

Governance

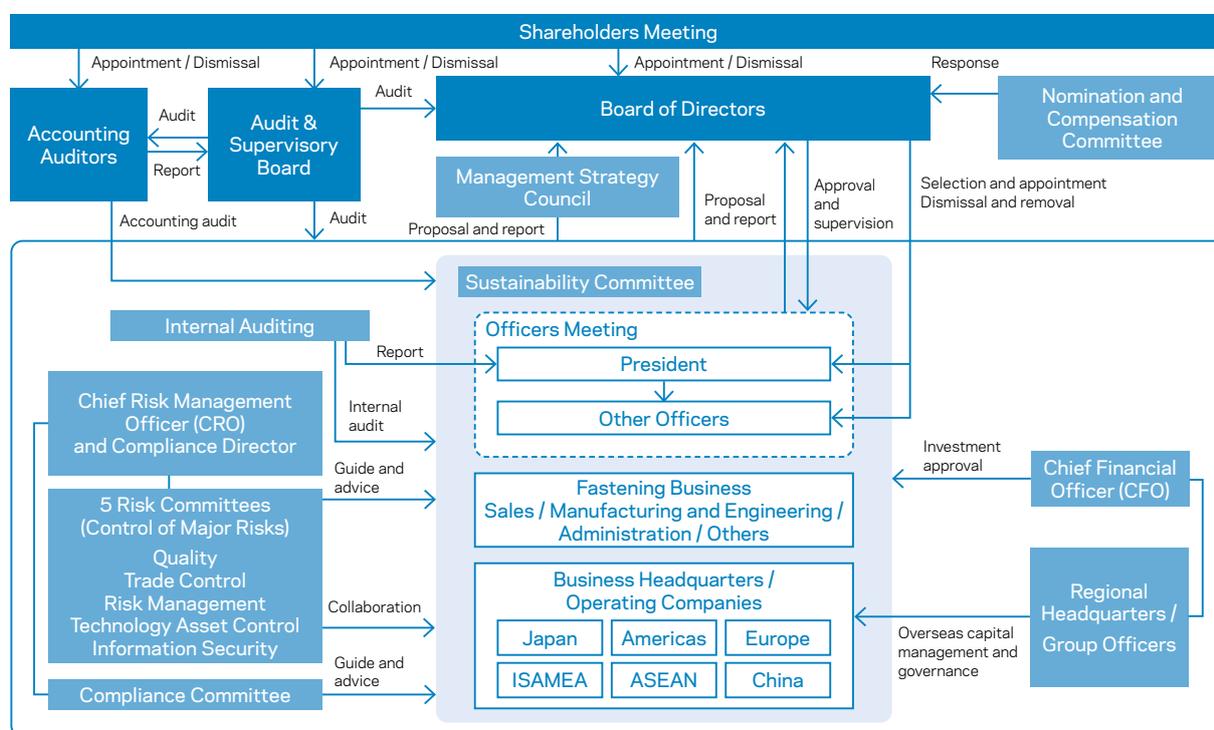
Corporate Governance

Fundamental Approach and System

The philosophy of the YKK Group in conducting our corporate activities is based on the philosophy of the Cycle of Goodness®. 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 line with these ideas, we are working to enhance our corporate governance system with the aim of further increasing 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 established its Management Strategy Meeting 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 Meeting, 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 31 of the 87th annual securities report (in Japanese only).
<https://www.ykk.co.jp/japanese/corporate/financial/securities/index.html>

State of Directors and Audit & Supervisory Board Members (as of June 29, 2022)

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.

Director/Audit & Supervisory Board Member	Attendance	Reason for Selection
Chairman Masayuki Sarumaru 	Board of Directors meetings 13/13 times	After working for many years in the fastening business, including being stationed in the United States, became a director of the company in 2008. Served as Representative Director and Chairman (Chairman of the Board) of the company from June 2011 to March 2017. Appointed Representative Director and Chairman (Chairman of the Board) of the company in June 2018. He has a solid track record of growing and expanding the company's business, particularly the fastening business. He has also served as an outside officer for other companies. These and other factors have given him a significant amount of insight and abundant experience related to management.
President Hiroaki Otani 	Board of Directors meetings 13/13 times	After working for many years in the fastening business, including being stationed in China, became a director of the company in June 2014. Appointed President of the company in April 2017. In particular, he held up "Development and innovation in 'Monozukuri' - An Endeavor for YKK's Monozukuri in the 'Standard' category" as the company's business policy and built a solid track record that included proactively accelerating the deployment of business. These and other factors have given him a significant amount of insight and abundant experience related to management.
Director Executive Vice President, Global Sales Division Koichi Matsushima 	Board of Directors meetings 13/13 times	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, and in June 2018 became a director of the company. In particular, he held up "Aiming for Further Quantitative Growth" as the business policy for fastening business and built a solid track record that included proactively accelerating the deployment of business. These and other factors have given him a significant amount of insight and abundant experience related to management.
Director Executive Vice President Manufacturing & Engineering Division Fumio Ikeda 	Board of Directors meetings 13/13 times	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 and became a director of the company in June 2018. In particular, he held up "reinforcement and evolution of foundational elemental technology" as the executive policy of the Machinery & Engineering Group and built a solid track record that included supporting the growth strategy of both the fastening and AP businesses. These and other factors have given him a significant amount of insight and abundant experience related to management.
Director Pension Policies Chief Financial Officer Executive Vice President, Administration Division Satoshi Honda 	Board of Directors meetings 13/13 times	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 a director of the company assigned to pension policies and was appointed Chief Financial Officer (CFO) in June 2020. In particular, he has built a solid track record that includes contributing to the creation of a structure to appropriately manage financial/investment risk in the YKK Group, which deploys business globally. These and other factors have given him a significant amount of insight and abundant experience related to management.
Director Research & Development Jiichi Bamba 	Board of Directors meetings 13/13 times	After working in Europe and other overseas locations, served as head of the Fastening Products Group's Product Development Center, as head of the Manufacturing and Engineering Department in the same Group, and in other capacities. Became a director of the company in June 2016, and currently serves as a director assigned to Research & Development. In particular, he has built a solid track record that includes establishing the manufacturing infrastructure aimed at strengthening competitiveness in the fastening business and enhancing technological and developmental capabilities. These and other factors have given him a significant amount of insight and abundant experience related to management.
Director Akira Yoshida 	Board of Directors meetings 13/13 times	After working in the United States became a director of the company assigned to pension policy and Chief Financial Officer (CFO) in June 2011, and was appointed director of the company, Vice Chairman over pension/financial policies, and CFO, beginning in April 2019. In addition, he was appointed Chairman Representative Director of YKK AP Inc., in June 2020. He has built a solid track record that includes contributing to the growth of business by working for many years in business administration in the YKK Group, which deploys business globally. These and other factors have given him a significant amount of insight and abundant experience related to management.

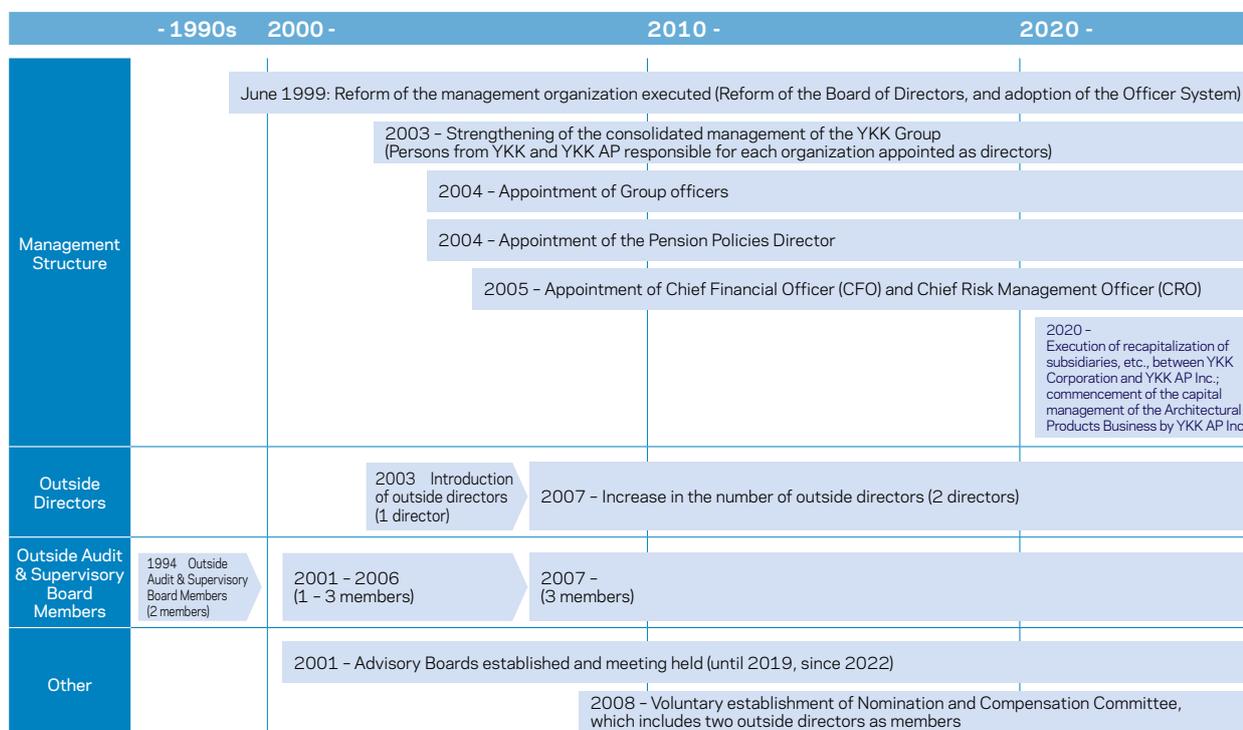
Director/Audit & Supervisory Board Member	Attendance	Reason for Selection
Director Katsuya Yumoto 	(New appointment)	After working in the United States was appointed Vice President over the Legal and IP Center in April 2010, and since then has served as head of the company's Legal & Intellectual Property Department. He has built a solid track record that includes strengthening operation of the compliance structure and the risk management structure and responding quickly and appropriately in the event of a risk occurring. These and other factors have given him a significant amount of insight and abundant experience related to management.
Director* ¹ Keinosuke Ono 	Board of Directors meetings 13/13 times	Worked as a professor at Keio University and Chubu University and has deep knowledge related to management. After becoming an outside director of the company in June 2007, he has provided the company's Board of Directors with opinions on improving the company's corporate value from the perspective of mission management. It is our judgment that he can be expected to utilize a broad range of insight and abundant experience to fulfill the role of providing advice and oversight related to the company's management.
Director* ¹ Erika Okada 	(New appointment)	Has experience in investment banking and finance work in companies in Japan and overseas and 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. It is our judgment that she can be expected to utilize that global experience and high-level insight and fulfill the role of providing advice and oversight related to the company's management.
Audit & Supervisory Board Member* ² Satoshi Kawai 	Board of Directors meetings 13/13 times Audit & Supervisory Board meetings 14/14 times	In addition to having served as an attorney in legal work for many years, he has served as an outside officer at other companies and has abundant experience and knowledge. He was appointed Outside Audit & Supervisory Board Member in June 2004 and has appropriately audited the execution of duties by directors from a broad and high-level perspective.
Audit & Supervisory Board Member (Full-time) Kiyotaka Nagata 	Board of Directors meetings 13/13 times Audit & Supervisory Board meetings 14/14 times	After working for many years in the company's accounting and finance division, served as head of the Internal Auditing Department, and has been a full-time member of the Audit and Supervisory Board since June 2013. In particular, he has a significant amount of insight related to finance and accounting, and since being appointed a full-time member of the company's Audit & Supervisory Board, has attended meetings of the Board of Directors and other important meetings, and has appropriately audited the execution of duties by directors by giving his opinion as needed.
Audit & Supervisory Board Member* ² Hiroshi Akiyama 	Board of Directors meetings 13/13 times Audit & Supervisory Board meetings 14/14 times	In addition to having served as an attorney in legal work for many years, he served as an outside officer at another company until June 2018 and has abundant experience and knowledge. He was appointed Outside Audit & Supervisory Board Member in June 2016 and has appropriately audited the execution of duties by directors from a broad and high-level perspective.
Audit & Supervisory Board Member* ² Naoki Yanagida 	Board of Directors meetings 13/13 times Audit & Supervisory Board meetings 14/14 times	In addition to having served as an attorney in legal work for many years, he has served as an outside officer at other companies and has abundant experience and knowledge. He was appointed Outside Audit & Supervisory Board Member in June 2016 and has appropriately audited the execution of duties by directors from a broad and high-level perspective.

State of Directors, Audit & Supervisory Board Members, Operating Officers, Specialized Officers, and Vice Presidents

Total number	51
Number and ratio of female officers	3 (5.9%)
Number and ratio of foreign national officers	2 (3.9%)

*1 Outside director *2 Outside Audit & Supervisory Board member

The History of the Strengthening of Corporate Governance



Overview of the Board of Directors and Individual Committees and the Status of Holding Meetings

	Overview	Number of meetings in FY2021
Board of Directors	In addition to the roles stipulated in the Companies Act, the Board of Directors oversees the formulation of management policy, allocation of management resources, and execution of business by vice presidents. To enable the making of suitable decisions based on thorough and active discussion, the Articles of Incorporation stipulate that the Board of Directors has no more than 10 members, and that the term of office be one year.	13 times
Audit & Supervisory Board	Composed of four corporate auditors (three of whom are outside auditors). Evaluates auditing policies and audit plans, the status of establishment and operation of internal control systems, accounting auditors, etc.	14 times
Nomination and Compensation Committee	Established as an advisory committee for the Board of Directors. Deliberates 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., and reports the results to the Board of Directors. Composed of at least three members, one of whom is an outside director.	10 times
Management Strategy Meeting	Thoroughly discusses the Management Principles, management policy, management strategy, and important matters that should be resolved by the Board of Directors. The Board of Directors then makes a decision after that review in order to make deliberation by the Board of Directors more efficient.	13 times

Directors and Corporate Auditors' Remuneration

The basic policy for the compensation of the company's directors is to have a compensation structure that takes into consideration consistency with continued improvement of corporate value and stable provision of dividends to shareholders, as well as the company's performance to increase the awareness of improving performance, and to set it at an appropriate level in light of the individual's responsibilities and duties, when determining the compensation for each director. Specifically, the compensation of directors consists of basic compensation and officer bonuses as short-term compensation and retirement bonuses as long-term compensation.

The composition of officer compensation and the amount of compensation have been disclosed in the 87th annual securities report (in Japanese only).

 <https://www.ykk.co.jp/japanese/corporate/financial/securities/index.html>

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, Technical 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. Guidelines for Addressing Risks have also been created to deal with risks when they arise. The Guidelines call for swift, appropriate action.

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



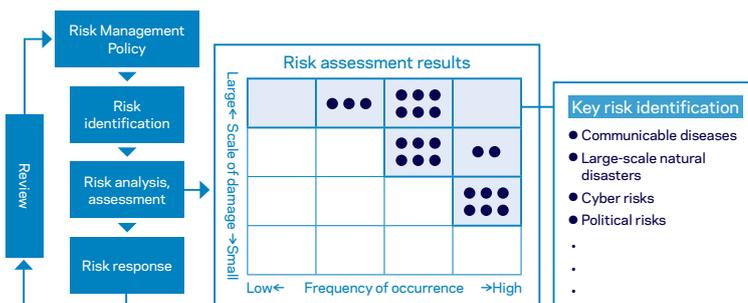
Risk Assessment Process and the Flow of Identifying Key Risks

In accordance with the Risk Management Policy, risks are identified once each year by each organization, worst-case scenarios and the status of response are confirmed, and the risks are assessed according to the scale of loss and damage (¥100 million or less to ¥5 billion or more) and the frequency of occurrence (5 years or less to 50 years or more). In addition, risks that are anticipated to have an impact of ¥100 million or more per year are deemed to be key risks that should be managed at the corporate management level, and the risks are managed while identifying their trends and making the status of progress of the response visible.

The Group categorizes the key risks identified through the process into four classifications: (1) financial risks, (2) risks in specialized fields, (3) risks addressed by the Committee, and (4) risks in the execution of business, and the CRO, CFO, and each of the responsible persons take the lead in addressing those risks.

Details of risk analysis have been disclosed in on page 14 of the 87th annual securities report.

Risk Assessment Process and the Flow of Identifying Key Risks (conceptual diagram)



Risk Item Classification

Financial risks (Responsibility of each assigned department)	Volatile exchange rates, projected benefit obligations, transfer pricing taxation, drop in the share prices of held stock, etc.
Risks in specialized departments (Responsibility of each assigned department)	Outbreak of disease, Anti-monopoly Act/Subcontract Act, infringing on patents/patents being infringed on, bribery, death from overwork/psychological disorders due to long working hours, workplace injuries, strengthening of environmental regulations, soil pollution, toxic substance leaks, etc.
Risks addressed by the committee (Responsibility of each Risk Committee)	International conflict/civil war, large-scale natural disasters, violations of laws and regulations related to personal information protection, terrorism/demonstrations, cyberattacks/infection by malware, product defect accidents/recalls, fires/explosions, data loss/malicious tampering, information/technology leaks, etc.
Business execution risks (Responsibility of the person responsible at each division)	Rising prices and tight supply of raw materials and fuels, declining demand/sluggish economy/intensifying competition, delays in research/development, failed capital investments, failed marketing/delayed entry, failed acquisition/merger/partnership, delayed development of human assets, rumors, damaged/malfunctioning machinery/equipment, infrastructure supply failure, client bankruptcy, etc.

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 Group under the Officer in charge of compliance. They work with external advisors 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 that was revised in June 2021 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 and “build trust, transparency and respect” with all of our stakeholders, as stipulated in our Core Values.

YKK Group Code of Conduct
The Seven Principles

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

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

Revision and Distribution of the Compliance Book

In light of revision of the “YKK Group Code of Conduct,” we updated the “YKK Group Compliance Book” and have been distributing it to all relevant officers and employees.* In addition to providing easy-to-understand explanations of the contents and behavior that should be followed in each stipulation of the Code of Conduct, we have included a column for past compliance-related cases, and sections on the main relevant internal rules and laws and regulations, and information on the whistleblowing system, etc.



*The pictured book is an example from the East Asia Region (Japan, YKK Korea Co., Ltd., and YKK Taiwan Co., Ltd.). Creation and distribution of the Compliance Book based on the laws and regulations of each country and area in other regions.

YKK Global Criteria of Compliance (YGCC)

YKK has 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.

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 that can deal appropriately with requests and consultations from business and development departments in any country or region of the world has been established. 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 exercising rights toward a patent infringer or company making similar 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 the authentic product, etc. Moreover, with the Trademark Committee in Japan taking the lead, we manage and operate 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 measures against counterfeit products.

Status of Trademarks/Patents

YKK® registered trademarks
(Class 26)

177 countries/regions

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

5,960

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

3,864

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

3,268 people (1,893 organizations)

Intellectual Property Achievement Award
Award for excellent corporations utilizing the
intellectual property rights system (trademark) given
by the Ministry of Economy, Trade and Industry

FY2021

(as of March 31, 2022)

YKK trademark activities given the Intellectual Property Achievement Award of the Minister of Economy, Trade and Industry Awards

YKK has worked to register and use the YKK® trademark and other commercial trademarks appropriately in 177 countries and regions, and to eliminate applications for similar products and unauthorized use, so that our client companies and general consumers in Japan and overseas can use our fastening products without worry. Further, we have worked proactively in collaboration with courts, government agencies, and client companies in each country or region, through B.P.P., to combat counterfeit YKK products and ensure that the products are authentic.

This set of trademark activities has garnered praise and was presented with the Award for excellent corporations utilizing the intellectual property rights system (trademark) of the 2021 Minister of Economy, Trade and Industry Awards Intellectual Property Achievement Award that is given by the Patent Office of the Ministry of Economy, Trade and Industry.



Brand protection promotion mark



At the presentation ceremony for the 2021 Intellectual Property Achievement Award