

Aiming to Instill the YKK Group Management Principle

The YKK Group, whose business extends to countries and regions throughout the world, has employees from diverse cultural backgrounds who hold different values. Consequently, the permeation of the YKK Management Principle and Core Values is an important topic for management. Through long-standing initiatives to share the Management Principle and Philosophy, we focus on nurturing people and creating a corporate culture which enhance our corporate value.

Each Employee Understands and Practices the Principle

The YKK Philosophy of the “Cycle of Goodness” has always served as the foundation for business activities and supported the Group’s expansion since the founding of the company. In 1994, developing the Philosophy in keeping with the times, we announced the new Management Principle, “YKK seeks

corporate value of higher significance.” Since then, we have been promoting the YKK Group’s Management Principle and Philosophy throughout the entire YKK Group organization so that each employee understands and inherits them in order to ensure their succession down the generations.

Round-Table Meeting with the Chairman and President

The Round-Table Meeting is a Management Principle promotion activity in which the chairman, president, and employees can meet and talk. In these meetings, employees speak with the chairman and president, and through lively dialogue they learn more about the origins of the Management Principle and share the issues they face and their thoughts regarding the implementation of the Management Principle in their day-to-day work. This initiative, which began in 2008, is being conducted both in Japan and overseas.

Visits by Presidents to Manufacturing Sites

Each year, the presidents of YKK and YKK AP visit manufacturing sites and speak with employees about how to put the Management Principle and Core Values into practice, as well as the future of the manufacturing sites and *monozukuri*, and help bring about improvements to day-to-day business activities.



Chat session (Kurobe Manufacturing Center)



Manufacturing site visit (Kurobe Makino Plant)

Chat Sessions with Officers and Organization Heads

Chat sessions enable employees to learn from the experiences of senior employees about examples of practical implementation of the Management Principle and Core Values. They provide opportunities for employees to deepen their understanding through dialogue with senior employees

so that they can use what they learn in their actual work. Various improvements have been made to the chat sessions, such as holding them for individual businesses and in individual regions to enable even more employees to participate. Employees have told us that these sessions have been helpful in their own problem-solving, and that they have contributed to improved motivation. Furthermore, since FY2018, these activities have been led by worksites, creating greater recognition of the importance of increasing the number of opportunities to think about the Management Principle and to pass it on to future generations.

YKK Group Management Principle Study Group

The Management Principle Study Group is made up of members selected from each business every year and carries out research on the nature of the YKK Group's Principle and Philosophy to enable them to be passed on. In FY2019, the theme was "The Management Principle and Sustainable Development Goal (SDGs)." We discussed the links between the Management Principle and the SDGs, which are globally-shared goals, and deepened participants' understanding of them to foster closer connections to the Management Principle and make it easier to implement.



FY2019 Management Principle Study Group members

Column

FY2019 Management Principle Study Group Activities

—Links Between the Management Principle and SDGs—

There are roughly 40,000 employees in the global YKK Group, but their understanding and interpretations of the YKK Philosophy and the Management Principle vary. This study group decided to examine the links between the Management Principle and the SDGs, modern goals and values shared around the world, in order to make employees more familiar with the YKK Philosophy and the Management Principle, and to make it easier to put them into practice. This activity was based on the desire to make each and every employee even more proud to be a member of the YKK Group and to ensure that they can continue working energetically by looking at the YKK Philosophy and the Management Principle from a new perspective.

The study group linked 17 SDGs with the seven key areas in the Management Principle of "YKK seeks corporate value of higher significance" and in the words (collected sayings) of YKK's founder, Tadao Yoshida, who came up with the philosophy of the "Cycle of Goodness." Through this activity, the group explored their fundamental commonalities and found that the collected sayings of Tadao Yoshida and the Management Principle share several goals with the SDGs. The "Cycle of Goodness," which states that "no one prospers without rendering benefit to others," shares a fundamental similarity with the SDG "leave no one behind" in that both aim for the creation of win-win relationships between all parties.

As a result of the study, some of the study group's members said that they learned that the YKK Philosophy and Management Principle were aligned with globally shared goals and values, and that they felt an even greater pride in working for the YKK Group. YKK's president and executive vice presidents listened attentively to the study group's presentation of its results. Members made recommendations, stating that "understanding how the YKK Philosophy and Management Principle relate to the SDGs is effective in putting them into practice in day-to-day operations and reaffirms the wonderful character and importance of our company" and "one potential approach would be to engage in active communications as the YKK Group that link the Management Principle to the SDGs."



Presentation of the study group's results

Management Foundation and Corporate Social Responsibility Based on the YKK Philosophy

The YKK Group strives to increase its corporate value and provide greater value to stakeholders by strengthening its management foundation and carrying out corporate social responsibility activities.

Corporate Governance

Fundamental Approach

The philosophy of the YKK Group in conducting its corporate activities is based on the spirit of the “Cycle of Goodness,” which means, “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 concept, the YKK Group strives to enhance its corporate governance system in an effort to further enrich its corporate value.

YKK’s basic approach to corporate

governance involves several organizations and systems. The Board of Directors serves to make decisions on important matters, such as the company’s management policy, and serves as an oversight function. The Audit & Supervisory Board, meanwhile, is the company’s auditing organization. The final component of the company’s basic approach is the Officer System, a framework that helps the company promote the execution of business and operations.

Company Bodies

- To further strengthen its consolidated management, the YKK Group elects directors from YKK’s Fastening Products Group, YKK AP Inc., and other organizations who can make sound decisions and oversee the management of the YKK Group. These directors make up YKK Corporation’s Board of Directors. The company also appoints two outside directors, aiming to bolster corporate governance and draw on the advisory and supervisory skills that their extensive insight and experience provide.
- Under its consolidated management structure, the YKK Group supplements the traditional Officer System by electing Group Officers from among the operating officers at core Group companies, the regional headquarters in the Six-Region Global Management Structure, etc., as a means of further enhancing its corporate value.
- There is an Advisory Board to gather insights from outside experts to help address general management matters and important management issues.

Internal Control Systems Related to the Execution of Operations

- The company’s directors adhere to the Board of Directors regulations, comply with regulations pertaining to the performance of director duties, and execute operations appropriately in accordance with the principle of the separation of duties.
- The company established its Management Committee to improve the efficiency of deliberations by the Board of Directors. The directors hold thorough discussions on the YKK Group Management Principle, management policies, management strategies, and important matters for resolution by the Board of Directors, etc., before reaching official resolutions.
- The company’s Environmental Policy Board, which operates under the Management Committee, determines the environmental policies and measures for the YKK Group and oversees the promotion of environmental policies across the Group.
- Under its consolidated management structure, the company implements a management and supervision system to ensure appropriate subsidiary operations with the regional headquarters serving as branch offices of the YKK Group Headquarters.

Directors and Audit & Supervisory Board Members

YKK

(as of June 26, 2020)



Chairman

Masayuki Sarumaru

Director

Tetsuo YazawaDirector^{*1}**Keinosuke Ono**Audit & Supervisory Board
Member^{*2}**Hiroshi Akiyama**

President

Hiroaki Otani

Director

Jiichi BambaDirector^{*1}**Yoshio Osawa**Audit & Supervisory Board
Member^{*2}**Naoki Yanagida**Director
Executive Vice President**Koichi Matsushima**

Director

Akira YoshidaAudit & Supervisory Board
Member^{*2}**Satoshi Kawai**Director
Executive Vice President**Fumio Ikeda**Director
Executive Vice President**Satoshi Honda**Audit & Supervisory Board
Member**Kiyotaka Nagata**

YKK AP

(as of June 8, 2020)



Chairman

Akira YoshidaDirector
Executive Vice President**Kazuo Matsutani**

Director

Masayuki SarumaruAudit & Supervisory Board
Member^{*2}**Takashi Miyatani**

President

Hidemitsu HoriDirector
Executive Vice President**Wataru Otani**Audit & Supervisory Board
Member^{*2}**Susumu Miyoshi**Director
Executive Vice President**Fumio Niizeki**Director
Executive Vice President**Shinichiro Yamaji**Audit & Supervisory Board
Member**Hisao Miyamura**Director
Executive Vice President**Kosuke Iwabuchi**Director
Vice President**Shuichi Mizukami**Audit & Supervisory Board
Member**Kiyotaka Nagata**

*1 External director

*2 External Audit & Supervisory Board member

Risk Management

YKK Group Risk Management Policy

To promote risk management Group-wide and enhance corporate value by proactively controlling risk levels, preventing various corporate risks, and reducing or avoiding human, material and other losses of managerial resources, as well as keeping to a minimum the damages and losses incurred during emergencies.

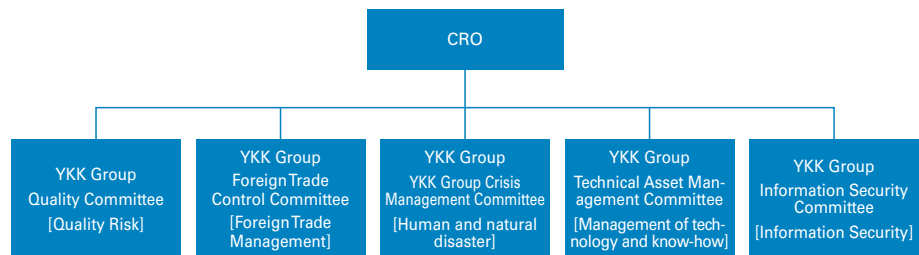
Fundamental Approach and System

The YKK Group undertakes risk management in accordance with policies it sets. To do this, the Group has appointed a Chief Risk Management Officer (CRO), established a Quality Committee, Foreign Trade Control Committee, Crisis Management Committee, Technical Asset Management Committee and Information Security Committee, and

adopts and enforces regulations on risk management. The Group has also appointed a Chief Financial Officer (CFO) and established a system for appropriately managing financial and investment risk.

To deal with risks, the Group has also created Guidelines for Addressing Risks, which call for swift, appropriate action.

▼ Risk Management Structure



Compliance

Fundamental Approach and System

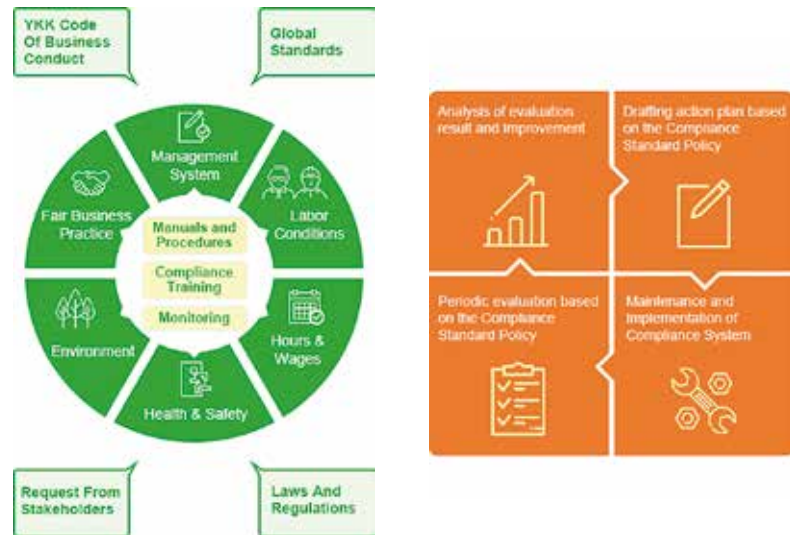
The YKK Group considers compliance to be responding to societal demands, and that in addition to abiding by laws, regulations, and internal rules, compliance represents conforming with social norms required when conducting business activities.

The company has appointed a Compliance Director and established a Corporate Legal and Compliance Group under the Officer in charge of compliance.

These parties work with external advisors to maintain a compliance system for the YKK Group. 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 Global Criteria of Compliance (YGCC)

The YKK Group has established the YKK Global Criteria of Compliance (YGCC) to ensure that each YKK Group company deploys and carries out proper and effective compliance programs in order to conduct transparent business activities. Each YKK Group company conducts internal and external audits of human rights, labor practices, the environment, health and safety, and fair business practices, working to strengthen and sustainably improve the Group's compliance system. The YGCC have been updated to version 3.0, and the Group is working to create a more advanced management foundation in order to realize a sustainable business structure.



Corporate Social Responsibility

Fundamental Approach and System

Ever since YKK's founding, the spiritual pillar of all YKK Group business operations has been the "Cycle of Goodness" Philosophy, which embodies our belief that no one prospers without rendering benefit to others. All YKK Group companies based in 72 countries/regions around the world share the "Cycle of Goodness" Philosophy and the Management Principle "YKK seeks corporate value of higher significance." Fairness is the standard on which we base our conduct.

We have a responsibility as a corporate citizen, and we take this responsibility seriously in order to practice fair business management. Significant changes are taking place in the environments that

surround the YKK Group.

Whether in Japan or abroad, it is our duty to respect diversity—of cultures, customs, and viewpoints—and play a role in the development of society through our business operations.

Specific activities that contribute to the realization of a sustainable society are being carried out by the Fastening Business and AP Business, linked to their business strategies. The Steering Committee has been reorganized into the YKK Group Sustainability Meeting to provide opportunities for Group-wide coordination. At the regularly held meeting sessions, participants confirm the status of measures and share information.

YKK Group Companies' Websites

Information on each of the YKK Group companies is disclosed on their respective websites. For details, please see the websites for each country and region below. (as of August 1, 2020)



■ Fastening Products

https://www.ykk.com/english/corporate/g_establishment/fastening.html

■ Architectural Products

https://www.ykk.com/english/corporate/g_establishment/ap.html

■ Others

https://www.ykk.com/english/corporate/g_establishment/others.html



YKK Corporation

Founded January 1, 1934

Capital 11,992,400,500 yen (as of March 31, 2020)

YKK Group

Global operations 72 countries/regions*¹

Companies 109 companies
(18 companies in Japan and 91 overseas companies)*¹

Employees 46,261 employees
(17,789 employees in Japan and 28,472 overseas employees)*¹

Consolidated net sales 732.8 billion yen
(Fastening business: 302.1 billion yen, AP business: 425.8 billion yen)*²

*¹ As of March 31, 2020

*² Based on FY2019 results

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