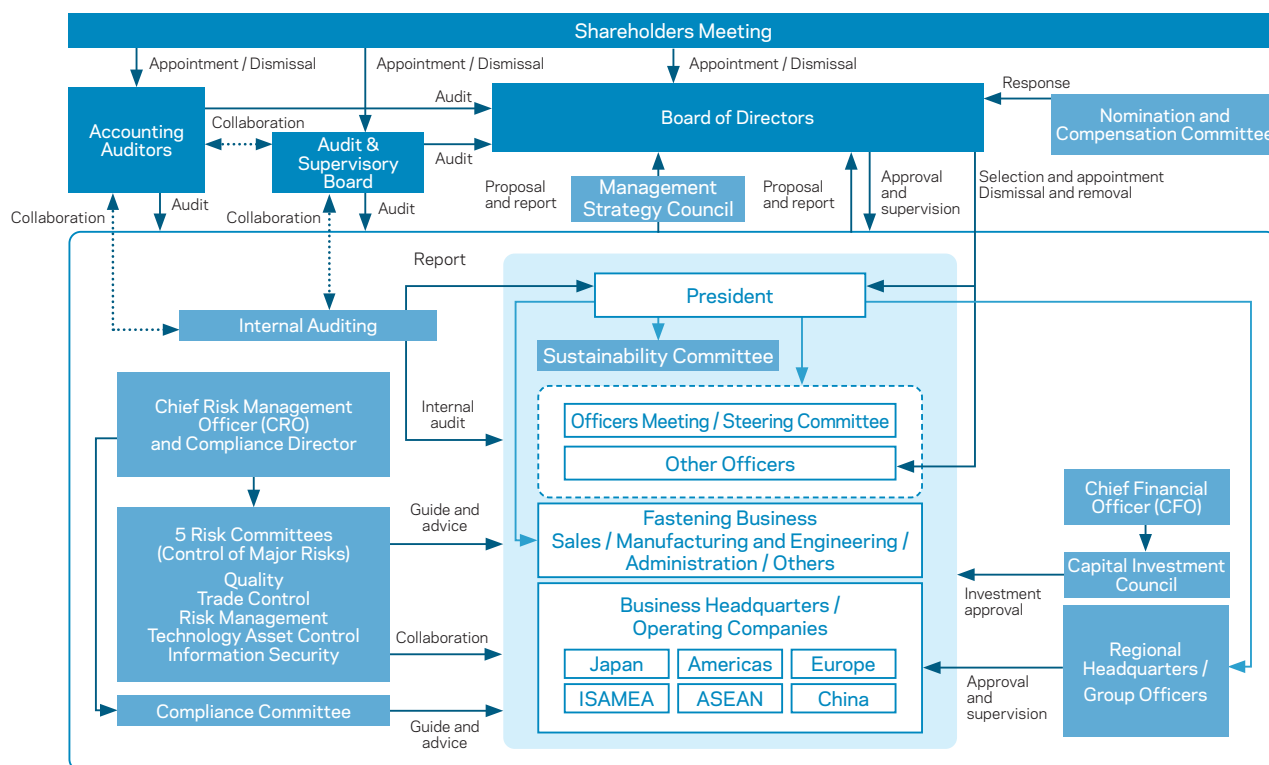
Corporate Governance

Fundamental Approach and System

The philosophy of the YKK Group in conducting our corporate activities is based on the CYCLE OF GOODNESS® philosophy. 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 accordance with this thinking, we work to implement comprehensive corporate governance systems with the goal of further enhancing our corporate value.

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

Fastening Business corporate governance structure



Internal control systems related to the execution of operations

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

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

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







The status of the internal control structure and operation has been disclosed on page 43 of the 89th annual securities report (in Japanese only).
<https://www.ykk.co.jp/japanese/corporate/financial/securities/index.html>

Status of Directors and Audit & Supervisory Board Members (as of June 27, 2024)

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

(Numbers in brackets are board meeting attendance in FY2023) *1 Outside Directors *2 Outside Audit & Supervisory Board Members

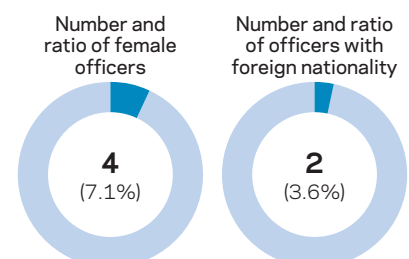
 <p>Masayuki Sarumaru Chairman</p> <p>(Board meetings: 13/13)</p> <p>After working for many years in the Fastening Business, including being stationed in the United States, became a director of the company in June 2008. Served as president of the company from June 2011 to March 2017. Was appointed Chairman in June 2018.</p>	 <p>Katsuya Yumoto Director Compliance Director & CRO</p> <p>(Board meetings: 13/13)</p> <p>After working in the United States, was appointed vice president over the Legal and IP Center in April 2010. In June 2022, became compliance director and Chief Risk Management Officer (CRO).</p>	 <p>Saeko Arai Audit & Supervisory Board Member*2 (Board meetings: 9/10) (Audit & Supervisory Board meetings: 9/12)</p> <p>Possesses specialized knowledge as a certified public accountant and has experience as an outside director for other companies. In June 2023, was appointed as an outside Audit & Supervisory Board member of the company.</p>
 <p>Hiroaki Otani President</p> <p>(Board meetings: 13/13)</p> <p>After working for many years in the Fastening Business, including being stationed in China, became a director of the company in June 2014. Was appointed president of the company in April 2017.</p>	 <p>Fumio Ikeda Director Research & Development</p> <p>(Board meetings: 13/13)</p> <p>After working for many years in the company's Machinery and Engineering Division, was appointed executive vice president over the Machinery & Engineering Group in April 2017. In June 2018, became a director of the company.</p>	 <p>Kiyotaka Nagata Audit & Supervisory Board Member (Full-time) (Board meetings: 13/13) (Audit & Supervisory Board meetings: 15/15)</p> <p>After working for many years in the company's accounting and finance division, served as head of the Internal Auditing Department. In June 2013, was appointed as a full-time Audit & Supervisory Board member of the company.</p>
 <p>Koichi Matsushima Director</p> <p>(Board meetings: 13/13)</p> <p>After working for many years in the Fastening Business, including being stationed in Europe, China, and Asia, became executive vice president over the Fastening Products Group of the company in April 2017. In June 2018, became a director of the company.</p>	 <p>Hidemitsu Hori Director</p> <p>(Board meetings: 10/10)</p> <p>After working in the United States, served as vice president of YKK AP Inc. from April 2007, then was appointed director of the same company in June 2009, president in June 2011, and Chairman Representative Director in April 2023. In June 2023, became a director of the company.</p>	 <p>Hikaru Minami Audit & Supervisory Board Member*2</p> <p>Possesses experience as a Representative Director, Audit & Supervisory Board member, and outside director at other companies. In June 2024, was appointed as an outside Audit & Supervisory Board Member of the company.</p>
 <p>Satoshi Honda Director Pension Policies CFO</p> <p>(Board meetings: 13/13)</p> <p>After working for many years in corporate planning, including being stationed in the United States, was appointed executive vice president over business administration in April 2019. Became director of the company assigned to pension policies and was appointed Chief Financial Officer (CFO) in June 2020.</p>	 <p>Keinosuke Ono Director*1</p> <p>(Board meetings: 12/13)</p> <p>Has served as a professor at Keio University and Chubu University, has a deep understanding of management and experience as an outside director for other companies. In June 2007, was appointed as an outside director of the company.</p>	 <p>Kouhei Morita Audit & Supervisory Board Member*2</p> <p>Has practiced law for many years as an attorney. In June 2024, was appointed as an outside Audit & Supervisory Board member of the company.</p>
 <p>Yoshimine Kobayashi Director</p> <p>(Board meetings: 10/10)</p> <p>After working for many years in the company's Machinery and Engineering Division, including being stationed in the United States and Asia, was appointed executive vice president over the Manufacturing & Engineering Division in April 2023. In June 2023, became a director of the company.</p>	 <p>Erica Okada Director*1</p> <p>(Board meetings: 13/13)</p> <p>Has conducted research related to consumer behavior for many years at universities and graduate schools in Japan and overseas, giving her a high level of expertise related to marketing. Also has experience as an outside director for other companies. In June 2022, was appointed as an outside director.</p>	

Skill Matrix

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

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

Total number 56



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

Overview of Individual Meetings and Committees, and the Status of Meetings Held

	Overview	Number of meetings in FY2023
Board of Directors	In addition to the roles stipulated in the Companies Act, the Board of Directors formulates management policy, allocates management resources, and supervises business execution by the vice presidents. In FY2023, the Board of Directors was composed of ten directors, two of whom are outside directors. In accordance with the Companies Act and the YKK Board of Directors regulations, it provided a wide range of oversight. This oversight included the YKK Group's basic management policies, mid-term management plans, and annual business plans, as well as important investments, basic policies on personnel systems, risk management, basic compliance policies, and all other matters related to decision-making and the progress of business execution by the directors and vice presidents of YKK and its subsidiary companies.	13 times
Audit & Supervisory Board	Composed of four Audit & Supervisory Board members, three of whom are outside auditors, generally convenes once a month to hold meetings of the Audit & Supervisory Board, or when necessary. Specific items reviewed in FY2023 include assessments of auditing policies and audit plans, the status of establishment and operation of internal control systems, accounting Audit & Supervisory Board members, etc.	15 times
Management Strategy Council	Has been established to make careful decisions after thoroughly discussing, from multiple perspectives, the YKK Group Management Principles, management policies, management strategies, and important matters for resolution by the Board of Directors, etc.	13 times
Nomination and Compensation Committee	By resolution of the Board of Directors, shall consist of at least three members, including at least one outside director, and no member who concurrently serves as a vice president, including the President, shall be included in the committee. Established as an advisory committee for the Board of Directors. Has been set up to deliberate on policy and systems related to the compensation of directors, vice presidents, etc., criteria and amounts of compensation, establishment, revision, and abolition of internal rules for compensation, and matters related to evaluation of performance, etc., then report those results to the Board of Directors. Composed of five members, two of whom were outside directors, in FY2023. Specific items reviewed for this fiscal year include the nomination of candidates for director and corporate auditor, appointment of vice presidents and specialized officers, revisions to internal rules, reviews of performance evaluations, and other such matters.	10 times
Five Risk Committees	Five risk committees under the Chief Risk Management Officer (CRO) have been established according to the type of risk: the Quality Committee, the Trade Control Committee, the Risk Management Committee, the Technology Asset Management Committee, and the Information Security Committee. These committees are responsible for making policy decisions related to each risk and supervising executive departments.	3 times/ Each committee
Compliance Committee	Established under the Chief Risk Management Officer (CRO) to develop appropriate compliance promotion activities in each organization. In FY2023, committee activities focused on reporting and discussing compliance activities and priority measures in each business and region, as well as the results of the YKK Global Criteria of Compliance (YGCC) audit.	1 time
Investment Committee	The Investment Council, which was established in February 2006 and had been led by the Chief Financial Officer (CFO), was reorganized into the Investment Committee in April 2021 to expand the system to appropriately manage investment risks in the YKK Group.	12 times

Directors and Corporate Auditors' Remuneration

Regarding compensation for company directors, the basic policy is to have a compensation structure which takes consistent improvement of corporate value and stable provision of dividends to shareholders, as well as the company's accomplishments to increase awareness for improving performance, into account. Each director's compensation is set at an appropriate level in light of their responsibilities and duties. Specifically, the compensation of directors consists of basic compensation and director bonuses as short-term compensation and retirement bonuses as long-term compensation.

- Basic compensation is fixed on a monthly basis and depends on the position and responsibilities of the director. It is determined by comprehensively taking the level of other companies, their performance at the time compensation is determined, and the level of employee salaries into consideration.
- The basic policy is to determine performance-linked compensation (directors' bonuses) based on consolidated performance for a single fiscal year, in order to raise awareness of the need to improve the Group's overall performance in each fiscal year.
- The ratio of remuneration, etc. for each individual director is set higher than that of basic compensation, and the overall remuneration system as a whole is designed to improve corporate value over the medium- to long-term as a policy.



The composition of director compensation and the amount of compensation have been disclosed from page 47 of the 89th annual securities report (in Japanese only).
<https://www.ykk.com/corporate/financial/securities/>

Compliance

Fundamental Approach and System

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

YKK Group Code of Conduct

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



YKK Group Code of Conduct (entire text)
<https://www.ykk.com/english/philosophy/guidelines.html>

Seven Principles of the YKK Group Code of Conduct

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

Establishment of Contact Point for Internal Whistleblowing

The YKK Group has established a whistleblowing system to detect and address illegal activity at an early stage. Notably, in FY2023, the YKK Group Supplier Reporting Contact Point Human Rights Grievance Hotline was established to receive consultations from suppliers regarding misconduct, legal violations, and human rights abuses committed by YKK Group officers and employees. We are working to establish a system to appropriately receive concerns and complaints from internal and external stakeholders and provide redress.



YKK Group Supplier Reporting Contact Point
https://ml.helpline.jp/ykkjapan-partner/index_en.html

YKK Global Criteria of Compliance (YGCC)

YKK established the YKK Global Criteria of Compliance (YGCC) to ensure that YKK deploys and carries out proper and effective compliance programs to conduct transparent business activities. Based on the YGCC, each YKK Group company in the world conducts internal and external audits of management systems, human rights, labor practices, the environment, health and safety, and fair business practices, working to strengthen and continuously improve YKK’s compliance system. The standards are regularly revised based on the societal demands. In FY2024, we updated the YGCC to version 4.1, and audits are being conducted according to the new standards, which are in line with current trends.



Intellectual Property Management

Fundamental Approach and System

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



YKK brand protection activities
<https://www.ykkfastening.com/brand/>



Status of Trademarks/Patents

YKK Trademark Registration
 (International Class 26)

177 countries and regions

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

5,859

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

4,780

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

4,090 (2,317 organizations)

Intellectual Property Achievement Award METI Minister Award
Intellectual property-utilizing company (trademarks)

2021

(As of March 31, 2024)

Public-Private Partnerships for Intellectual Property Protection

YKK was selected as the first company to be visited as part of a training program by the Japan Patent Office (JPO) for developing countries, which aims to foster human assets in developing countries which are involved in industrial property rights. Twenty-three government officials from 14 countries participated into this company tour, which introduced YKK's anti-counterfeiting measures and facilitated exchanges of opinion. In addition, a visit to the Craft Lab by YKK (Akihabara, Tokyo) and workshops provided opportunities for the participants to learn about Japanese companies' commitment to *monozukuri*. The officials on the training program commented that they were able to learn a great deal about the fight against counterfeit products from the tour, and it had been a wonderful experience, while the JPO stated that the tour increased the training's effectiveness. For YKK, it was also a meaningful opportunity to learn about the actual state of counterfeit products in various countries.



Together with training program participants
 (The Craft Lab by YKK)