



English

Fastening Business



This is YKK 2021

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

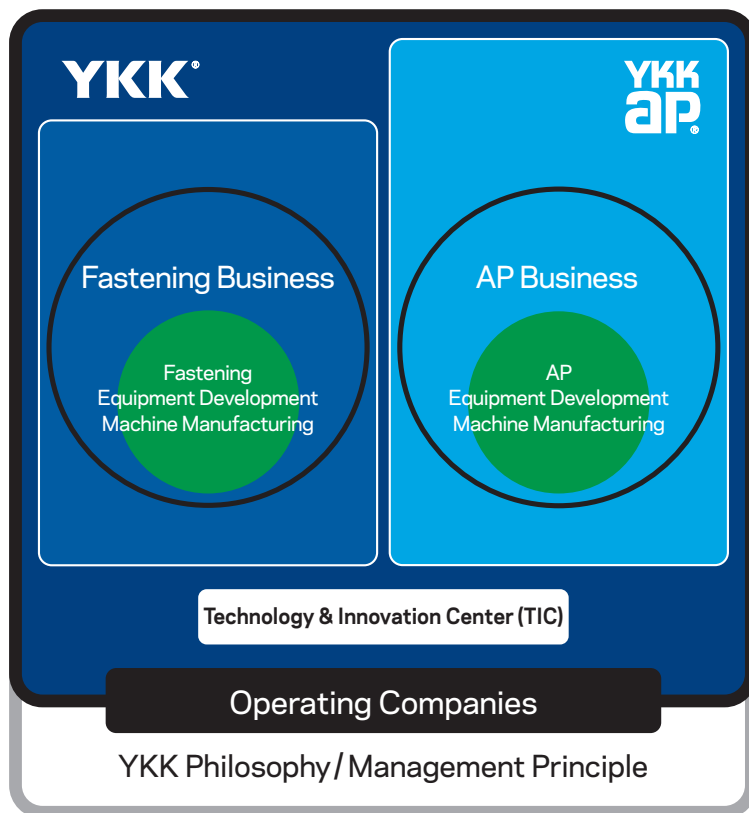
**Do not fear failure; experience builds success. /
Create opportunities for employees.**

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.

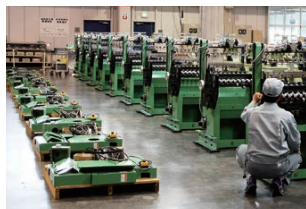
Materials Development and Processing Technology



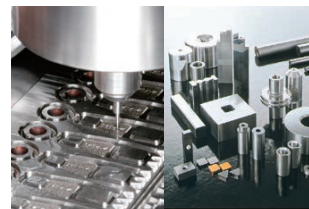
Analysis and Simulation



Equipment and Line Development



Machinery and Mold Manufacturing



YKK Group (Consolidated)

Number of Group Companies and Employees

106 companies, **44,510** employees

Net sales

653.7 billion yen

Operating income

26.3 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. While they may be small parts, YKK aims to contribute to the safe, secure, and happy lives of people through the widespread use of its products.

Fastening Products / Snaps & Buttons Businesses

Number of Group Companies and Employees

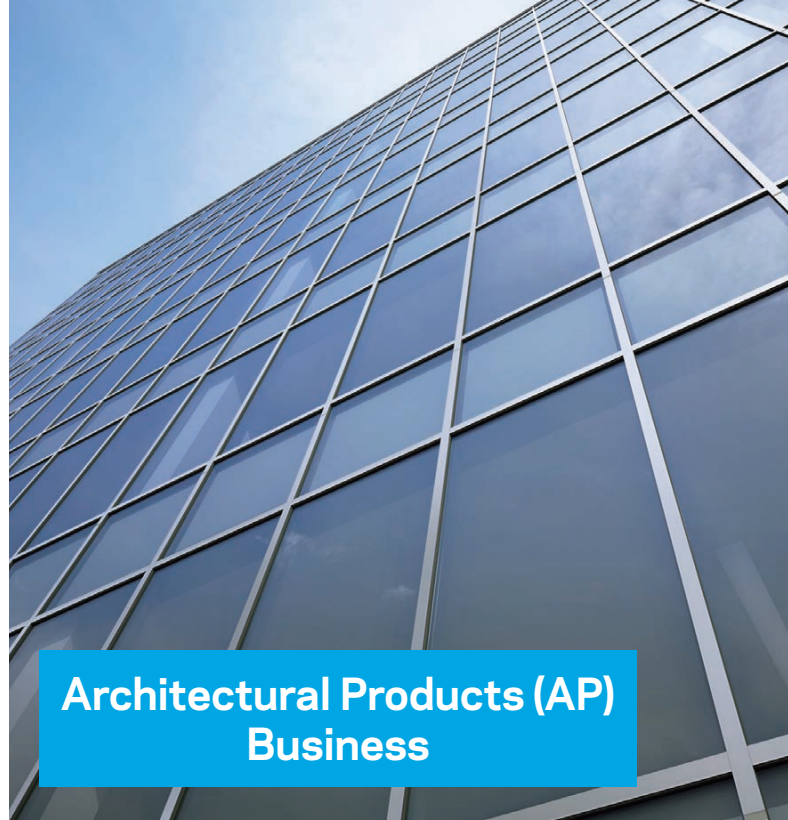
67 companies, **27,132** employees

Net sales

247.1 billion yen

Operating income

17.3 billion yen



Architectural Products (AP) Business

Residential and commercial buildings, where people live and work, create value in their surrounding area, become part of the local culture, and are ultimately a part of the global environment. 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, **16,717** employees

Net sales

402.8 billion yen

Operating income

21.1 billion yen

Other Businesses



AGRO PECUARIA YKK LTDA.



YKK Rokko Corporation

YKK operates businesses that are rooted in the community. They include YKK Real Estate that is, among other businesses, involved in the development of Passive Town, which utilizes natural energy sources. YKK Business Support provides business administration support within the YKK Group. YKK Rokko is the Group's special-purpose printing business subsidiary. There are also businesses involved in overseas area management, and AGRO PECUARIA YKK LTDA., which is a livestock and agriculture business in Brazil.

Number of Group Companies and Employees

16 companies, **661** employees

(Note) Net sales and operating income are figures for the year ended March 31, 2021. Other figures are as of March 31, 2021.

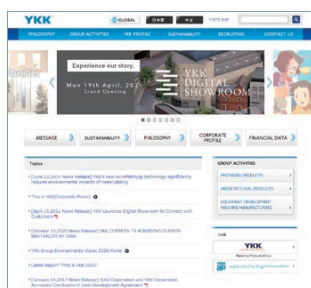
YKK Information Disclosure

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 2021," 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.

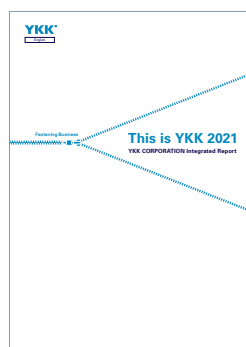
Regarding the architectural products business handled by YKK AP Inc. ("YKK AP"), information disclosure is carried out through the YKK AP website (www.ykkap.co.jp), YKK AP Integrated Report, YKK AP Environmental Report, and other means. Furthermore, we also issue the Data Book (PDF file), which provides 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 2021"

The YKK CORPORATION integrated report, "This is YKK 2021," 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

FY2020 (April 1, 2020 to March 31, 2021)

* Includes some activities from outside this period

Reference Guidance

"Guidance for Collaborative Value Creation,"
Ministry of Economy, Trade and Industry (METI)

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English: October 2021

Publishing Department

Corporate Communications Group,
Corporate Planning, YKK Corporation
E-MAIL: k_ykk@ykk.com



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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.

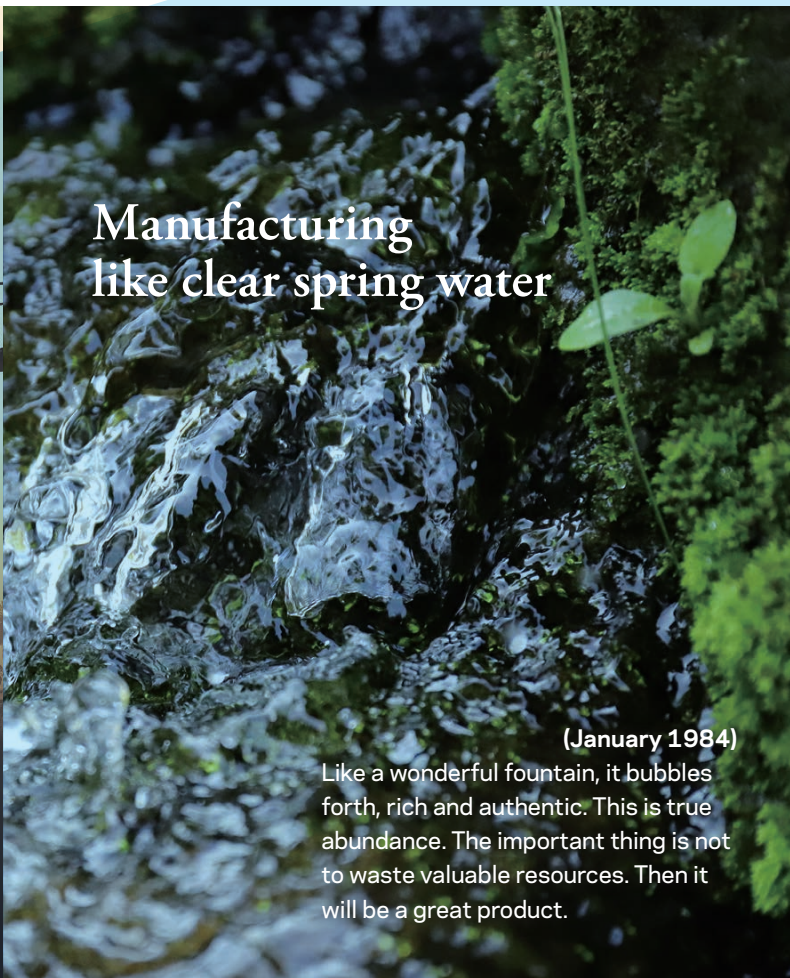
Business is like building a bridge



(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.

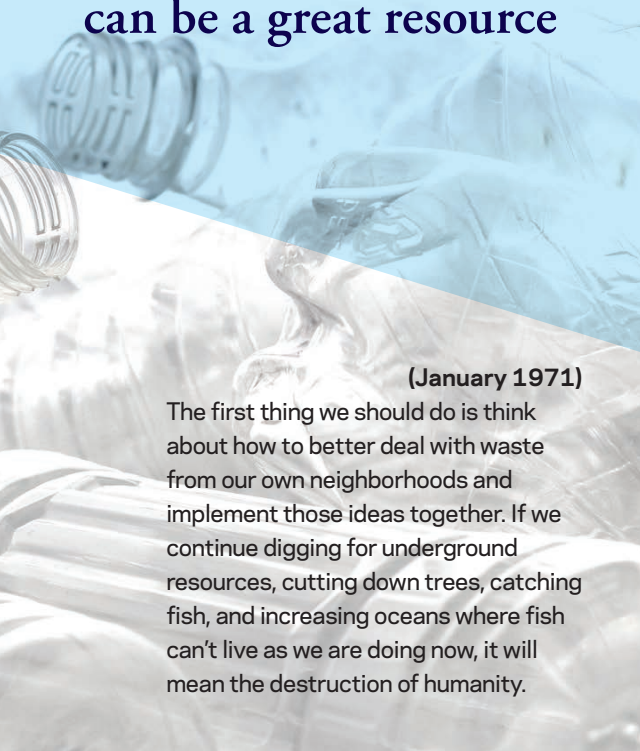
Manufacturing like clear spring water



(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.

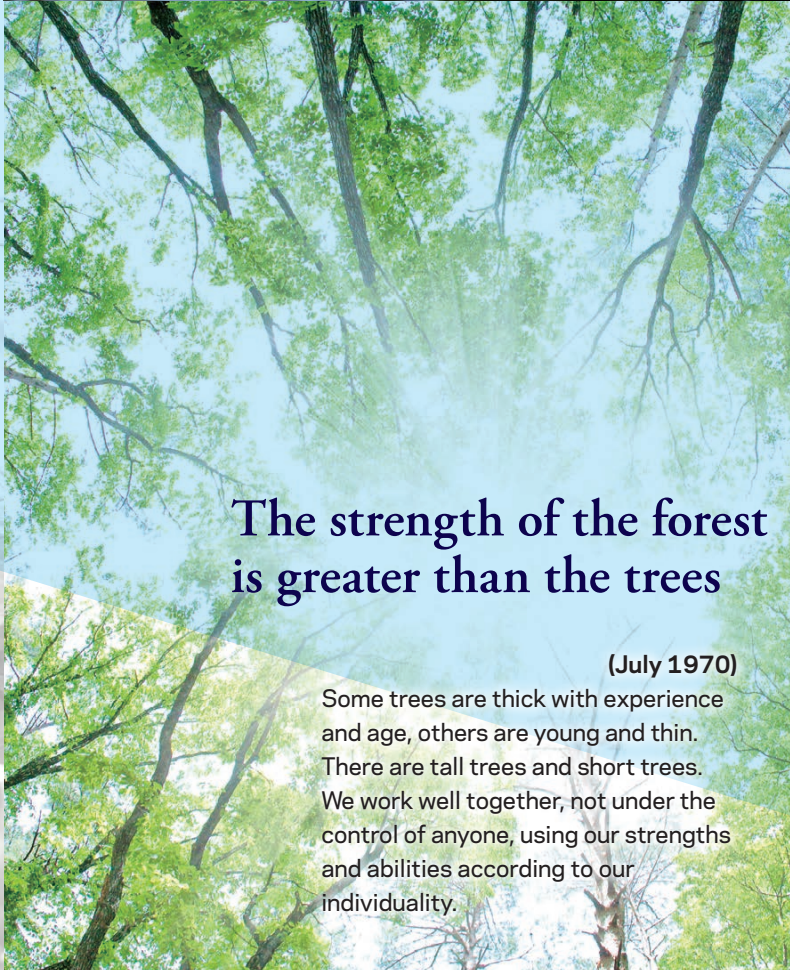
If we make use of our ingenuity, even our waste can be a great resource



(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.

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 Coexists and Co-prospers with Society and the Natural Environment

SDGs



Message from the President



We focus on sustainability management based on the YKK Philosophy of the “Cycle of Goodness,” and aim to co-exist in mutual prosperity with society.

Guided by our “Cycle of Goodness” corporate philosophy, we aim through the distribution of our products to be a “social good company” that co-exists in mutual prosperity with all stakeholders, including the most important stakeholder of all—the natural environment.

Hiroaki Otani

President,
YKK Corporation

Applying our founder's corporate philosophy, the "Cycle of Goodness"

In FY2020, we continued to feel the dramatic effects of the COVID-19 pandemic that began in FY2019. I would like to extend my deepest sympathies to all those affected by this terrible disease.

Here at YKK, we have continued to conduct business based on the "Cycle of Goodness" corporate philosophy, conceived by our founder Tadao Yoshida, which states that "no one prospers without rendering benefit to others." We believe that striving to put this idea into practice is the meaning and purpose of YKK.

The "others" mentioned in the "Cycle of Goodness" refers to all stakeholders, without exception. These include customers, communities, employees, and the natural environment, the most important stakeholder of all and the one which provides us with so many blessings.

I believe that markets and society at large are now demanding fair management practices that consider all stakeholders. Furthermore, I believe it is essential that, now in particular, we achieve sustainable growth going forward by providing better value through superior products and technologies, contributing to the development of future generations, and prizing partnerships and coexisting in mutual prosperity with society. At YKK, our aim is to serve the social good and make ourselves valued for our ongoing contributions to society.

Responding to societal changes under the "new normal"

Throughout the COVID-19 pandemic that has continued for more than a year now, economies, markets, and peoples' lifestyles around the world have changed dramatically. Eventually, the pandemic should subside, but by that time our social environments will be very different. I believe it is essential that we adapt to this transformation.

In the garment industry, there has been a problem of imbalance between supply and consumption — specifically, we have seen oversupply that has necessitated mass disposals. It is also a fact that the industry has been identified as having a significant environmental footprint, consuming large amounts of energy not only during manufacturing but at the disposal stage, too.

But in the new normal, consumer awareness is changing. The idea of sustainability, which aims to eliminate waste and excess and achieve coexistence with the natural environment, is a growing global trend. It is also inherent in our "Cycle of Goodness," which states that "no one prospers without rendering benefit to others."

It is therefore to reaffirm the important of the "Cycle of Goodness" that we have placed sustainability management at the center of our Sixth Mid-term Business Plan. Under this plan, I want us to work on creating even better products and developing products and technologies that can help realize a sustainable society. In concrete terms, this means providing customers with the products they need, when they need them, in the quantities they need. These are the three optimizations: "right time," "right material," and "right amount." Furthermore, we will work to reduce our environmental impact by using sustainable materials and energy and actively engaging in research to reuse waste. These are the kinds of business initiatives that customers are looking for in YKK, and I believe that it is our duty to respond.

Fastening Business: Broader environmental awareness in the new normal

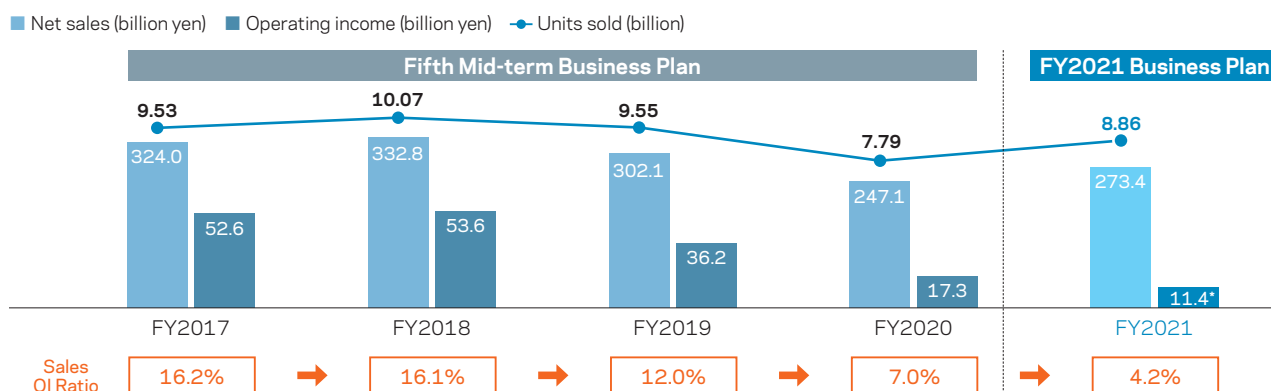
- The COVID-19 pandemic has raised the importance of sustainability, and the resulting reduction in garment consumption and consequent oversupply has caused markets to shrink
- The use of digital technology is key to achieving "right time," "right material," and "right amount" supply

Looking back at the Fifth Mid-term Management Plan

At YKK, our business activities have been based on the policy, put forth in our Fifth Mid-term Business Plan that began in FY2017, of “development and innovation in ‘monozukuri’ – an Endeavor for YKK’s monozukuri in the ‘Standard’ category” and the Fastening Products Group policy to “aim for further quantitative growth with better products at a lower cost and greater speed.”

Over this period, we were active in promoting proposal activities toward buyers in Europe, America, and Japan, and increasing supply capacity in Asia in response to the shift of garment manufacturing from China. As a result, in FY2018 we achieved an historic new record of 10 billion total zippers sold. However, over the four years of the plan we also felt the impact of external factors such as an uncertain world economic situation caused by U.S. and China trade friction. Then FY2020, the final year of the plan, brought the COVID-19 pandemic and its massive negative impact. As markets slumped, we continued to lack the cost competitiveness needed to achieve quantitative growth.

Fastening Business: Business results during the Fifth Mid-term Business Plan (FY2017 to FY2020), FY2021 Business Plan



Fastening Business: Factors in deviation from FY2020 Mid-term Business Plan

| | |
|---------------------------------------|--|
| Macro environment effects | Two consecutive years of warm winters, U.S.-China trade friction, garment retail demand slump due to COVID-19 pandemic |
| Garment trends | Growth of athleisure, slump in demand for heavy clothing due to fewer opportunities to go outside |
| Insufficient business competitiveness | As markets slumped, a lack of cost competitiveness to achieve quantitative growth |

Launch of the Sixth Mid-term Management Plan

In response to these results, and to achieve sustainable growth in the face of accelerating changes in the business environment, in the Sixth Mid-term Business Plan we formulated a medium-term business policy: “Sustainable growth under the new normal—responding to diverse customer needs and acquiring customers.” To achieve this, in FY2021, the first year of the plan, we started to restructure the organization of YKK Corporation in Japan and regional management systems overseas (see page 29 for details).

Behind this organizational restructuring were major shifts in values, such as regarding sustainability and digital transformation (DX), that swept around the world in the wake of the COVID-19 pandemic. In the garment industry, total production could decline significantly as a result of societal demands. For YKK to achieve sustainable growth in these circumstances, we must move quickly to build systems capable of accurately supplying product according to the aforementioned “three optimizations”; that is, providing what customers truly want, when it is needed, and in the quantities required. We need a flat

organization to catch even the smallest market changes and respond quickly based on accurate assessments. At the same time, it is essential to transform business processes through the promotion of DX, including the development of a wide range of equipment to meet the different production conditions in each region, the development of environmentally friendly products required in the Value Conscious/Standard markets, and the pursuit of thorough cost competitiveness through the use of digital technology, long

hours of continuous operation of equipment, and labor-saving measures. Through the Sixth Mid-term Business Plan, we will work to realize these goals under the new organization.

I think the key to achieving all this is building workplace environments in which all employees can work with enthusiasm. With this in mind, in FY2021 we launched a new personnel system in Japan that dispenses with a fixed retirement age and enables older workers to continue to work. Aiming for both employee satisfaction and corporate development, we shall continue to establish and improve systems that support the diverse work styles of employees.



Fastening Business: Sixth Mid-term Business Policy

Sustainable growth under the new normal

- Responding to diverse customer needs and acquiring customers -

Turn change into opportunity

Contributing to society

Continue to be a company for the social good

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

- Flat organizational structure
- Strengthen product planning and development
- Strengthening the use of digital technologies
- Enhancing sustainability
- Pursuit of cost competitiveness

Becoming the company we want to be: YKK Sustainability Vision 2050

In October 2020, we formulated the YKK Sustainability Vision 2050 which sets numerical targets for the Fastening Business from the 2019 YKK Group Environmental Vision 2050. As part of this, we have set targets under five themes: climate change, material resources, water resources, chemical management and respect people, and are promoting initiatives toward achieving the SDGs related to each.

In March 2020 we became a signatory to the Fashion Industry Charter for Climate Action announced by the United Nations Framework Convention on Climate Change (UNFCCC). Meanwhile, YKK's greenhouse gas reduction goals for FY2030 (1.5°C target) were formally recognized under the international partnership that is the Science Based Targets initiative in March 2021. We are joining hands with our many partners to reduce greenhouse gas emissions throughout our supply chain, with the goal of achieving "climate neutrality" by 2050.

2034 will be the 100th anniversary of YKK's founding. We will continue to make further progress toward the corporate vision set forth in the YKK Sustainability Vision 2050: to be a company that coexists and co-prospers with society and with the most important stakeholder of all, the natural environment.

Executive Dialogue



Contributing to a sustainable future through YKK philosophy of the “Cycle of Goodness”

Charles D. Lake II

Chairman and Representative Director,
Aflac Life Insurance Japan

President,
Aflac International Incorporated

Born in 1962 in the U.S. Juris Doctor (J.D.) from the George Washington University School of Law. Practiced law in Washington, D.C. after serving as director of Japan affairs and special counsel at the office of the U.S. Trade Representative in the Executive Office of the President. Joined Aflac in 1999. Served as general counsel and vice president. Since 2003, Mr. Lake has served as representative in Japan/president, vice chairman, and chairman for Aflac in Japan. In January 2014, he also assumed the position of president, Aflac International (concurrent). On April 2, 2018, he also assumed the position of chairman and representative director of the newly formed Aflac Life Insurance Japan (current position). From 2003 to 2019, he was an advisory member of the YKK Group advisory board. He currently serves as an independent outside director on the boards of Tokyo Electron Ltd. and Japan Post Holdings Co., Ltd. In March 2020, he published “The Art of War for Outside Directors – Guide to Good Governance & Best Practices” (Nikkei Business Publications, Inc.)

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).

Based on the YKK philosophy, the “Cycle of Goodness,” YKK aims to contribute to a sustainable society through its core business. The new normal is requiring us to seek further sustainable growth in partnership with society, customers, and employees. We invited Charles D. Lake II to join Masayuki Sarumaru, YKK Chairman of the Board, for an online dialog. Mr. Lake is the representative director of Aflac Life Insurance Japan, and has a deep knowledge of philosophy management.

The new normal will demonstrate the strength of the “Cycle of Goodness” pragmatic philosophy

Sarumaru Today, I hope to hear your thoughts on management based on management principles and core values. First, could you tell us about the core values of your own company?

Lake Peter Drucker said, “Culture eats strategy for breakfast.” I understand this to mean that if the corporate culture is firmly rooted in management foundations, then management will be effective over and beyond any strategy. I believe that if executives and employees can act according to basic, shared values, they will be able to respond to any challenge, deal with major changes, and, in this case, adapt to the new normal. At Aflac, we place a lot of importance on our core values, including our founding ideals, the Aflac Way, corporate philosophy, and brand promise “Creating Living in Your Own Way,” but I think the ideal is for each and every employee to thoroughly absorb these ideas and apply them as second nature, as a matter of course. In this respect, your company’s management principles resonate with me. I understand that as your company develops its business, you place great importance on the “Cycle of Goodness” management philosophy, an idea that your founder came up with.

Sarumaru Thank you. Yes, as you say, the “Cycle of

Goodness” corporate philosophy is at the core of all our business activities, and was conceived by Tadao Yoshida, the founder of YKK. Our founder always sought to make the company an important member of society that constantly created new value and provided it to society, and shared the benefits of its business activities so everyone could mutually prosper. The “Cycle of Goodness” is a philosophy that grew out of the process of conducting business in challenging environments. In other words, it is a pragmatic philosophy. As our business develops around the world, it pleases me to know that this idea resonates with people who have different values. I think this is due to the fact that the “Cycle of Goodness” is an idea based on universal truths.

Lake That is an excellent point.

Sarumaru You mentioned earlier how corporate culture plays a significant role in overcoming challenges, and I completely agree with that. In particular, I am convinced that the pragmatic philosophy of the “Cycle of Goodness” can really show its strength in times such as this “new normal,” and I want to imbue this philosophy and our management principles in our employees as the whole company continues to take on challenges.

Linking sustained corporate growth with solutions to social issues

Sarumaru At your company, you pursue CSV (Creating Shared Value) management, which aims to achieve both sustained corporate growth and solutions to social issues. I wonder if you’d care to talk again about the importance of CSV management.

Lake As you know, CSV management is a management theory put forth by Professor Michael Porter. The idea is to use the unique resources and expertise of a company to solve social issues, to create social value by responding to the needs of society, and thereby create economic value and

achieve sustainable growth. Originally, the idea came out of discussions around issues that arose during the financial crisis of the late 2000s, but I think that as a general management strategy, it is a very powerful concept. Especially in the new normal, companies face an environment and issues that continue to change significantly. By focusing on solving those issues, we can also test the direction of management strategies. At Aflac, too, we are working to build business execution systems based on ever more effective CSV management. As well, “stakeholder capitalism,” which is



the idea that companies must consider the benefit not only to shareholders, but also customers, employees, regions and communities, and other stakeholders, is becoming more mainstream in Europe and North America. *Sampo yoshi* (“good for everyone”) and similar concepts have long been entrenched in Japan, but going forward, I think a consensus is growing around the world that companies develop precisely because they solve societal problems and thus create economic value, and so I want us to put even more effort into CSV management.

Sarumaru I agree with that. Part of the “Cycle of Goodness” is the proposition that “no one prospers without rendering benefit to others,” and I feel that this way of thinking is close to that of the CSV management thinking. In FY2014, YKK had the honor of being awarded the Porter Prize (named in honor of Professor Michael Porter), and I believe that this also demonstrates the similarity of our management methods to CSV. There is also the question of how to connect the philosophy to the business. With regard to this, I feel it is extremely important that we respond positively to societal demands for sustainability. This is exactly why we placed sustainability at the center of management under our Sixth Mid-term Management Plan, which began in April this year. As well, the “YKK Sustainability Vision 2050” that we formulated last year, which aims for climate neutrality by 2050, was also motivated by the same idea. Furthermore, the thinking behind sustainability is inherent in the ideas that our founder believed were important when building the company more than half a century ago. Our goal is to always be a company that serves the social good. Based on the “Cycle of Goodness,” we

must, more than ever, look toward society at large, quickly identify issues, and work to solve them.

Lake It is exactly when we are confronting difficult circumstances that we return to our management principles and core values and imbed them in our management strategy. Such a commitment leads to improved results and sustainable growth. I believe that this is the essence of CSV management. Under the Aflac Vision 2024, we are working to become a leading company that creates “Living in Your Own Way” and creates new value above and beyond insurance. Aflac’s core business is our “insurance for living” products, such as cancer and medical insurance, but in terms of supporting customers facing cancer and who have financial difficulties, we are seeing advances in treatment technology and the development of diagnostic technology. Compared to the past, then, cancer can be seen as a curable disease, but at the same time, the importance of quality of life in the face of the disease is growing. Against a background of such changes, we held meetings and conferences to talk about cancer patient-oriented engagement, and published a book based on two years of such discussions. In this process, we found that in order to solve problems, we had to look at issues from the point of view of the cancer patients and their families first and foremost, and importantly, to engage with a broad range of stakeholders that include those engaged in medical care, workplaces, schools, private organizations and companies, and the governments that create social systems. We want to take this opportunity to demonstrate leadership in this field by further developing our “Cancer Ecosystem” platform that supports alliances and partnerships between diverse stakeholders. I believe that this kind of initiative is made possible by having clear core values and visions and putting them into practice.

Sarumaru It’s a wonderful and innovative initiative that can lead to a wide range of social contributions.

Lake Thank you. When it comes to value creation and sustainable growth at your company, what is important to you?

Sarumaru You talked earlier about how your company seeks to organically link “solving social issues” and “sustainable growth.” YKK also strives to “contribute to a sustainable society through our core businesses.” Our Sixth Mid-term Management Plan includes a mid-term management vision, “Technology Oriented Value Creation,” which means exactly what is suggests:

creating value driven by technology. This is a common theme for all manufacturing companies, and I believe it will be even more significant in terms of sustainable growth under the new normal. In any case, boosting technology capability and product appeal and

providing the value that this creates to customers is very important. We are working to support more and more customers with YKK value, and I am confident that this will ultimately lead to sustainable growth.

Using the independent growth of diverse human resources to contribute to future society

Sarumaru You have said with regard to engagement that it is important to integrate and disseminate financial and non-financial information, and communicate it to stakeholders.

Lake For engagement to be as effective and efficient as possible, it is important to first recognize that there are market stakeholders and non-market stakeholders, to understand the position of the listener, and communicate to that listener. We think integrated reports are an effective tool for achieving this.

Sarumaru At YKK, we are strengthening our messaging and also started issuing an "Integrated Report" this year. As well, in 2008 we formulated the YKK Group Code of Conduct at your recommendation, and this year we made revisions to bolster activities based on this Code. Going forward, we plan to widely release it outside the company as a governance message. At the same time, I believe that it is important to disseminate it to our employees. Finally, I wonder if you would share your thoughts on human resources.

Lake At Aflac, we strongly believe in an idea that has been passed on through generations which says "if you take care of the people, they will take care of the business." We are moving from the VUCA era of Volatility, Uncertainty, Complexity, and Ambiguity to a more extreme era of "Super-VUCA." However, in such uncertain times, I believe that people who can work on their own initiative while being guided by our core values are assets to the company. Of course, future human resources development cannot be made to fit one single pattern. I think it is important to allow employees to discover their own way of contributing while getting the most out of their diverse talents.

Sarumaru That is diversity in practice. At YKK, one of the key points of our sixth Mid-term Management Plan is "diverse human resources." One of the ideas of our founder was that our strength should be that of the forest, rather than single trees. We call this "Forest Management," and I believe it dovetails perfectly with

the idea of diversity. A forest is made up of stout trees with many rings of experience as well as young, slender trees. Some trees are tall, others are short. Our founder advocated this concept based on the idea that every person can exploit their individual talents and strengths and apply them in their work, and in doing so we can move forward together without any one person taking the lead. Also, in April of this year we introduced a new personnel system that does away with compulsory retirement. I want us to work to create an environment where people with diverse abilities can contribute to their full extent of their ability, regardless of age, gender, or nationality.

Lake Forest Management is a very YKK approach to human resources management.

Sarumaru As you said, nothing is as important as our human resources. Going forward, I want us to continue to value this idea, to see diverse human resources around the world as individual trees that together make up a forest, as people who cooperate with each other and complement each other to achieve their own growth and to contribute to society, and thus enable our company, YKK, to keep growing like a forest. Thank you very much for sharing your thoughtful and valuable insights with us today.



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

1959-

Global expansion

1934

Foundation

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



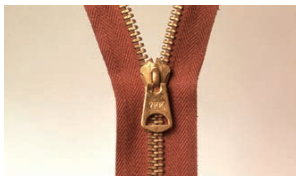
1939

YKK Utility Model No. 1

Metal slider for zippers

1946

YKK registered as a trademark

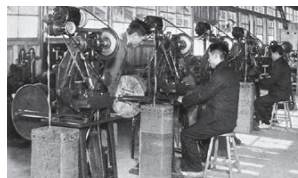


Zipper stamped “YKK”

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

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.

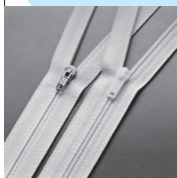
1994

Formulated the YKK Group Environmental Pledge

The Provision of Value Through Products and Technology

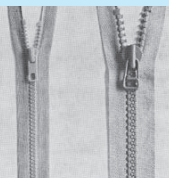
1952

Nylon zippers



1961

Delrin zipper (current VISLON®)



1966

Metal zipper YZip®



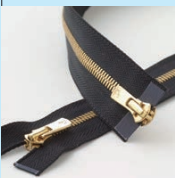
1983

Airtight and watertight zipper (current PROSEAL®)



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

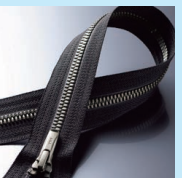
1994

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-

2021

New Value Creation

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

2018

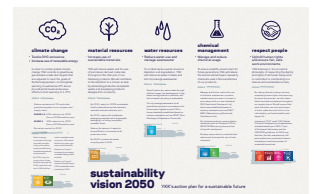
Established YKK Vietnam Co., Ltd. Ha Nam Plant

State-of-the-art plant with robotic process automation (RPA)

2020

Signed the Fashion Industry Charter for Climate Action

2020

Formulated YKK Sustainability Vision 2050

Aiming to achieve climate neutrality by 2050

^{*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®, 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

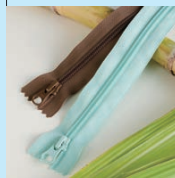


2019

AiryString®, a tapeless zipper

2019

GreenRise®, which uses a plant-based polyester



2020

NATULON® Ocean Sourced™, which uses ocean-bound plastic waste

2020

VISLON® Magnet Type, a zipper that closes using magnetic force



The Evolution of *Monozukuri* Through the Philosophy of Integrated Production

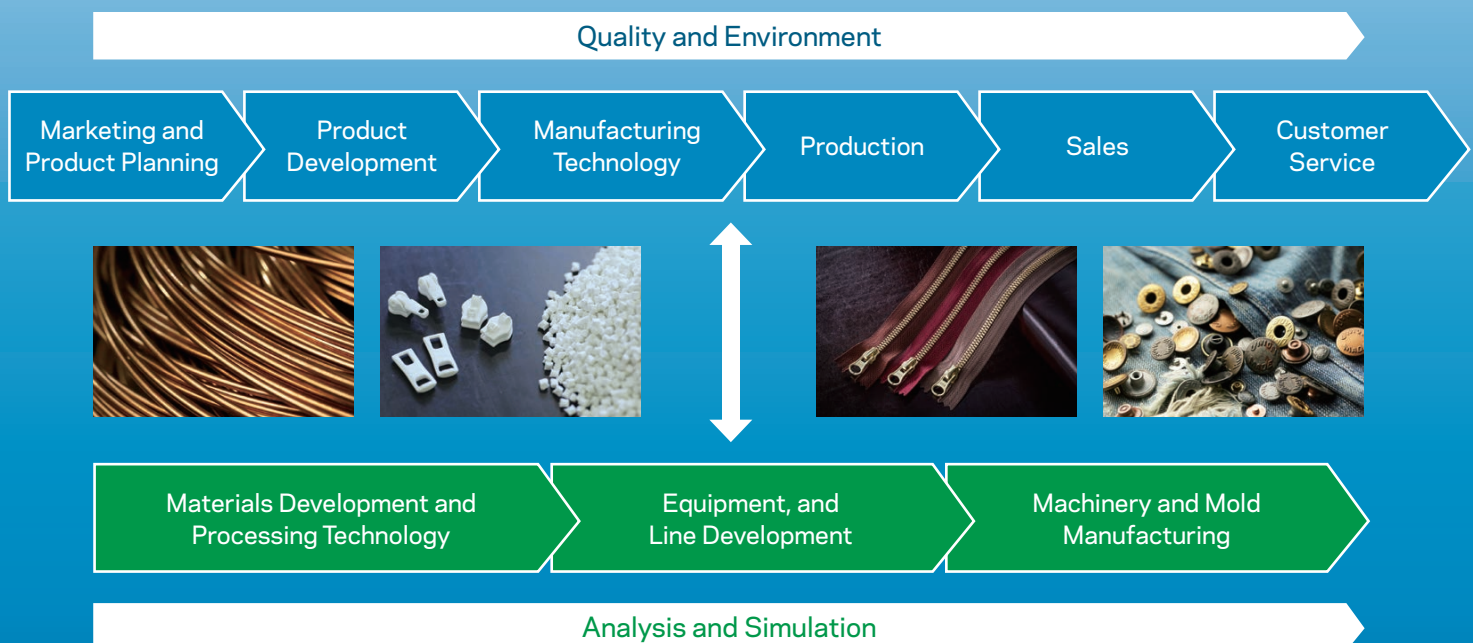
YKK founder Tadao Yoshida believed that integrated production, from the material stage, was needed to boost the quality of YKK® zippers. Ever since, YKK has been pursuing the ideal form of *monozukuri* based on the idea that to maintain top quality, we must make the best materials ourselves and develop our own equipment. The philosophy of integrated production is at the core of YKK’s management and the foundation of our competitiveness in *monozukuri*.

The Teachings of YKK Founder, Tadao Yoshida

“100% Capacity and Zero Defects. Start from this.”

YKK founder Tadao Yoshida was continually thinking about how YKK could come closer to this ideal. He was convinced that it would lead to providing better products at a lower cost to customers. Tadao Yoshida believed that one should not give up, even if people said that something was unachievable. “Make just a bit more effort, if only paper thin,” and it will make a major difference in the future result. Furthermore, he was convinced that if better products could be manufactured at a lower cost through machine automation, employees would be able to leave the factory and work more creatively. At an age when mechanization was still insufficient in Japan, he also had an ultimate dream - that is, to aim for a fully-automated, unmanned plant.

YKK’s Integrated Production System



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. We are creating quality that is distinctive of YKK through operational development that is particular about such *monozukuri*.

The Sources of Value Creation

In-house Development and Manufacturing From the research and development of materials to the development and manufacture of manufacturing machinery, production is all carried out in-house. YKK's biggest strength is that it has developed such integrated production, which achieves *monozukuri* that is thoroughly particular about quality. It enables us to improve and expand our lineup of a wide variety of products and even respond flexibly and meticulously to continually changing customer needs. Furthermore, when improving and enhancing the integrated production process, it enables smooth collaboration between related divisions to identify issues and formulate countermeasures.

Restrengthening Cost Competitiveness Toward the thorough restrengthening of the cost competitiveness of core products, we will evolve integrated production by undertaking a review of the manufacturing process, designing production lines that will maximize competitiveness, and improving the speed of machinery and equipment development that bears the further escalation of market competition in mind. We will also promote the utilization of external technology and engage in the development and introduction of competitive zipper machinery and equipment.

Globally Shared Quality and Production System YKK has globally developed an integrated production system that not only supplies manufacturing machinery to its plants around the world but also achieves a rich support system for its production bases worldwide in which each operating company collaborates with the Manufacturing and Engineering Division. Even as the COVID-19 pandemic spreads, we work to maintain and enhance globally shared quality and boost the on-site capabilities of our plants by utilizing IT and digital technology to share information, pass on technologies, and provide instruction on machinery and equipment maintenance in a proactive manner.

Created Value

Resolving Customer Issues With integrated production as the foundation, YKK is creating value for its customers in the form of the provision of "Better products at a lower cost and greater speed, more sustainably." For example, an issue faced by our many customers in the apparel industry is that of reducing waste. We contribute to resolving this issue under a system that enables a timely and swift supply, and promotes recycling, such as by having them switch to sustainable materials.

Reduction of Environmental Impact in the Manufacturing Stage

To steadily execute the targets and measures outlined in YKK Sustainability Vision 2050, we will also focus at the manufacturing stage of integrated production on such measures as the installation of solar facilities and switchover to renewable energy as sources of electrical power, and the promotion of the efficiency and extension of the life of production facilities.

Improvement of Operational Efficiency and Work Style Reform

We will promote smart factories through the utilization of digital technology and aim for the further evolution of integrated production. Through such efforts, we can expect the development of fault-tolerant, fully automated production lines, the digital transmission of maintenance know-how, the automation of tasks using state-of-the-art technology, such as robots, AI, and sensors, the utilization of IoT and simulations to reduce trial production numbers, and a shortening of development time. By shifting to digitalization of operations and improving operational efficiency, we hope to provide employees with opportunities to further strengthen their abilities and enhance their expertise, and encourage them to change their mindset to become "human assets" who can think and act on their own, as well as reduce working hours and enhance work-life balance.

Commitment to Quality

Accuracy to within

1/100
mm

Annual zipper
production output

More than

3 million km

YKK trademark
registration

177
countries and
regions
(as of March 31, 2021)

100% renewable
energy plants

10 locations
around the world
(as of March 31, 2021)

Bringing More Sustainable Products and Technology to the World

The history of YKK’s development of green products goes back to the 1980s when the recycling of yarn from internal yarn waste began. It is an example of employees executing the words of founder, Tadao Yoshida, who said, “If we make use of our ingenuity, even our waste can be a great resource.” In 1994, YKK undertook the development of NATULON®, which uses recycled PET plastic, obtaining Eco Mark certification in 1997. The founder’s words continued to be successively passed down, resulting in the development of various environmentally friendly products and even the pursuit of green technology.

The Teachings of YKK Founder, Tadao Yoshida

“Strive for invention, innovation and improvement.”

Founder Tadao Yoshida believed it was important for each employee to continually make tremendous efforts to implement improvements and apply ingenuity. Always being conscious of ingenuity and improvement results in various ideas gradually coming to mind. If continued, it can lead to the birth of amazing machinery and products. That is how being inventive works. It is a mistake to think that only special people with special abilities can create inventions. Anyone can become an inventor. That was why the founder repeatedly told employees, “Strive for invention, innovation and improvement.”



To date, YKK has been proactively promoting the development of green products, including the NATULON® zipper made of recycled PET plastic, GreenRise®, a zipper made of plant-based polyester, and NATULON® Ocean Sourced™, which utilizes ocean-bound plastic waste. Furthermore, YKK is also focused on the development of green technologies, such as ECO-DYE®, a dye technology that uses almost no water in the dyeing process, and AcroPlating®, a plating technology that eliminates the use of hazardous chemicals. Going forward, YKK will continue contributing to the achievement of a sustainable society through the popularization of environmentally friendly products and the pursuit of green technology.

The Sources of Value Creation

Elemental and Green Technologies Even regarding environmentally friendly products, customer needs as well as product specifications differ according to country or region. That is why a response tailored to each need is required. Because YKK's integrated production process includes the development of materials, such as metals, textiles, and plastics, the exercise of new ideas and ingenuity enables the proposal of completely new materials. At the same time, production technology and manufacturing sites are able to commercialize products using processes with less environmental impact.

Strengthening of Basic Research Functions One of the missions of the newly established Technology & Innovation Center (TIC) is to cultivate technology that will lead directly to strengthening the competitive edge of the Fastening Business. Of these, we will continue and strengthen the development of elemental technologies, which we have been engaged in up to now, as well as engage in original R&D, such as for textile materials that can contribute to sustainability in the apparel industry.

Product Development Process with Sales and Development Staff Working as One

With the reorganization that took place in FY2021, development staff will also become involved in customer relations, which had been led in the past by sales staff. This is expected to enable the greater reflection of customer needs and response to their challenges in our products and actualize swift product launches. Sustainability has become important managerial and business challenges for apparel manufacturers, of which YKK has many as customers. Sales and Development staff will work as one to strengthen the product development process to help resolve such challenges.

Sustainability-related Investment

2.5
billion yen

(FY2021 business plan)

Proportion of Sustainable Materials (total meters)

6.5%

(FY2020 results)

Percentage of harmful substances eliminated through new plating technology AcroPlating®

100%

Created Value

Reducing the Environmental Impact of the Apparel Industry

Recycling is one of the sustainability challenges faced by the apparel industry. Many customers are seeking to make their products more environmentally friendly and easier to recycle, even down to the smallest details of product specifications. In addition to proposing the use of recycled materials for zippers and meeting expectations for quality assurance and stable supply, YKK is promoting initiatives in cooperation with customers, such as the pursuit of easy recycling of materials by utilizing its research and development functions.

Popularization 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.

Green Production Technology YKK developed ECO-DYE®, a dyeing technology that uses almost no water in the dyeing process. It is a technology that can significantly reduce water consumption because it uses very little water for cleaning and minimizes waste water. Furthermore, YKK also developed AcroPlating®, a new plating technology for brass. The technology has successfully eliminated the use of harmful substances, such as cyanide, chromium, and selenium, in the plating process. We will continue to focus on research and development to further reduce our environmental impact.



NATULON® Series



Plating through AcroPlating®

Contributing to Customers and Society Around the World Through Diverse Human Assets

YKK achieved its first foray abroad in 1959, when we began manufacturing in India. We also established our first overseas subsidiary in New Zealand. Today, we operate our business in 72 countries and regions around the world. The human resources in each country and region, with their diverse backgrounds and distinct personalities, are none other than sources of YKK’s value creation. With fairness as the foundation, we are promoting the success of our diverse human resources through their employment and development at each location.

The Teachings of YKK Founder, Tadao Yoshida

“The strength of the forest is greater than the trees.”

“YKK is a Forest Organization.” These are the words of our founder Tadao Yoshida. In a forest, some trees are old and venerable, rich with experience and knowledge, while some trees are young, scarcely more than saplings. Our organization aims to be like a forest, with each individual growing onward and upward in their own unique way. Forest management enables everyone to exercise their own strengths with individuality and work skillfully without needing to be directed by others, all the while moving forward together. While we are all employees, we are also all managers.



Diverse human resources work at YKK, which has been expanding globally, with each exhibiting their respective strengths regardless of their age, gender, nationality, or the presence of disabilities. The strengths of its diverse employees are YKK’s asset and treasure.

As the stage following the mobilization of highly diverse human resources, at YKK we are aiming to achieve diversity and inclusion in which our human resources function organically to strengthen business competitiveness.

The Sources of Value Creation

Business Operations in 72 Countries/Regions Many of YKK's key customers have expanded their businesses globally. Their needs are wide-ranging. Because YKK operates in 72 countries and regions, we can respond to customer needs, from the provision of planning, development, and manufacturing to sales and services. We can do this in a one-to-one, detailed manner from a location that is near our customers. YKK human resources take on this role. Their strength is their knowledge of the local language, culture, customs, and business practices. This enables them to provide response and propose solutions, which are possible only with a familiarity of the locale.

Organizational Climate Respectful of the Diverse Human Resources

YKK's vision is to realize a truly "fair" personnel system based on roles that are not restricted by age, gender, or nationality. We have adopted a new personnel system that allows employees to work at YKK irrespective of their age, so long as they can fulfill the role required by the company.

**First Overseas
Expansion
(India and New Zealand)**

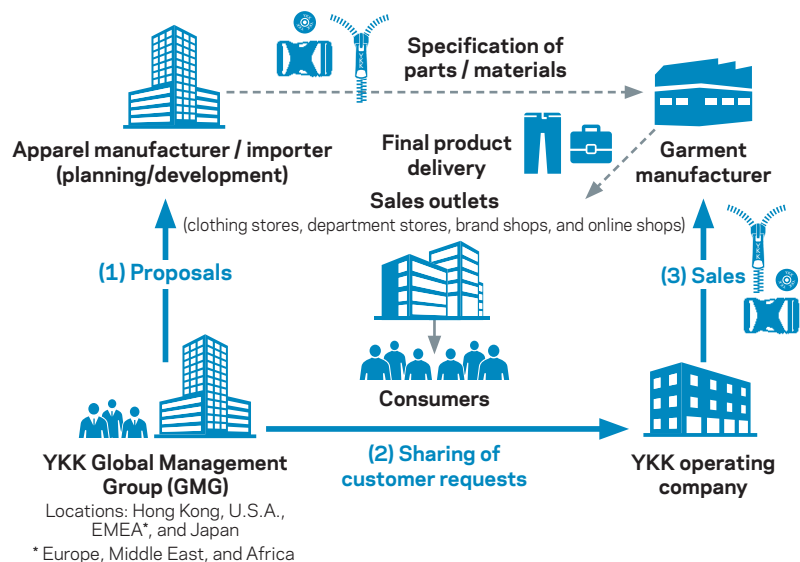
1959

Created Value

Actualizing the Diverse Needs of Customers YKK's Global Marketing Group (GMG) operates across national and regional borders. The key to getting customers to use YKK® fastening products at their production facilities across the globe is to have them designate YKK® products during the planning stage of their products. To achieve this, we assign dedicated personnel to attend to each customer. These representatives actively present proposals to customers. They relay customer requests to YKK operating companies in the respective country or region. The representatives also promote the development of new products. During the 1990s, when globalization of the apparel industry was progressing and the geographical reach of production activities was expanding, YKK sought a novel approach and devised an original business model. The integrative strengths as "One YKK" or "one company" originating in the GMG, have earned the trust of customers worldwide.

Solving Challenges Through Partnerships Sustainability-related challenges, such as global warming, resource depletion, and human rights, are not issues found only in particular countries or regions. They are arising globally. YKK believes that partnerships are indispensable to solving such challenges. Not only is YKK collaborating with customers in efforts toward the resolution of environmental issues faced by the apparel industry, but each of our diverse human resources are also utilizing their partnerships with communities to help address challenges faced by local communities, including those related to employment, civic order, and environmental conservation.

GMG Activity Example



Global Network

72 countries and regions

(as of March 31, 2021)

**Signed the Fashion
Industry Charter for
Climate Action**

2020

Sixth Mid-Term Business Policy and Business Strategy

Sustainable Growth Under the New Normal

- Responding to diverse customer needs & acquiring customers -

The Sixth Mid-term Management Plan, which started from FY2021, has succeeded the Technology Oriented Value Creation vision of the Fifth Mid-term Management Plan. YKK formulated the Sixth Mid-term Business Plan and Mid-term Business Policy based on three primary points "product appeal & proposal capabilities," "technology & manufacturing capability," and "diverse human assets."

In formulating them, we considered the market changes taking place under the new normal following the COVID-19 pandemic as business opportunities. At the same time, we considered the social and

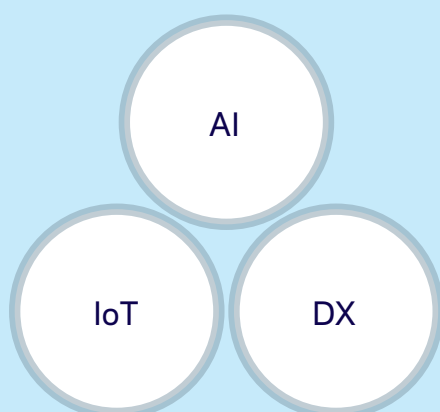
business environment surrounding YKK. They include various social challenges, such as worsening global warming, and technological innovation, which is becoming increasingly accelerated.

In the Sixth Mid-term Business Policy, we laid out "Sustainable Growth under New Normal - Responding to diverse customer needs and acquiring customers -" as a means to respond to the diverse value sought by customers and to continue growing in a social and business environment that will change even more drastically going forward. Furthermore, we added "more sustainably" to the slogan "Better products at a

Deepening Social Challenges



Technological Innovation



YKK Philosophy, "Cycle of Goodness"
"YKK Seeks Corporate Value"

YKK Group

The Seven

Compliance / Fair operating practices / Respect for
Health and safety / Product quality and

Sixth Mid-Term Business Policy: Medium-term Directions

- Flat organizational structure ▶ P.29
- Enhancing sustainability ▶ P.31
- Strengthen product planning and development ▶ P.35
- Pursuit of cost competitiveness ▶ P.37
- Strengthening the use of digital technologies ▶ P.38

lower cost and greater speed” from the Fifth Mid-term Management Plan, as we are aiming to become a company that also contributes to the sustainability of the global environment and society. To achieve the Mid-term Business Policy, we began our business activities after setting the following medium-term directions: “Flat organizational structure,” “Enhancing sustainability,” “Strengthen product planning and development,” “Pursuit of cost competitiveness,” and “Strengthening the use of digital technologies.” At the same time, in the YKK Sustainability Vision 2050, we set targets for five themes – climate change,

material resources, water resources, chemical management, and respect people – and are carrying out activities that will contribute to achievement of the 2030 SDGs as well as carbon neutrality by 2050.

Through technology-oriented value creation, we will carry out business that will be of use to society and our customers. We will also center our management around sustainability and aim to continually be a social good company that is sought by society.

/ Management Principle of Higher Significance”

Code of Conduct

Principles

human rights / Harmony with the environment /
safety / Contribution to communities

YKK Sustainability Vision 2050

• Climate change



• Material resources



• Water resources



• Chemical management



• Respect people



P.31

Vision for the Medium- to Long-term

Technology
Oriented
Value
Creation

Continuing to be
a “social good”
company

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

Medium-Term Direction: Flat Organizational Structure

Organizational Restructuring for Immediate Response to the Drastically Changing Business Environment

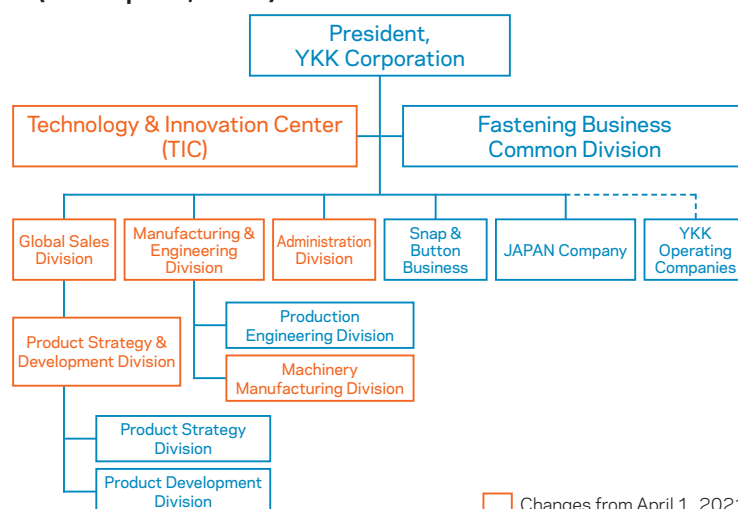
YKK's Mid-term Business Policy "Sustainable growth under new normal - Responding to diverse customer needs and acquiring customers -" under the Sixth Mid-term Management Plan was formulated with the aim of achieving sustainable growth even in a business environment that will change even more drastically 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.

From a Divisional to Functional Structure

Since 1985, YKK was organized under a divisional structure that consisted of two business divisions: the Fastening Product Group and the Machinery & Engineering Group. Fastening and Machinery & Engineering were merged in the new structure that was launched in April 2021, with functional organizations, such as sales, manufacturing and engineering, and administration. The purpose was to enable response to a rapidly changing business environment. Together with the newly established Technology & Innovation Center (TIC), the company has been reborn as an organization that works as one toward the sustainable growth of the Fastening Business.

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



Changes from April 1, 2021

Prompt response to customer needs through the integration of sales and product development

Koichi Matsushima

Director, Executive Vice President, Global Sales Division

Marketing, sales, and product development were integrated within the Sales Division. This allows us to respond immediately to customer and market changes while achieving speedy product development. We have created a structure that will immediately link evaluations of our products to the next product development. We will work to strengthen our product development capability by increasing the output of new products in the Value-conscious category. We will also aim to strengthen the competitive edge of products in the Standard category by reinforcing collaboration with the Manufacturing & Engineering Division and the Administration Division.

The role of the Manufacturing & Engineering Division, to develop technology that will raise efficiency at the manufacturing site, is no different from our past responsibilities. Greater speed is of urgent need today as the market changes significantly. Under this recent integration of functions, we will also actively undertake digital transformation and aim to develop the foundation for a lean, smart factory so that we can achieve even greater speed.

Faster speeds through digital transformation of the manufacturing site

Fumio Ikeda

Director, Executive Vice President, Manufacturing & Engineering Division

Development of a foundation that continues to achieve Forest Management

Satoshi Honda

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

As a functional division that supports the business, we will prepare an environment in which each human resource can work with all their might while exhibiting their individual capabilities. In Japan, we will promote the Challenge to Work Style Reform Project. We will also formulate and roll out a succession plan for the development of successors, which has become an issue at our business companies in various countries and regions that have marked 50 years since their establishment.

Toward a New Global Business Management Structure

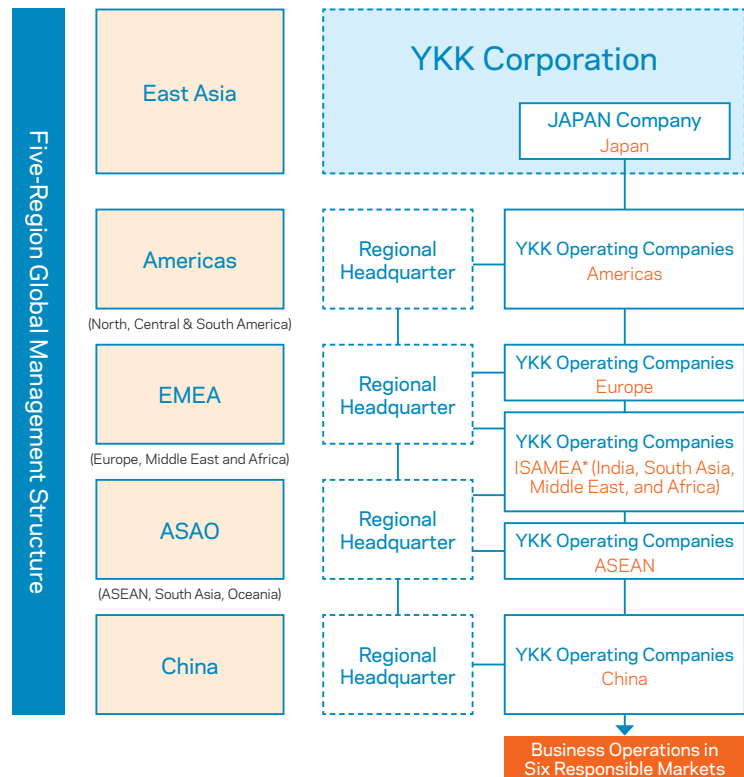
Regarding our overseas management structure, we have shifted from the Six-Region Global Management Structure (Japan, North & Central America, South America, EMEA, China, and Asia) to a Five-Region structure (East Asia, Americas, EMEA, ASAO, and China). We also established six business regions (Japan, 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 leader assigned therein and strengthen both the appropriate marketing methods for the region and production engineering capability. Under this new system, regional headquarters will provide managerial support to the six business regions, with a focus on capital management and strengthening corporate governance.

EMEA: Europe/the Middle East/Africa

ASAO: ASEAN/South Asia/Oceania

ISAMEA: India/South Asia/Middle East/Africa

Sixth Mid-term Regional Management Structure



Establishment of the Technology & Innovation Center (TIC)

We newly established the Technology & Innovation Center (TIC) to actualize the Sixth Mid-term Management Vision: Technology Oriented Value Creation. The Center will take on the development of technology from a medium- to long-term perspective, which had been handled up to now by the Machinery & Engineering Group. As a new organization, we will strive to strengthen the elemental technology that will lead directly to strengthening the competitive edge of the fastening and architectural products businesses. The Sustainable Technology Development Group will be established within the TIC to carry out original sustainability-related R&D, such as for textile materials.

Furthermore, we will promote innovation by incorporating what used to be the Advanced Robot FA Center to the TIC as the FA Robotics Group. The newly created Digitalization Technology Group will strengthen technological collaboration in the digital transformation area.

Technology & Innovation Center Policy

Creating Next-Generation Innovation, and Developing Materials and New Technologies
- Toward the Actualization of Green Products and Manufacturing Processes -

Promoting the sustainable evolution of *monozukuri* through innovation and company-wide projects

Nurturing human resources who will serve as developers of core technologies for sustainability, materials, robotics, and digitization

Technical investigation from a global perspective, searching for seeds that can be developed into new areas, and proposal of themes

Supporting the Development of Society and YKK from a Medium- to Long-term Perspective

Takuya Sakuragi

Specialized Officer, Executive Chief Specialist/
Engineer, Technology & Innovation Center



With the objective of creating next-generation innovation, we will engage in the development of technology that can lead to solving the challenges that are shared by society and are included in the SDGs, thereby strengthening the competitiveness of the business with an eye to the medium- and long-term. Regarding the development of materials and new technology, we see material development aiming for a mono-material zipper, and popularization of the recycling of products and materials as important challenges. We will therefore engage in the development of elemental technology toward the actualization of naturally derived materials.

Medium-Term Direction: Enhancing Sustainability

Management Centered on Sustainability – Formulation of YKK Sustainability Vision 2050 –

In October 2020, YKK formulated the YKK Sustainability Vision 2050, which aims to achieve climate neutrality by 2050. It takes the YKK Group Environmental Vision 2050, which was formulated in 2019, and incorporates it into the numerical targets for the Fastening Business. Targets were set for five themes – climate change, material resources, water resources, chemical management, and respect people – and we are promoting initiatives toward the achievement of the related SDGs and climate neutrality by 2050. Positioning these initiatives as efforts that are similar to the spirit of “No one prospers without rendering benefit to others” as found in the “Cycle of Goodness” YKK Philosophy, we will continue to place sustainability at the center of YKK management and promote various measures toward achievement of the sustainable society laid out in the Vision.

The Whole of YKK Will Aim for Achievement of the Vision






Asako Yoshioka

General Manager,
Sustainability Department

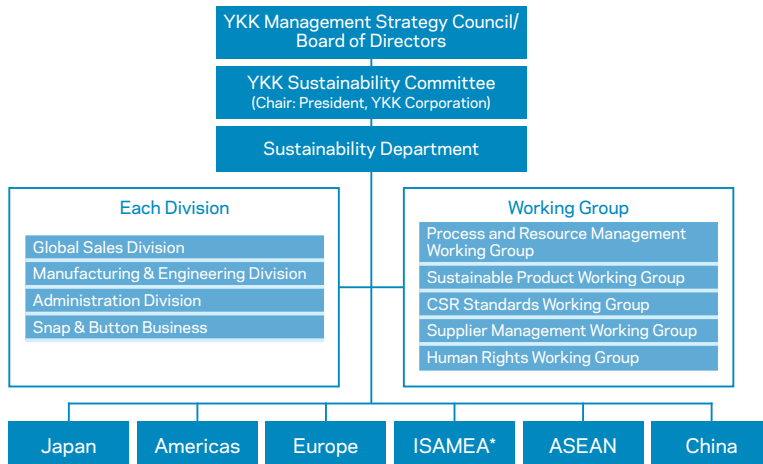


The Sustainability Department was established in April 2019 to enable YKK to take on the question, “What can YKK do for the Earth?” The department formulates and implements strategies in an integrated fashion, creating a global system for the promotion of sustainability with the collaboration of the working group and division for each theme. We will work as one toward achievement of the vision.

“YKK Sustainability Vision 2050” – Achievement of Climate Neutrality by 2050 –

| Theme | Goal |
|--|--|
|  Climate Change Tackle GHG emissions Increase use of renewable energy | Reduce emissions of CO ₂ and other greenhouse gases in our company and supply chain. <ul style="list-style-type: none"> 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. |
|  Material Resources 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%. |
|  Water Resources 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). |
|  Chemical Management 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. |
|  Respect people 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. |

Sustainability Promotion Structure



* India/South Asia/Middle East/Africa



Global Sustainability Seminar held online for YKK to work globally as one toward achievement of the Sustainability Vision. More than 400 employees from various regions around the world have participated so far.

Index / FY2020 Results

SDGs

Scope 1, 2 GHG emissions: 459,639 tons (20% reduction from a 2018 baseline)
 Scope 3 GHG emissions: 539,892 tons (36% reduction from a 2018 baseline)
 Greenhouse gas reduction target for FY2030 certified by SBTi as aligned with "1.5°C target" (March 2021)



Proportion of Sustainable Materials: 6.5%



Participation in the Ministry of the Environment "Plastics Smart" Campaign (Japan)

Landfill disposal amount: 7,029 tons (down 2,700 tons YOY)

Recycling rate: 82.3% (up 2.5% YOY)

Total water intake by all manufacturing sites: 7.41 million tons (down 1.61 million tons YOY)



Carried out thorough management of wastewater at each location by establishing voluntary control standards that are more stringent than the legal requirements of each country, thereby enabling appropriate wastewater management. There were no violations of standards related to wastewater.

Revised in-house standards (YKK RSL) and informed overseas business companies of same. Suppliers also notified of the YKK RSL, with compliance requested.



Periodic renewal of OEKO-TEX® product certification carried out.

Established AcroPlating®, a new plating technology for brass, which reduces the use of chemical substances, etc., as a replacement for the use of conventional plating technologies for coloring metal products. Completed the development of a paint that reduces the use of toluene and xylene. Scheduled to make a switchover to the new paint in FY2021.

YGCC audit carried out at manufacturing plants possessing major facilities.



Initiatives Toward Achievement of YKK Sustainability Vision 2050

Climate Change



1.5°C target
Obtained
SBTi
certification

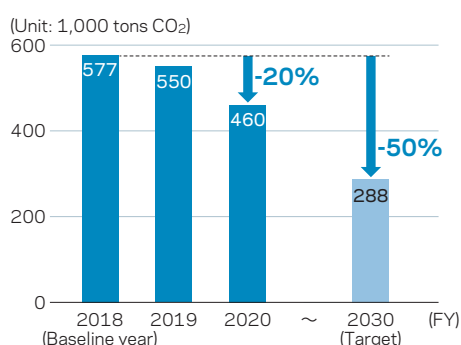
20%
reduction
Scope 1, 2
GHG emissions
(from a FY2018 baseline)

Reduced energy use from the shutdown of some of our overseas business companies due to the global spread of the COVID-19 pandemic resulted in the significant reduction of GHG emissions by YKK in FY2020. Amid such circumstances, we continued to engage in energy conservation activities, such as the updating of production facilities and the introduction of highly efficient equipment. In China, preparations are underway for the introduction of solar power generation, with a new 2,144 kW capacity scheduled to come online in fiscal 2021. In Europe, there was an increase in our plants achieving 100% renewable energy purchasing. This brings the total number of factories worldwide that procure 100% renewable electricity to 10. Meanwhile, GHG emissions reduction of approximately 10,400 tons is expected from increased sales of the NATULON® zipper series, which uses recycled materials and is contributing to the reduction of Scope 3 GHG emissions.



Solar power generation at Shanghai YKK Zipper

CO₂ Emission Amounts (Scope 1, 2)



Material Resources



188%
FY2020 year-on-year
performance for the
sale of NATULON®
Series zippers

6.5%
Proportion of
Sustainable Materials
(Total meters)

Creating Sustainable Materials

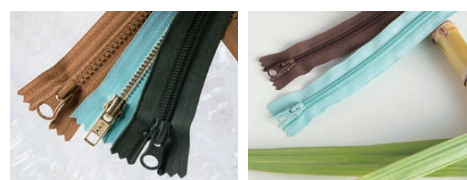
In FY2020, sales of the NATULON® Series, zippers that use recycled materials, increased 88% year-on-year, bringing the proportion of products that use sustainable materials to 6.5% of all products sold. Furthermore, we rolled out NATULON PLUS™, which contains a higher level of recycled materials, and GreenRise®, a partially plant-derived zipper. We are also making a phased switchover of SOFIX® products to SOFIX® NATULON®.

Packing Materials

We proposed a scheme to the Japanese Ministry of the Environment to collect and reuse plastic packaging materials used at the time of product shipment from customers (garment factories, etc.) and participated in the "Plastic Smart" campaign organized by the Ministry.

Reduction and Recycling of Waste

The amount of generated waste declined with the fall in production volumes due to the COVID-19 pandemic. However, we will continue suppressing the generation of waste through such measures as the updating of our production facilities. Moreover, by proactively selecting recycling companies to handle waste disposal, we now have six plants with a recycling rate of 100% and 13 plants with a recycling rate of more than 90%.



NATULON®

GreenRise®

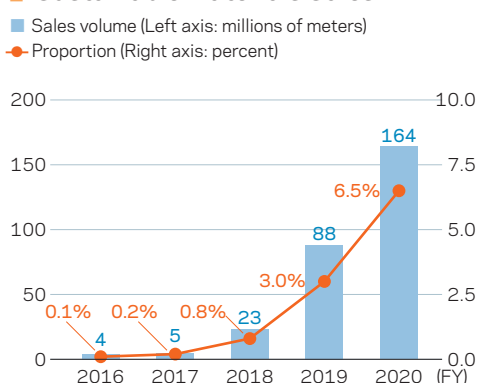


NATULON Plus™



SOFIX® NATULON®

Volume and Proportion of Sustainable Materials Sales



Water Resources



**18%
reduction**

Reduction rate of
water intake by all
manufacturing sites
(YOY)

Since FY2019, we have used an original checklist to obtain an understanding each year of the water risks of each of our manufacturing locations. The checklist carries out evaluations using as reference water risk evaluation through the World Resources Institute's Aqueduct data platform, "Setting Site Water Targets Informed by Catchment Context" international guidelines, and others.

To ensure the appropriate management of wastewater, experts from the YKK head office have been carrying out diagnostic checks since FY2014 of our overseas business companies' wastewater treatment facilities as well as providing technical guidance on operational and

management methods. Due to the spread of the COVID-19 pandemic, in FY2020, guidance was provided online in the place of providing in-person guidance on site.



Wastewater diagnostic checking scene

Chemical Management



**792
companies**

Supplier surveys
based on the YKK RSL

YKK released the 2020 version of the YKK Restricted Substance List (RSL), which is a list of in-house standards that were established based on industry standards related to chemical substance management. They were distributed to 44 business companies that manufacture fastening products. Additionally, an ongoing survey of suppliers is being carried out, with responses received from 792 suppliers regarding the state of their compliance. Furthermore, the renewal of OEKO-TEX® product certification was completed by 40 companies. Certified product compliance with OEKO-TEX® standards is being maintained.

AcroPlating®, a new technology for eliminating the use of harmful substances in the coloring of metal products, was established. The new brass plating

technology uses no conventional plating chemicals. It has fully eliminated the use of harmful substances, such as cyanide, chromium, and selenium. From FY2021, we will be carrying out a switchover to products made using this technology. YKK has also completed the development of a paint that reduces the use of toluene and xylene. We are scheduled to make a switchover to the new paint in FY2021.

Ø ZDHC

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100



Respect People



"Respect People"

YGCC audits that
include this perspective
are being carried out

YKK formulated the YKK Global Compliance Criteria (YGCC) and is carrying out periodic evaluation and improvement activities based on these criteria. In FY2020, YGCC audits were carried out at manufacturing plants possessing major facilities. We are also working to improve the YGCC through reviews of the items for audit and other means.

To ensure compliance with the UN Guiding Principles on Business and Human Rights through the supply chain, we will promote confirmation and review of audit and correction items, etc., and make them synonymous with human rights due diligence. Going forward, YKK will

sequentially expand the target of the audits as well as promote sound response and audits.



YGCC audit scene

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.

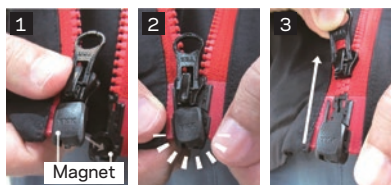
At the same time, we are also focused on uncovering the needs of customers and society and developing products that will provide new value. “Strengthening product planning” has been listed as one of our directions under the new structure of the Sixth Mid-term Management Plan. We have thereby launched working groups to enhance the precision of the plans and are building a mechanism for strengthening “product appeal.”

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

VISLON® Magnet Type

Easy-to-close zippers that contain magnets in their open parts



FLATKNIT® AquaGuard®

AquaGuard® that is thin, lightweight, and flexible



Needle detector compatible stainless snap buttons (plastic spring)

Highly durable snap buttons that utilize plastic springs, are needle detector compatible, and are available in different colors



Launched the YKK Digital Showroom

– A Communication Platform that Connects Customers to YKK from Anywhere at Any Time –



YKK Digital Showroom

<https://ykkdigitalshowroom.com/>

The YKK Digital Platform was established in April 2021. It is an online showroom consisting of six floors, modeled after the YKK Showroom in London. Product information on zippers, buckles, hook & loop fasteners, snap & buttons, and other items are available online. Each floor was designed with intended applications and usage situations in mind, such as a clothing store or outdoor exhibit. Visitors can view products from each floor. Products can be searched according to what the customer would like to see, such as related product images, catalogs, and videos. The Digital Showroom also provides a space for online business talks. We will continue to enrich the showroom as a venue for communicating with customers.

Digital Showroom Layout

Ground floor TREND & CONNECT

Trends / Fastening products for automobile interiors, etc.

B1 SUSTAINABILITY

Sustainability / Eco-friendly products

B2 OUTDOOR

Outdoor / High value-added products, etc.

B3 FASHION

Fashion and apparel-related products

B4 COLLECTIONS

Europe, U.S., and Japan regional product collections

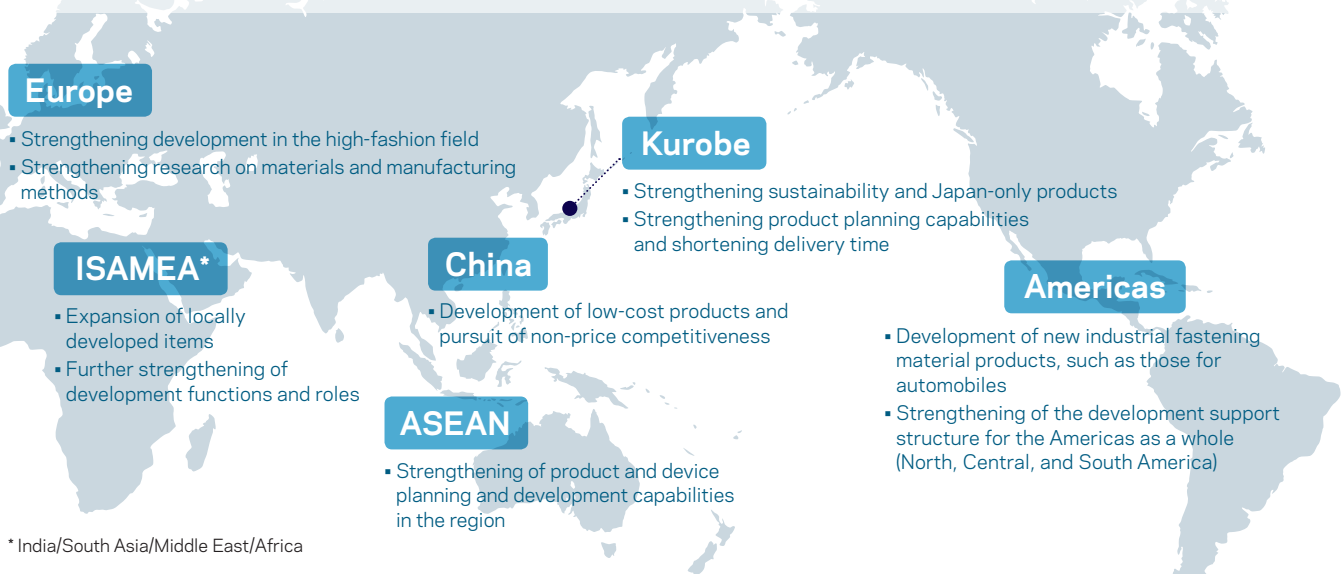
B5 YKK GALLERY

About YKK / Events space

Strengthening of the Product Development Process with Sales and Development Working as One

With the reorganization of YKK, the product development organization was integrated into the Sales Division from FY2021, thereby strengthening the product development process that integrates sales and development on a global scale. In FY2021, we will have 994 employees at 39 locations around the world, and based on the new business region classification, we will be able to accurately respond to the different needs of each region.

Strengthening of the Product Development Process with Sales and Development Working as One Further Strengthening of the Functions of Each Location According to New Business Regions



Development sites and Personnel

FY2021 Business Plan: **39** sites / **994** people

Strengthening the Development of Local Leaders: Overseas Trainees

YKK develops the technical human resources of its overseas business companies by training them at the Kurobe Manufacturing Center, YKK's technology headquarters. Since the 1980s, a total of more than 2,100 such trainees have come from abroad for training. We have also strengthened our efforts to develop candidates for local leaders. YKK carries out advanced-level technical skills tests and repeatedly offers careful instruction and follow-up to enable personnel to achieve prescribed standards.



Furumido Plant, YKK Kurobe Manufacturing Center

<The Voice of Employees>

John Holliday

YKK (U.S.A.) Inc.



I worked as a trainee at the Furumido Plant in Kurobe for three and a half years beginning in April 2014. I was able to accumulate valuable experience through the various projects that I was involved in with development engineers. At the same time, the relationships that I forged with the people that I met there have become lifetime bonds. Making use of the experience that I gained there, I am currently engaged in promoting the development and commercialization of innovative fastening products that meet or exceed customer requests. I am also supporting the research and verification of new materials, technologies, and processes in North America and other overseas regions toward promotion of the use of sustainable materials as set forth in YKK's vision.

Medium-Term Direction: Pursuit of Cost Competitiveness

Thoroughly strengthen cost competitiveness of core products

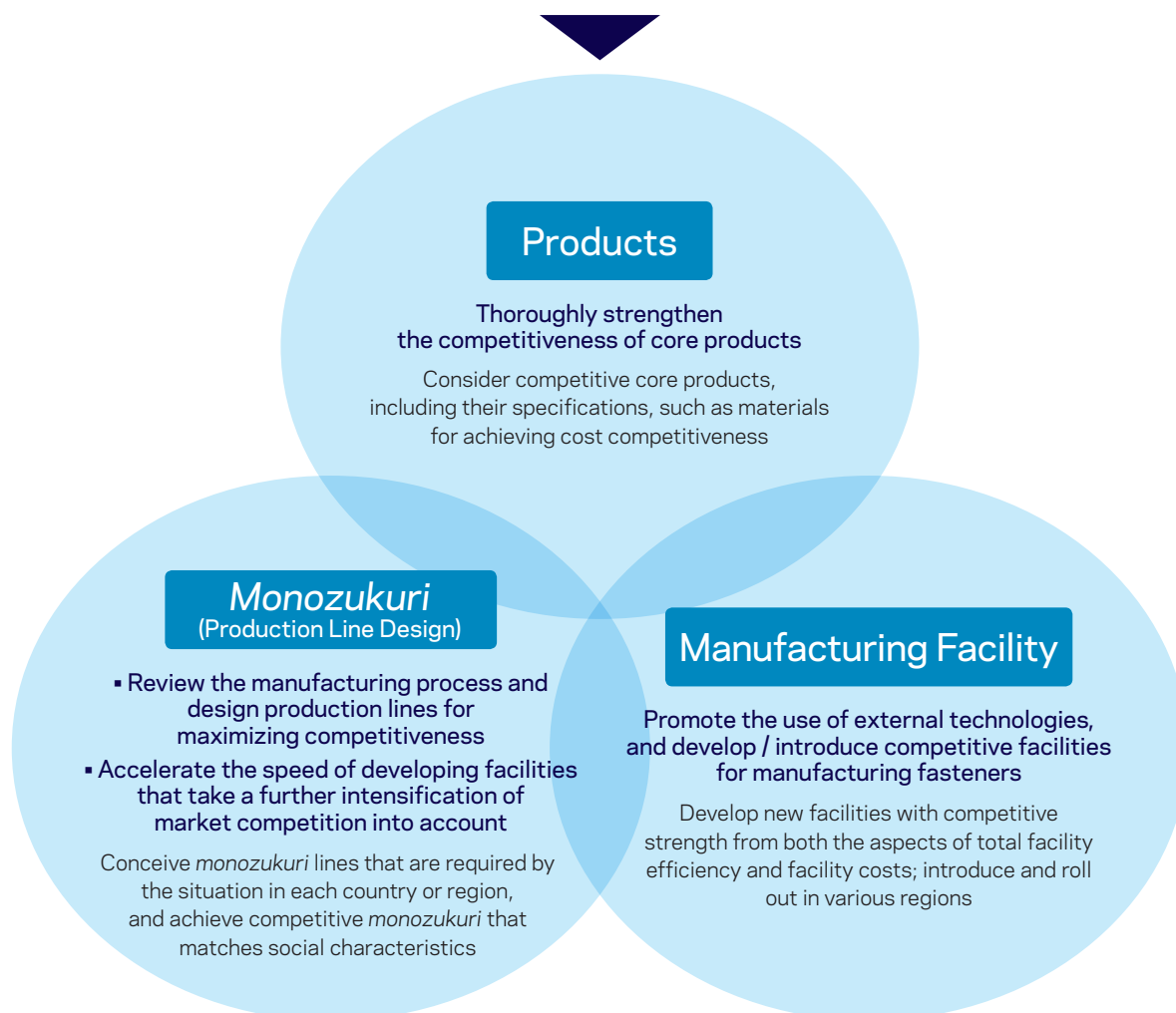
Under the Fifth Mid-term Business Plan, we undertook our efforts with cost competitiveness positioned as our biggest challenge. However, the market environment has changed to an unprecedented degree since the expansion of the COVID-19 pandemic. There is a possibility that the total production volume of the apparel industry will decrease significantly following the change in social demand. In preparation of the heated competition that is expected to occur as a result, we need to make a thorough review of and further strengthen our *monozukuri* as a whole. This includes the development of core products that will be accepted without regard

to market category, such as Value Conscious or Standard, achieving appropriate pricing, and the machinery and equipment for making the products.

In order to realize this cost competitiveness in the Sixth Mid-term Business Plan, we will make a concerted effort in the Fastening Business by uniting the sales, development, and manufacturing of our overseas business regions – with a focus on the important markets of China and Asia – with our engineers in Japan under the new structure that integrates and unifies the Machinery & Equipment Engineering Division with the Fastening Business.

Changes in the Market Environment

- A business foundation in which changes in market conditions have a direct effect on business performance
- Concerns of a medium-term decline in total demand arising from an increased awareness of sustainability and the environment under the new normal
- The further escalation of competition as market conditions become even harsher



Medium-Term Direction: Strengthening the Use of Digital Technologies

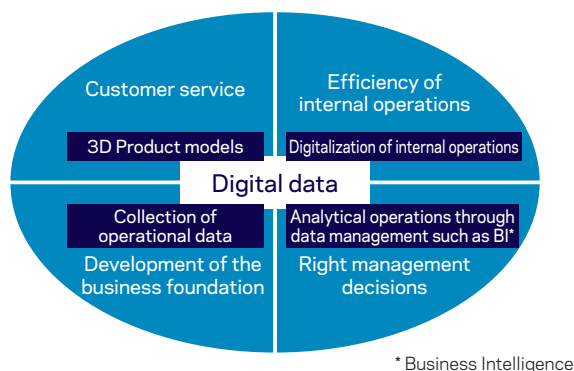
Launch of the Digital Operation Planning Department

The apparel industry is accelerating its use of digital technology in response to sustainability and changes in the business environment. YKK is also 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.

The Digital Planning Department, launched in FY2021, is strengthening services such as providing

data to customers who are moving toward digitalization, as well as improving the efficiency of internal processes and designing new business processes that make use of digital data.

Advancing digitalization, starting with thorough use of data



Remodel business processes to correspond current market needs

Junji Naito

General Manager,
Digital Operation Planning Department



The digitalization of fashion design is progressing at clothing brands, and there has been an increase at YKK in requests for 3D models. We are therefore preparing an in-house foundation for the swift provision of YKK product data. Furthermore, if the whole of the Fastening Business can standardize its common business processes and utilize the data, we will not only be able to streamline operations but also use digital technology to develop new operational methods, such as demand forecasting.

We will collaborate with our customers, various internal functions, and business companies to promote digitalization and develop business processes that match the needs of the coming age, which requires the right item on a timely basis and in the proper amount.

Promotion of Smart Factories Through the Utilization of Digital Technology

We have listed strengthening the *monozukuri* of standard items and smart factories as manufacturing and engineering policies in the Sixth Mid-term Business Plan and will promote the digitalization of *monozukuri*.

In the past, 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. As part of our efforts toward achievement of 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.

At the same time, we will also work to digitalize the maintenance of facilities that support the unmanned production lines.



Promotion Points

| | |
|--|--|
| Construction of non-stop and unmanned production lines | <ul style="list-style-type: none"> Automate simple tasks using robotics, AI, sensing, and other cutting-edge technology with the aim of creating a truly integrated production plant that can operate continuously for long hours without the intervention of people |
| DX promotion in manufacturing | <ul style="list-style-type: none"> Connect the overall facilities of a plant using IoT and obtain real-time information of a plant's operational status Promote visualization that works in tandem with simulation and accelerate the cycle of continuous self-development and improvement Digitally pass down expert maintenance know-how (Construct a global platform for the collection of facility maintenance information, and achieve the streamlining of maintenance and predictive maintenance) |

Investment in digitalization

2.5 billion yen (FY2021 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 initiatives in various countries and regions during FY2020.

The Netherlands

As a Company that Is Rooted in the Community, Support of Activities that Bring Happiness to People.



Zippers and snap & buttons provided at no cost to Sheltersuit

©Sheltersuit

"If you do something that is good for others, you can make everyone happy." I see many things in common between the activities of the Sheltersuit Foundation and the YKK Philosophy of the "Cycle of Goodness."



Jan Cees van Baaren
YKK Nederland B.V.

YKK Nederland B.V. was established in 1964 as YKK's first European location. The company is located in Súdwest-Fryslân (formerly Sneek City), which has had a sister city relationship with Kurobe City since 1970. The sound of the bell, donated by YKK founder Tadao Yoshida, still tells time to the people of the city.

Since 2019, YKK Nederland has been supporting Sheltersuit, a non-profit organization based in the Netherlands that has been engaged in activities supporting the homeless in Europe. YKK Nederland provides zippers and snap & buttons free of charge to Sheltersuit. The NPO up-cycles waste materials, such as old tents, to create Sheltersuits, which are sturdy, breathable yet water and windproof jackets. The jackets turn into a sleeping bag by attaching bag-shaped parts using zippers and other fasteners. YKK will continue to support this activity, which protects people living in harsh conditions from the elements, including the increasing number of homeless people resulting from the expansion of the COVID-19 pandemic, and refugees.

China

YKK's Tree-Planting Activities, Giving Consideration to the Future of the Earth

YKK Group Tree Planting Day is held at various locations around the world on June 5th to coincide with World Environment Day. Since 2008, YKK Group has been planting trees that are native to each region, taking into consideration the local ecosystem. It has planted approximately 60,000 trees to date.

Shanghai YKK Zipper Co., Ltd. was established in 1992 as YKK's first local subsidiary in China. In April 2020, the company participated in a tree-planting event hosted by the local community. The event was held to promote environmental conservation activities. After encouraging participants to contribute to environmentally friendly urban development, a tree planting activity was held to pray for the early end of the COVID-19 pandemic. Meanwhile, YKK Zipper (Shenzhen) Co., Ltd., has been carrying out tree-planting activities since 2005. Together with people of the community, they strive for environmental conservation while expressing appreciation for the bounties of a lush, green Earth.

The tree-planting activities will continue while aiming for founder Tadao Yoshida's dream to create a "factory in a forest."



Tree-planting that takes the regional ecosystem into consideration
(Scenes from the FY2019 activity)

In recent years, we are seeing the expansion of virtual tree-planting initiatives. As I came into actual contact with trees and soil through this tree-planting activity, my awareness of environmental conservation became ever higher, and I felt a great sense of achievement.
(Activity not held in FY2020)



Yang Xiu Ying
YKK Zipper (Shenzhen) Co., Ltd.

Africa

Support of Activities for the Elimination of Infectious Diseases in Africa

The Carter Center is an American non-profit organization based in Georgia. It is engaged in efforts to prevent and resolve conflicts in the world as well as eliminate infectious diseases. The Center was founded by former U.S. President Jimmy Carter with whom YKK founder Tadao Yoshida had a close relationship. YKK has been supporting the Center for many years since establishing an integrated production plant in the state. Today, The Carter Center is engaged in a fight to eradicate trachoma, an infectious disease that is a social issue in Africa. Trachoma is a blinding infectious disease, and there is an urgent need to provide appropriate treatment as well as improve hygiene and sanitation. YKK Corporation of America and YKK China Investment Co., Ltd. donated a total of about 45,000 medical-grade face masks for use by workers involved in the activities. Going forward, YKK will continue to engage in global activities to contribute to local communities as “one company.”



A photo sent by The Carter Center's Ethiopia Office expressing appreciation

Asia

Supporting the Healthy Growth of Children Through Football.



Kids Football Clinic (scene from the FY2019 event)

The Kids Football Clinic is an activity that has been held in the ASAO* region since 2007 in collaboration with various famous football clubs to support underprivileged children's learning and healthy growth through football. This includes a long-term partnership with Real Madrid Foundation since 2012. The Clinic has been held in many countries in the region with the participation of about 7,000 children to date. The ball and training equipment are provided by YKK and donated at the end of the event. With the spread of the COVID-19 pandemic, in FY2021, we are scheduled to distribute a YKK Care Pack of essential supplies to help children live in safety and security.

* ASEAN, South Asia and Oceania

Japan

A CO₂ Absorption Visualization Demonstration Experiment Held at Furusato-no-Mori

YKK Center Park has been developing the Furusato-no-Mori (Hometown Forest) since 2008 with the aim of reviving the natural scenery of Kurobe. Saplings of 20 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 a wide variety of wildlife. A demonstration experiment to visualize the CO₂ absorption effect of the greening of YKK Center Park, which includes Furusato-no-Mori, commenced in November 2020. It utilizes the “e-kakashi” CO₂ absorption estimation system and combines local meteorological data and environmental data collected by “e-kakashi” sensors for real-time visualization of the CO₂ absorption of YKK Center Park. The data obtained through this experiment will be used to gauge the outcome of the afforestation efforts as well as in environmental learning programs and YKK's greening activities around the world.



YKK Center Park (Kurobe City, Toyama Prefecture)

* “e-kakashi” is a service provided by SoftBank Corp.

Aiming to Instill the YKK Management Principles

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

Each Employee Understands and Practices the Principles

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

Roundtable Meeting 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. This initiative, which began in 2008, is being conducted both in Japan and overseas.

In FY2020, the meeting was held online as dialogue between small numbers of people. Opinions heard from participants included, “I felt that it was important for me to work daily to hone my ability to respond to change, as well as keep an eye out so that I can notice the changes taking place around me,” and “I was feeling very anxious because of the COVID-19 pandemic but the positive thinking of the president that I heard gave me hope.”



Online Round-Table Meeting with the President

Manufacturing Site Visit by the Chairman and President

Every year, the chairman and president visit the Kurobe Manufacturing Center to speak with manufacturing site employees, creating opportunities to improve day-to-day business activities. Items discussed include how to put the Management Principles and Core Values into practice and the future of the manufacturing sites and *monozukuri*. In FY2020, infection prevention measures were taken and the visit was held in the form of an online roundtable meeting with the president. The theme was “challenge under the COVID-19 pandemic,” and a frank exchange of opinions took place.



An online round-table meeting was held in FY2020 in place of the site visit

Management Principle Webinar for Thinking with Younger Employees

A new initiative in FY2020 was a webinar that was held for employees in their second or third year of employment. Top management recounted their own experiences and spoke about their way of thinking. They and the participants thought together about ways to implement the management principle under the new normal. It was an opportunity for younger employees to find clues that would help make it easier for them to engage in their day-to-day duties.



Management Principles webinar by the chairman and president

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. In FY2020, the theme was creating lasting Management Principles. In reading the messages of successive presidents, the consideration made by the study group was that 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. To achieve this, they sorted out "what not to change" and "what to change" and deepened their understanding of what is important in passing on the Management Principles.



Members of the FY2020 Management Principles Study Group

Understanding the "Cycle of Goodness" Through Stories

With the objective of having employees feel a sense of familiarity and boost their understanding of the Management Principles, we offer in the form of short Manga stories an introduction of the steps YKK has taken based on the YKK Philosophy of the "Cycle of Goodness" and employee anecdotes. The stories are based on episodes experienced by actual employees. In addition to Japanese, English, and Chinese, the stories are translated in various regions into local languages. In FY2020, we introduced the story related to Deborah Williams, who has been putting the Core Values into practice for many years at YKK (U.S.A.) Inc. and has been committed to contributing to the people she works with and the local community.

In FY2018, when we achieved the sale of 10 billion zippers, we made a video that showed employees around the world working to achieve this feat and distributed the video to all of our global locations. A multitude of employees, from sales representatives to engineers, who support YKK from locations around the world appeared in the video. They spoke of their passion toward their work as well as recounted anecdotes. The video shared anew how the accumulation of individual efforts enables the achievement of a major goal.



The video conveys to our employees the willingness of their YKK colleagues to take on challenges

<The Voice of Employees>

Deborah Williams

YKK (U.S.A.) Inc.



What I keep in mind every day is doing my best for customers and spending each day in a positive manner. I believe that this is also connected to the YKK Philosophy, "No one prospers without rendering benefit to others." YKK is a company that values employees and regional communities. I, too, feel that I am valued by the company and my colleagues. I've been working at YKK for 37 years, and I have learned many things like helping others and respecting opinions that differ from mine. I want to see everyone at YKK have pride in their work.



YKK Episodes

- Expanding Around the World - Memorable Stories -

<https://www.ykk.co.jp/english/ykk/manga/index.html>

Management Foundation Based on the YKK Philosophy

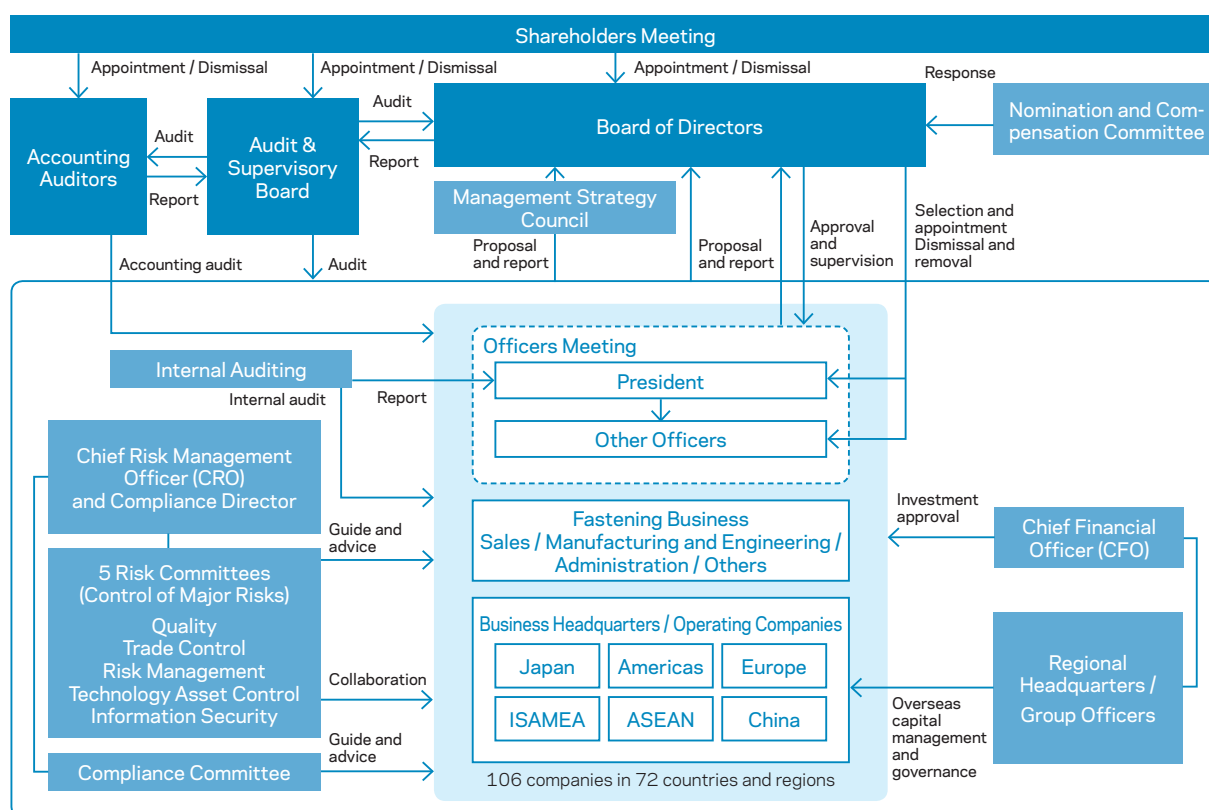
Corporate Governance

Fundamental Approach and System

The philosophy of the YKK Group in conducting our corporate activities is based on the spirit 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 Fastening Business, which is 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 adhere to the Board of Director's regulations, comply with regulations pertaining to the performance of Director duties, and execute operations appropriately in accordance with the principle of the separation of duties.
- The company established its Management Strategy Meeting to improve the efficiency of deliberations by the Board of Directors. The Directors hold thorough discussions on the YKK Group Management Principle, management policies, management strategies, important matters for resolution by the Board of Directors, etc., before adopting official resolutions.
- The company established the Environmental Policy Committee, which operates under the Management Strategy Meeting, and which, determines the environmental policies and measures for the YKK Group and oversees the promotion of environmental policies across the Group.
- The YKK Group takes the Five-Regional Management Structure consisting of East Asia, Americas, EMEA, ASAO, and China, with the Group Officers appointed for each region to report the state of the capital and governance of the subsidiaries of the relevant region to YKK Corporation. The YKK Group also segments the business territory into the six business regions, namely Japan, Americas, Europe, ISAMEA, ASEAN, and China, taking into consideration the characteristics of the trade areas and distribution flows, etc. Under the leadership of the business leader, each region will carry out business and report the state of the business to YKK Corporation.

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

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 Board established, and meeting held (~ 2019) | | 2008 - Voluntary establishment of Nomination and Compensation Committee, which includes two outside directors as members |

Directors and Audit & Supervisory Board Members (as of June 29, 2021)

| | | | | | | | |
|---|--|---|--|--|--|---|---|
|  | Chairman Masayuki Sarumaru |  | Director Compliance Chief Risk Management Officer Tetsuo Yazawa |  | Audit & Supervisory Board Member*2 Satoshi Kawai |  | Audit & Supervisory Board Member*2 Hiroshi Akiyama |
|  | President Hiroaki Otani |  | Director Research & Development Jiichi Bamba |  | Audit & Supervisory Board Member (Full-time) Kiyotaka Nagata |  | Audit & Supervisory Board Member*2 Naoki Yanagida |
|  | Director Executive Vice President Global Sales Division Koichi Matsushima |  | Director Akira Yoshida | *1 Outside director *2 Outside Audit & Supervisory Board member | | | |
|  | Director Executive Vice President Manufacturing & Engineering Division Fumio Ikeda |  | Director*1 Keinosuke Ono | State of Directors, Audit & Supervisory Board Members, Operating Officers, Specialized Officers, and Group Officers | | | |
|  | Director Pension Policies Chief Financial Officer Executive Vice President Administration Division Satoshi Honda |  | Director*1 Yoshio Osawa | | | | |
| | | | | Total number | 49 | | |
| | | | | Number and ratio of female officers | 2 (4.0%) | | |
| | | | | Number and ratio of foreign national officers | 2 (4.0%) | | |

Risk Management

YKK Group Risk Management Policy

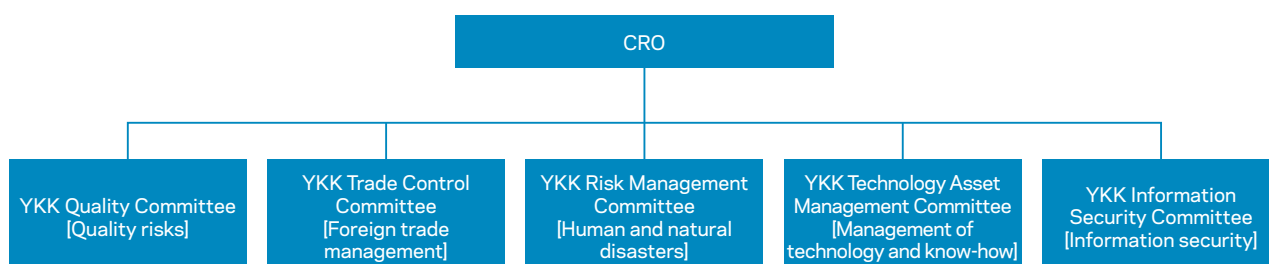
By actively controlling risk levels and preventing various corporate risks, we will reduce or avoid the loss of human, material, and other management resources, and in the event of an emergency, we will promote risk management throughout the Group to minimize damage and losses, thereby leading to sustainable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

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 risk when they arise. The Guidelines call for swift, appropriate action.

Risk Management Structure



Compliance

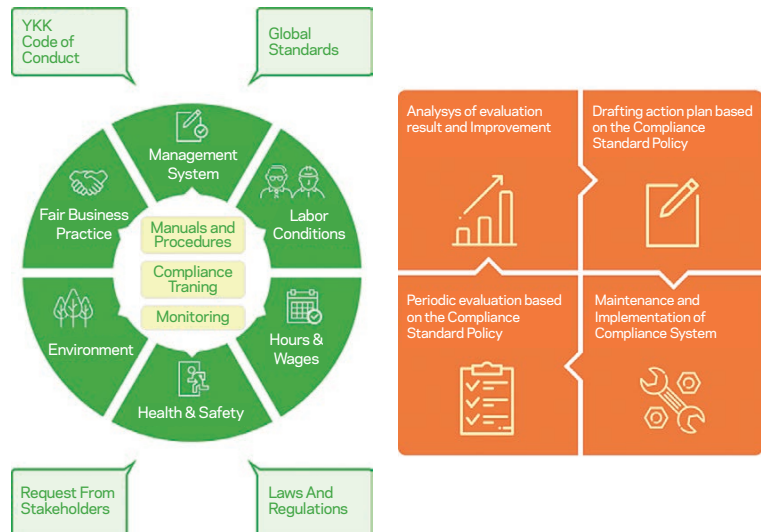
Fundamental Approach and System

YKK considers compliance as “responding to societal demands”. Which means, in addition to abiding-laws, regulations and internal rules, 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 Global Criteria of Compliance (YGCC)

YKK has established the YKK Global Criteria of Compliance (YGCC) to ensure that YKK deploys and carries out proper and effective compliance programs in order to conduct transparent business activities. Based on the YGCC, each YKK Group company in the world conducts internal and external audits of human rights, labor practices, the environment, health and safety, and fair business practices, working to strengthen and sustainably improve YKK's compliance system. In 2019, the YGCC were updated to version 3.0, and YKK is working to create a more advanced management foundation in order to realize a sustainable business structure.



YKK Group Code of Conduct

In its Management Principle, YKK made consistent fairness the foundation of all of YKK's management activities. In 2008, we formulated the YKK Group Code of Conduct to serve as a guide for each employee in implementing the YKK Philosophy and Management Principle. Since then, the importance of sustainability increased due to changes in the social landscape. With this, a review was made of the content of the YKK Group Code of Conduct, and a revision was issued in June 2021.

The YKK Group Code of Conduct is composed of seven principles and 29 detailed rules. These principles and detailed rules are used 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 also newly incorporated "respect for human rights," which is basic in promoting diversity management. Going forward, we will translate the Code of Conduct into multiple languages, including English, as well as familiarize employees with its content by rolling out awareness-building activities to enable each employee in our overseas regions to deepen their understanding of the Code of Conduct.

We will continue engaging in these efforts to ensure that each employee puts the YKK Group Code of Conduct into practice, including implementation of the "Build trust, transparency and respect," with all stakeholders, as set forth in the 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

The full text of the YKK Group Code of Conduct can be found at the following URL.

YKK Group Website Management Principle

<https://www.ykk.com/english/philosophy/index.html>

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

| Fiscal year Year ended | | 2010 March 2011 | 2011 March 2012 | 2012 March 2013 |
|---|---------------|--------------------|--------------------|--------------------|
| Net sales | (million yen) | 544,896 | 544,434 | 576,965 |
| Ordinary income | (million yen) | 30,976 | 26,681 | 33,681 |
| Net income attributable to owners of parent | (million yen) | 10,136 | 16,334 | 32,692 |
| Comprehensive income | (million yen) | (6,090) | 14,336 | 70,777 |
| Total net assets | (million yen) | 391,095 | 403,169 | 471,271 |
| Total assets | (million yen) | 690,322 | 715,364 | 788,440 |
| Net assets per share | (yen) | 318,900 | 328,395 | 384,171 |
| Net income per share | (yen) | 8,453 | 13,622 | 27,265 |
| Equity ratio | (%) | 55.4 | 55.0 | 58.4 |
| Return on equity | (%) | 2.6 | 4.2 | 7.7 |
| Net cash provided by (used in) operating activities | (million yen) | 55,955 | 32,076 | 67,214 |
| Net cash provided by (used in) investing activities | (million yen) | (31,635) | (39,667) | (44,013) |
| Net cash provided by (used in) financing activities | (million yen) | (13,465) | 6,636 | (11,719) |
| Cash and cash equivalents at the end of period | (million yen) | 98,201 | 96,891 | 116,510 |
| Employees [The number in square brackets represent the average number of part-time employees not included in the number of regular employees.] | (number) | 38,080 [7,031] | 37,719 [7,127] | 38,235 [7,123] |

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.

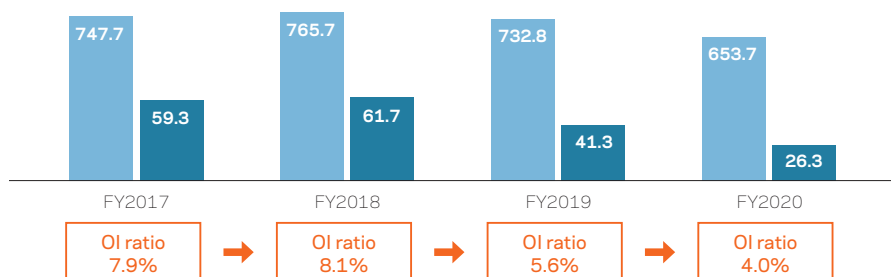
| 2013 March 2014 | 2014 March 2015 | 2015 March 2016 | 2016 March 2017 | 2017 March 2018 | 2018 March 2019 | 2019 March 2020 | 2020 March 2021 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 696,929 | 721,037 | 741,935 | 712,783 | 747,762 | 765,781 | 732,854 | 653,765 |
| 66,022 | 69,720 | 70,988 | 61,545 | 59,924 | 64,466 | 42,661 | 30,134 |
| 44,908 | 46,978 | 44,646 | 45,180 | 38,728 | 45,824 | 23,629 | 17,340 |
| 70,447 | 81,416 | (20,695) | 51,998 | 30,123 | 38,420 | (5,032) | 76,289 |
| 513,543 | 586,664 | 561,547 | 609,848 | 636,361 | 671,195 | 662,564 | 735,527 |
| 883,336 | 946,283 | 954,060 | 963,231 | 978,563 | 1,011,934 | 983,645 | 1,014,918 |
| 417,986 | 477,438 | 456,991 | 496,267 | 518,187 | 546,662 | 539,329 | 599,184 |
| 37,453 | 39,181 | 37,237 | 37,683 | 32,302 | 38,220 | 19,708 | 14,463 |
| 56.7 | 60.5 | 57.4 | 61.8 | 63.5 | 64.8 | 65.7 | 70.8 |
| 9.3 | 8.8 | 8.0 | 7.9 | 6.4 | 7.2 | 3.6 | 2.5 |
| 85,186 | 91,254 | 101,727 | 81,619 | 57,525 | 68,607 | 77,731 | 82,241 |
| (60,708) | (65,976) | (95,252) | (59,345) | (67,661) | (53,888) | (68,123) | (40,176) |
| (3,784) | (4,379) | (4,359) | (14,569) | (4,470) | (3,255) | (5,446) | (5,284) |
| 143,131 | 173,558 | 167,229 | 171,259 | 155,076 | 166,241 | 164,708 | 211,378 |
| 40,306 [6,828] | 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] |

Financial and Non-Financial Highlights

YKK Group Consolidated Financial Highlights

Net Sales, Operating Income, and OI Ratio

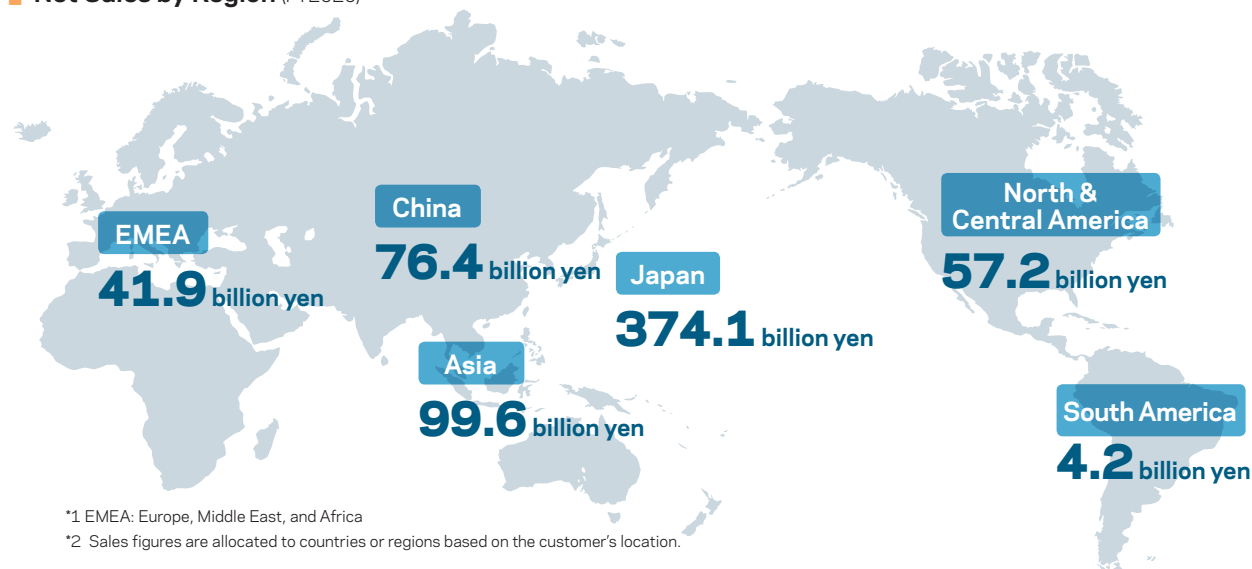
■ Net sales (billion yen) ■ Operating income (billion yen)



ROA



Net Sales by Region (FY2020)



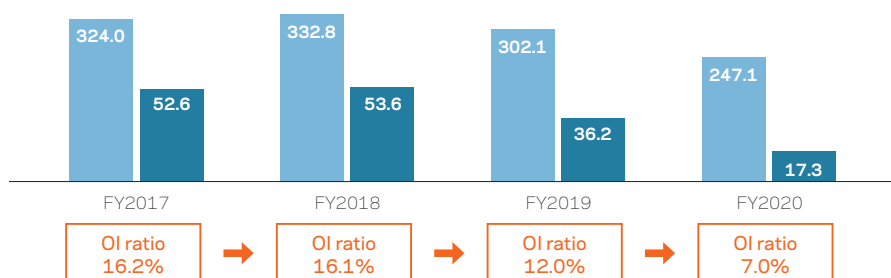
R&D Expenses
19.7 billion yen
(FY2020)

Capital Investment
39.7 billion yen
(FY2020)

Fastening Business Financial Highlights

Net Sales, Operating Income, and OI Ratio

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



Number of zippers sold (in billions)



R&D Expenses
7.7 billion yen
(FY2020)

Capital Investment
20.0 billion yen
(FY2020)

More detailed data can be found in the YKK CORPORATION integrated report, "This is YKK 2021," Data Book.
<https://www.ykk.co.jp/english/corporate/csr/eco/report/index.html>

Fastening Business Non-Financial Highlights

Countries and regions where we do business

72 countries and regions
 (As of March 31, 2021)



Number of Group Companies and Employees

67 companies,
27,132 employees
 (As of March 31, 2021)



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

20 %
 (FY2020)



Proportion of Sustainable Materials (Total Meters)

6.5 %
 (FY2020)



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, 2021)



YKK, YKK AP, AcroPlating, AiryString, AquaGuard, CONCEAL, ECO-DYE, EXCELLA, FLATKNIT, GreenRise, METALUXE, NATULON, PROSEAL, QuickFree, SOFIX, VISLON and YZip are registered trademarks of YKK Corporation in Japan and other countries/regions.
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