

Message from the President



We focus on Sustainability management of the “Cycle of Goodness” and seek with society.

Aiming to be a “social good company” that serves the social good and co-exists in mutual prosperity with all — the Purpose of our company is to practice the “Cycle of Goodness” and help build a sustainable society.

Hiroaki Otani

President,
YKK Corporation

■ The value we provide to society through our business

Like the previous year, in FY2021 we continued to feel the effects of the COVID-19 pandemic. In addition, with the ongoing impact of the Ukrainian crisis, there is no doubt that the business environment remains uncertain.

However, I believe that it is precisely in such difficult times that we must return to our foundations.

YKK's corporate philosophy of the "Cycle of Goodness" states that "no one prospers without rendering benefit to others." In other words, it is a philosophy of co-existence and co-prosperity, which has much in common with sustainability. I believe that making sustainability central to our management will maintain YKK's corporate stance, unchanged since our founding.

YKK's greatest strength is our "One-to-One" service that is tailored to each customer. In order to respond to new business models rolled out by our different customers, we develop products and technologies better than those available anywhere else. Through extensive dialogue with customers, we achieve "right time," "right material," and "right amount" to supply the product that is needed, when it is needed, and in the quantities needed. Through this, we are able to build long-term rather than

temporary relationships. I believe that contributing to our customers in this way is the most important value that YKK can provide.

A company's meaning and purpose lies exactly in this helping to make the world a little better, thanks to the value we provide to society through our business. Based on this belief, at YKK we carefully cultivate partnerships formed with all stakeholders, including customers, society and the natural world, and employees. Our aim is to serve the social good and make ourselves valued for our ongoing contributions to society.

■ Sixth Mid-Term Management Plan and FY2021 results

Our current Sixth Mid-term Management Plan (FY2021 to FY2024) has inherited the "Technology Oriented Value Creation" vision of the previous mid-term plan.

The plan's most important point is "Creativity to Realize a Sustainable Society." To achieve this, we are working to add "diverse human assets" that transcend age, gender, and nationality to our existing four strengths of "product appeal & proposal capability" and "technology & manufacturing capability."

ment based on the YKK Philosophy to co-exist in mutual prosperity

Photo location: YKK 80 Building

In 2016, became the first office building in Japan to receive LEED-CS Platinum Certification (the highest rating).

LEED® (Leadership in Energy & Environmental Design): A certification program for environmentally friendly building and area development, created and operated by the U.S. Green Building Council (USGBC)

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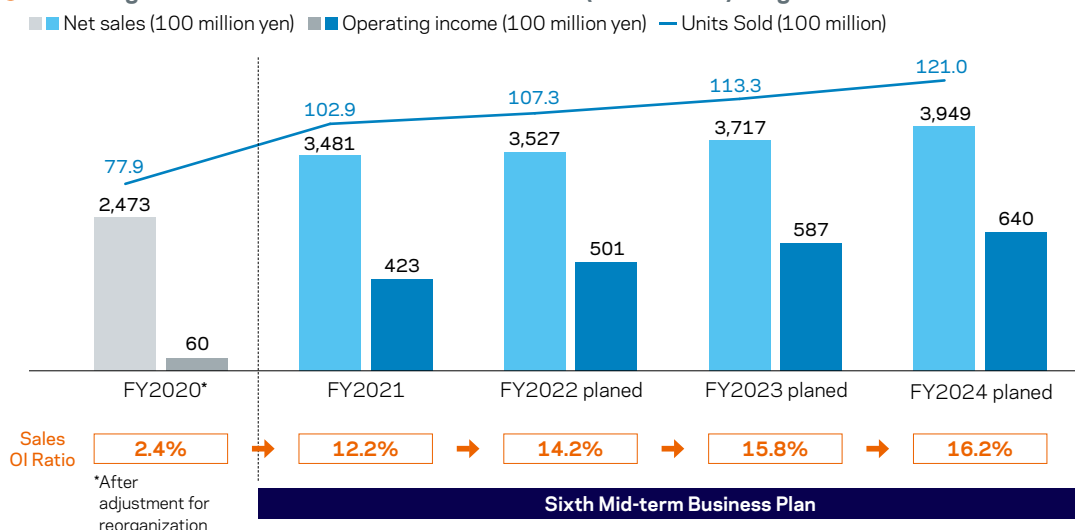
As the graph shows, in FY2021, the first year of the plan, we were able to achieve significant growth in revenue and profits. The recovery in consumer spending in Europe and the U.S., where vaccination rates increased, and the rebound from buying restraints of the previous fiscal year, were positive influences. But so too, we believe, was the organizational restructuring that we undertook in the previous fiscal year.

In that year, we merged the Fastening Products Group and Machinery and Engineering Group and reorganized into a flat organizational structure divided into functions such as sales, manufacturing and engineering, and

administration. Globally, we changed structures to clearly define and designate responsibilities and roles, mainly assigning business promotion to business leaders and governance strengthening to regional headquarters. This has led to a greater sense of speed in decision-making and execution.

We now see that our work to meet customer demands to the greatest extent possible under these new organizations and structures has led to record sales and significant growth in profits. Going forward, I want to further bolster our corporate makeup, with all our companies united under the “One YKK” banner.

Fastening Business Sixth Mid-term Business Plan (FY2021-24) Progress



Focus issues as we look ahead to FY2022

All this said, not all of these positive conditions will continue this fiscal year and beyond. Going forward, we see three issues on which we must focus. These are promoting sustainability at the core of our management, thoroughly reinforcing the cost competitiveness of our core products, and promoting digitalization to support these efforts.

To promote sustainability, we will work to fulfill our responsibilities as a corporate citizen by continuing to engage in measures and investments directed at climate neutrality in accordance with the YKK Sustainability Vision 2050 formulated in October 2020 and develop and provide products that use sustainable materials and eco-friendly technologies. As well, we will take advantage of our presence in regions around the world and work to build a more optimized supply system that avoids overproduction.

In terms of strengthening cost competitiveness,

we are working to thoroughly reinforce the cost competitiveness of our core products. By raising the competitiveness of core products offered in a wide price range, we aim to win the support of a wider range of customers.

In terms of digitalization, the focus is not only on labor savings in manufacturing, but also digitalization of internal operations, customer point-of-contact processes such as product design planning, and more. We believe this will improve productivity and raise customer and employee satisfaction levels.

Through these measures, in FY2022 we aim to meet numeric targets of 10.73 billion zippers sold, Fastening Business net sales of 352.7 billion yen, operating income of 50.1 billion yen, and an OI ratio of 14.2%. In addition, in FY2024, the final year of the Sixth Mid-term Business Plan, we are planning for 12.1 billion zippers sold, Fastening Business net sales of 394.9 billion yen, operating income of 64.0 billion yen, and an OI ratio of 16.2%.

▶ **Making “right time,” “right material,” and “right amount” a reality**
 Focus issues

Promoting sustainability	<ul style="list-style-type: none"> ● Launch initiatives towards climate neutrality ● Develop eco-friendly products
Strengthening cost competitiveness	<ul style="list-style-type: none"> ● Strengthen exhaustive cost competitiveness of core products
Promoting digitalization	<ul style="list-style-type: none"> ● Promote digitalized processes from customer/employee perspectives ● Undertake digitalization on the manufacturing side

■ **Making “optimized manufacturing” possible in all countries and regions**

In addition to all this, an important long-term strategy is to make it possible to provide optimized manufacturing that can meet wide-ranging needs in all countries and regions in which we do business. To achieve this, we will focus efforts and investment to build, in each region, self-contained regional supply systems covering raw materials to finished products. We intend to make investment decisions based not only on economic efficiency, but also to respond to customer requirements and to increase corporate value.

Meanwhile, in 2021 we launched the Diverse Human Assets Promotion Committee, chaired by me, in order to create rewarding and appealing work environments for employees. We plan to combine work-style reforms that we have been promoting to date with diversity promotion efforts, and direct even more energy into creating places where diverse human assets can play active roles. In Japan, YKK has abolished the compulsory retirement system in Japan, and it is essential that we create environments in which everyone can acquire diverse skills and abilities, so they have the opportunity for full participation. In manufacturing and engineering, we will develop operators who can perform in a range of processes, and engineers who have broad experience in multiple elemental technologies. Going forward, we intend to trial this YKK style human assets development model on a global level.

Additionally, from the perspective of strengthening governance, I feel that disseminating our management principles throughout the entire Group is becoming more and more important. No matter how wonderful a system may seem when viewed from without, it is impossible to strengthen governance in the true sense of the word until each employee fully internalizes the management principles.

■ **From the “Cycle of Goodness” to a sustainable future**

The aforementioned YKK Sustainability Vision 2050 incorporates the YKK Group Environmental Vision

2050 that was formulated in June 2019 as numerical targets for the Fastening Business and sets the goal of achieving 10 SDGs relating to five themes: Climate Change, Material Resources, Water Resources, Chemical Management, and Respect People. As we actively promote measures in accordance with these themes, we are also improving efforts to disseminate information about them around the world.

A major challenge of the above is ensuring that all 67 operating companies that make up YKK fully engage in these initiatives, without exception. Further, regarding procuring renewable energy, instead of relying only on external energy purchases, we are also beginning new trials involving energy generation. In terms of products, we plan to direct efforts into introducing eco-friendly products; that is, products that use sustainable materials. As we consider a future in which eco-friendly products are likely to become the standard, rather than value-added products, we will continue to work on developing such products and technologies and increasing their share, without ever neglecting the major YKK strength that is quality.

In April 2022, we joined the U.K.-based Ellen MacArthur Foundation Network to further contribute to the realization of recycling-oriented societies. For some time now, YKK has been collaborating with fashion brands that are members of this same network on initiatives, such as eco-friendly product development, that can help realize a circular economy within the fashion industry, and with this membership we expect such activities to further increase.

Guided by the YKK Philosophy of the “Cycle of Goodness,” at YKK we will continue to engage with the fundamentals of sustainability through our businesses and products and continue to take on the challenge of building a Sustainable Future in collaboration with the international community.