



English

# This is YKK 2022

Fastening Business

YKK CORPORATION Integrated Report



## YKK PHILOSOPHY

# CYCLE OF GOODNESS®

“No one prospers without rendering benefit to others.”



As an important member of society, a company survives through coexistence.

When the benefits are shared, the value of the company's existence will be recognized by society.

When pursuing his business, YKK's founder, Tadao Yoshida, was most concerned with that aspect, and would find a path leading to mutual prosperity.

He believed that using ingenuity and inventiveness in business activities and constantly creating new value would lead to the prosperity of clients and business partners and make it possible to contribute to society.

This type of thinking is referred to as the "CYCLE OF GOODNESS," and has always served as the foundation of our business activities.

We have inherited this way of thinking, and have established it as the YKK Philosophy.

## YKK MANAGEMENT PRINCIPLE

**“YKK seeks corporate value of higher significance.”**



Seeking **corporate value** of higher significance,  
YKK will pursue innovative **quality** in the seven key areas shown above.

YKK Group companies seek to delight our customers, earn the high regard of society and make our employees happy and proud.

We are improving the quality of our products, technology, and management as the means to achieve this.

We make fairness the fundamental standard for all YKK Group business operations, and this is the basis for our management decisions.

## YKK CORE VALUES

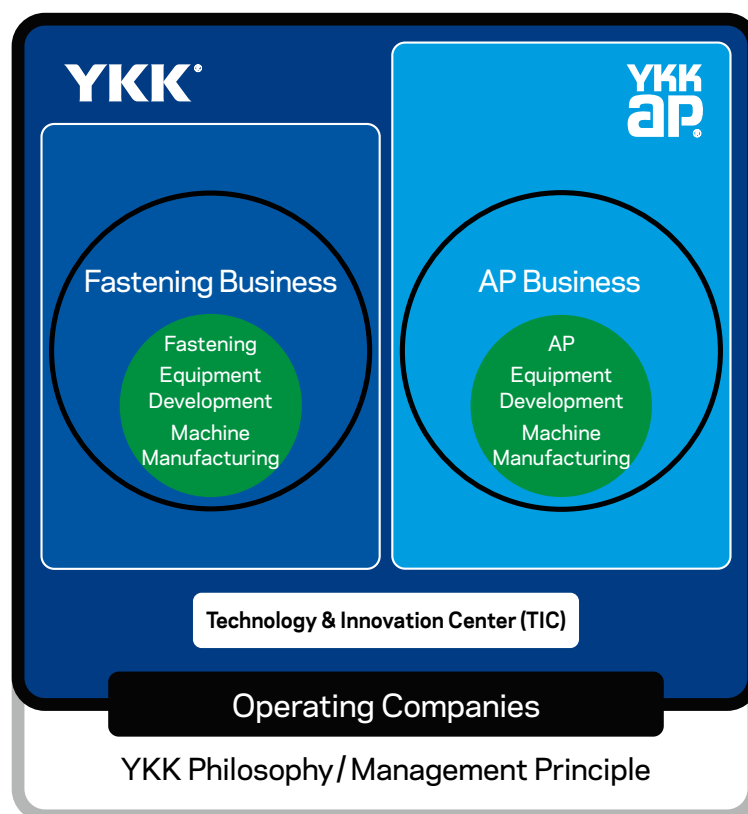
**Do not fear failure; experience builds success. /  
Create opportunities for employees.**

**Insist on quality in everything.**

**Build trust, transparency and respect.**

# YKK Group Management Structure

The YKK Group operates in 72 countries and regions around the world, with the Fastening Business and Architectural Products (AP) Business as core operations.



Supporting the Two Businesses Through the Development of Equipment and Manufacture of Machinery

In FY2021, the Machinery and Engineering Group was integrated to the Fastening Business and AP Business respectively to enable speedier development of machinery and equipment as well as the manufacture of machinery that are specialized to each business. The newly built Technology & Innovation Center provides technical support to each business to enhance their competitiveness.

## YKK Group Consolidated

Number of Group Companies and Employees

**106** companies **44,410** employees

Net sales

**797.0** billion yen

Operating income

**60.1** billion yen

## Fastening Business



The Fastening Products business has been producing and marketing fastening products, including zippers (slide fasteners), hook & loop (textile products), buckles (plastic products), and snap & buttons, for over 80 years.

Fastening Products / Snaps & Buttons Businesses

Number of Group Companies and Employees

**67** companies **26,983** employees

Net sales

**348.1** billion yen

Operating income

**42.3** billion yen

## Architectural Products (AP) Business



Windows and doors are significant attributes to creating comfortable living spaces. Building facades create beautiful urban scenery. The YKK AP business aims to deliver good health, comfort, safety, and security through its architectural products.

Residential / Commercial / Exterior / Renovation / Industrial Products / Overseas AP Businesses

Number of Group Companies and Employees

**23** companies **16,788** employees

Net sales

**446.3** billion yen

Operating income

**17.3** billion yen

## Other Businesses



AGRO PECUARIA YKK LTDA.

YKK Rokko Corporation

In addition to YKK Real Estate Co., Ltd., YKK Business Support, Inc., which supports business operations within the YKK Group, and YKK Rokko Corporation printing company (a special YKK Group subsidiary), we are developing businesses rooted in local regions, such as the agricultural and livestock business in Brazil (Agro Pecuaría YKK Ltda.).

Number of Group Companies and Employees

**16** companies **639** employees

(Note) Net sales and operating income are figures for the year ended March 31, 2022. Other figures are as of March 31, 2022.

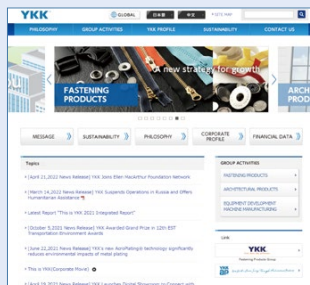
# YKK Information Disclosure

YKK Corporation (“YKK”) discloses information to diverse stakeholders in a timely and appropriate manner and places importance on initiating proactive two-way communication.

In addition to the timely dissemination of information, such as the corporate profile, news releases, and updates, we also publish detailed financial and non-financial information, primarily on the YKK website. Among such information, YKK Corporation’s integrated report, “This is YKK 2022,” is published to provide stakeholders with a straightforward general overview of YKK’s management and vision for the mid- to long-term as well as the outline of Fastening Business activities and sustainability efforts. We also issue the YKK Sustainability Journal, which communicates in story form, our passion toward the achievement of the YKK Sustainability Vision 2050. We strive to disclose information that meets the needs and convenience of our diverse stakeholders.

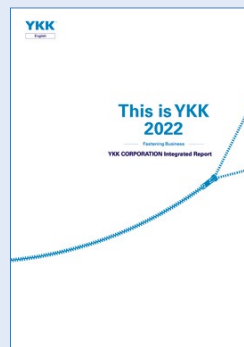
Regarding the architectural products business handled by YKK AP Inc. (“YKK AP”), information disclosure is carried out through the YKK AP website (www.ykkap.co.jp), YKK AP Integrated Report, YKK AP Environmental Report, and other means. Furthermore, we also issue the Data Book (PDF file), which provides detailed data on the achievements of YKK’s sustainability-related activities and ESG performance.

(Website)



<https://www.ykk.com>

(Integrated Report)



(Sustainability Journal)



## Editorial Policy of the YKK CORPORATION Integrated Report “This is YKK 2022”

The YKK CORPORATION integrated report, “This is YKK 2022,” is an overview of management and business activities that are rooted in the Cycle of Goodness® YKK Philosophy embraced by YKK from its founding to the present day. The report is focused around YKK’s Fastening Business.

In particular, we publish an integrated report on financial and non-financial information, such as an overview of long-term value creation, the medium-term management strategy toward sustainable growth, financial performance, and sustainability efforts in both printed and PDF formats.

### Report Scope

#### Financial Information

Disclosed for the YKK Corporation and its 105 subsidiaries on a consolidated basis as the “Group,” and for each segment (Fastening Business, Architectural Products Business, Other Businesses)

#### Sustainability Vision / Environmental

- With the Fastening Business at the center, includes other businesses involved in business operation
- Explanatory notes and the like are included as needed when the extent of coverage differs

#### Social

- The extent of the data is shown individually

#### Governance

- The extent of the data is shown individually

#### Period Covered

FY2021 (April 1, 2021 to March 31, 2022)

\* Includes some activities from outside this period

### Reference Guidance

“Guidance for Collaborative Value Creation,”  
Ministry of Economy, Trade and Industry (METI)  
“International <IR> Framework,”  
The International Integrated Reporting Council (IIRC)

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### Publishing Department

Corporate Communications Group,  
Corporate Planning, YKK Corporation  
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YKK's Founder, Tadao Yoshida

## The Philosophy of YKK's Founder, Tadao Yoshida

YKK is constantly pursuing contributing to a sustainable society through its core business. The foundation of all such corporate activities is the Cycle of Goodness® corporate philosophy of YKK founder Tadao Yoshida. This philosophy clearly expresses YKK's spirit of continuing to prosper together with society, customers, related industries, and employees. It is a concept that is highly compatible with sustainability. The founder repeatedly conveyed the essence of this corporate philosophy to employees, speaking of it in various ways.

Tadao Yoshida's words, "business is like building a bridge," which are connected to the "Cycle of Goodness," can be understood in terms of sustainability, as he

believed that unless we benefit society as a whole, we will not be able to prosper ourselves.

The words "manufacturing like clear spring water" and "trash can be a great resource if it is utilized with ingenuity" are linked to environmental consideration, and the words "the strength of a forest is better than a big tree" are linked to respect for human rights and individuality.

A philosophy that is highly compatible with sustainability has been at the core of YKK's management since the time of the founder. It continues to be inherited at the company even today, more than 80 years later.



## Business is like building a bridge



**(July 1965)**

I don't think that a business will prosper unless it is both profitable and also contributes to the world and is useful to human society. Nothing brings more happiness than when we can contribute to the local industry and the local economy, thereby enriching the lives of local people. YKK's "bridges" that bring abundant civilization to developing countries and new affluence to developed countries will continue in the future.

## If we make use of our ingenuity, even our waste can be a great resource



**(January 1971)**

The first thing we should do is think about how to better deal with waste from our own neighborhoods and implement those ideas together. If we continue digging for underground resources, cutting down trees, catching fish, and increasing oceans where fish can't live as we are doing now, it will mean the destruction of humanity.

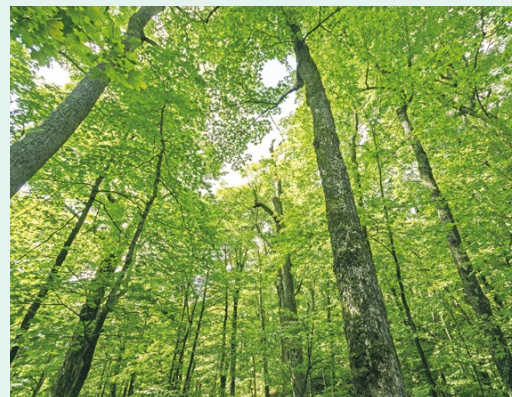
## Manufacturing like clear spring water



**(January 1984)**

Like a wonderful fountain, it bubbles forth, rich and authentic. This is true abundance. The important thing is not to waste valuable resources. Then it will be a great product.

## The strength of the forest is greater than the trees



**(July 1970)**

Some trees are thick with experience and age, others are young and thin. There are tall trees and short trees. We work well together, not under the control of anyone, using our strengths and abilities according to our individuality.

# From the Cycle of Goodness® to a Sustainable Future

## YKK sustainability vision 2050

YKK's action plan for a sustainable future



### climate change

- Tackle GHG emissions
- Increase use of renewable energy

In order to combat global climate change, YKK commits to greenhouse gas emissions reduction targets that are required to meet the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.



### material resources

- Increase use of sustainable materials

YKK will reduce waste and the use of petroleum derived materials throughout the lifecycle of our Fastening products. We will contribute to the transition to a circular society by eliminating production and plastic waste and developing products designed for circularity.



### water resources

- Reduce water use and manage wastewater

To combat serious water resource depletion and degradation, YKK will reduce its water intakes and strictly manage wastewater.



### chemical management

- Manage and reduce chemical usage

To ensure a healthy environment for future generations, YKK will reduce the environmental impact caused by chemicals used in the manufacture of our products.



### respect people

- Uphold human rights and ensure fair, safe work environments

YKK believes in the universal philosophy of respecting the dignity and rights of all human beings and is committed to contributing to a diverse and sustainable society.

# Aiming for Climate Neutrality as a Company that Co-exists and Co-prospers with Society and the Natural Environment

## SDGs



## 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.

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**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)

LEED is a registered trademark of U.S. Green Building Council.

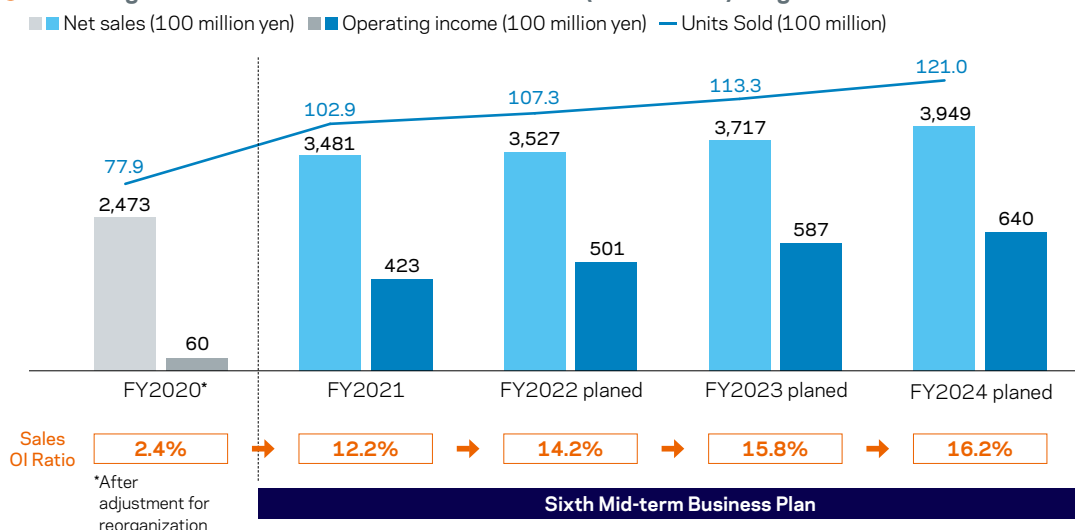
As the graph shows, in FY2021, the first year of the plan, we were able to achieve significant growth in revenue and profits. The recovery in consumer spending in Europe and the U.S., where vaccination rates increased, and the rebound from buying restraints of the previous fiscal year, were positive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

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

■ **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.

## Executive Dialogue



### Contributing to a sustainable society, based on the “Cycle of Goodness” Purpose

Based on the YKK Philosophy, the “Cycle of Goodness,” YKK aims to contribute to a sustainable society through its core business. As Purpose-driven management draws increasing attention, we invited Mr. Takashi Nawa for a discussion with Masayuki Sarumaru, YKK Chairman of the Board, about the importance of “Kokorozashi (Aspiration),” the Japanese term Mr. Nawa uses for “Purpose”. Mr. Nawa is a visiting professor at the Hitotsubashi University Business School and an advocate of a management style he calls “Purposism”.

#### Takashi Nawa

Visiting Professor, Hitotsubashi ICS

Graduated in 1980 from the Faculty of Law, The University of Tokyo, and joined Mitsubishi Corporation. After obtaining an MBA from Harvard Business School in 1990, he worked at McKinsey & Company for about two decades, consulting as a Director. He has worked on growth strategy, structural reform, and other projects in Japan, Asia, the U.S. and elsewhere, in a wide range of industries. From 2011 to 2016, he served as a Senior Advisor for Boston Consulting Group. Since 2014, he has organized the CSV Forum, which brings together next-generation leaders from nearly 30 major Japanese companies. He became a specially appointed professor at the Hitotsubashi University School of International Corporate Strategy in 2010, and appointed to his current position in 2018. His main publications include “Familiarity Advantage,” “CSV Management,” “Textbook of Corporate Transformation,” “Management Transformation,” “Purpose-driven Management” and “Schumpeter.”

#### 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. In 2018, became YKK Chairman of the Board (current) and in 2020 YKK AP Director (current).



## Purpose at the center of management

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**Sarumaru** Today, I hope to hear your thoughts on how companies should be, based on their management principles. In your book *Purposism beyond Capitalism*, you point to the importance of “Aspiration (Kokorozashi),” or purpose, and state that an era of “Purposism” will follow capitalism. First, could you tell me more about the thinking behind “Purposism”?

**Nawa** First, the premise is that conventional capitalism has been based on financial assets. This is the “money” of the three main elements of production, “people, goods, and money”. However, money in and of itself does not generate any value. Furthermore, if business is undertaken exclusively according to the logic of capital, corporate activities become selfish and entirely profit-centered. So, what is the most important of the three pillars—people, goods, or money? Without question, it is people. This is because people are at the core of value creation. Moreover, I believe that this is driven not by a desire for one’s own gain, but belief in wanting to do something that is of value to others; in other words, “Purpose”. Currently, Purpose-driven management is attracting attention around the world, and I have decided to use the Japanese word for “Aspiration (Kokorozashi)” in the same sense as this, because I hope that it manifests as a strong drive or desire that comes from within. This is why I’m calling the future of capitalism, which has this “Aspiration (Kokorozashi)” at its core, *shihon-shugi*, or “Purposism” in English.

**Sarumaru** So in corporate management as well, we have to make Purpose, or will, central, and practice “Purposism-driven,” right?

**Nawa** That’s correct. The important thing is to put “Aspiration (Kokorozashi),” the sense of Purpose that lights people’s hearts, at the center of management. In this respect, I have been interested in your company’s philosophy of the “Cycle of Goodness” for some time now. This is because management centered on people is just like the “Cycle of Goodness”. Your “Cycle of Goodness” paints a dynamic picture of how the *sampo yoshi* (“good for everyone”) thinking circulates in society at large. As a “Purposism-driven” company, I hope that you will continue to spread the idea of purpose to all corners of the world.

**Sarumaru** I’m very happy to hear you say that. At the core of the “Cycle of Goodness” is the idea that “no one prospers without rendering benefit to others”. As an important member of society, our company cannot prosper if society does not prosper. Especially from a manufacturing point of view, it is important that we improve technology, build better products, and provide new value to society. In doing so, we contribute to the prosperity of a wide range of stakeholders, a prosperity which will eventually spread to society as a whole. Then finally, that prosperity will circle round and come back to us. This is the basic thinking behind the “Cycle of Goodness”. Coexistence and co-prosperity, you can say. In order to put all of this into practice, we must have the assured technological capabilities to deliver value to society. The idea that expresses itself in this pursuit of technology and value is connected to the mid-term management vision of “Technology Oriented Value Creation” from our Mid-term Management Plan.

## Affinity between the “Cycle of Goodness” and sustainability

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**Sarumaru** There is another important side to the “Cycle of Goodness”. This is the fact that the “Cycle of Goodness” is a pragmatic philosophy that grew out of daily business activities. I believe that it is precisely because this philosophy has been honed over time by taking on such endeavors as the pursuit of quality and cost and entering overseas markets that it resonates in the hearts of employees at the worksites.

**Nawa** I think the fact that your “Cycle of Goodness” is a pragmatic philosophy that has been honed through business activities is the reason your company has successfully internalized Purpose. I think that this “Cycle of Goodness” is also connected to the recent social demand for sustainability. What do you think?



The important thing is to put the will that lights people's hearts at the center of management.

———— Takashi Nawa

**Sarumaru** As you say, there is a natural connection. I believe that the "Cycle of Goodness" is a way of thinking that is exceedingly compatible with the idea of sustainability. We return to the point where we started, think about what we should do for the natural environment and society at large, and earnestly put this into practice via Technology Oriented Value

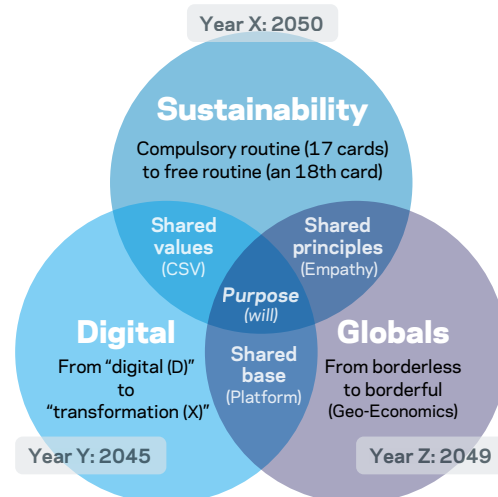
Creation. Our strength is that we can engage in such experiments naturally, and I believe that we will continue to do so into the future. As well, our YKK Sustainability Vision 2050 was created based on this kind of thinking, and it shows how YKK can achieve its goal of being a company that serves the social good.

## Facing future challenges through New SDGs

**Sarumaru** We are working on SDGs, but you have advocated your own "New SDGs". Could you explain your thinking behind them?

**Nawa** First of all, I think of the existing conventional SDGs as something like the compulsory routines in gymnastics. It is a given that the athlete can perform such routines as specified, but doing so does not guarantee a place on the podium. So here I believe we should attempt the challenge of free routines that capture the imagination of customers, society, and employees; namely, "New SDGs" that give us a much higher vantage point than the current SDGs. In the New SDGs, the "S" stands for sustainability, meaning a shift from "compulsory" to "free". Instead of "Development," the "D" stands for "Digital"; specifically digital transformation, or "DX" for short. This DX is often placed in the spotlight, but digital technology itself is only a means to an end. However much of the technology you use, it does not transform management on its own. Specifically, I believe the "X," or "transformation," not the "D," should be the main focus for management. Finally, the "G" stands for "Globals," in the plural. Taking as a premise the idea of "borderful," in which the existence of national boundaries is a given, rather than "borderless," I believe that the multifaceted perspectives of multiple worlds hold the key to steering global management. Thus, "Sustainability + Digital + Globals" constitutes the New SDGs. Furthermore, at the core of this thinking is Purpose, or Aspiration (Kokorozashi).

### ▶ New SDGs: From Capitalism to Purposism



Source: Takashi Nawa (Nikkei Economics Classroom; May 13, 2020)

**Sarumaru** The "free routine" that you mentioned is an exact example of Purpose, and represents what a company strives to be.

**Nawa** That's right. Here too, the existence of Purpose is extremely important. It is clear to me that Purpose (internal origin) is more important than Mission (external origin), but recently I have been thinking further about this, and concluded that in order to envision the future, Principles are even more important than Purpose. Principles are fundamental.

I want to continue to pursue, together with our employees, corporate activities that contribute to a sustainable society, based on the "Cycle of Goodness".

———— Masayuki Sarumaru



The "Cycle of Goodness" is a Purpose, but when you make it fundamental to your thinking, I believe

that it also becomes a Principle that can guide your decision-making.

## A strong feeling that comes from the heart

**Sarumaru** What else do you think is important for management?

**Nawa** The economist Schumpeter\* spent his life studying the essence of innovation, and I believe that business people in today's world have a lot to learn from what he wrote. These days, innovation is a requirement in every industry, but the fact is, innovation does not begin by just proposing somewhat interesting ideas. What is important is implementing and scaling a business in society based on the thought, "How do I want to change society?" At the same time, if a Purpose pursued by a company cannot be implemented in society, its true value will never emerge. I believe that innovation is truly an integrated art form.

**Sarumaru** Implementing a business in society is what makes it have Purpose. The zippers we manufacture are very simple, consisting of three parts: tapes, elements, and sliders. But even in this small product, we have continued to leverage the best technology available at any given time. We have watertight and airtight zippers that are used in space suits, but in terms of implementing our business in society, I have been reminded that what is important is to provide better products that customers and society want, at a lower cost and greater speed. For example, cost-reduction technology is extremely important, so, for example, we can make something for 10 yen that used to cost 20 yen. By doing this, quality YKK zippers will become available even in emerging markets, where until now only zippers that break easily have been used. For me, this is the innovation challenge we are facing now.

**Nawa** Your company's Purpose and principle, the "Cycle of Goodness," is deeply rooted in the thinking of all your employees, and I believe that is why you have been able to implement your business in society in such an ideal form. How have you communicated this "Cycle of Goodness" Purpose, or Aspiration (Kokorozashi), to your employees?

**Sarumaru** In our work to disseminate our management principles, our focus is on dialogue with employees. Until now, we have been conducting roundtable discussions with individual employees in Japan and overseas in order to communicate our management principles, and COVID-19 has made these activities even more of a priority. In FY2021, we began holding small-group "online roundtable meetings". With our president Mr. Otani and myself taking central roles, we held discussions with approximately 1,450 employees from Japan and overseas. What has become clear as we continue this work, is that face-to-face communication, in which we can see each other's expressions and reactions, and exchanging ideas about our management principles, are important and valuable precisely because of the challenging times we are in. Through these activities, I want to continue to pursue, together with our employees, corporate activities that contribute to a sustainable society, based on the "Cycle of Goodness" and the strong feeling that comes from the heart, the "Aspiration (Kokorozashi)" that you describe. Thank you very much for sharing your valuable insights with me today.

\*Joseph Alois Schumpeter (1883 to 1950)  
A global economist who championed the importance of innovation through creative destruction.

# The History of YKK's Value Creation

**“Better products at a lower cost and greater speed, more sustainably”**

The history of YKK is also a history of technological innovation to provide customers with better products. YKK will continue its challenge to keep creating new value for our customers and for society.

## 1934-

Foundation to Establishment of the Integrated Production System

### 1934

#### Foundation

Founded in Nihonbashi Kakigara-cho, Tokyo (at center of photo); engaged in the processing and sale of metal zippers



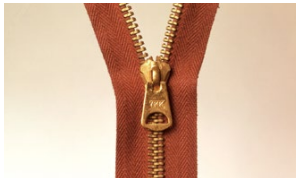
### 1939

#### YKK Utility Model No. 1

Metal slider for zippers

### 1946

#### YKK registered as a trademark

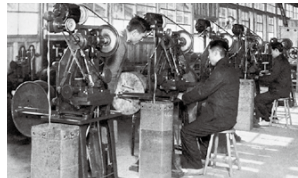


Zipper stamped “YKK”

### 1950

#### From a handicraft industry to mechanization

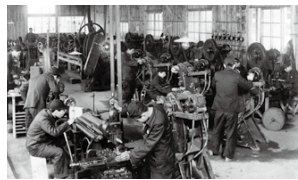
Four zipper chain machines imported from the U.S.



### 1952

#### Establishment of a fully integrated production system

Predecessor of the former Machinery & Engineering Group launched



### 1953

#### YKK Patent No. 1

Intermittent chain production machine developed

## 1959-

Global Expansion

### 1959

#### Global expansion

Zipper manufacturing plant exported to India  
Opened first overseas base in New Zealand



### 1964

#### Achieved high-speed manufacturing

Commenced manufacturing using the YKK-CM6 (certified Mechanical Engineering Heritage\*1)



### 1974

#### Launched integrated production system overseas

First overseas integrated zipper production plant



YKK (U.S.A.) Macon Plant

### 1992

#### Expansion into growing markets

Full-scale base for expansion into China



Shanghai YKK Zipper Co., Ltd.

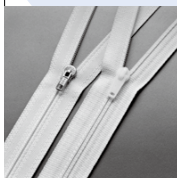
### 1994

#### Formulated the YKK Group Environmental Pledge

## The Provision of Value Through Products and Technology

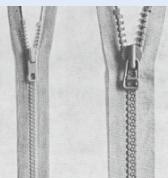
### 1952

Nylon zippers



### 1961

Delrin zipper (current VISLON®)



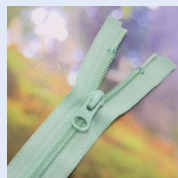
### 1966

YZiP® Metal zipper



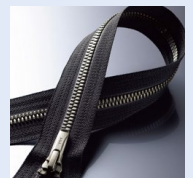
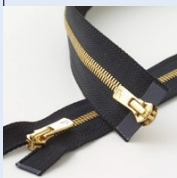
### 1983

Airtight and watertight zipper (current PROSEAL® zipper)



### 2000

EXCELLA® with fully polished elements



### • 1958

CONCEAL® a zipper in which the element is not visible

### • 1960s

Recycling of plastics begun

### • 1980s

The recycling of yarn from internal yarn waste begun

### 1994

NATULON® made from recycled PET plastic

### 2009

METALUXE® an injection-molded plastic zipper with a metallic look

\*Shows the fiscal year of the undertaking, development, commercial launch, trademark registration, or receipt of award

# 2001-

New Value Creation

# 2021-

A New Organization for "One YKK"

## 2011

### International-level quality assurance system

Registered Japan's first "fire walled" third party conformity assessment body\*2



The former Machinery and Engineering Group, Analysis Technology Center

## 2014

### Received the Porter Prize as a global leader in zippers



## 2015

### Ongoing Evolution of the Philosophy of Integrated Production

Completed the world's first precision machinery plant with windows



Slide Fastener Machine Parts Plant

## 2016

### Established a New Foundation for Value Creation in Kurobe, Japan

A center for technology accumulation, exchange, development, and human resources training



YKK R&D Center

## 2017

### New Forms of Collaboration

Launched inter-company joint development



Joint development with JUKI Corporation

## 2017

### Aiming for Full Automation

Efforts made to achieve smart, digital facilities



Advanced factory robotic automation center opens

## 2019

### Established YKK Vietnam Co., Ltd. Ha Nam Plant



New plant using the latest systems

## 2020

### Formulated YKK Sustainability Vision 2050



Aiming to achieve climate neutrality by 2050

## 2021

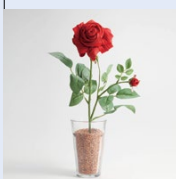
### Restructuring of YKK organization and overseas regional management system

\*1 Items that made contributions of historical significance to the development of technology and industry in Japan. They include machines, equipment, and related facilities and documents, which are considered cultural heritage for passing on to future generations. They are certified by the Japan Society of Mechanical Engineers (JSME).

\*2 The first testing laboratory in Japan to be registered by the U.S. Consumer Product Safety Commission (CPSC) that can ensure the analytical value of lead content in products.

## 2016

**ECO-DYE®**  
 a dye technology that uses almost no water in the dyeing process

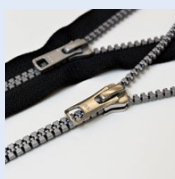


## 2018

**QuickFree®**  
 a zipper which contributes to safety and security for children through enhanced operability

## 2019

**AcroPlating®**  
 a new plating technology for brass that eliminates the use of conventional chemicals from the brass plating process



## 2019

**AiryString®**  
 a tapeless zipper

## 2019

**GreenRise®**  
 a zipper which uses a plant-based polyester

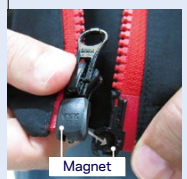


## 2020

**NATULON® Ocean Sourced™**  
 a zipper uses ocean-based plastic waste

## 2020

**VISLON®** with  
 Magnetic Closure  
 a zipper that closes using magnetic force



## Product Appeal & Proposal Capability

“Product appeal & proposal capability,” cornerstones of “Creativity to Realize a Sustainable Society,” emphasize the very same imagination and vision that our founder extolled. Based on this conception, we are deploying strategies aimed at creating new value.

### The Teachings of YKK Founder, Tadao Yoshida

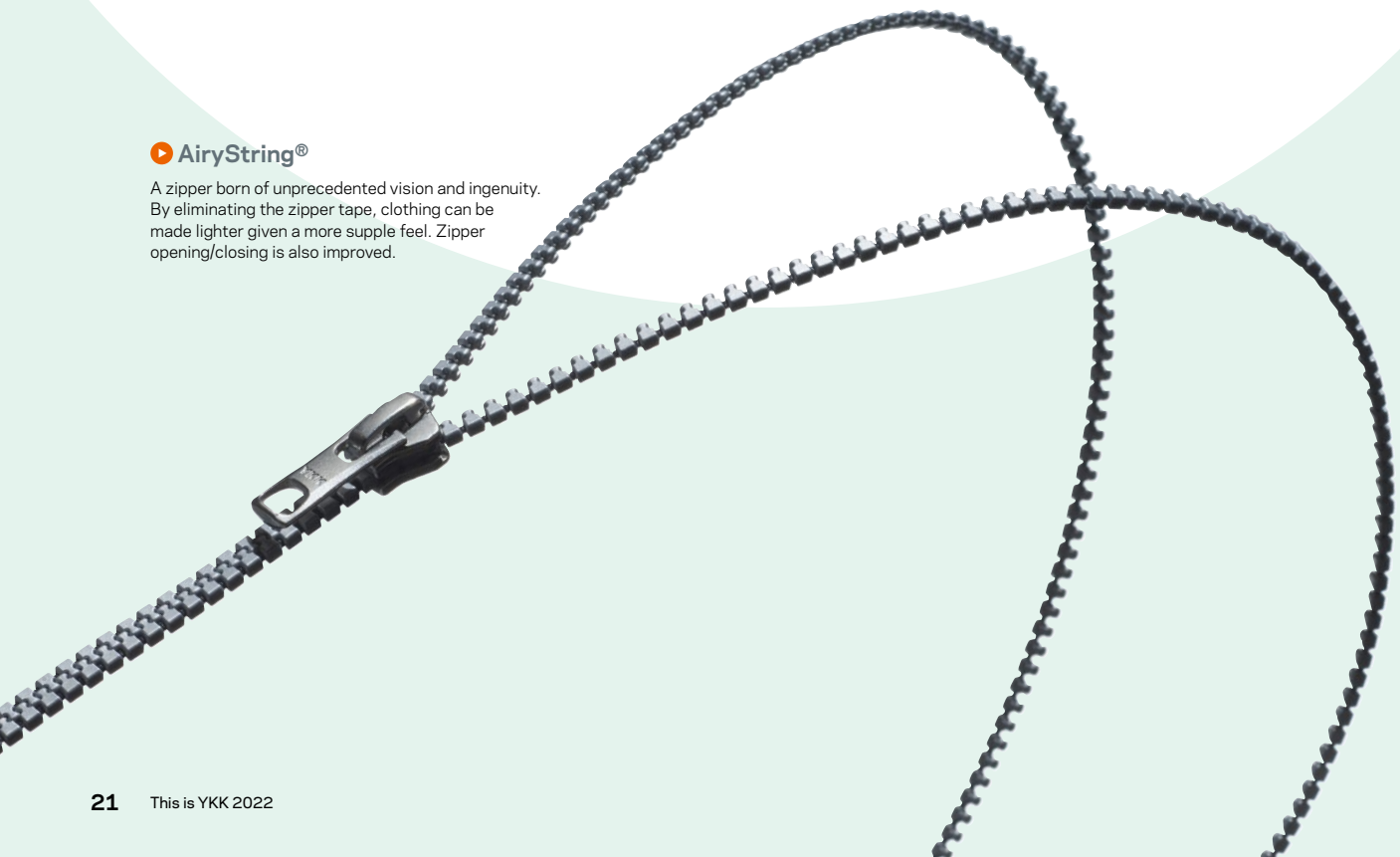
## “Paint a Picture in Your Mind”

When I see something, there are times that it becomes the basis of many thoughts in my mind. For example, if I see a spacious plot of land, I imagine what kind of building could be built there and what it would be like. I might then add an office, a school and even homes. The picture in my head gets bigger and bigger like that, and it makes me feel happy. When you paint a picture in your mind, you can expand things as you like. If you are at work, and if you are engaged in the sale of zippers, you might think about the zippers that you supplied to a clothing company. What kind of clothes would they be used for? How would they be used? And what about the customers who would buy those clothes? Would the zippers be pleasant and easy for them to use? Thinking about things like that and painting such pictures in your mind will enhance your knowledge of products and lead to mastering the art of merchandising. Manufacturing items, selling items, spending time in your daily - envision such things and paint a picture in your mind. You may make an unexpected discovery that way or come up with an idea that will be very useful in your work. It will help make every day fresh and full of richness.

Centennial Commemorative Publication  
From Tadao Yoshida, Founder of YKK, and the “Cycle of Goodness” Management Philosophy

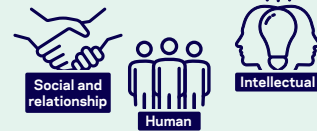
#### ▶ AiryString®

A zipper born of unprecedented vision and ingenuity. By eliminating the zipper tape, clothing can be made lighter given a more supple feel. Zipper opening/closing is also improved.





Related capital



## Strategy for even greater value creation

### Strengthening organizational structure for “One YKK”

With our restructuring based on the Sixth Mid-term Business Policy, we are strengthening, on a global scale, product development that integrates sales and development. We need the ability to respond to customer requests regarding products and in accordance with specifications that differ depending on the country or region. To this end, we are uniting sales and development into One Team, periodically offering product plan ideas and having our development people engage in business discussions with customers. Through these and other means, we strive to accurately grasp customer wants and quickly create responses.

### Promoting digitalization to meet customer requests

In April 2021, we established the Digital Operation Planning Department to respond to digitalization on the customer side. We are establishing the internal foundations required to rapidly provide data about YKK products. In addition, we are strengthening services, such as providing data to customers. At the same time, we are improving the efficiency of internal processes and designing new business processes that make use of digital data. By pursuing digitalization to link information with customers and ascertain the quantities they need and the amounts to be shipped, we will respond to the demand for “right time,” “right material,” and “right amount.”

YKK® quality and brand strength

Development locations:  
**39** locations/  
 Employees:  
**944** people

YKK trademark registration  
**177** countries and regions

**4,730** patents/  
 utility models

GMG\* etc.  
 Integrative strengths as  
 “One YKK” or  
 “one company”

Digital  
 Showroom

\*Global Marketing Group (Figures as of March 31, 2022)



## Generating new value

### Spreading the use of sustainable materials

In its YKK Sustainability Vision 2050, YKK has set the goal of switching 100% of the fiber materials used in its fastening products to sustainable materials (recycled materials, naturally occurring materials, etc.) by 2030. Of these, a target of 50% or more has been set as the FY2024 target for NATULON®, the zipper using recycled PET plastic. As well, we are aiming to cut GHG emissions and petroleum-derived resource usage by expanding sales of NATULON Plus® zippers, which have a greater ratio of recycled material than NATULON® zippers.

### Collaborative development of the tape-less

#### AiryString® zipper

JUKI Corporation and YKK shared independently owned technology and knowledge in a collaborative development project that produced, in 2019, a tape-less zipper and a dedicated sewing machine that could sew the zipper elements directly to the cloth. Fusing zipper and cloth in this way offers more design possibilities, and eliminating tape reduces the weight of final products. As well, by reducing manufacturing processes and increasing efficiency, we aim to contribute to the garment manufacturing industry.



The NATULON Plus® zipper also uses recycled materials for the cord and sewing thread.



AiryString® tapeless zipper

# Technology & Manufacturing Capability

YKK's founder believed that improving zipper quality requires integrated production, starting with the raw materials. Our integrated production makes this belief a reality and is at the core of YKK management and the foundation of our competitiveness. We are evolving every day to actualize the ideal new manufacturing.

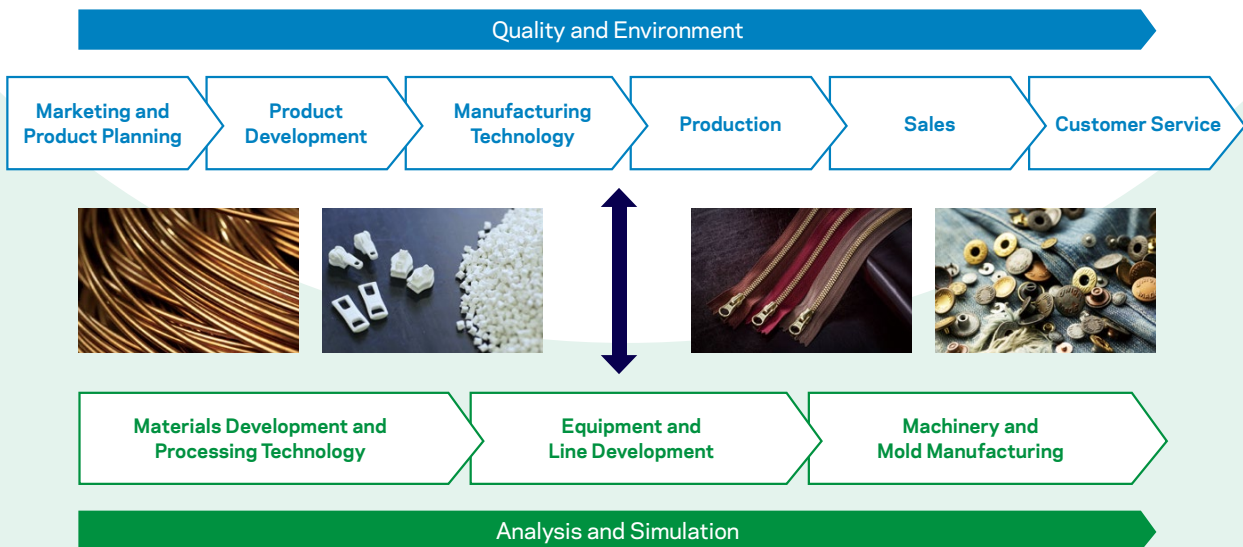
## The Teachings of YKK Founder, Tadao Yoshida

### “Aim Towards an Unmanned Factory.”

Tadao Yoshida had this dream. “Employees come to work and press the start button. Doing so causes machinery to hum, and the entire factory automatically begins operations. Employees study, research, and develop what they like, and if they get bored when that is done, they can go out to the baseball field and play a game. Young people relaxing in the park fall in love, have children and those children can eventually work at the company.” Automate the factory with each and every employee’s inventions, innovations, and improvements. If machines automatically produce “highest quality/lowest cost” products, employees can do the creative work. That kind of unmanned factory is the ultimate dream. After World War II, in a Japan where mechanization was not yet fully realized, he pictured the ultimate dream of an unmanned factory.

From “Tadao Yoshida’s Thoughts on Technology”

#### ▶ YKK integrated production

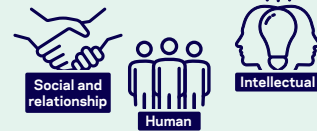


YKK has achieved an integrated production system that encompasses materials, manufacturing equipment, and products. From elemental technologies, such as those for developing metal, fiber, and plastic materials, and green recycling technology to the establishment of logistics, sales, and manufacturing systems, YKK has established a process that enables the stable provision of products of a quality sought by its customers, anywhere in the world.





Related capital



## Strategy for even greater value creation

### Evolving “integrated production” system

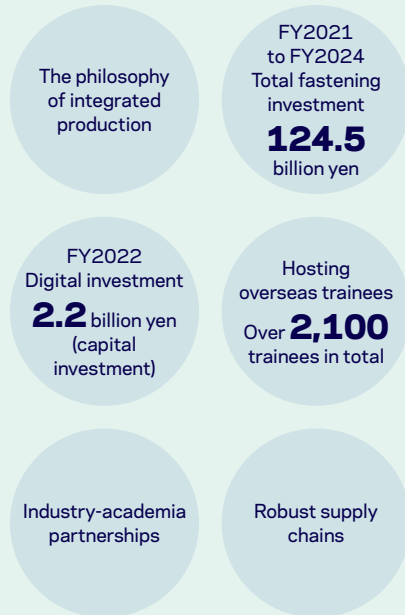
In order to respond to more customer requests, we are reorganizing supply systems to address customer issues while working to improve efficiency by bolstering the performance of our “integrated production” system. In concrete terms, this means building supply bases and developing optimized production lines that consider differences in production conditions around the world.

### Building non-stop/unmanned production lines

We are moving forward with automation and digitalization of production lines, with a goal of “right time, right material, and right amount” supply. We are deploying robots and AI to perform work such as conveyance and inspection and building production systems in which people can do more creative work.

### Thoroughly strengthen cost competitiveness of core products

As part of the thorough pursuit of cost competitiveness, one of the directions of the Sixth Mid-term Business Policy, we are currently working on thorough cost reductions for core products. Sales, manufacturing, and engineering departments are working together to plan and develop a range of facilities with different specifications tailored for the future needs of each region.



(Figures as of March 31, 2022)



## Generating new value

### Actualizing smart factories

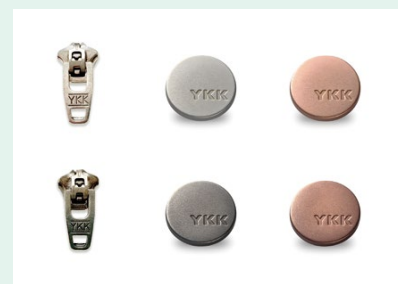
Through digital technologies, we are deploying AI, robotics and sensing technologies, and more in slide fastener machines to achieve non-stop, unmanned operations with as little human intervention as possible. Currently, we are assessing these new technologies as they are built into a non-stop, unmanned production line under construction at the Furumido Plant. Going forward, we aim to use IoT technology to connect all factory facilities and link inventory and customer demand forecast data, and thereby achieve smart factories that optimize supply chains.



Furumido Plant, YKK Kurobe Manufacturing Center

### Developing new technology to help reduce environmental burdens

We developed AcroPlating®, a new plating technology that uses no conventional plating chemicals. It has fully eliminated the use of harmful substances such as cyanide, chromium, and selenium. Life cycle assessment studies show that the technology significantly reduces GHG emissions, water usage, and power consumption in the manufacturing process. Cyanide, chromium, and selenium have an adverse effect on the health of humans and other living organisms. AcroPlating® technology also improves the working environment in the manufacturing process by fully eliminating the use of such substances.



New plating technology AcroPlating®

## Diverse Human Assets


YKK operates in 72 countries and regions around the world. YKK's human assets, with their diverse backgrounds and distinct personalities, active in the company are none other than sources of YKK's value creation. The Forest Management ideal introduced by our founder will continue to be passed down within the company.

The Teachings of YKK Founder, Tadao Yoshida

### “Seek the Strength of a Forest Rather Than That of a Single Big Tree”

YKK is not a tree but rather a forest. Everybody stands hand-in-hand and grows bigger together. The benefits of the sun's rays are felt throughout, but the trees must also huddle together in order to withstand the rain and wind. In a forest, there are, of course, large, experienced trees with many growth rings as well as young, thin trees. Some trees are tall and others are short. Each person demonstrates their special abilities according to their individuality. They work well and move forward together without being controlled by anyone. YKK employees are all workers, but at the same time, they are all managers. No matter how large the company becomes, my hope is that we will never lose the spirit of a forest filled with vitality, and that we will remain a company where anyone can express his or her opinions freely.

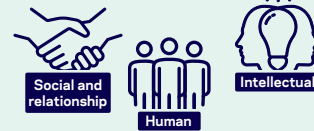
Centennial Commemorative Publication  
From Tadao Yoshida, Founder of YKK, and the “Cycle of Goodness” Management Philosophy



Diverse human assets work at YKK, which has been expanding globally, with each exhibiting their respective strengths regardless of their age, gender, or nationality. The strengths of its diverse employees are YKK's asset and treasure. Through the mobilization of diverse human assets who function organically, we are aiming to achieve diversity and inclusion that steadily strengthen our business competitiveness.



Related capital



## Strategy for even greater value creation

### Disseminating and teaching our principles

For many years now, we have focused on activities to teach and disseminate the YKK Philosophy and Management Principle, which are valued as common understanding amongst employees with diverse ways of thinking and values (see P. 43 for details). We believe that instilling such a common understanding is extremely important for sharing goals and implementing strategies amongst employees of diverse thinking and values.

### System reforms

We are at work on various types of system reforms that respect new work styles and the values of diverse human assets. By such measures as abolishing set retirement ages in Japan, establishing career support offices, and launching an “Internal Recruitment System” that enables employees to apply for positions, we are enabling employees to forge careers while making their work more meaningful and appealing.

### Strengthening global human assets for “One YKK”

We will further build environments in which diverse human assets can play active roles globally, through measures such as bolstering national staff training in countries and regions around the world and succession plans that include training and promoting executive candidates who will be responsible for management in the future.



(Figures as March 31, 2022)



## Generating new value

### Promoting active and diverse human assets

In Japan, we have introduced a new personnel system (abolition of the mandatory retirement age system) that allows employees to continue to work at YKK irrespective of their age for as long as they can fulfill the role needed by the company. This expands the scope and opportunity for their further activity. As well, we have established a Diverse Human Assets Promotion Committee to promote diversity and inclusion. Our goal is to realize the “Forest Organization” concept, in which each and every employee can think about their life and act accordingly, as well as a truly fair personnel system based on roles not restricted by age, gender, or nationality. To this end, we will continue to implement system reforms, new structures and measures, and more.

### Employees who are active globally and locally

While respecting diverse work styles and values and making the most of employee skills, YKK has prepared the ground so that all employees can play active roles. They include those active on the global stage and those whose work is rooted in individual countries and regions. This organizational culture that gives diverse human assets the scope to act is one of YKK’s strengths.



YKK Vietnam Co., Ltd.



YKK Bangladesh Pte. Ltd.

## Sixth Mid-Term Business Policy and Business Strategy

# Sustainable growth under the new normal

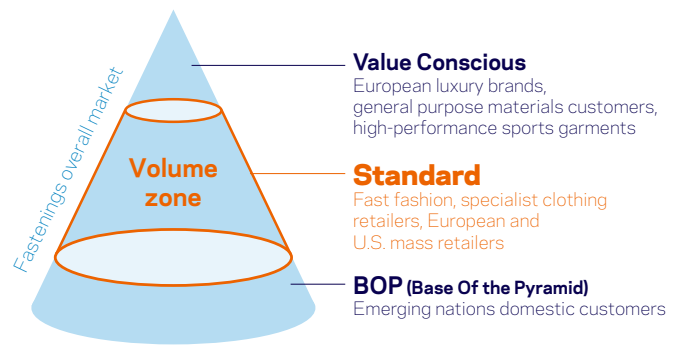
### - Responding to diverse customer needs and acquiring customers -

Under the Sixth Mid-term Management Plan (FY2021 to FY2024) we continue the “Technology Oriented Value Creation” of our Fifth Mid-term Management Vision. YKK has formulated a Sixth Mid-term Business Policy and Business Plan based on three primary points identified as necessary for achieving “Creativity to Realize a Sustainable Society,” which are “product appeal & proposal capability,” “technology & manufacturing capability” and “diverse human assets.”

In order to continue to serve the social good, which is even more sought after by society in the wake of the coronavirus pandemic, we have added “more sustainably” to the slogan “Better products at a lower cost and greater speed” from the Fifth Mid-term. As well, in the post-coronavirus new normal, we believe that the demand for the “right time,” “right material,” and “right amount” will grow. In this context, we are working even harder to make sustainability the basis of our management, enhance the cost-competitiveness of our core products, and pursue the digitalization that supports these efforts.

Continuing on from the Fifth Mid-term, we are positioning “Standard” as the most important of the “Value Conscious,” “Standard,” and “BOP” categories, and engaging in various measures aimed at further business growth.

#### Fastening Business market categories



### Business Environment

#### Society

- COVID-19 impact
  - Limits on economic activity
  - Logistics disruption, rise in transport costs
- Vaccine rollout, national economic stimuluses, etc. led to consumption recovery in Europe and the U.S.
- Surging raw material costs (non-ferrous metals/crude oil)
- Growing geopolitical risks

#### Markets

- Expanding demand for sustainability in the apparel industry

#### Technology Innovation

- Changes in the customer value chain due to advances in information technology

### YKK Philosophy, Cycle of Goodness® / “YKK seeks corporate value

#### YKK Group

#### <Sixth Mid-term Business Policy>

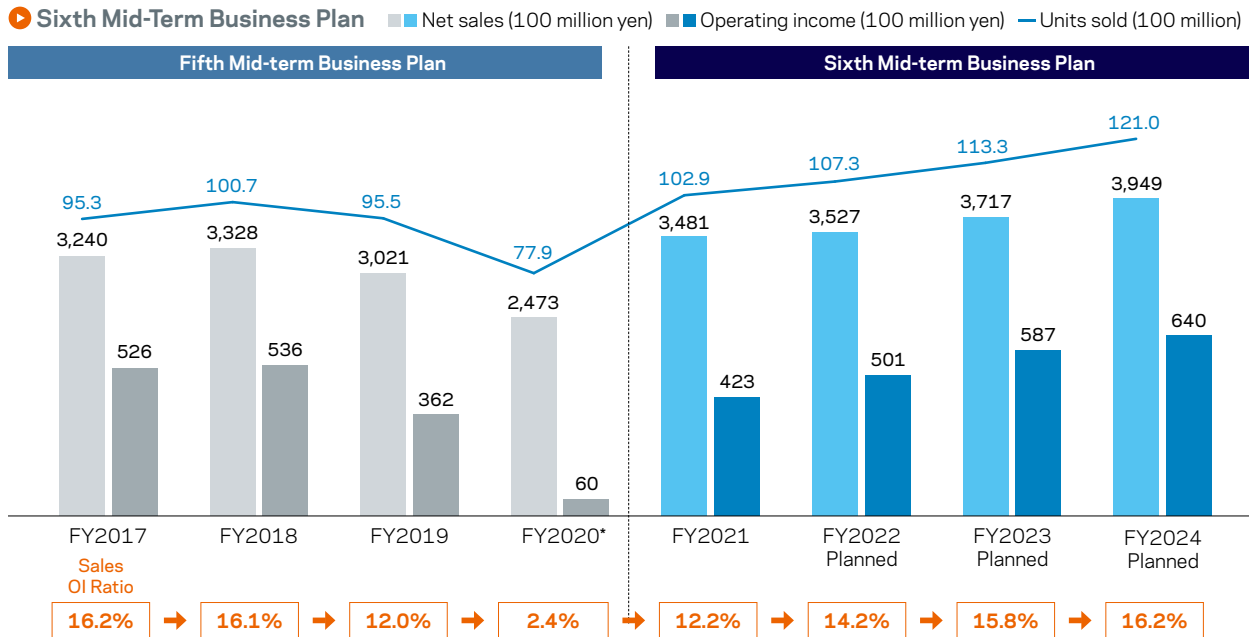
## Sustainable Growth

### - Responding to diverse customer

“Turn change into opportunity”  
 “Contribution to Society” - Continue  
 “Better products at a lower cost and

#### Medium-term Directions

- Flat organizational structure ▶ P.29
- Enhancing sustainability ▶ P.31
- Strengthen product planning and development ▶ P.37
- Thorough pursuit of cost competitiveness ▶ P.39
- Strengthening the use of digital technologies ▶ P.40



For FY2022, we are planning for zipper sales of 10.73 billion units, overall fastener sales, including snaps and buttons, of 352.7 billion yen, operating income of 50.1 billion yen, and an operating income ratio of 14.2%. For FY2024, the final year of the Sixth Mid-term, we are additionally planning for zipper sales of 12.1 billion units, overall fastener sales, including snaps and buttons, of 394.9 billion yen, operating income of 64.0 billion yen, and an operating income ratio of 16.2%. (FY2022 to 2024 business plan exchange rates: 110.00 yen to USD, 130.00 yen to EUR, 16.60 yen to RMB)

\*Figures are converted to reflect the organizational restructuring of FY2021. Figures from FY2019 and earlier are for pre-restructuring organization.

Management Principle  
of higher significance"

Code of Conduct

Under the New Normal  
needs and acquiring customers -

to be a company for the social good -  
greater speed, **more sustainably**"



Vision for the Medium- to Long-term



**Medium-Term Direction** **Flat Organizational Structure**

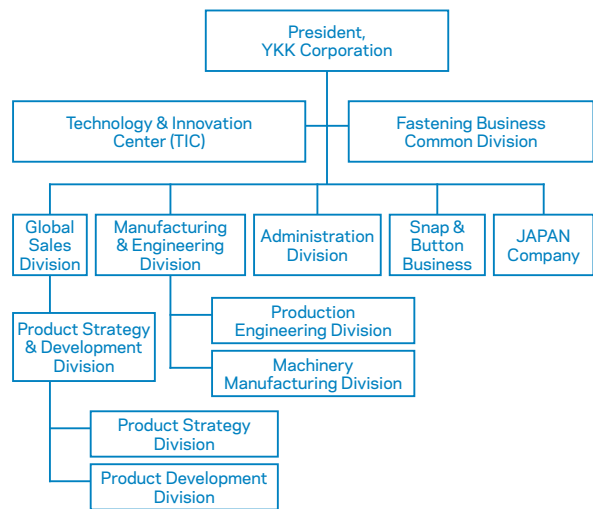
**Organizational Restructuring for Immediate Response to the Drastically Changing Business Environment**

YKK's Mid-term Business Policy "Sustainable growth under new normal - Responding to diverse customer needs and acquiring customers -" under the Sixth Mid-term Management Plan was formulated with the aim of achieving sustainable growth even in a business environment that will change even more drastically going forward. To ensure the sound achievement of this policy, in the first year of this policy (FY2021), we implemented a restructuring of YKK Corporation in Japan and the regional management structure overseas.

**Business Management Under a Functional Structure**

In FY2021, YKK reorganized and changed from a divisional structure to a flat structure with functional organizations, such as sales, manufacturing and engineering, and administration. With this, product development functions have been integrated into the Global Sales Division, and the entire company is strengthening product planning and development and working together with the Technology & Innovation Center (TIC), which is responsible for technological development from a medium- to long-term perspective, to achieve sustainable growth of the Fastening Business. As well, this organizational restructuring has shortened the distance between top management, leaders of the function departments, and the worksites, which in turn enables more timely information sharing and faster decision-making.

**The Business Execution Structure of YKK Corporation (from April 1, 2021)**



**Maximizing organization strength to realize "One YKK"**

**Koichi Matsushima**  
 Director  
 Executive Vice President,  
 Global Sales Division

With the merging of product development with marketing and sales within the Global Sales Division, we worked to strengthen "product appeal & proposal capability" in response to customer needs. Our ongoing challenge is to keep these capabilities at the same level while also achieving "cost performance." Under the new structure, we can connect the voices of customers in each region more quickly at the global level, and boost customer satisfaction via "One YKK."



**Boosting competitiveness with thorough manufacturing site "rationalization"**

**Fumio Ikeda**  
 Director  
 Executive Vice President,  
 Manufacturing &  
 Engineering Division

As work progresses on productivity improvements and rationalization to boost the competitiveness of our manufacturing sites, we are looking to achieve results that exceed initial plans and solidify these results going forward. At the same time, shortening lead times and improving facilities proposal making for overseas production technology are ongoing challenges. We will clarify numerical targets and challenges, work steadily to build up results, and further enhance our technology & manufacturing capability.



**Support activities of diverse human assets with a robust organizational base**

**Satoshi Honda**  
 Director  
 Pension Policies  
 Chief Financial Officer  
 Executive Vice President,  
 Administration Division

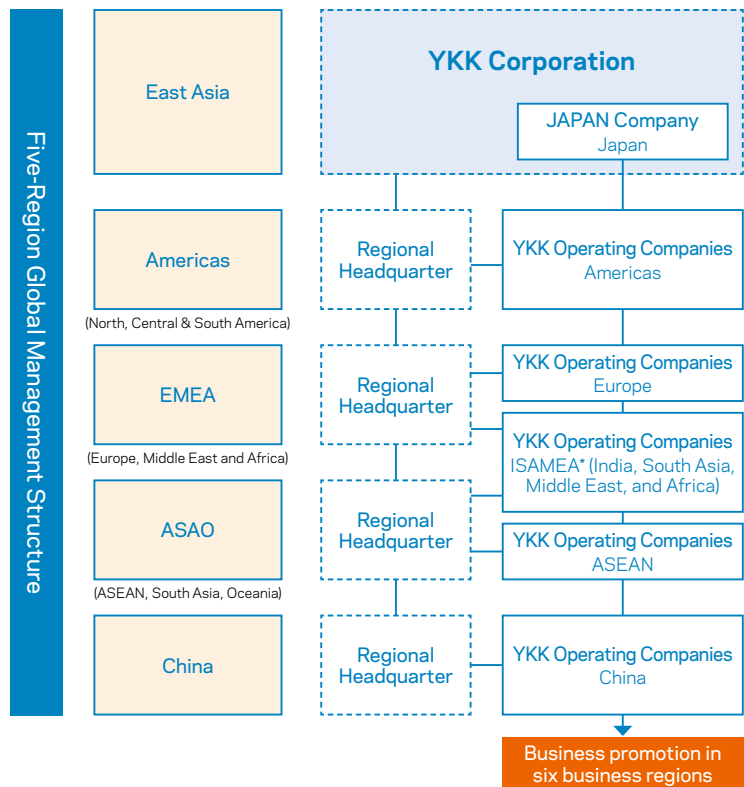
Regarding the role of the function departments that support the entire Fastening Business, we are conducting operations by linking up and communicating with overseas locations. Going forward, we will use digital technology to visualize our operations on a global level and raise the quality of our operations. At the same time, we will communicate the "Forest Management" concept that is the core of YKK around the world and transform ourselves into a robust organization in which all 27,000 of our diverse human assets can play a role.

## Global Management Structures

Regarding our overseas management structure, we shifted to a Five-Region Global Management Structure (East Asia, Americas, EMEA, ASAO, and China) in FY2021. At the same time, we split the governance and business promotion organizations, and established six business regions (Japan, Americas, Europe, ISAMEA, ASEAN, and China), which are classified according to trade area or commercial distribution. Each business region will promote business under a business promotion manager (business leader) assigned therein and strengthen both the appropriate marketing methods for the region and production engineering capability. Under this new system, regional headquarters provide managerial support to the six business regions, with a focus on capital management and strengthening corporate governance.

EMEA: Europe/Middle East/Africa  
ASAO: ASEAN/South Asia/Oceania  
ISAMEA: India/South Asia/Middle East/Africa

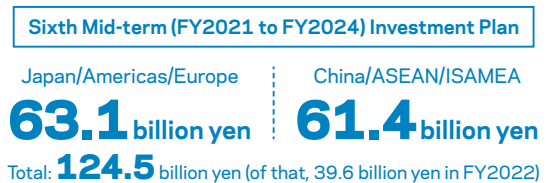
## ▶ Sixth Mid-term Regional Management Structure



## Sixth Mid-term Management Plan: Investment plans for each region over 4 years

We are planning to invest a total of 124.5 billion yen over the four years of the Sixth Mid-term Management Plan. Of this, 63.1 billion yen will be invested in Japan, the Americas, and Europe, and 61.4 billion yen in the China/ASEAN/ISAMEA regions. While planning for proactive investment in future high-growth countries and regions, we will undertake balanced investment suited to the characteristics of each region. In FY2022, we are planning

to invest 39.6 billion yen, with a focus on sustainability and digitalization investments aimed at the future.



### For medium- to long-term value creation: Technology cultivation at TIC

At the Technology & Innovation Center, in order to actualize our Sixth Mid-term Management Vision of "Technology Oriented Value Creation," we are pursuing technological development from a medium- to long-term perspective directly linked to strengthening the competitiveness of both the Fastening and AP Businesses.

In particular, in order to achieve the smart factories of the next Mid-term Management Plan, we are collaborating with the Manufacturing & Engineering Division to develop AI and digitalization technologies for manufacturing.

For example, in product inspection processes,

we are developing equipment in which AI classifies products as good or bad based on camera images, and robots automatically sort the products based on this. As well, we are developing AI systems that use vibration and imaging sensors attached to production machinery to detect wear and degradation in dies and parts and forecast replacement schedules.



**Medium-Term Direction** **Enhancing Sustainability**

**Management Centered on Sustainability: The YKK Sustainability Vision 2050**

In 2020, YKK formulated the YKK Sustainability Vision 2050. Targets were set for five themes – climate change, material resources, water resources, chemical management, and respect people – and we are working toward the achievement of the related SDGs and climate neutrality by 2050.

In FY2021, we rolled out sustainability promotion systems in each region and country around the world and redoubled our efforts to tackle issues such as climate change and resource recycling. We are also actively investing in such areas as low-energy production facilities and solar power generation. We plan to invest 6.7 billion yen in sustainability-related investments in FY2022.

**Sustainability-related investment (capital investment)** **6.7 billion yen** (FY2022 business plan)

**Working together as a member of society**

**Asako Yoshioka**  
Vice President,  
Sustainability Department



We can say that sustainability is encoded in YKK's very DNA, in the form of our Cycle of Goodness® philosophy and its proposition that “no one prospers without rendering benefit to others.” As a company that is a member of society, we make maximum use of our own resources and cooperate with external industry organizations to work actively on solving global environmental and social issues.

**YKK Sustainability Vision 2050 - Achievement of Climate Neutrality by 2050 -**

Theme	Goal	SDGs
<b>climate change</b> Tackle GHG emissions Increase use of renewable energy	Reduce emissions of CO <sub>2</sub> and other greenhouse gases in our company and supply chain. • Scope 1, 2 50% reduction by 2030 (from a 2018 baseline year) • Scope 3 30% reduction by 2030 (from a 2018 baseline year)  Be carbon neutral by 2050.	
<b>material resources</b> Increase use of sustainable materials	By 2030, switch to 100% sustainable textile materials (recycled materials, naturally-derived materials, etc.)  By 2030, replace all vinyl/plastic packaging materials with sustainable packaging, including recyclable/reusable forms.  Reduce the amount of waste to be landfilled or incinerated at all production sites.  By 2030, increase the waste recycling rate to 90%.	
<b>water resources</b> Reduce water use and manage wastewater	We will reduce our water intake through efficient usage, the development of new water saving production methods, and the increased recycling of wastewater.  Strictly manage wastewater at all manufacturing sites in accordance with Government regulations and YKK in-house standards established based on industry standards such as ZDHC (Zero Discharge of Hazardous Chemicals).	
<b>chemical management</b> Manage and reduce chemical usage	Manage and further reduce the use of chemical substances in product manufacturing from input to output in accordance with our own standards (YKK Restricted Substance List), which was established based on industry standards such as ZDHC MRSL (Manufacturing Restricted Substances List)  Our finished products meet industry standards such as Standard 100 by OEKO-TEX® ensuring they are free of harmful substances.  Develop new production methods that reduce and eliminate the use of toxic chemicals.	
<b>respect people</b> Uphold human rights and ensure fair, safe work environments	By valuing diversity, being inclusive, respecting human rights, and improving the work environment, we will create better and safe workplaces throughout our supply chains. We will ensure that each individual can work with peace of mind, make the most of his or her individuality, and lead a healthy and happy life.  Implement YGCC audit (YKK Global Criteria of Compliance), a comprehensive standard based upon YKK's "Cycle of Goodness" philosophy and the ISO26000 guidelines, at YKK Group facilities. Periodic evaluations by 3rd party auditors are conducted to assure transparency and improvement of sustainable practices.	



## Realizing our vision through partnerships

As the idea of sustainability, which seeks to realize a sustainable society, becomes an increasingly global trend, YKK cooperates with and contributes to sustainability efforts through international initiatives and membership in external industry organizations.

As well, we undertake self-assessments and external audits using the Higg Index, a suite of standards and module tools for assessing environmental and social impacts developed by the Sustainable Apparel Coalition (SAC). We post the results of Higg Index external audits for each of our locations on our website.



Higg Index external audit: Scores by location  
<https://www.ykkfastening.com/sustainability/higg.html>

## Organization Memberships/Initiatives, etc.

- Joined the Sustainable Apparel Coalition (SAC) **September 2018**
- Signed the Fashion Industry Charter for Climate Action **March 2020**
- Signed the Net-Zero Recovery statement **May 2020**
- Acquired 1.5°C Target commitment certification under the Science Based Targets initiative (SBTi) **March 2021**
- Joined the Japan Sustainable Fashion Alliance **September 2021**
- Joined the Ellen MacArthur Foundation Network **April 2022**

Progress (FY2021 Results)	Plans for FY2022 and Beyond
Scope 1, 2 GHG emissions: 471,672 t (18.2% reduction from 2018 baseline) Scope 3 GHG emissions: 737,783 t (15.1% reduction from 2018 baseline)	Scope 1, 2 GHG emissions FY2022: 480,000 t or less (16.8% or more reduction from 2018 baseline) Scope 3 GHG emissions FY2022: 782,000 t or less (10% or more reduction from 2018 baseline)
Proportion of sustainable materials: 13% (up 7 points year-on-year)	Proportion of sustainable materials FY2022: 24%
Switch to sustainable packaging materials: 3.3%, all companies • YKK Vietnam Co., Ltd. (Nhon Trach Plant): 19.2% • JAPAN Company (Kurobe Manufacturing Center): 38.9%* *Switched to full use for main inner packaging by July 2022.	
Landfill waste: 6,806 t (down 272 t year-on-year)	Convert landfill waste into resources and limit waste generation
Waste recycling rate: 87.0% (up 3.7 points year on year)	Ongoing review of waste disposal methods, consider introducing recycling methods with lower environmental impacts Move forward target year from 2030 to 2025 for Waste recycling rate of 90%
Water intake: 10.564 million t (down 859,000 t from 2018)	Water intake FY2022: 14% reduction (compared to FY2018)
To ensure thorough wastewater management, we manage wastewater using voluntary control standards stricter than government regulations Violations of wastewater management standards: 1 case	Introduction of industry standards such as Zero Discharge of Hazardous Chemicals (ZDHC) into wastewater management
Request to all suppliers to comply with our in-house standards (YKK RSL) Revision of YKK RSL and communication of same to operating companies in Japan and overseas	Annual revision of YKK RSL and communication of same to suppliers Based on this, thorough control of chemical substance use from entry to exit
Development of paints that reduce the use of toluene and xylene Periodic renewal of OEKO-TEX® certification	Enhanced management of restricted substances when developing new products or changing materials Periodic renewal of OEKO-TEX® certification
Expansion of lineup of products made with AcroPlating® technology, a new plating technology for brass Sales share of products made with this technology: 5% (snap & button products)	Expand range of products made with AcroPlating® technology
Implementation of YGCC self-checks at all applicable locations	Through YGCC implementation, continue to identify/assess human rights risks as required by UNGP

## YKK Sustainability Vision formulation process

In recent years, there has been a rapid growth in interest amongst customers and in society in climate change and circularity, and this is expected to have an increasing impact on business. For some time now, stakeholders have been focused on social and labor issues such as regulatory compliance, safety and disaster prevention, and human rights. Now, in addition to this, environmental issues such as carbon emissions reductions, water resource management, and chemical substance management are growing in importance.

In response to these changes in social trends, in the YKK Sustainability Vision 2050 formulated in October 2020, YKK identified five themes as “Materiality” (priority issues) covering society, labor, and the environment. These were climate change, material resources, water resources, chemical management, and respect people. We have set targets under each of these five themes and are working toward the related SDGs.

## Sustainability promotion structure

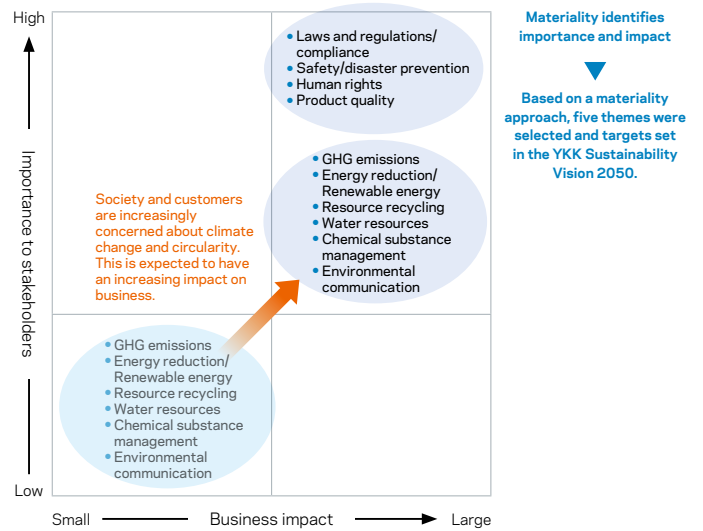
A YKK Sustainability Committee chaired by the president of YKK is established. Working groups are created for each theme that work to solve issues as we aim to achieve the targets of the YKK Sustainability Vision 2050. Overseas, Sustainability Committees for each region have been established since FY2021 in response to the committee structure at Headquarters, in order to disseminate and implement Headquarters’ sustainability policies and measures, thereby establishing a global promotion system.

From FY2022, a CDP Working Group (WG) to strengthen information disclosure based on social demands and a Scope 3 reduction team to reduce greenhouse gas emissions under Scope 3 have been newly established in the Sustainability Committee’s working groups. The entire company will continue to work together to achieve the vision.

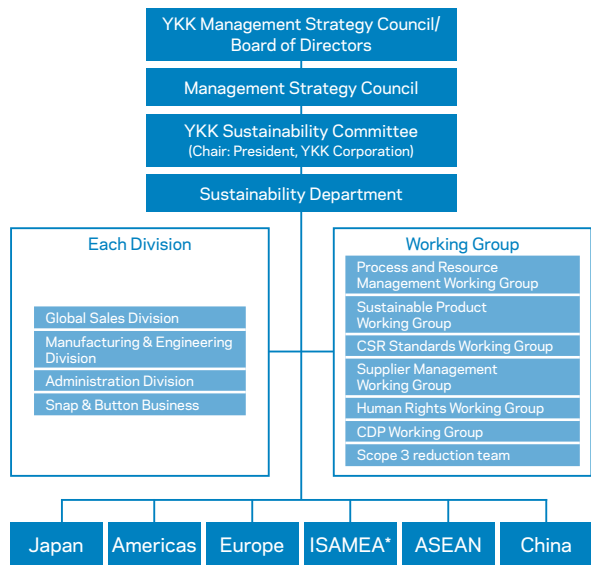
## Sustainability Committee Meetings and Actions

The Sustainability Committee convened four times in FY2021. It heard reports and held discussions about various issues and measures to solve them, in communication activities and within the five working groups established under the Sustainability Committee (Process and Resource Management WG, Sustainable Product WG, CSR Standards WG, Supplier Management WG, and Human Rights WG).

## Materiality Analysis (Identifying Priority Issues)



## Sustainability promotion structure



\* India/South Asia/Middle East/Africa

Meeting	Month	Content
1st	May 2021	Reports from working groups (WG)/ discussions
2nd	July 2021	WG reporting and initiatives reporting from regional Sustainability Committees (China and Europe Groups)
3rd	October 2021	WG reporting and initiatives reporting from regional Sustainability Committees (China and ASEAN Groups)
4th	March 2022	WG reporting and reports from newly established CDP WG and Scope 3 reduction team. Also, reports on overseas climate change initiatives (China, ASEAN, and Europe Groups)

## Initiatives Toward Achievement of YKK Sustainability Vision 2050

climate  
change



1.5°C target  
Obtained  
SBTi  
certification

18%  
reduction  
Scope 1, 2 GHG  
emissions  
(from FY2018 baseline)

11 global  
locations  
Plants running on  
100% renewable  
energy

\*ICP scheme: A mechanism to promote corporate action on climate change. A proprietary carbon price is set internally and converted into costs for carbon emissions. These costs can be used as an incentive to reduce GHG emissions, to identify profit opportunities and risks, and as a guideline for investment decision making.

In FY2021, amidst the effects of the global coronavirus (COVID-19) pandemic, production volume increased year-on-year, but the YKK Group still met the GHG emissions target of a 12.6% reduction for FY2021 compared to FY2018 (actually, 18.2% reduction from FY2018). At the same time, we promoted energy conservation activities by introducing new production methods, updating production facilities, introducing high-efficiency equipment, and more. We added one more plant to the list of plants using 100% renewable energy, meaning that 11 of our global plants are now powered by 100% renewable energy. We are also pushing to reduce GHG emissions by purchasing renewable energy certificates. In FY2021, our reusable energy ratio was 13.4% (including certificates). In addition, by promoting the use of recycled

### Introduction of the Internal Carbon Pricing Scheme

In the previous fiscal year, YKK introduced an Internal Carbon Pricing (ICP)\* for in-house capital investment.

By using ICP to convert carbon emissions from new facilities into costs, and using them as a factor in investment decisions, we can encourage low-carbon investment, such as introducing low-energy facilities and renewable energy, and thereby promote GHG emission reductions in our business activities. In addition to introducing solar power facilities in 19 of our locations, we are pursuing low-energy strategies in our infrastructure and production facilities.

**Internal Carbon Prices**  
9,000 yen/t of CO<sub>2</sub> (global common price)

**Scheme Targets**  
Capital investment that impacts GHG emissions from business activities

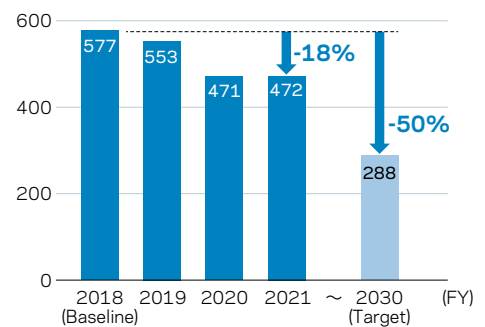
**Method**  
Our internal carbon prices are applied to GHG emissions in capital investment plans and technology development plans, and the resulting costs are factored into investment decisions.

polyester materials through increased sales of the NATULON® series products and other means, we expect to reduce GHG emissions by about 11,300 tons, compared to using virgin materials, thus contributing to a reduction in Scope 3 GHG emissions.

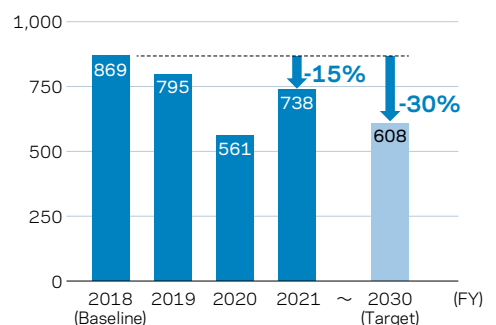
With an eye toward FY2022, in FY2021 we introduced a new Internal Carbon Pricing (ICP) scheme, and we will make further investments to reduce GHG emissions.

### GHG Emissions Over Time (all YKK)

<GHG emissions: Scope 1+2>  
(1,000 t CO<sub>2</sub>)



<GHG emissions: Scope 3>  
(1,000 t CO<sub>2</sub>)



Example of solar power installation  
Anaheim Plant, YKK (U.S.A.) Inc.

**material resources**



NATULON® cumulative sales account for waste recycling of **about 170 million\*** plastic bottles  
\*As of the end of March 2022.  
 Based on 29 g/bottle (500 ml size)

**13%** Proportion of sustainable materials (Total meters) (FY2021 figures)

**87.0%** Waste recycling rate

**Sustainable Materials for Fastening Products**

All over the world, major fastening products are being switched one after the other to the NATULON® zippers made with recycled materials. In FY2021, sales of the NATULON® zipper series jumped 224% year-on-year. We are now also bringing to market the NATULON Plus® zipper line, with an even higher ratio of recycled materials, and the ratio of products using sustainable materials has reached 13% of all product sales.

We aim to be using 100% sustainable textile materials for fastening products by 2030. In FY2022, we will switch to the NATULON® zipper for more core zipper products, and we will also begin promoting sales of NATULON Plus®, NATULON® Ocean Sourced™ (made from ocean bound plastic), and partially plant-derived GreenRise® zippers. We will also be promoting a switch to the SOFIX® NATULON® snap button for our SOFIX® snap button products and taking other measures to boost the share of products using sustainable materials to 24%.

**Switch to Sustainable Packaging Materials**

We are promoting a switch to sustainable packaging containing 100% recycled polyethylene materials at YKK Vietnam Co., Ltd. (Nhon Trach Plant) and 30% biomass material at the JAPAN Company (Kurobe Manufacturing Center). In FY2021 the switchover ratio was 19.2% and 38.9%, respectively.

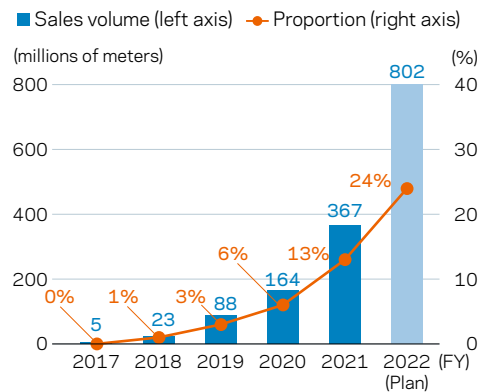
In July 2022 at the JAPAN Company (Kurobe Manufacturing Center), the switch to biomass material for inner plastic packaging for fastening products was completed for main inner packaging.

**Waste Reduction/Waste Recycling**

With the recovery from the impact of COVID-19, growing production volumes led to increased waste volumes from FY2020. However, the amount of landfill waste decreased by 272 tons, thanks to improvements in waste treatment technology in the Asia region and increased waste recycling. The waste recycling rate was 87.0%, a big jump from the previous fiscal year's 83.3%. We will continue to promote waste recycling.

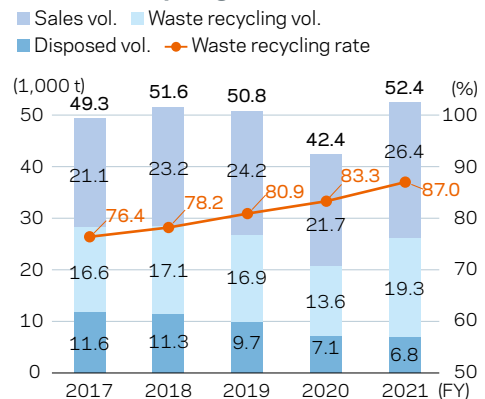


**Volume and Proportion of Sustainable Materials Sales**



At YKK Zipper (Shenzhen) Co., Ltd., in FY2021 the switch to bio-degradable biomass plastic material was completed for some outer bags.

**Changes in Waste Emissions, Waste Recycling**



**water resources**



**7.5% reduction**

Reduction rate of water intake by all manufacturing sites (from a FY2018 baseline)

Beginning in FY2019, each year we have been using our proprietary check lists to evaluate and ascertain water risks\* at every manufacturing location. To reduce water intake and wastewater volumes, we began designing dedicated wastewater recycling facilities optimized for YKK's manufacturing processes. This makes it easier to introduce wastewater recycling facilities at our plants. As well, in order to properly manage wastewater, head office specialists diagnose wastewater treatment facilities at overseas operating companies and provide online technical guidance on operation and management methods.

In FY2021 at the Kurobe Manufacturing Center, the BOD value of groundwater pumped within the factory increased because of the chemicals used for soil contamination countermeasures, and the value at the

discharge ports exceeded the value agreed with Kurobe City. We reassessed the volume of pumped groundwater and chemical usage methods and immediately brought the numbers back to within limits.

\*Water risk assessments are made with reference to the World Resources Institute's "Aqueduct," "Setting Site Water Targets Informed by Catchment Context" international water target guidelines, and others.



Wastewater diagnosis setup

**chemical management**



**1,204 companies**

Supplier surveys based on the YKK RSL

In FY2021, we looked at the regulations, laws, and industry standards pertaining to chemical substances in fastening products to make revisions to the YKK Restricted Substance List (YKK RSL) for the FY2022 edition. We also began undertaking survey of suppliers for their compliance with the YKK RSL. In addition, we standardized the process to check for chemical substance compliance when changing materials and developing new products and expanded the process to include our overseas companies. Also, in July 2021 we completed development of paints that reduce the use of toluene and xylene for use on main products, and we plan to switch to these paints in stages. In terms of the environment, we have collated historical data such as the location, method, and period of use of chemicals that could cause soil contamination.

With the broadening of scope of YKK RSL-based entry management in FY2022, we will make annual revisions based on changes and additions to chemical substance regulations and laws and industry standards. In terms of new manufacturing technology to eliminate hazardous substances, we have expanded our lineup of products made with the AcroPlating® technology, a new plating technology for brass that eliminates 100% of hazardous substances such as cyanide, chromium, and selenium. The sales volume of products made with this technology was up significantly in FY2021 by 148% for snap & button products and 175% for zippers, year-on-year. We are working to further reduce the environmental impact by rolling out the AcroPlating® technology for zipper parts other than sliders.

**respect people**



Building structures for **respecting human rights** based on international standards

In FY2021, we performed YGCC (YKK Global Criteria of Compliance) self-checks at all applicable locations. To reduce the risk of human rights violations on an ongoing basis, for each audit item we anticipated and correlated possible violation risks regardless of severity. Although there have been no incidents of human rights violations, as a result of the audits, we are now working in some countries to amend working hours that comply with domestic laws but deviate from international standards. For suppliers, as well as confirming that suppliers comply with our Basic Principles of Procurement in accordance with OECD guidelines, we carry out regular status checks and evaluations via CSR questionnaire surveys.

Going forward, we will continue to identify and evaluate human rights risks through YGCC implementation, promote the building of relief systems, and work to transition to structures that conform to UNGP\* and due diligence laws that will be enacted in the future in Europe.

\*United Nations Guiding Principles on Business and Human Rights



YGCC audit

Medium-Term Direction

# Strengthening Product Planning and Development

## Continuous Launches of Added-Value Products

YKK can provide a “one-to-one” response - that is, understanding the needs of customers and markets of various locations, applying them to product development, and delivering the products to customers on a timely basis. This is YKK’s strength as a company that conducts business globally. YKK is not only focused on strengthening its core products but will also place its focus on upgrading and expanding products that are appealing to customers who seek high functionality that is not found in core products. At the same time, we are also focused on uncovering the needs of customers and society and developing products that will provide new value.

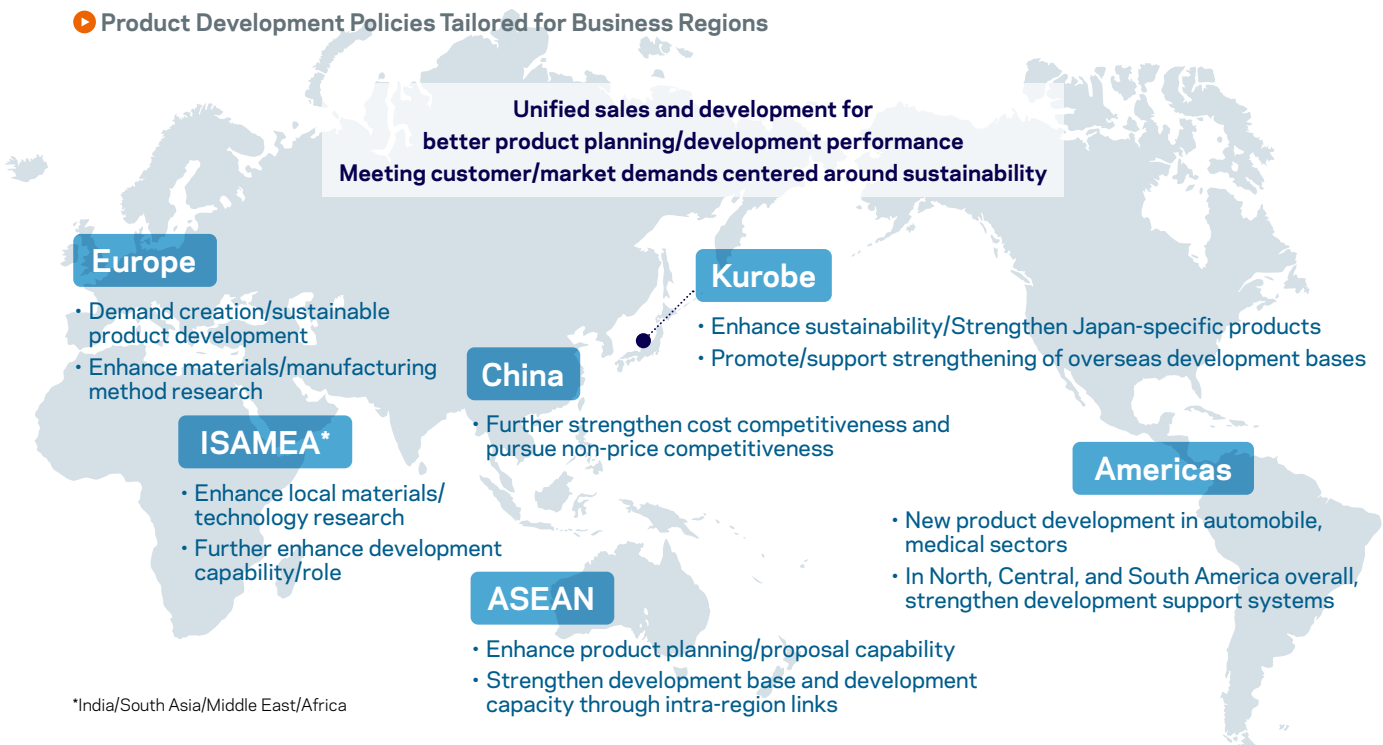
Major achievements in FY2021 include the development of metal zippers using aluminum

material with newly conceived shapes and improved strength, and the AiryString® tapeless zipper that can be sewn to a greater variety of fabrics. As well, to increase the ratio of eco-friendly products, we are expanding the use of recycled textile materials in core zipper products, using our new AcroPlating® plating technology for snaps and buttons, and increasing products that use stainless and aluminum items that support needle detection requirements. Going forward, to bolster our sustainability efforts we will further increase the ratio of products that use sustainable materials and promote the introduction of new eco-friendly products, while continuing to work hard to enhance the manufacturing capabilities that are the foundation of our business.

### Product Planning and Development Policy According to Market

Market	Main Type of Customer	Policy of the Initiative
Value Conscious	<ul style="list-style-type: none"> <li>High-end brands</li> <li>High-function sports apparel</li> <li>Automobile interiors, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the development of green products</li> <li>Continuous launches of added-value products</li> </ul>
Standard	<ul style="list-style-type: none"> <li>Casual apparel customers</li> <li>European and American mass retailers, and e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>Thorough pursuit of cost competitiveness</li> </ul>

### Product Development Policies Tailored for Business Regions



Development locations/personnel

**39** locations / **982** people (FY2022 Plan)

## Providing New Value to Customers and Society

YKK searches constantly for ways to meet the changing needs of customers and society and continues to create innovative and high-quality products. We are strengthening, on a global scale, product development processes that integrate sales and development, accurately identifying customer requirements, rapidly actualizing solutions, and linking all this to new product development.

### Product development example

The YKK Digital Showroom introduces many examples of customer voices and product development stories. ▶

P.40

## FLATKNIT® AquaGuard®



We created a thinner, lighter, and more flexible version of our water-repellent the AquaGuard® zipper by using the FLATKNIT® braided tape. Compared to the standard AquaGuard® zipper, it is less stiff, and well-suited to sports, outdoors, and other lightweight apparel. It has a dedicated slider with an insertion assist function, and a large lower surface at the opening and wide insertion opening make it easy for all ages to use.

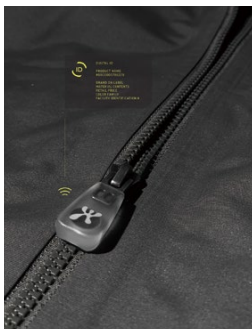
### <Employee Voices>

**Norio Uozumi**  
Product Development Division,  
Global Sales Division



“The impetus for the zipper’s development was frank feedback from customers, who said that ‘the clothing is soft, but unfortunately the zippers are stiff’. In order to respond to this demand, we added new technology to existing manufacturing methods to achieve improved softness combined with water-repellent properties. This has expanded the range of possible applications.”

## TouchLink®



A fastening product with a built-in NFC chip. Users can access information in the chip simply by holding their smartphone over it. Using TouchLink® zipper in clothing and products makes it possible to create unprecedented touchpoints between fashion brands and ordinary consumers and help promote circular business models within the fashion industry.

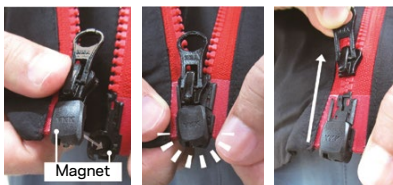
### <Employee Voices>

**Brian La Plante**  
Global Marketing Group  
Sustainability Manager



“TouchLink® zippers will allow fashion brands to maintain an ongoing, interactive relationship with their customers. We believe that TouchLink® zippers will play an important role in circular business models by providing digital product passports and helping to enable the rapidly growing garment resale and rental businesses.”

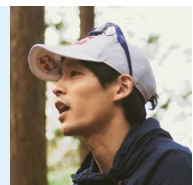
## VISLON® with Magnetic Closure



The zipper has magnets embedded in the left and right openers. The magnetic force allows the zipper to be closed simply by bringing the openers closer together. Because it is easy to close without looking, it is expected to be used in a wide range of fields, including for quick clothing changes in sports, children’s wear, and universal fashion.

### <Athlete Voice>

**Ruy Ueda**  
Pro trail runner



“The stress of wearing ill-fitting shoes or clothes worsens as the race goes on, so comfort is important to me. My fingers sometimes get numb from the cold when I’m trail running. I think this zipper would be easier to use in situations like that. It would also be convenient for those times when I’m running with gloves on.”

**Medium-Term Direction** **Thorough Pursuit of Cost Competitiveness**

**Thoroughly Strengthen Cost Competitiveness of Core Products**

With regard to cost competitiveness, which is recognized as a priority issue in the Sixth Mid-term Business Plan, the market environment has changed to an unprecedented degree since the expansion of the COVID-19 pandemic. In preparation for the heated competition that is expected to occur as a result, starting in FY2021 we are making a thorough review of both the core products that satisfy a wide range of customers and regions, and monozukuri itself, including the machinery

and equipment for making the products.

What are especially needed for strengthening cost competitiveness are production lines of differing specifications that match the business environments in each region. Zipper manufacturing and machinery manufacturing engineers are working together to speed up facilities development according to concrete themes, which will lead to further strengthening cost competitiveness.

Changes in Market Environments

- Fluctuations in business performance directly impacted by market conditions
- Concerns over demand decrease due to new normal and rising sustainability awareness
- Severe market condition and intensifying competition

Until Now

- In each region, manufacturing with **machineries with same performance and price.**
- Vertical sectioning in **YKK HQ organization** (Machinery and Engineering Group / Fastening Products Group)

Vision

- **Construct optimal manufacturing lines** for business environments in each region
- By reorganizing YKK HQ functions, **boost development speeds and concurrently work on several development themes**
- Work to **further reduce machinery prices**

**Global certification for Quality Measurements Instructors**

At YKK, we have established a certification program for quality measurements instruction for zipper products. Under the program, examinees at the Kurobe Manufacturing Center are evaluated and certified for their knowledge and practical skills. Certified instructors not only provide guidance to measurements staff, but also make a major contribution to quality testing of products developed overseas. Products developed overseas that are being rolled out globally also undergo re-verification at our headquarters, but using as-is the measurement data that was taken under the supervision of the certified instructors. This helps to significantly shorten development lead time.



Zipper strength testing

<Employee Voices>

**Chiara Cendron**  
YKK Italia S.p.A.



“In my years of experience in the quality field, I have become convinced that investing in quality and the concomitant human assets always yields positive returns. Products of reliable quality bring added value to the company, and at the same time reduce costs caused by quality problems. As the demand for novelty, sustainability, and rapid responses from markets and customers increases daily, we will, as senior engineers, perform the role of quality measurements instructors to deliver greater value, more quickly.”



**Medium-Term Direction** **Strengthening the Use of Digital Technologies**

**Pursuing Stress Elimination with Digital**

In response to the accelerating use of digital technology in the garment industry, we are promoting digitalization in all value chains, from marketing to product planning, development, manufacturing, and sales, to create a stress-free system for customers and employees. These efforts are led by our Digital Operation Planning Department, established in FY2021.

For customers, we are working to link data by digitizing product information and respond to demand for “right time, right material, and right amount.” At the same time, we are making active use of the YKK Digital Showroom, a venue for showcasing products and communicating with customers. The space has continued to grow since its opening in April 2021 with new content such as product information, product development stories, and customer feedback, and language support in Japanese, English, and Chinese. It has also served to fuse the digital and real worlds, for example when it was linked with an exhibition held in Shanghai, China.

In order to improve efficiency in internal operations, we are working to standardize and automate global business operations by introducing workflows and linking core systems. As well, we are building platforms to enable

true data driven management that uses BI and AI\* to make decisions based on data analysis.

\*BI: Business Intelligence AI: Artificial Intelligence



YKK Digital Showroom <https://ykkdigitalshowroom.com/en/>

<Employee Voices>

**Angela Mueller**  
Global Marketing Group  
Digital Working Group



“In October 2021, we established the Global Digital Team to cope with the trend toward digital in the garment industry. Our customers started their digital journey by digitizing their garment styles in 3D, with their goal set to skip physical sampling and expand their digital scene. I am proud to be working to meet new customer demands as a part of this cross-sectional group.”

**Making Smart Factories a Reality**



<p><b>Data Generation</b></p> <p>Factory visualization</p>	<p><b>Automation</b></p> <p>Non-stop factories</p>
<p><b>Optimization</b></p> <p>Stats management</p>	<p><b>Integration</b></p> <p>Linked factories</p>
<p><b>Human Assets Development</b></p> <p>Digital personnel development Passing on skills, technology</p>	<p><b>SDGs</b></p> <p>Carbon emissions, etc. reduction</p>

We have listed strengthening the monozukuri of standard category items and smart factories as manufacturing and engineering policies in the Sixth Mid-term Business Plan. YKK founder Tadao Yoshida aimed for a “dark factory,” or a factory that did not need to be lit because it was fully automated and unmanned. To achieve this goal, we are engaged in the use of cutting-edge technologies, such as robotics, AI, and sensors to achieve a fault-tolerant, unmanned production line that can operate continuously for long hours without the intervention of people. In January 2022, we completed our first non-stop, unmanned prototype production line in our Furumido Plant at the Kurobe Manufacturing Center. We are planning to deploy such lines at production locations around the world.

At the same time, we are tracking, in real time, the operating condition of the facilities that support the unmanned production lines. We are working to accelerate the improvement and betterment cycle and optimize the entire plant, while also promoting the transfer of digital skills for maintenance expertise (craftsmanship).

**Investment in digitalization (capital investment)**

**2.2 billion yen** (FY2022 business plan)

# Community Activities: Be a Native

As a member of the community in which we operate, YKK provides a variety of value through its business. It includes giving consideration to society and the environment, and contributing to the resolution of challenges faced by the community. The following is a sampling of our recent initiatives in various countries and regions.

## Asia Supporting the Healthy Growth of Children

We have been organizing the YKK Kids Football Clinic since 2007. This event is the ASAO region's flagship CSR initiative, promoting children's healthy growth. The event was temporarily suspended in FY2020 due to the outbreak of a novel coronavirus (COVID-19), but we replaced it with the distribution of YKK Care Packs in FY2021.

Many children experienced emotional distress as a result of school closures and lifestyle changes brought on by the COVID-19 pandemic. We provided assistance in Bangladesh and Indonesia, which were among the ASAO region's most impacted countries.

The YKK Care Packs contain items like alcohol disinfection, masks, stationery, and notebooks with coronavirus information sheets to help keep children safe and well. To assist children to stay healthy even throughout the epidemic, we also gave away sporting goods to schools and orphanages.



Children show off their YKK Care Packs

### <Employee Voices>

**Nimas Rai**  
P.T. YKK Zipper  
Indonesia



The children love them and use them every day. They also helped them understand how to prevent the spread of infection. Seeing bright smiles on their faces makes me happy, too.

## Mexico Participation in a Project to Support Native Women

In the Yucatan Peninsula of Mexico, the indigenous Mayan people live a traditional way of life. Mayan women learn from their elders colorful hand-sewn embroidery techniques. They make a living by using these traditional skills to fashion ethnic costumes and selling them to tourists. However, the coronavirus disease (COVID-19) led to fewer tourists, which in turn made it difficult for the women to maintain their economic livelihoods.

To help them overcome this situation, YKK Mexicana S.A. de C.V. cooperated with a local NPO that supports the Mayan people and donated 500 zippers. The bags and pouches made by the women using these YKK zippers are then sold as products, helping to support the livelihoods and culture of the Mayan people.

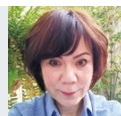
YKK Mexicana S.A. de C.V. will continue to engage in activities that contribute to a diverse and sustainable society.



Mayan women wearing examples of their colorful embroidery

### <Employee Voices>

**Yuko Kubota**  
YKK Mexicana  
S.A. de C.V.



As a woman myself also living in Mexico, it makes me happy and encouraged to see their smiles. I hope we can keep pursuing activities that put smiles on everyone's faces.

U.S.A.

## Contributing to the Development of the Regional Mobility Industry

YKK's zipper products are used in garments and bags and a wide range of other industries, including the automobile and medical industries. First established in 1974, YKK (U.S.A.) Inc.'s Macon plant provides more than 100 automotive-related customers with zippers and plastic products for a range of applications from car seats to truck tonneau cover fasteners. In recognition of our trusted quality and active participation in the local community over many years, we were awarded the 2021 GEAR Award. The award is sponsored by the Georgia Department of Economic Development and recognizes contributions to the automotive and mobility industries.



The mayor of Macon, representatives of the Georgia Department of Economic Development, and YKK staff

Italy

## Support the Work of Young People in the Fashion Industry

YKK Italia S.p.A., which was established 54 years ago in the world fashion center that is Italy, is a main partner in the fashion student support event, Milano Moda Graduate, organized by Camera Nazionale della Moda Italiana (CNMI). To encourage the students during the COVID-19 crisis and help new talent find its way into the world, a range of opportunities and support were provided to 11 selected students over the course of half a year. The winner of the YKK Award in the final judging was presented with prize money and one year's worth of YKK products.



With the YKK Award winner

China

## Moving Together with the Community Through Support Activities

Shanghai YKK Zipper Co., Ltd. was established in 1992 as YKK's first local subsidiary in China. As a company that exists with the local community, it continues to undertake a range of social contribution activities. In 2021, after learning that children in impoverished areas of Yunnan Province were wearing sandals and slippers to school in the cold of winter, an employee came up with the idea of soliciting donations and sending shoes to children in those areas. We hope that a small pair of shoes will help warm the children's hearts and make their future lives brighter.



Employees participating in the donation drive

Japan

## Furusato-no-Mori, Home to Diverse Wildlife

YKK Center Park has been developing the Furusato-no-Mori (Hometown Forest) since 2008 with the aim of reviving the natural scenery of Kurobe. Twenty varieties of trees native to the area were grown from seed. About 20,000 have been planted in Furusato-no-Mori to create a forest with approximately 300 diverse species of wildlife. The initiative is an effort to realize YKK founder's ideal of a "factory in a forest". In 2016, it received Excellent Stage 3 certification, the highest grade certification for first evaluations, in the SEGES\* Sodateru Midori (Nurtured Greenery) category. Center Park is open to the public, and plays a role in social contribution activities such as environmental education.

\*SEGES: The only domestic green space evaluation system, established by policies of the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of the Environment.



YKK Center Park (Kurobe City, Toyama Prefecture)



# Aiming to Instill the YKK Management Principles

## Each Employee Understands and Practices the Principles

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 Principle and Core Values is an important topic for management. As such, we have been promoting YKK's Management Principle and Philosophy through the entire YKK organization so that each employee understands and inherits them in order to ensure their succession down the generations.

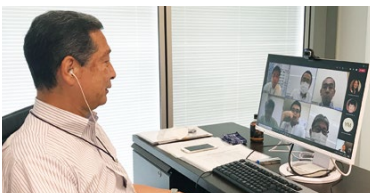


## Venue for Dialogue Between Top Management and Employees

We prioritize frank communication between the management team and employees and have established a variety of venues for dialogue. While utilizing digital tools, in FY2021 we expanded the program to our overseas offices and held dialogues with approximately 1,450 employees under the theme of "building a good team under the new structure and new normal."

### Roundtable Meetings with the Chairman and President

The Roundtable Meeting is an activity to promote the Management Principles through dialogue between the chairman and president and employees. Through active discussions between them, they learn about the origin of the Management Principles and share issues and ideas to put it into practice in their daily work. In FY2021, meetings were held with about 150 employees in the Tokyo region and about 350 employees at overseas sites.



Roundtable discussions with the president (online)

### Initiatives at the Kurobe Manufacturing Center

Every year, the chairman and president visit the Kurobe Manufacturing Center to speak with manufacturing site employees. Items discussed include the future of the manufacturing sites and monozukuri. In FY2021, infection prevention measures were taken, and face-to-face roundtable discussions were held with more employees than in a typical year. More than 900 employees were able to have a frank exchange of opinions with the chairman and president.



Dialogue at the Kurobe Manufacturing Center

### Organization of "Management Principles Webinars" with younger employees

Since FY2020, we have held webinars for younger employees as a new activity for thinking about implementing the Management Principles in the new normal. The executive vice presidents recounted their own experiences and spoke about their ways of thinking. It was an opportunity for younger employees to take a more energetic approach as participants worked for communication with employees.



YKK Management Principles Webinar by the executive vice presidents

## YKK Group Management Principles Study Group

The Management Principles Study Group is made up of members selected from each business every year. It carries out research on the nature of the YKK Group's Principles and Philosophy to enable them to be passed on. The Study Group reports its findings to the management team every March. The FY2021 Study Group reexamined the Core Values and the words of the company's founder that should be taught to the next generation, in light of the findings of the previous fiscal year's research. That is, "in order to understand the fundamentals of the Management Principles and continue putting them to practice, it is important to change the way the Management Principles are communicated so that they match the times and target generation." The Study Group thereby planned and produced tools to instill the Management Principle.



Members of the FY2021 Management Principles Study Group



Poster created as a tool for spreading the Management Principles

## "Workplace-led" Activities to Instill the Principle Deployed at Each Site

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 Principle and Philosophy are shared and inherited, we plan and proactively implement activities to instill the Principle in a manner unique and suitable to that region.

### Regions and areas

In each region, we implement activities to deepen each employee's understanding of the Management Principles through dialogue between employees. In FY2021, a total of about 22,000 employees participated.



Roundtable Meeting at YKK do Brasil Ltda.

### YKK Vietnam Co., Ltd.

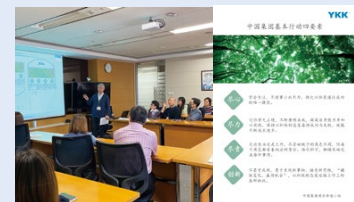
We have posted the technological philosophy of our founding president on large panels at the entrances to factories and cafeterias so that employees can read it at any time.



Employees stopping to look at a panel

### YKK (China) Investment Co., Ltd.

We collected opinions about the form that we should take as a member of the YKK Group and created "Four Basic Behaviors" unique to the China region in light of the YKK Philosophy and the Core Values.



Four basic principles: "Spirit," "Competence," "Responsibility," and "Innovation."

YKK  
Episodes

To help employees deepen their understanding of the Management Principles, we introduce YKK's history, based on the YKK Philosophy "Cycle of Goodness," and employee episodes in the form of short Manga stories. (Translated into Japanese, English, Chinese, and other local languages.)



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



# Management Foundation Based on the YKK Philosophy

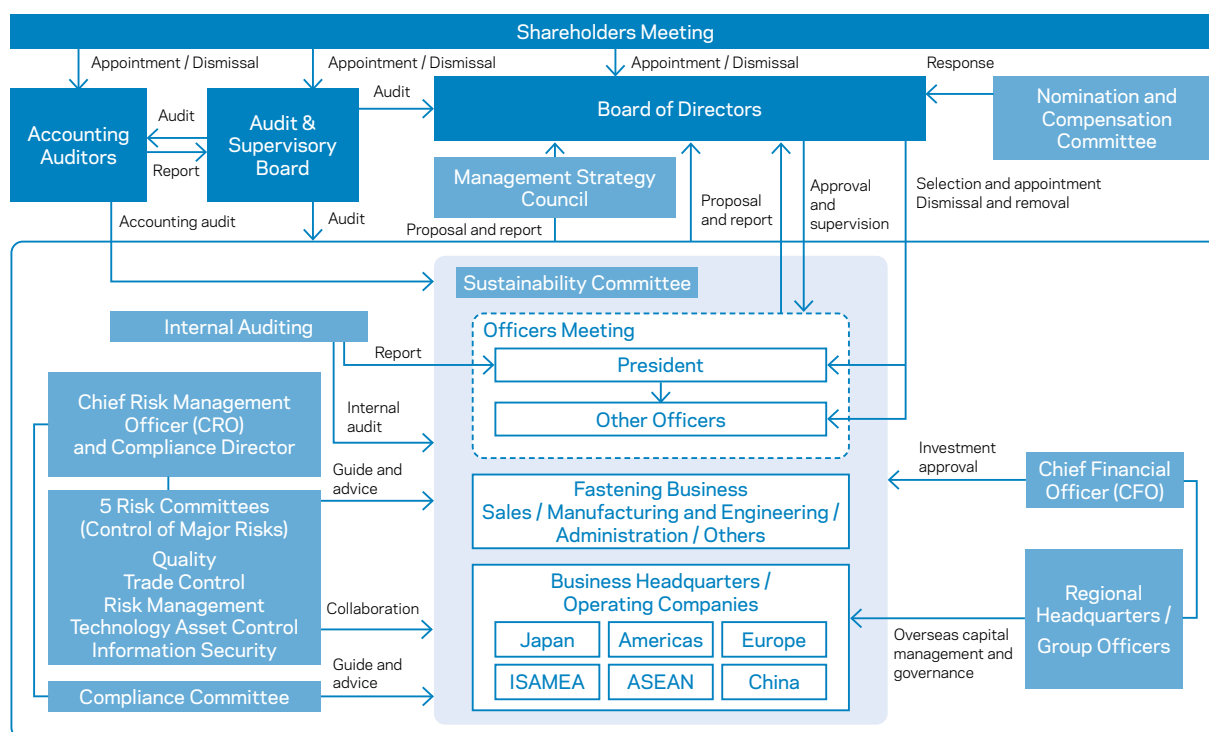
## Corporate Governance

### Fundamental Approach and System

The philosophy of the YKK Group in conducting our corporate activities is based on the 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 <b>Masayuki Sarumaru</b> 	Board of Directors meetings <b>13/13</b> 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 <b>Hiroaki Otani</b> 	Board of Directors meetings <b>13/13</b> 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 <b>Koichi Matsushima</b> 	Board of Directors meetings <b>13/13</b> 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 <b>Fumio Ikeda</b> 	Board of Directors meetings <b>13/13</b> 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 <b>Satoshi Honda</b> 	Board of Directors meetings <b>13/13</b> 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 <b>Jiichi Bamba</b> 	Board of Directors meetings <b>13/13</b> 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 <b>Akira Yoshida</b> 	Board of Directors meetings <b>13/13</b> 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 <b>Katsuya Yumoto</b> 	(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* <sup>1</sup> <b>Keinosuke Ono</b> 	Board of Directors meetings <b>13/13</b> 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* <sup>1</sup> <b>Erika Okada</b> 	(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* <sup>2</sup> <b>Satoshi Kawai</b> 	Board of Directors meetings <b>13/13</b> times  Audit & Supervisory Board meetings <b>14/14</b> 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) <b>Kiyotaka Nagata</b> 	Board of Directors meetings <b>13/13</b> times  Audit & Supervisory Board meetings <b>14/14</b> 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* <sup>2</sup> <b>Hiroshi Akiyama</b> 	Board of Directors meetings <b>13/13</b> times  Audit & Supervisory Board meetings <b>14/14</b> 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* <sup>2</sup> <b>Naoki Yanagida</b> 	Board of Directors meetings <b>13/13</b> times  Audit & Supervisory Board meetings <b>14/14</b> 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

	- 1990s	2000 -	2010 -	2020 -
Management Structure		June 1999: Reform of the management organization executed (Reform of the Board of Directors, and adoption of the Officer System) 2003 - Strengthening of the consolidated management of the YKK Group (Persons from YKK and YKK AP responsible for each organization appointed as directors) 2004 - Appointment of Group officers 2004 - Appointment of the Pension Policies Director 2005 - Appointment of Chief Financial Officer (CFO) and Chief Risk Management Officer (CRO)		2020 - Execution of recapitalization of subsidiaries, etc., between YKK Corporation and YKK AP Inc.; commencement of the capital management of the Architectural Products Business by YKK AP Inc.
Outside Directors		2003 Introduction of outside directors (1 director)	2007 - Increase in the number of outside directors (2 directors)	
Outside Audit & Supervisory Board Members	1994 Outside Audit & Supervisory Board Members (2 members)	2001 - 2006 (1 - 3 members)	2007 - (3 members)	
Other		2001 - Advisory Boards established and meeting held (until 2019, since 2022)	2008 - Voluntary establishment of Nomination and Compensation Committee, which includes two outside directors as members	

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

	Overview	Number of meetings in FY2021
<b>Board of Directors</b>	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
<b>Audit &amp; Supervisory Board</b>	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
<b>Nomination and Compensation Committee</b>	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
<b>Management Strategy Meeting</b>	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>



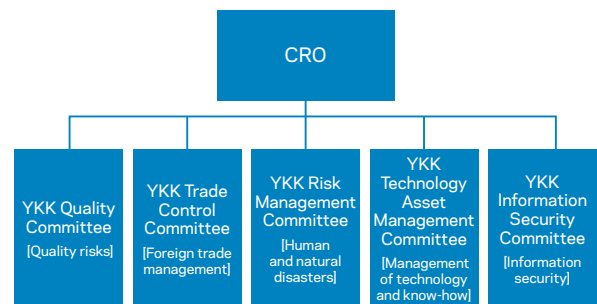
## Risk Management

### 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



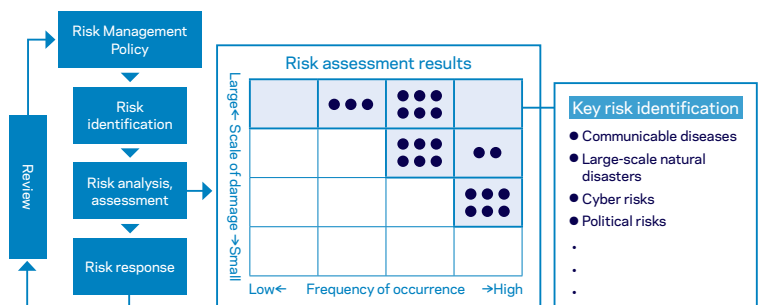
### Risk Assessment Process and the Flow of Identifying Key Risks

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**

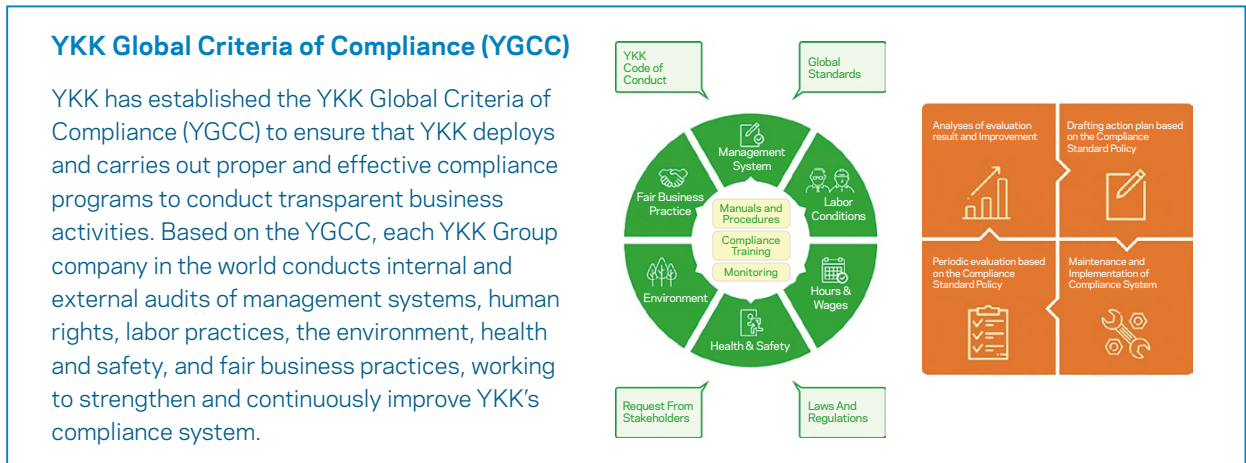
- Compliance
- Fair operating practices
- Respect for human rights
- Harmony with the environment
- Health and safety
- Product quality and safety
- Contribution to communities

 [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.



## 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

# Consolidated Financial Data of the YKK Group for the Past 11 Years

	Fiscal year Year ended	2011 March 2012	2012 March 2013	2013 March 2014
Net sales	(million yen)	544,434	576,965	696,929
Ordinary income	(million yen)	26,681	33,681	66,022
Net income attributable to owners of parent	(million yen)	16,334	32,692	44,908
Comprehensive income	(million yen)	14,336	70,777	70,447
Total net assets	(million yen)	403,169	471,271	513,543
Total assets	(million yen)	715,364	788,440	883,336
Net assets per share	(yen)	328,395	384,171	417,986
Net income per share	(yen)	13,622	27,265	37,453
Equity ratio	(%)	55.0	58.4	56.7
Return on equity	(%)	4.2	7.7	9.3
Net cash provided by (used in) operating activities	(million yen)	32,076	67,214	85,186
Net cash provided by (used in) investing activities	(million yen)	(39,667)	(44,013)	(60,708)
Net cash provided by (used in) financing activities	(million yen)	6,636	(11,719)	(3,784)
Cash and cash equivalents at the end of period	(million yen)	96,891	116,510	143,131
Employees [The number in square brackets represent the average number of part-time employees not included in the number of regular employees.]	(number)	37,719 [7,127]	38,235 [7,123]	40,306 [6,828]

- Notes: 1. Net sales are presented exclusive of consumption tax.  
2. Diluted net income per share is not shown because there are no dilutive shares.  
3. Price earnings ratio is not presented because the stock is not listed.  
4. The scope of employees has changed from the year ended March 31, 2014, as the number of employees includes contractors, senior employees, and other applicable employees, who were previously included under the average number of part-time employees.

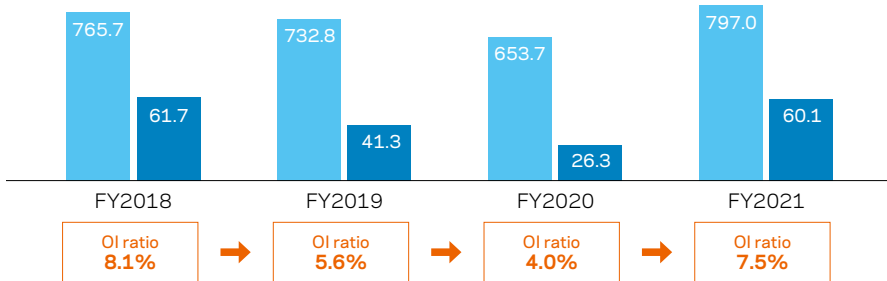
2014 March 2015	2015 March 2016	2016 March 2017	2017 March 2018	2018 March 2019	2019 March 2020	2020 March 2021	2021 March 2022
721,037	741,935	712,783	747,762	765,781	732,854	653,765	<b>797,019</b>
69,720	70,988	61,545	59,924	64,466	42,661	30,134	<b>63,964</b>
46,978	44,646	45,180	38,728	45,824	23,629	17,340	<b>44,097</b>
81,416	(20,695)	51,998	30,123	38,420	(5,032)	76,289	<b>105,061</b>
586,664	561,547	609,848	636,361	671,195	662,564	735,527	<b>837,264</b>
946,283	954,060	963,231	978,563	1,011,934	983,645	1,014,918	<b>1,156,941</b>
477,438	456,991	496,267	518,187	546,662	539,329	599,184	<b>682,026</b>
39,181	37,237	37,683	32,302	38,220	19,708	14,463	<b>36,782</b>
60.5	57.4	61.8	63.5	64.8	65.7	70.8	<b>70.7</b>
8.8	8.0	7.9	6.4	7.2	3.6	2.5	<b>5.7</b>
91,254	101,727	81,619	57,525	68,607	77,731	82,241	<b>81,132</b>
(65,976)	(95,252)	(59,345)	(67,661)	(53,888)	(68,123)	(40,176)	<b>(40,414)</b>
(4,379)	(4,359)	(14,569)	(4,470)	(3,255)	(5,446)	(5,284)	<b>(5,776)</b>
173,558	167,229	171,259	155,076	166,241	164,708	211,378	<b>264,639</b>
42,154 [5,738]	44,250 [5,390]	44,674 [4,801]	45,618 [4,538]	46,167 [4,430]	46,261 [3,701]	44,510 [2,564]	<b>44,410 [3,161]</b>

# Financial and Non-Financial Highlights

## YKK Group Consolidated Financial Highlights

### Net Sales, Operating Income, and OI Ratio

■ Net sales (billion yen) ■ Operating income (billion yen)



### ROA



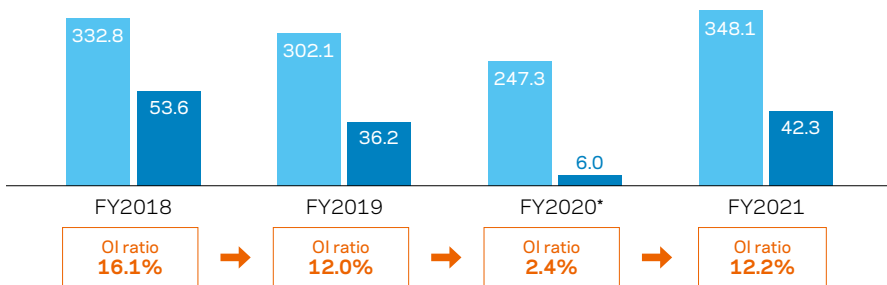
**R&D Expenses**  
**21.6** billion yen  
 (FY2021)

**Capital Investment**  
**43.4** billion yen  
 (FY2021)

## Fastening Business Financial Highlights

### Net Sales, Operating Income, and OI Ratio

■ Net sales (billion yen) ■ Operating income (billion yen)



### Number of Zippers in Sold (in billions)

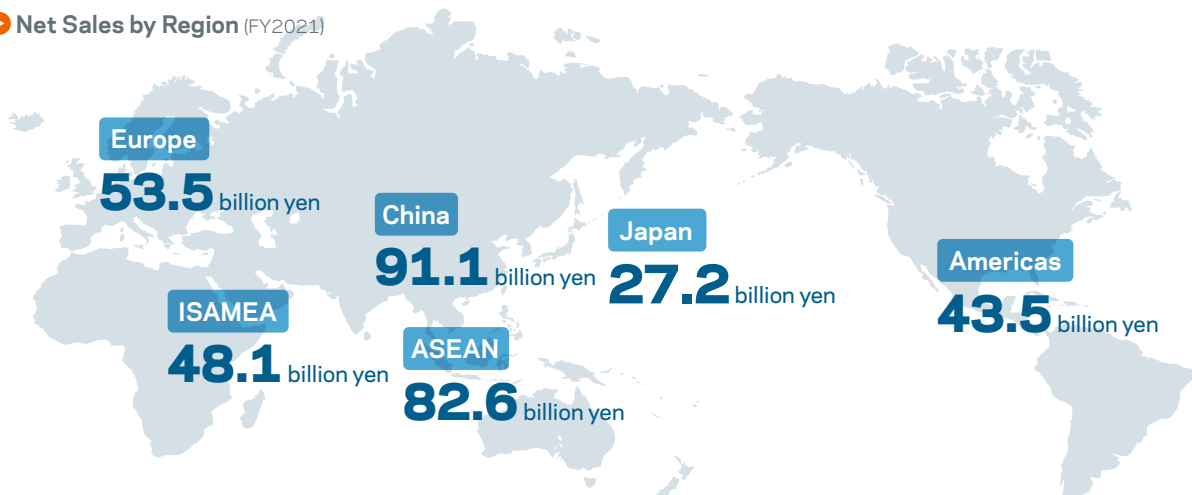


\* After reclassification and correction

**R&D Expenses**  
**11.9** billion yen  
 (FY2021)

**Capital Investment**  
**20.2** billion yen  
 (FY2021)

### Net Sales by Region (FY2021)



\*1 The totals for each business do not include accounting variance adjustments. Accordingly, they differ from the graph at the top.

\*2 The Americas include North, Central, and South America. ISAMEA includes India, South Asia, the Middle East, and Africa.

## Fastening Business Non-Financial Highlights



More detailed data can be found in the YKK CORPORATION integrated report, "This is YKK 2022," Data Book.  
<https://www.ykk.co.jp/english/corporate/csr/eco/report/index.html>

### Countries and regions where we do business

**72** countries and regions  
(As of March 31, 2022)



### Number of Group Companies and Employees

**67** companies,  
**26,983** employees  
(As of March 31, 2022)



### Year of First Overseas Expansion (India and New Zealand)

**1959**



### Annual Zipper Production Output

More than **3** million km



### GHG Emissions Reduction Rate (From a 2018 Baseline)

**Scope1, 2**

**-18** %  
(FY2021)



### Proportion of Sustainable Materials (Total Meters)

**13** %  
(FY2021)



### Percentage of Harmful Substances Eliminated Through the AcroPlating® New Plating Technology (Cyanide, chromium, selenium, etc.)

**100** %



### YKK Trademark Registration

In **177** countries and regions  
(As of March 31, 2022)



YKK, YKK\ap, CYCLE OF GOODNESS, AcroPlating, AiryString, AquaGuard, CONCEAL, ECO-DYE, EXCELLA, FLATKNIT, GreenRise, METALUXE, NATULON, NATULON Plus, PROSEAL, QuickFree, SOFIX, TouchLink, VISLON, YZiP are registered trademarks of YKK CORPORATION in Japan and other countries/reasons. OceanSourced is a trademark of YKK CORPORATION. B.P.P. and YKK Center Park are registered trademarks of YKK CORPORATION in Japan. OEKO-TEX is a registered trademark of ÖTI - Institut Für Ökologie, Technik und Innovation GmbH

