

Governance

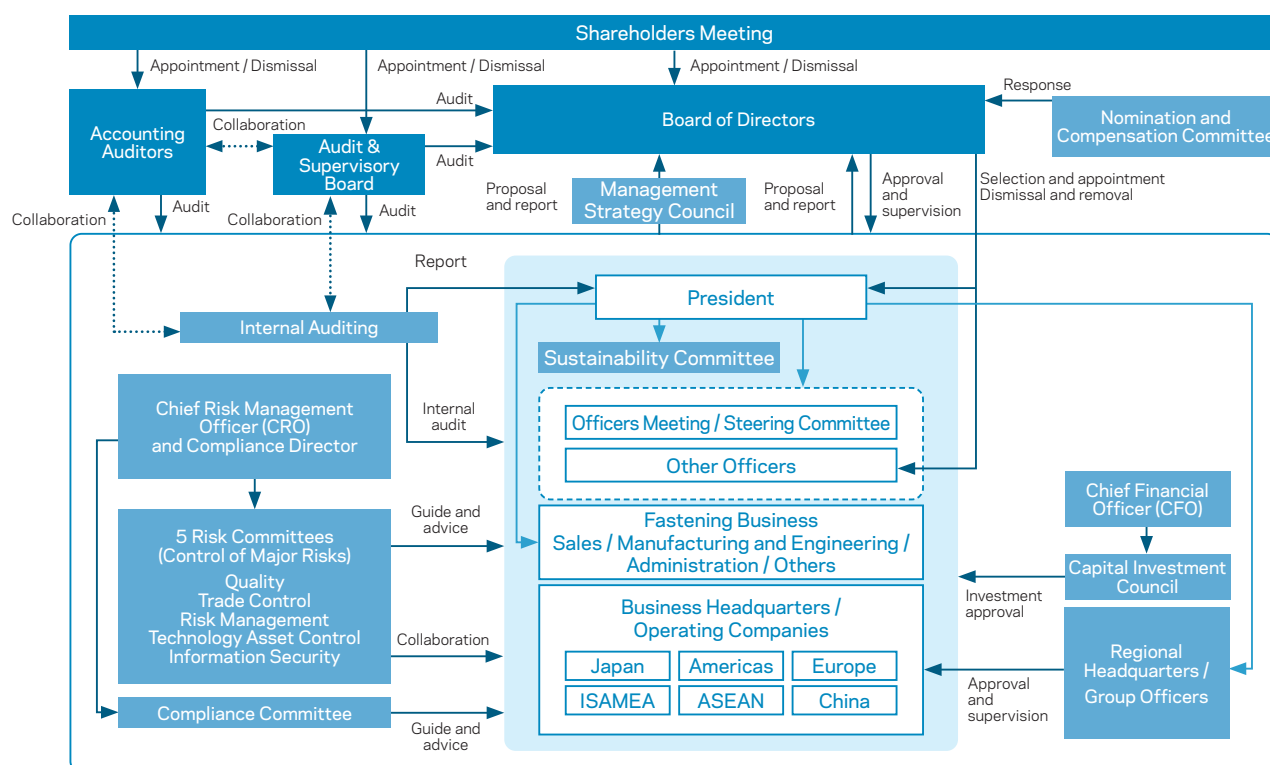
Corporate Governance

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




History of the strengthening of corporate governance



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

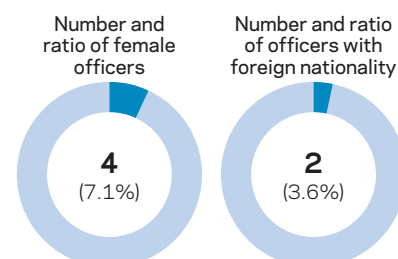
 <p>Masayuki Sarumaru Chairman</p> <p>(Board meetings: 13/13)</p> <p>After working for many years in the Fastening Business, including being stationed in the United States, became a director of the company in June 2008. Served as president of the company from June 2011 to March 2017. Was appointed Chairman 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/>

Risk Management

Fundamental Approach and System

YKK has established a Group Risk Management Policy and is engaged in risk management. A Chief Risk Management Officer (CRO) has been appointed to promote risk management. Various committees – Quality Committee, Foreign Trade Control Committee, Crisis Management Committee, Technology Asset Management Committee, and Information Security Committee – have been established, with regulations on risk management adopted and enforced. Furthermore, a Chief Financial Officer (CFO) has also been appointed, and a system established for appropriately managing financial and investment risks at YKK. In addition, YKK has established risk response guidelines to ensure that it responds appropriately and promptly to any risks that may arise.

YKK Group Risk Management Policy

By actively controlling risk levels and preventing various corporate risks, we will reduce or avoid the loss of human, material, and other management resources, and in the event of an emergency, we will promote risk management throughout the Group to minimize damage and losses, thereby leading to sustainable growth and increasing corporate value.

Risk management structure



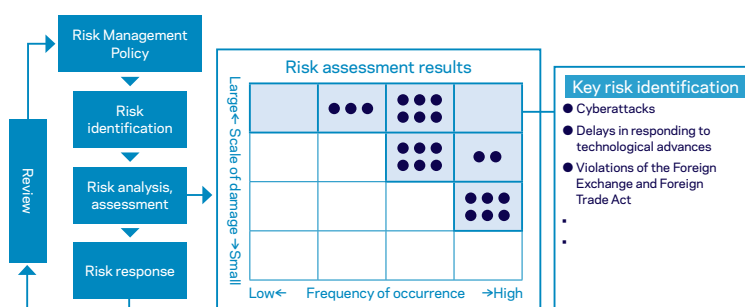
Risk Assessment Process and the Flow of Identifying Key Risks

We identify risks at each organization, based on the Risk Management Policy. After worst-case scenarios and the status of their responses are taken into account, we assess risks according to the scale of loss and damage and the frequency of occurrence. We evaluate the scale of damage by taking into account the financial impact, impact on human life and health, impact on credit and reputation, and impact on social order. We identify those risks with large potential impact as key risks that should be managed at the corporate management level, and conduct risk management while understanding those trends and making the progress of our responses visible.

Our CFO, CRO, and other responsible personnel take the lead in responding to financial risks identified through the process, as well as key risk items in the Fastening Business.

Details of risk analysis have been disclosed from page 25 of the 89th annual securities report (in Japanese only).

Risk assessment process and the flow of identifying key risks (conceptual diagram)



Risk Item Classification

Financial risks	The addition of projected benefit obligations, drops in the share prices of held stock, etc.
Risks in the Fastening Business	International conflicts/civil war, cyber-incidents, soaring prices for raw materials and fuel, tight supply situations, failed investments in machinery and equipment, delays in responding to technological advances, an economic downturn, sluggish demand, increased competition, currency exchange rate fluctuations, marketing failures/delayed entry, violations of antitrust and subcontracting laws, violations of foreign exchange laws, bribery, violations of laws and regulations related to personal information protection, major earthquakes (including tsunamis), major storms and floods, product defect incidents and recalls, transfer pricing tax violations

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)