



Little Parts. Big Difference. >>>

# This is YKK 2023

Fastening Business

YKK CORPORATION Integrated Report

Data Book



# Contents —Fastening Business—

■ <b>List of Companies and Report Scope</b> .....	<b>2</b>
■ <b>YKK Philosophy &amp; Sustainability</b> .....	<b>3</b>
YKK Philosophy/YKK Management Principle/YKK Core Values .....	3
YKK Philosophy & Sustainability.....	5
“YKK Sustainability Vision 2050” Goals and Progress .....	9
Organizations and Initiatives YKK Participates In .....	11
Awards and Achievements .....	12
■ <b>Environment</b> .....	<b>13</b>
Environmental Management .....	13
Climate Change .....	14
[Reference] Information Disclosure Based on TCFD Recommendations .....	18
Material Resources .....	21
Water Resources.....	23
Chemical Management.....	25
Biodiversity .....	26
Environmental Contribution Activities .....	27
[Reference] Fastening Business and Other Businesses Related to Business Operations (Japan) .....	28
■ <b>Social</b> .....	<b>31</b>
Human Resources and Hiring .....	31
Human Asset Development .....	32
Diversity & Inclusion .....	33
Industrial Health and Safety .....	35
Employee Health.....	37
Human Rights .....	38
Supply Chain Management .....	40
Quality .....	41
■ <b>Governance</b> .....	<b>43</b>
Corporate Governance .....	43
Risk Management .....	46
Compliance .....	47
Intellectual Property Management .....	48
■ <b>Financial Information</b> .....	<b>49</b>
■ <b>Appendix (TCFD Comparison Table)</b> .....	<b>62</b>

## List of Companies (Fastening Business and Other Businesses Related to Business Operations)

YKK CORPORATION	YKK EUROPE LTD.	YKK INDIA PRIVATE LIMITED
YKK Snap Fasteners Japan Co., Ltd	YKK HOLDING EUROPE B.V.	YKK BANGLADESH PTE. LTD.
YKK KOREA CO., LTD.	YKK (U.K.) LTD.	YKK VIETNAM CO., LTD.
YKK TAIWAN CO., LTD.	YKK DANMARK A/S	YKK (THAILAND) CO., LTD.
YKK REAL ESTATE CO., LTD.	YKK DEUTSCHLAND GMBH	YKK PHILIPPINES, INC.
YKK Business Support Inc.	DYNAT VERSCHLUSSTECHNIK GMBH	YKK LANKA PRIVATE LIMITED
CAFE BONFINO CORP.	YKK STOCKO FASTENERS GMBH	YKK (MALAYSIA) SDN. BHD.
YKK TOURIST CO., LTD.	YKK Poland Sp. zo. o.	PT. YKK ZIPPER INDONESIA
ESSEN	YKK Nederland B.V.	PT. YKK ZIPCO INDONESIA
KUROBE M TECH	YKK FRANCE SARL	YKK OCEANIA LIMITED
KUROBE C G,	YKK CZECH SPOL S.R.O.	GOLDEN HILL TOWER LIMITED
KUROBE MOBILITY SERVICE	YKK Austria GmbH	YKK DEVELOPMENT (S) LTD
YKK Rokko Corporation	YKK ROMANIA S.R.L.	YKK ALUMINIUM (AUSTRALIA) PTY. LTD.
YKK CORPORATION OF AMERICA	YKK ITALIA S.P.A.	YKK GPS (QUEENSLAND) PTY LTD.
YKK (U.S.A.) INC.	YKK MEDITERRANEO S.P.A.	YKK (CHINA) INVESTMENT CO.,LTD
TAPE CRAFT CORPORATION	YKK ESPAÑA S.A.	DALIAN YKK ZIPPER CO.,LTD
YKK CANADA INC.	YKK PORTUGAL – ACESSORIOS PARA VESTUARIO, LDA.	SHANGHAI YKK ZIPPER CO.,LTD
YKK MEXICANA S.A. DE C.V.	YKK HELLAS AEBE	SHANGHAI YKK TRADING CO., LTD.
YKK SNAP FASTENERS MANUFACTURA MEXICO, S.A.de C.V.	YKK METAL VE PLASTIK URUNLERI SANAYI VE TICARET A.S.	YKK SNAP FASTENERS (WUXI) CO., LTD.
YKK HONDURAS, S.A.	YKK MIDDLE EAST SAL	SUZHOU YKK MACHINERY & DIE WORKS CO., LTD.
YKK EL SALVADOR, S.A. DE C.V.	YKK TUNISIA SARL	YKK (XIAMEN) TRADING CO., LTD.
YKK COLOMBIA S.A.S.	YKK TRADING TUNISIA SARL	YKK ZIPPER (SHENZHEN) CO., LTD
YKK DO BRASIL LTDA.	YKK MAROC S.A.R.L	YKK (SHENZHEN) TRADING CO., LTD.
YOSHIDA NORDESTE S/A INDUSTRIA E COMERCIO	YKK EGYPT S.A.E. PRIVATE FREE ZONE	YKK HONG KONG LIMITED.
INDUSTRIA YKK (CHILE) LTDA.	YKK KENYA EPZ LIMITED	
YKK ARGENTINA S.A.	YKK SOUTHERN AFRICA (PTY) LTD	
YKK INSURANCE COMPANY OF AMERICA	YKK HOLDING ASIA PTE. LTD.	
AGRO PECUARIA YKK LTDA.	YKK PAKISTAN (PRIVATE) LIMITED	

## Report Scope

### Period Covered

- FY2022 (April 1, 2022 to March 31, 2023)

### Report Scope

#### YKK Sustainability Vision 2050

- Fastening business and other businesses related to business operations

#### Environmental

- Fastening business and other businesses related to business operations  
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

#### Financial Information

- Disclosed for YKK Corporation, its 105 subsidiaries, and one affiliated company accounted for using the equity method on a consolidated basis as the “Group,” and for each segment (Fastening Business, Architectural Products Business, Other Businesses)

## 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's Founder, Tadao Yoshida

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

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

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

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

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

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

## Business is like building a bridge



**(July 1965)**

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

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



**(January 1971)**

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

## Manufacturing like clear spring water



**(January 1984)**

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

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



**(July 1970)**

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

# From the Cycle of Goodness® to a Sustainable Future

## YKK sustainability vision 2050

YKK's action plan for a sustainable future



### climate change

- Tackle GHG emissions
- Increase use of renewable energy

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



### material resources

- Increase use of sustainable materials

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



### water resources

- Reduce water use and manage wastewater

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



### chemical management

- Manage and reduce chemical usage

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



### respect people

- Uphold human rights and ensure fair, safe work environments

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



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

## SDGs



Medium-term Direction

# Enhancing Sustainability

## Management Centered on Sustainability: YKK Sustainability Vision 2050

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

In FY2022, we redoubled our efforts to tackle issues such as climate change and resource recycling based on the sustainability promotion systems in each region around the world. The promotion of investments into energy-saving production equipment, solar power generation and other such technologies aims to tackle climate change and other social issue to realize a sound global environment.



Enhancing initiatives throughout the entire supply chain

**Asako Yoshioka**  
Vice President, Sustainability Department

We can say that sustainability is encoded in YKK's very DNA, in the form of our Cycle of Goodness® philosophy and its proposition that “no one prospers without rendering benefit to others.” Going beyond in-house initiatives, the reduction of GHG emissions throughout the entire supply chain is also important. We cooperate with customers, business partners, and external industry organizations to work actively on solving global environmental and social issues.

Sustainability-related investment (capital investment) **8.6 billion yen** (FY2023 business plan)

Portion of investment earmarked for CO<sub>2</sub> emission reductions 6.0 billion yen

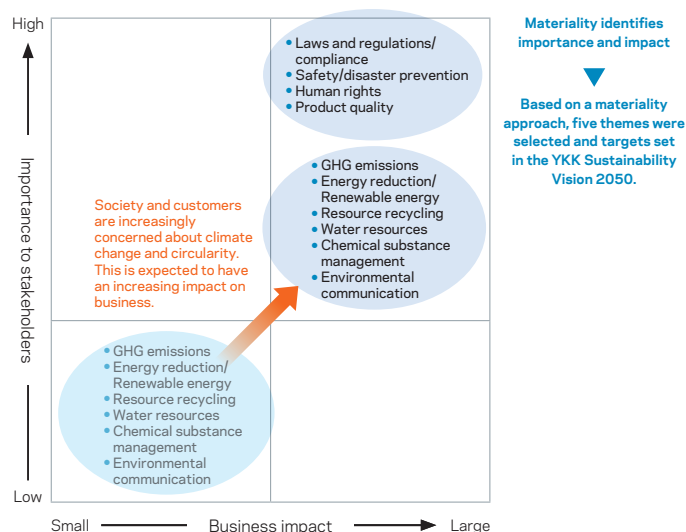
### YKK Sustainability Vision 2050 - Achievement of Climate Neutrality by 2050 -

Theme	Goal	SDGs
<b>climate change</b> Tackle GHG emissions Increase use of renewable energy	Reduce emissions of CO <sub>2</sub> and other greenhouse gases in our company and supply chain. <ul style="list-style-type: none"> <li>• Scope 1 and 2 50% reduction by 2030 (from a 2018 baseline year)</li> <li>• Scope 3 30% reduction by 2030 (from a 2018 baseline year)</li> </ul> Be carbon neutral by 2050.	
<b>material resources</b> Increase use of sustainable materials	By 2030, switch to 100% sustainable textile materials (recycled materials, naturally-derived materials, etc.)	
	By 2030, replace all vinyl/plastic packaging materials with sustainable packaging, including recyclable/reusable forms.	
	Reduce the amount of waste to be landfilled or incinerated at all production sites.	
<b>water resources</b> Reduce water use and manage wastewater	We will reduce our water intake through efficient usage, the development of new water saving production methods, and the increased recycling of wastewater.	
	Strictly manage wastewater at all manufacturing sites in accordance with Government regulations and YKK in-house standards established based on industry standards such as ZDHC (Zero Discharge of Hazardous Chemicals).	
<b>chemical management</b> Manage and reduce chemical usage	Manage and further reduce the use of chemical substances in product manufacturing from input to output in accordance with our own standards (YKK Restricted Substance List), which was established based on industry standards such as ZDHC MRSL (Manufacturing Restricted Substances List)	
	Our finished products meets international textile safety standards such as OEKO-TEX® STANDARD 100 ensuring they are free of harmful substances.	
	Develop new production methods that reduce and eliminate the use of toxic chemicals.	
<b>respect people</b> Uphold human rights and ensure fair, safe work environments	By valuing diversity, being inclusive, respecting human rights, and improving the work environment, we will create better and safe workplaces throughout our supply chains. We will ensure that each individual can work with peace of mind, make the most of his or her individuality, and lead a healthy and happy life.	
	Implement YGCC audit (YKK Global Criteria of Compliance), a comprehensive standard based upon YKK's Cycle of Goodness philosophy and the ISO26000 guidelines, at YKK Group facilities. Periodic evaluations by 3rd party auditors are conducted to assure transparency and improvement of sustainable practices.	

## YKK Sustainability Vision Formulation Process

One important business partner of YKK is the fashion industry. Conventional business models in this sector entail mass production, mass consumption, and large volumes of waste have a huge impact on the environment, which is increasing the importance of CO<sub>2</sub> emission reductions, water resource management, chemical substances management, sustainable use of resources, and other initiatives to respond to environmental issues. Initiatives to tackle social and labor issues are also indispensable, whether those to respect human rights or build safe working environments. The importance of addressing these social issues on a global scale goes beyond the fashion industry to a wide range of other domains. As a company with obligations in these industries, YKK is aiming to actively spearhead initiatives that can solve these environmental and social problems. In response to this business landscape, in the YKK Sustainability Vision 2050 in October 2020, YKK identified five themes as “Materiality” (priority issues) covering not only the environment but also society and labor. These were climate change, material resources, water resources, chemical management, and respect people. We have set targets under each of these five themes and are working toward the related SDGs.

### Materiality Analysis (Identifying Priority Issues)



FY2022 results	FY2023 plan
<ul style="list-style-type: none"> <li>Scope 1 and 2 GHG emissions: 289,543t (46.9% reduction from 2018 baseline)</li> <li>Scope 3 GHG emissions: 690,418t (20.9% reduction from 2018 baseline)</li> <li>Renewable energy ratio of all power consumption: 46.1%</li> <li>Locations running on 100% renewable energy: 31</li> <li>Locations using solar power generation systems: 21</li> </ul>	<ul style="list-style-type: none"> <li>Continue carrying out initiatives that aim to achieve the FY2030 emission reduction targets based on the SBTi certification to limit the temperature rise due to climate change to less than 1.5°C</li> <li>Scope 1 and 2 GHG emissions FY2023: 432,241t or less (21.0% or more reduction from 2018 baseline)</li> <li>Scope 3 GHG emissions FY2023: 764,069t or less (12.5% or more reduction from 2018 baseline)</li> </ul>
Proportion of sustainable materials: 26% (up 14 points year-on-year)	Proportion of sustainable materials FY2023: 41%
Switch to sustainable packaging materials: 27.6%	Switch more plastic inner packaging materials to sustainable alternatives
Landfill waste: 6,282t (down 525t year-on-year)	Waste intensity FY2023: 4% reduction (year-on-year)
Waste recycling rate: 87.3% (up 0.3 points year on year) Moved forward the target year for a recycling rate of 90% from 2030 to 2025	Waste recycling rate of at least 88.0%
Water intake: 10.086 million t (down 1.338 million t from FY2018)	Water intensity: 2% reduction (compared to FY2022)
Approval of a partnership with Zero Discharge of Hazardous Chemicals Programme (ZDHC) to devise ZDHC guidelines for zippers and buttons	Roll out in-house wastewater management rules revised based on industry wastewater management standards
<ul style="list-style-type: none"> <li>Addition of the AFIRM Restricted Substances List and per-and polyfluoroalkyl substances (PFAS) as statutory compliance to the annual revisions of YKK RSL based on customer requests</li> <li>Adoption of the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) for the management of chemical substances used in manufacturing processes</li> </ul>	<ul style="list-style-type: none"> <li>Annual revision of YKK RSL and communication of same to suppliers as well as implementation of appropriate surveys for suppliers</li> <li>Carry out AFIRM RSL and all-encompassing fluorine tests</li> <li>Verify the level of compliance with the ZDHC MRSL for the chemical substances used in manufacturing processes and expand use of the ZDHC MRSL</li> <li>Cooperate with suppliers to properly assess the level of ZDHC MRSL compliance for unverified products</li> </ul>
<ul style="list-style-type: none"> <li>Incorporation of the management of restricted substances in the processes for developing new products or changing materials</li> <li>Periodic renewal of the OEKO-TEX® STANDARD 100 certification</li> </ul>	<ul style="list-style-type: none"> <li>Add AFIRM RSL testing as an item for the management of restricted substances when developing new products or changing materials</li> <li>Periodically renew the OEKO-TEX® STANDARD 100 certification</li> </ul>
Expansion of the lineup of products made with AcroPlating® technology, a new plating technology	Development to reduce dimethylformamide (DMF) as a measure to reduce chemicals with high atmospheric emissions
<ul style="list-style-type: none"> <li>Implementation of YGCC self-checks/audits at all applicable locations</li> <li>Review and revision of YGCC audit items and scope</li> <li>Revision of the YKK Group Human Rights Policy</li> </ul>	<ul style="list-style-type: none"> <li>Through implementation of YGCC and the promotion of CSR procurement, continue to identify/assess human rights risks as required by UNGP</li> <li>Enhance the human rights reporting and consultation services that are made available to business partners</li> </ul>

## ■ Organizations and Initiatives YKK Participates In

### Science Based Targets initiative approved YKK's reduction targets of 1.5°C

YKK's emissions reduction targets were approved by the independent Science Based Targets initiative (SBTi) as consistent with levels required to limit global warming to less than 1.5°C above pre-industrial levels. (March 2021)



### YKK joined the net-zero recovery efforts

YKK took part in a "net-zero recovery" statement announced on May 19, 2020 by the SBT initiative and UN Global Compact. The statement is based on the idea of aligning the climate control objective of achieving carbon neutrality (reaching net-zero CO<sub>2</sub> emissions) by 2050 with the economic recovery from COVID-19.

### YKK signed the Fashion Industry Charter for Climate Action

YKK signed the Fashion Industry Charter for Climate Action in March 2020, which established the fashion industry's initiative under the auspices of United Nations Climate Change at COP24. Based on the long-term objectives of the Paris Agreement, this charter focuses on achieving a 30% reduction of total greenhouse gases (GHG) by 2030 and achieving carbon neutrality by 2050.



### YKK joined the Sustainable Apparel Coalition (SAC)

SAC is an apparel organization, which YKK joined in 2018, that works to reduce the impact that products worldwide have on the environment and society. YKK, along with apparel brands, retailers, manufacturers, raw material manufacturers, research institutes, governmental organizations, etc. across the world, works on improving sustainability of supply chains in the apparel, footwear, and textile industries.



### YKK joined the Japan Sustainable Fashion Alliance

YKK joined the Japan Sustainable Fashion Alliance in September 2021, which aims to promote the transition to a sustainable fashion industry, as a full member. The Alliance's goals are zero fashion loss through appropriate production, purchase, and recycling and carbon neutrality by 2050.

### YKK joined the Ellen MacArthur Foundation Network

For years, YKK has partnered with many fashion brands that are members of the Ellen MacArthur Foundation Network to conduct initiatives aimed at achieving a circular society in the fashion industry. In April 2022, YKK became a member of the Network in order to accelerate further our efforts to contribute to the transition to a circular society as stipulated in YKK Sustainability Vision 2050.

### YKK joined the 30by30 Alliance for Biodiversity

YKK participated in the 30by30 Alliance for Biodiversity, which has set out to build a framework to achieve the 30by30 targets that aim to conserve or protect 30% of land and sea as biodiversity areas by 2030 in August 2022. Through participation in this alliance, YKK hopes to contribute to the targets through the acquisition of international certifications for YKK Center Park's "Furusato-no-Mori" (Hometown Forest) on the grounds of the Kurobe Manufacturing Center as an initiative aiming to coexist with nature.

### YKK signed the United Nations Convention on Biological Diversity (CBD) COP 15 Business Statement for Mandatory Assessment and Disclosure

Business for Nature is an international coalition of companies pursuing comprehensive action to recover nature that has been destroyed and protect biodiversity. At the 15<sup>th</sup> Meeting of the Conference of the Parties at the UN Convention on Biological Diversity (CBD) held in 2022, Business for Nature evaluated the impact and the level of dependency companies and other organizations have on biodiversity and called on these companies and other organizations to support and sign a corporate statement committing to mandatory disclosure through 2030.

## Awards and Achievements (FY2022)

Please see news release and updates on our website for more details.

[https://www.ykk.com/english/corporate/csr/c\\_news/](https://www.ykk.com/english/corporate/csr/c_news/)

Awarded month/year	Name of award and reason	Recipient	Awarding organization
May 2022	Award for Outstanding Student Presentation and Award for Outstanding Student Presentation Supervisor for Joint Research with Toyama Prefectural University	YKK Corporation	Japan Society for Design Engineering
June 2022	18 <sup>th</sup> Japan Heart Foundation Tachio Kobayashi Prize (Kurobe Health Management Center)	YKK Corporation	Japan Heart Foundation
June 2022	Silver Prize, Quality Engineering Award, Foundation for Precision Measurement Technology	YKK Corporation	The Precise Measurement Technology Promotion Foundation
September 2022	Selected for the 2022 Shenzhen Fortune Global 500 list	YKK Zipper (Shenzhen) Co., Ltd.	Shenzhen Enterprise Confederation/Shenzhen Entrepreneur Association
November 2022	2022 Best HR Center of Excellence in Greater China	Shanghai YKK Zipper Co., Ltd.	2022 China Human Capital Forum
November 2022	2021 Shanghai Pudong New Area Top 20 Outstanding Contributor to Advanced Manufacturing Industry	Shanghai YKK Zipper Co., Ltd./YKK (China) Investment Co., Ltd.	People's Government of the Pudong New Area, Shanghai City
November 2022	2021 Outstanding Contribution to Pudong's Economy	YKK (China) Investment Co., Ltd.	People's Government of the Pudong New Area, Shanghai City
November 2022	YKK Digital Showroom Phoenix Award (web/digital platform categories)	YKK Corporation	Public Relations Society of America, Georgia Chapter
December 2022	CDP Climate Change 2022 Questionnaire (A-)	YKK Corporation	CDP
December 2022	Company Performance Rating Program (Blue)	P.T. YKK Zipper Indonesia	Indonesian Ministry of Environment and Forestry (KLHK)
December 2022	2021/2022 Annual Awards for China's Outstanding Foreign-invested Enterprises in Shenzhen (Harmonious Labour Relations Promotion Award, Green Low Carbon Promotion Award, Safety and Environmental Protection Incentive Award, and Mutual Excellence Award)	YKK Zipper (Shenzhen) Co., Ltd.	China Association of Enterprises with Foreign Investments/ Shenzhen Association of Enterprises with Foreign Investments
December 2022	Great Place to Work 2022 Award (Community category)	YKK PORTUGAL-ACESSORIOS PARA VESTUARIO, LDA.	Great Place To Work®
January 2023	Selected as one of the top 100 Bao'an enterprises in 2022 (top 100 industrial enterprises, top 100 companies with increased value, and top 100 foreign trading companies)	YKK Zipper (Shenzhen) Co., Ltd.	Industry and Information Technology Bureau, Bao'an District, Shenzhen Municipality
March 2023	Highest CPD Supplier Engagement Rating (Supplier Engagement Leader)	YKK	CDP

# Environment

## Environmental management

### ■ Environmental policy promotion system

Toward achievement of YKK Sustainability Vision 2050, we established the YKK Sustainability Committee under the Management Strategy Committee. With the company president as its chair, the Committee is addressing environmental issues, such as climate change. The Committee is doing so by determining policies and strategies as well as by building a global sustainability promotion structure.

### ■ Environmental management system

YKK builds an environmental management system in each company that follows the ISO 14001 international standard and promotes continuous environmental activities.

Furthermore, YKK has formulated the YKK Global Criteria of Compliance (YGCC), which is based on internal rules related to working conditions, health and safety, the environment, and fair business practices. Self-checks are carried out once a year in addition to periodic external audits.

### ■ Environmental objectives and targets

YKK has established a Mid-term Environmental Management Policy and measures are analyzed every four years to fit the Mid-term Environmental Management Policy. In the 6<sup>th</sup> Mid-term Environmental Management Policy, starting from FY2021, we are carrying out activities to achieve a sustainable society focusing on the concept of "Technology-oriented value creation" and with the aim of becoming a company for the social good that is in harmony with the environment. Activities are being carried out after formulating environmental objectives each year toward achievement of the environmental management policy.

#### YKK 6<sup>th</sup> Mid-term Environmental Policy (FY2021-FY2024)

Under the 6<sup>th</sup> Mid-term Management Vision, "Technology Oriented Value Creation," YKK will promote sustainability through its business activities and products, harmonize with the environment, continue to be a company for the social good, and contribute to society.

##### Guidelines for Action

- In accordance with YKK Sustainability Vision, we will strengthen our environmental management system and carry out continuous improvement to ensure environmental compliance and reduce environmental impacts.
- In order to achieve climate neutrality by 2050, we will reduce CO<sub>2</sub> and other greenhouse gas emissions over the long-term.
- We will reduce environmental impacts throughout the product life cycle and promote the transition to sustainable energy and materials.
- We will reduce our impacts and loads on the environment by reducing the use of water and chemical substances for the preservation of ecosystems and enrichment of life.

April 1, 2021

**Hiroaki Otani**  
President, YKK Corporation

#### FY2023 YKK Environmental Objectives

##### Contribute to the society in harmony with environment

##### 1 Response to climate change

- Scope 1 and 2 CO<sub>2</sub> emissions 21% reduction from FY2018 (50% reduction by FY2030)
- Scope 3 CO<sub>2</sub> emissions 12.5% reduction from FY2018 (30% reduction by FY2030)

##### 2 Reduce environmental impact

- Waste
  - Waste recycling rate 88% or more (90% by FY2025)
  - Waste intensity reduction 4% year-on-year reduction (FY2030 waste emissions = FY2018 waste emissions)
- Water (intake) intensity reduction 2% year-on-year reduction (FY2030 water intake = FY2018 water intake)
- Evaluate water risks taking into account the global environment
- Promote appropriate management and reduction of chemical substances

##### 3 Provide and propose environmentally friendly products

- Ensure the implementation of environmentally friendly themes in the development of products and equipment

##### 4 Ensure compliance

- Achieve zero environmental compliance violations and zero environmental accidents
  - Foster environmental human resources through environmental education
  - Strengthen environmental management system via YGCC

# Climate Change

## Fundamental Approach

In March 2020, YKK signed the Fashion Industry Charter for Climate Action aimed at achieving the objectives of the Paris Agreement, to enable the company to achieve climate neutrality by 2050. In March 2021, we also set a CO<sub>2</sub> reduction target of limiting the average worldwide temperature increase to 1.5°C (objective approved by the SBT), and we are working to implement energy conservation and renewable energy, in an aim to reduce CO<sub>2</sub> emissions at each of our business sites around the world.

## FY2022 Initiatives

YKK Group achieved the GHG emissions target of a 16.8% reduction for FY2021 compared to FY2018. (Estimated actual: 46.9% reduction from FY2018)

The entire Group is moving forward with renewable energy procurement, and 31 of our plants around the world have achieved procurement of 100% of their used power as renewable energy.

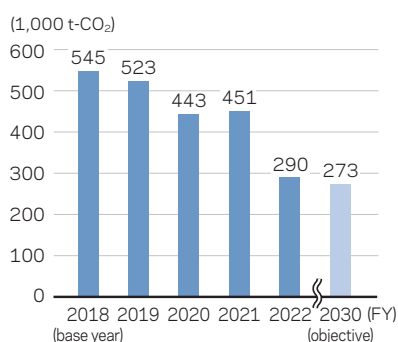
In addition, we are also creating renewable energy, including the operation of solar power generation systems, at 21 locations (total generation capacity: 8,278 kW).

## Changes in CO<sub>2</sub> emissions

In March 2021, YKK obtained certification under the SBT Initiative's 1.5°C Target. We will aim for a 50% reduction (compared to FY2018) of greenhouse gases in Scope 1 and 2, and a 30% reduction (compared to FY2018) in Scope 3 by 2030.

### Scope 1 and 2

\* Calculated using the YKK Group GHG calculation rules (CO<sub>2</sub> conversion factor fluctuation of electricity)

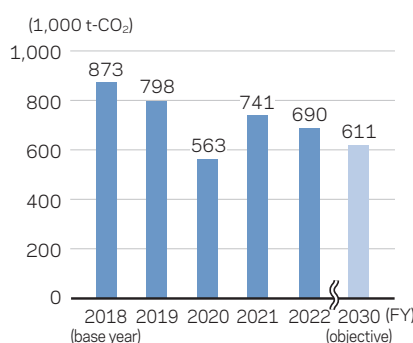


CO<sub>2</sub> emissions in FY2022 were reduced by 46.9% compared to FY2018

	2018	2019	2020	2021	2022
Japan	77	69	57	66	37
Americas	41	43	33	34	31
Europe	27	27	25	21	19
ISAMEA	45	46	34	47	26
ASEAN	225	214	178	171	159
China	129	123	116	113	17

### Scope 3

\* Calculated using the Scope 3 calculation method noted on page15.



CO<sub>2</sub> emissions in FY2022 was reduced by 20.9% compared to FY2018

	2018	2019	2020	2021	2022
Japan	232	198	116	153	163
Americas	107	92	63	88	81
Europe	41	41	32	42	40
ISAMEA	57	59	43	47	49
ASEAN	239	224	157	213	191
China	198	183	152	198	167

Breakdown of CO<sub>2</sub> emissions from the entire supply chain\* (FY2022 results by region)(1,000 t-CO<sub>2</sub>)

		Region Total	Japan	Americas	Europe	ISAMEA	ASEAN	China	
Scope1	Direct emissions from fuels burned on-site, etc.	83	11	10	17	10	24	12	
Scope2	Indirect emissions from purchased power and the use of heat	206	27	20	2	17	136	5	
Scope3	Category 1	Purchased Goods and Services	421	110	44	13	16	124	113
	Category 2	Capital Goods	80	32	7	9	7	14	10
	Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	54	9	5	4	5	19	12
	Category 4	Upstream Transportation and Distribution	54	3	17	7	9	8	10
	Category 5	Waste Generated in Operations	1	0	0	0	0	0	0
	Category 6	Business Travel	1	0	0	0	0	0	0
	Category 7	Employee Commuting	10	5	1	1	1	2	1
	Category 8	Upstream Leased Assets	-	-	-	-	-	-	-
	Category 9	Downstream Transportation and Distribution	-	-	-	-	-	-	-
	Category 10	Processing of Sold Products	0	0	0	0	0	0	0
	Category 11	Use of Sold Products	-	-	-	-	-	-	-
	Category 12	End-of-Life Treatment of Sold Products	70	3	7	5	11	23	20
	Category 13	Downstream Leased Assets	-	-	-	-	-	-	-
	Category 14	Franchises	-	-	-	-	-	-	-
	Category 15	Investments	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	
	Scope 3 Total	690	163	81	40	49	191	167	
	Scope 1, 2, and 3 Total	980	200	112	59	75	350	183	

\* Calculated using the YKK Group GHG calculation rules (CO<sub>2</sub> conversion factor fluctuation of electricity) and the Scope 3 calculation method noted later

## Scope 3 calculation method (amount of activity x emission intensity)

Categories		Calculation method	
		Amount of activity	Emission intensity
Category 1	Purchased Goods and Services	Weight of purchased raw materials	Intensity database <sup>(1, 3)</sup>
Category 2	Capital Goods	Equipment investment value of capital goods	Intensity database <sup>(1)</sup>
Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Amount of energy (electricity and fuel) consumption	Intensity database <sup>(1, 2)</sup>
Category 4	Upstream Transportation and Distribution	Cargo owner's procurement ton-kilometers	Intensity database <sup>(1, 2)</sup>
Category 5	Waste Generated in Operations	Amount of processed waste materials per type	Intensity database <sup>(1, 2)</sup>
Category 6	Business Travel	Transportation allowance per transportation means	Intensity database <sup>(1)</sup>
Category 7	Employee Commuting	Transportation allowance per transportation means	Intensity database <sup>(1, 2)</sup>
Category 8	Upstream Leased Assets	We excluded emissions associated with the operation of the leased assets because they were included in Scope 1 and 2.	
Category 9	Downstream Transportation and Distribution	We excluded it because we included it in category 4 because the product is shipped directly to the customer.	
Category 10	Processing of Sold Products	Amount of production (duration and number of pieces)	Intensity per amount of production in YKK processing process
Category 11	Use of Sold Products	We excluded this because there are no use-stage emissions from the products we sold.	
Category 12	End-of-Life Treatment of Sold Products	Amount of production (weight)	Intensity database <sup>(1, 3)</sup>
Category 13	Downstream Leased Assets	We excluded this because we do not lease to others.	
Category 14	Franchises	We excluded this because we are not franchise presidents.	
Category 15	Investments	We excluded it because we are not an investment business and not a financial services provider.	
	Other	We excluded this category because it is optional.	

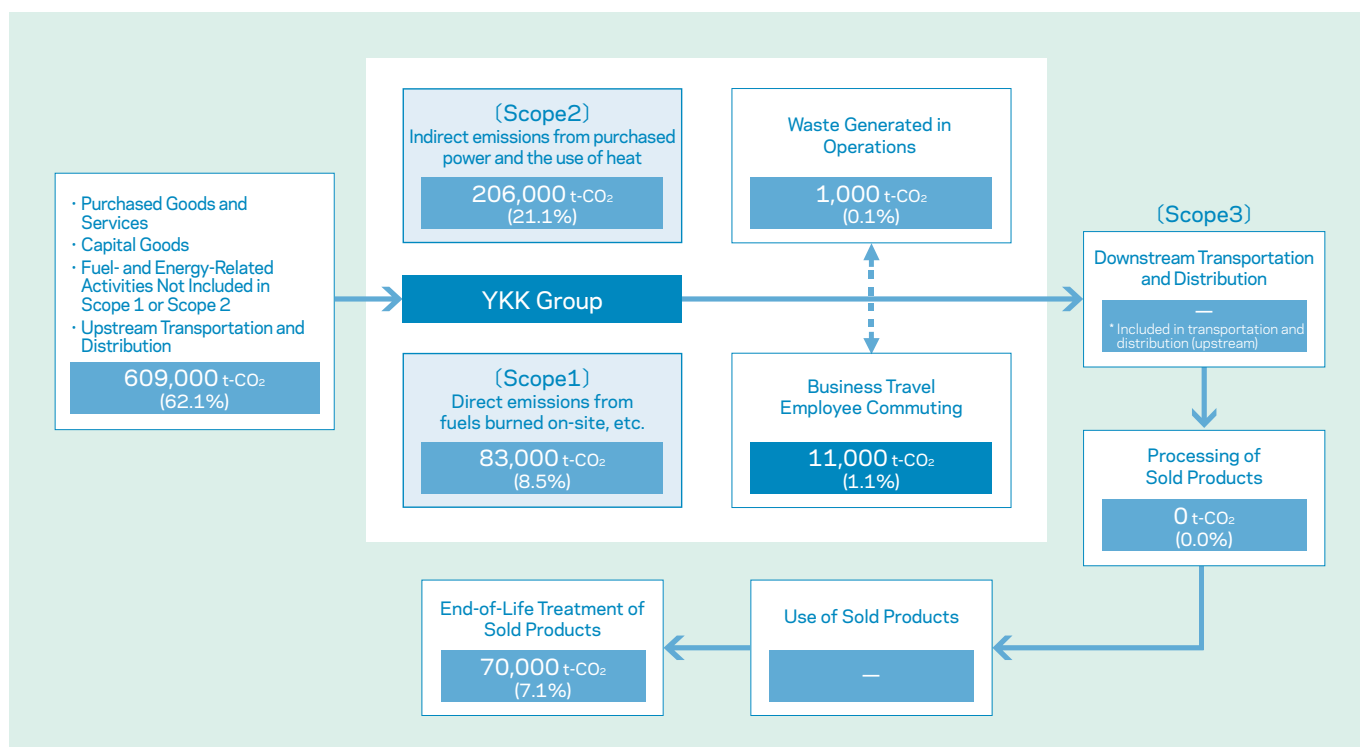
<sup>1</sup> "Emission Intensity Database for Calculating Greenhouse Gas Emissions for Organizations through Supply Chains (Ver. 3.1)"

<sup>2</sup> "LCI Database IDEAv2 (for Calculating Greenhouse Gas Emissions for Supply Chains)"

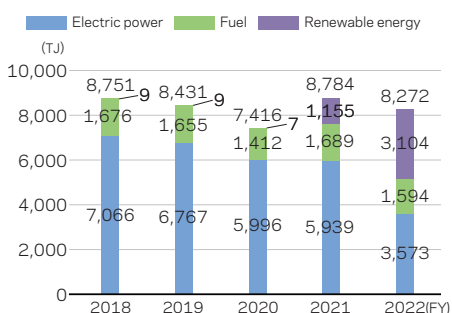
<sup>3</sup> "GaBi Database"



### CO<sub>2</sub> emissions in supply chains (FY2022 results)



### Changes in energy consumption



(TJ)

		2018	2019	2020	2021	2022
Electric power	Japan	1,216	1,082	880	1,081	556
	Americas	759	815	659	604	600
	Europe	398	316	291	218	61
	ISAMEA	478	517	445	609	355
	ASEAN	2,615	2,463	2,294	2,094	1,953
	China	1,599	1,574	1,427	1,334	48
Fuel	Japan	196	182	145	158	164
	Americas	229	212	153	216	199
	Europe	258	303	281	327	331
	ISAMEA	227	206	115	173	164
	ASEAN	459	461	423	469	451
	China	307	291	294	347	286
Renewable energy	Japan	3	3	2	8	485
	Americas	0	0	0	82	95
	Europe	0	0	0	109	217
	ISAMEA	4	3	2	54	322
	ASEAN	1	2	2	490	602
	China	1	1	1	413	1,383

\*The graphs and tables have been created based on the combination of electricity, fuel and renewable energy. Fuel is the sum of A heavy fuel, kerosene, LPG, LNG, town gas, natural gas, diesel oil, gasoline, C heavy fuel, coal, and steam.

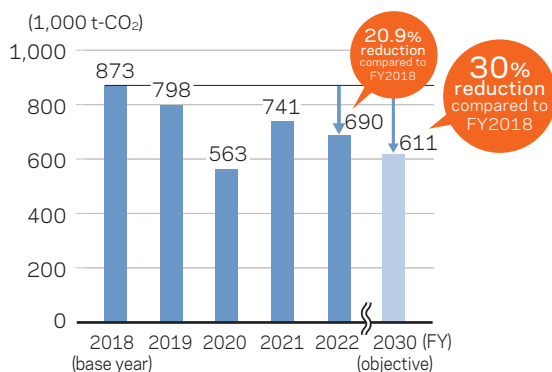


## Initiatives to Reduce Scope 3 GHG Emissions

We are aiming for a 30% reduction in Scope 3 greenhouse gas emissions (compared to FY2018) by 2030. Scope 3 emissions in FY2022 were 690,418 t (20.9% reduction compared to FY2018). In FY2021, we established a Scope 3 reduction team under the Sustainability Committee, which has been strengthening the promotion system across departments toward further Scope 3 emission reductions.

In FY2022, we set a target to shift to the use of recycled materials for the main materials (copper, zinc, and PET) used by YKK to further reduce Category 1 emissions from purchased goods and services, which makes up over 60% of YKK’s Scope 3 emissions. YKK has also begun building cooperative relationships through the supply chain in an effort to achieve this target. These efforts range from adding additional questions to the CSR questionnaire for all main suppliers to sharing our GHG emissions targets, requesting the submission of data for emissions from purchased goods and services, and inquiring about renewable energy.

Going forward, we will consider specific initiatives worldwide to achieve the recycled material target and expand the CSR questionnaire to overseas operating companies to promote Scope 3 emission reduction activities.



## [Reference] Information Disclosure Based on TCFD Recommendations

Since the adoption of the Paris Agreement in December 2015, there has been more and more momentum to evaluate the impact climate change has on business activities worldwide. Within this business climate, the TCFD announced its recommendations in June 2017, which YKK signed onto as a supporter in 2019.

YKK evaluates and strives to incorporate the impact climate change may have on its business activities into its business strategies according to TCFD recommendations.

### ■ Governance

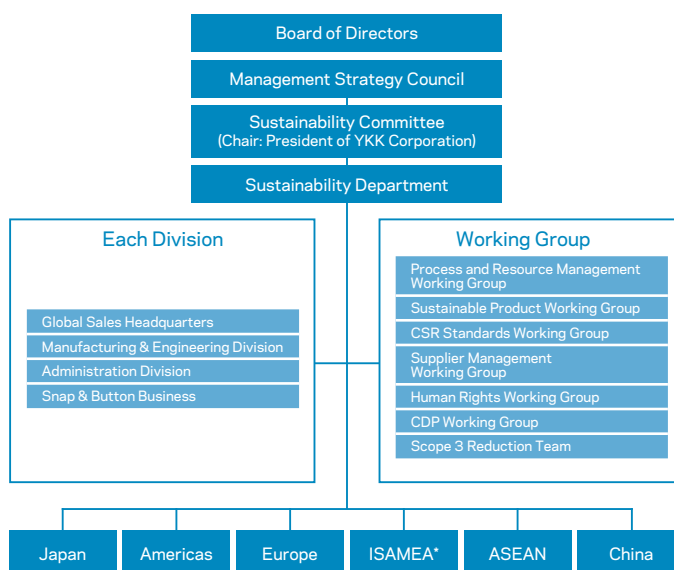
The YKK corporate governance system essentially consists of the Board of Directors, which carries out decision-making and supervisory functions related to management policies and other important matters, and the Audit & Supervisory Board, which carries out auditing functions. We have also introduced an officer system to promote business execution. In addition to regular meetings held once a month, the Board of Directors holds extraordinary meetings as necessary to discuss and make decisions on business plans as well as organizational and other important management matters. It receives reports and supervises the progress of the business execution of each Group company as well.

The Sustainability Committee launched as an advisory body for the Board of Directors discusses and promotes management policies and strategies related to sustainability, such as climate change. The President serves as chair of the Committee.

Through the Sustainability Committee, the President serving as chair decides on sustainability policies and strategies for its YKK Fastening Business and works to build global sustainability promotion systems. These policies, strategy, and global sustainability promotion systems designate the final decision about how to respond to climate change and other sustainability issues. We have established seven working groups under the Sustainability Committee to take the lead on formulating and promoting specific action plans for each of these challenges. For example, the Process and Resource Management Working Group evaluates and executes the development and adoption of manufacturing equipment that will help reduce GHG emissions. The Sustainable Product Working Group deliberates on and approves policies on the development of products using sustainable materials.

To promote these sustainability policies and specific action plans globally, YKK has set up sustainability committees in each of the six regions where it does business around the world. These local sustainability committees provide reports on the penetration of policies in their regions as well as the progress of the action plans to the Sustainability Committee in Japan. The President who serves as chair of the Sustainability Committee monitors and evaluates the progress of action plans from these regional reports in addition to deliberating and approving revisions of strategy and improvement measures toward achieving the action plans.

### Sustainability promotion structure



\*India/South Asia/Middle East/Africa

## Strategy

YKK identifies and evaluates major risks and opportunities for the Fastening Business related to climate change according to the TCFD recommendations.

Type		Financial impact on YKK	YKK response
Transition risk	Current regulation	The YKK Headquarters is already complying with the carbon tax in Japan. Although the carbon tax in Japan is low and has a relatively small impact, there are risks of higher operation costs of YKK plants and the YKK buildings if the carbon tax rises in the future.	In 2021, we have approved the introduction of the internal carbon pricing system and are promoting capital investments that include energy-saving as well as solar power generation equipment, to reduce GHG emissions.
	New regulation	The EU Plastics Strategy may raise production costs due to its new rules that require the use of recycled plastics. We may also see cost go up in order to support the shift to renewable energy happening in each nation around the world, such as the purchase of equipment and green power. These are some risks that may reduce revenue.	Therefore, we will strive to broaden sales of products using recycled plastics to improve profitability as well as develop technologies to reduce manufacturing costs.
	Technology	A delay in our response to advanced technologies to combat climate change could make YKK businesses less competitive, while inaccurate forecasts of demand could make capital investments fail. These are some risks that could impact revenue.	Therefore, we will respond through action that includes verifying the progress of main development themes on a monthly basis and clarifying rules in writing about processes such as methods to calculate the effectiveness of capital investment plans as well as discretionary and approval processes.
	Market	There is also the risk of losing sales opportunities if YKK products and manufacturing processes cannot satisfy the environmental requirements of customers or the environmental regulations of each government. Specifically, the garment industry is said to be just behind the oil industry in CO <sub>2</sub> emissions, which could impact sales if YKK products do not comply with customer requirements and environmental regulations.	YKK will develop and manufacture products based on the climate-related action of each nation and organization as well as the product preferences of consumers. We will also develop products by anticipating the medium to long-term outlook of environmental action while further supporting evaluations of our impact on the environment and compliance with the regulations in each country.
		A rise in the average temperature has the potential to decrease demand for winter clothing, which in turn would impact the sales of YKK fastening products.	We will respond through market analyses, accurate prior supplementation of consumer demand, and various other measures.
Reputation	A delay in climate-related initiatives comes with the risk of harming the reputation of YKK with its main sustainability-oriented customers worldwide.	We formulated and announced the YKK Sustainability Vision 2050 to lay out and engage in specific initiatives to reduce GHG emissions and increase the use of renewable energy.	
Physical risk	Acute	There is also the risk of harmful effects on health and the environment around our factories in the event hazardous chemical substances leak from YKK manufacturing bases damaged by more frequent and severe flooding due to the rising global temperature.	We see flood damage as one major risk that would have a severe impact on corporate management. Guidelines were formulated in 2020 to clarify policies to minimize this damage. These guidelines primarily pertain to Japan. With reference to local hazard maps, the policies define flooding, evacuation, and other soft measures to carry out in order to reduce and prevent damage to any facilities in flood zones as much as possible.
	Chronic	There are also risks of declining profits due to higher air-conditioning costs at YKK plants and skyrocketing raw material prices driven by the rising average temperature worldwide.	Therefore, YKK is developing technology to reduce manufacturing costs as well as running costs through the introduction of energy-saving air-conditioning systems. We will also strive to build systems that can always secure raw materials and resources at the right price in the right amount while keeping an eye on trends in the global economy.
Opportunity	Resource efficiency	By improving the energy efficiency of YKK equipment, we can avoid paying the carbon taxes anticipated in many nations in the future.	In 2021, we have approved the introduction of the internal carbon pricing system and are promoting capital investments that include energy-saving as well as solar power generation equipment, to reduce GHG emissions.
	Energy source	By using power derived from renewable energies, we can avoid paying the carbon taxes anticipated in many nations in the future.	YKK researches the state of power infrastructure in each country to plan and execute PV, PPA, and green options suitable for the location of each plant on an annual basis.
			Over the long-term, we will examine the use of hydrogen and other new energies as an alternative to existing energy options.
Products and services	By expanding products that use recycled materials and help contribute to the reduction of GHG emissions in other ways, we will contribute to solutions to the climate-related issues of our customers and can expect higher sales.	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. To achieve this target, YKK is steadily expanding sales of products in the NATULON® series that uses recycled polyester as a tape material, while formulating plans for a changeover to these materials annually by item and consumer demographic, and transitioning products from virgin materials to recycled materials.  We also engage in various dialogues to solve various issues by disclosing information to customers using CDP and industry standards in addition to sharing our activities. Trials for switching products to recycled materials as well as preparations for product LCA disclosure are underway.	

## Risk Management

In accordance with the Risk Management Policy, the YKK Fastening Business identifies risks once each year for each organization, confirms the worst-case scenarios and the status of response, and assesses sixteen levels of risks according to the scale of loss and damage (four-level evaluation: ¥100 million or less, ¥100 million to ¥1 billion, ¥1 billion to ¥5 billion, and ¥5 billion or more) and the frequency of occurrence over (four-level evaluation: 5 years or less, 5 to 20 years, 20 to 50 years, and 50 years or more). In addition, risks that are anticipated to have an impact of ¥100 million or more per year are deemed to be key risks that should be managed at the corporate management level.

We classify risk items into one of four quadrants (financial risks, risks in specialized fields, risks addressed by the committee, and business execution risks) and identify risk trends and visualize the progress of the response. Moreover, founded in its Mid-term Management Plan (four-year plan), YKK fully considers the impact of changes in the market and with its reputation while evaluating the importance of relevant risks. Management receives regular reports about all these risks.

We also incorporate climate-related risks into the Group-wide risk assessment and management process to anticipate not only the short and medium-term but also the long-term impact (up to about 2030). The impact of torrential rains due to physical risks and the rising temperature in particular could flood YKK plant facilities and stop supplier operations. We have formulated a Business Continuity Plan (BCP) in an effort to reduce and prevent these risks.

\*See page 46 for the Risk Assessment Process and the Flow of Identifying Key Risks (conceptual diagram).

## Metrics and Targets

Our businesses aim to become climate neutral (net-zero emissions) by 2050. Therefore, we have set targets to reduce CO<sub>2</sub> and other greenhouse gas emissions from our company and supply chain. In addition, these targets have been certified by the Science Based Targets initiative (SBTi).

Metric		Target
Scope 1, 2	Reduction of direct CO <sub>2</sub> emissions	50% reduction by FY2030 (compared to FY2018)
Scope 3	Reduction of indirect CO <sub>2</sub> emissions from the supply chain	30% reduction by FY2030 (compared to FY2018)

\*See page 14 for the actual Scope 1, 2, and 3 CO<sub>2</sub> emissions.

# Material Resources

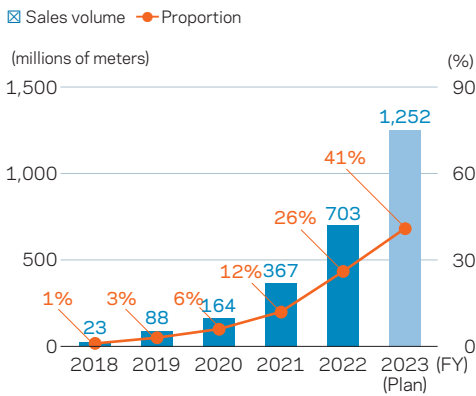
## Fundamental Approach

Resources are crucial for monozukuri (manufacturing) companies, but the amount available is limited. In order to conduct sustainable business management, YKK is promoting efforts to achieve a circular economy. For example, we proactively research the use of recycled materials and plant-based materials and adopt and provide them in an aim to reduce waste throughout the lifecycle of our products. Meanwhile, we strive to recycle any generated waste materials as much as possible and to reduce the amount of waste that ends up in landfills.

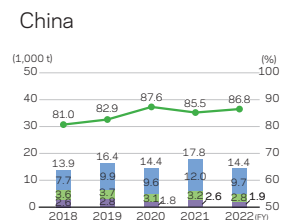
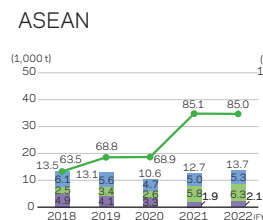
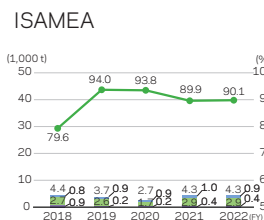
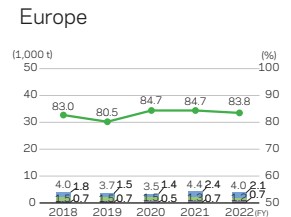
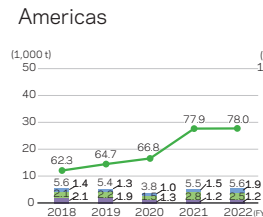
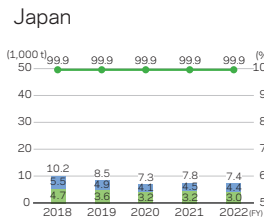
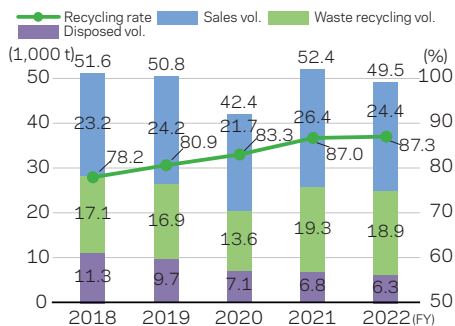
## FY2022 Initiatives

In “YKK Sustainability Vision 2050,” YKK has set the target of increasing the recycling rate to 90% by 2030. In FY2022, we conducted activities aimed at achieving a waste recycling rate of 87% or more. Thoroughly separating waste materials and strengthening reuse at each of our operating companies and improved waste processing technology in the Asia Region, and other factors, combined to result in a recycling rate of 87.3%, maintaining the previous year’s rate, which was significantly higher than the target. The amount of waste was also reduced 96% compared to FY2018. As the world shows increasing interest in a circular economy, YKK is moving forward with efforts to recycle and reuse resources and reduce waste.

### Volume and Proportion of Sustainable Materials Sales



### Changes in Waste Emissions, Waste Recycling Rates



## COLUMN

## Switching to Sustainable Packaging Materials



30% biomass polyethylene inner packaging materials

One of the five themes of the YKK Sustainability Vision 2050 is material resources. We are promoting efforts aimed at transitioning to a sustainable model by replacing all vinyl/plastic packaging materials used for our fastening products with sustainable packaging, including recyclable/reusable forms by 2030.

In FY2022, we strove to transition from plastic inner packaging materials for fastening products to recycled and biomass materials at many locations around the world. We are promoting a switch to polyethylene containing 100% recycled materials at YKK Vietnam Co., Ltd. (Nhon Trach Plant), YKK do Brasil LTDA., and YKK Poland Sp. zo. o., and 30% biomass material at the JAPAN Company (Kurobe Manufacturing Center), YKK (U.K.) Ltd., and other Group companies. As a result, 17 global locations have switched to sustainable inner packaging as of the end of FY2022, which equates to a switchover ratio of 27.6% (based on the volume of inner packaging purchases).

Since the beginning of FY2023, YKK has also been moving forward with the transition from vinyl/plastic packing materials to sustainable materials at each of our fastening business sites around the world. The company will be unified in aiming to reach our targets by 2030.

# Water Resources

## Fundamental Approach

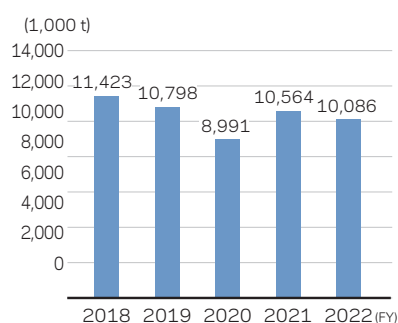
Water is an essential resource for people and all other life on Earth. At the same time, the volume and quality of water available for use differs between each region. As members of these local communities, each YKK location works to use water in a sustainable way in each region by reducing the water intake and ensuring thorough wastewater management.

## FY2022 Initiatives

Our work to achieve our environmental targets in FY2022 reduced the water intake 14% compared to FY2018. We furthered the introduction of production and water recycling equipment that uses water more efficiently, which resulted in a water intake of 10,086,000 tons worldwide in FY2022 (down 11.7% compared to FY2018). Since FY2019, each year we have been using our proprietary risk check lists to ascertain water risks at every manufacturing location. The results of the FY2022 survey verified that many locations had made progress with measures to tackle water risks.

To further improve wastewater processing technology at each site, YKK continually implemented wastewater processing diagnostics and technology guidance through specialists. YKK revised its rules on wastewater management methods with reference to the ZDHC Wastewater Guideline and Higg Index as the wastewater management standards of the garment industry.

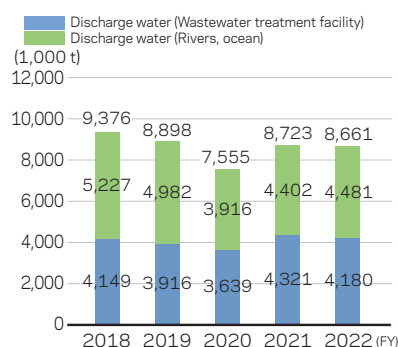
### Changes in Intake Water (Total Amount)



Unit: 1,000 t

	2018	2019	2020	2021	2022
Japan	3,656	3,260	2,565	3,096	3,402
Americas	785	768	574	732	679
Europe	762	763	655	779	728
ISAMEA	778	856	638	927	1,058
ASEAN	3,399	3,325	2,957	3,126	2,693
China	2,043	1,826	1,602	1,904	1,525

### Changes in Discharge Water (Total Amount)



\*Revised data between 2018 to 2021 including that aggregated for office locations

#### Discharge water (Wastewater treatment facility)

Unit: 1,000 t

	2018	2019	2020	2021	2022
Japan	29	27	20	25	38
Americas	590	645	490	580	499
Europe	400	381	366	446	446
ISAMEA	326	317	222	492	678
ASEAN	1,012	997	1,112	1,197	1,276
China	1,792	1,549	1,429	1,581	1,243

#### Discharge water (Rivers, ocean)

Unit: 1,000 t

	2018	2019	2020	2021	2022
Japan	3,422	3,223	2,944	2,901	3,377
Americas	85	115	47	90	92
Europe	212	191	139	150	130
ISAMEA	59	59	47	205	74
ASEAN	1,449	1,394	739	1,056	808
China	0	0	0	0	0



## COLUMN

## Wastewater Processing Diagnostics and Technology Guidance at Overseas Operating Companies



Wastewater processing and diagnosis setup at YKK (Thailand) Co., Ltd.

Headquarters specialists provide wastewater processing diagnosis and technical guidance on operations and safety to overseas operating companies for the purpose of standardizing wastewater processing. We completed the initial round launched in 2014 in 2019, and are currently undertaking the second round of wastewater processing diagnosis and technical guidance.

In FY2022, wastewater processing diagnoses were carried out at a total of five locations either on site or through video conferences. These wastewater processing diagnoses mainly confirmed the state of equipment and whether the processed water quality satisfied both government as well as company standards, in addition to strengthening compliance and optimizing processes based on improvement plans if any were identified. Because the standards and wastewater quality differ in each country, we make sure to understand the equipment and processing methods used at each plant and review the proper wastewater processing methods and amount of chemical use to propose ways to reduce water use and CO<sub>2</sub>. The YKK specialists provide technical guidance to local staff based on the wastewater processing diagnosis in an effort to improve maintenance skills and raise awareness about compliance.

In FY2023, we plan to conduct wastewater processing diagnoses at eight locations, aiming for no environmental compliance incidents related to wastewater processing through these diagnoses.

# Chemical Management

## Fundamental Approach

YKK works to maintain manufacturing and product safety through proper understanding and management of chemical substances related to fastening products and minimize human exposure and environmental impacts by reducing the usage of chemical substances.

We comply with laws, regulations, and agreements and also take action to mitigate environmental risks, such as by preserving the local environment including land, ground water, air, and water, and are taking steps to prevent environmental accidents before they occur.

## FY2022 Initiatives

We formulated the YKK Restricted Substance List (YKK RSL) to provide safer fastening products in order to better the health of everyone from employees to consumers as well as reduce the hazardous substances with the potential to do harm to the natural environment.

In FY2022, YKK published the FY2023 version of the YKK RSL and added the AFIRM Restricted Substances List and per- and polyfluoroalkyl substances (PFAS) as statutory compliance to the annual revisions of YKK RSL based on customer requests as well as launched surveys of suppliers.

To ensure every person can work with health and safety, we also have been building and strengthening chemical management systems, that include assessing the chemical substance hazards and dangers as well as developing specialists. YKK will promote these management systems in Japan first before rolling them out globally in the future.

### COLUMN

## ZDHC Roadmap to Zero Program for Eliminating the Use of Hazardous Chemical Substances

YKK believes it is important not only to eliminate the use of hazardous chemical substances that have the potential to be used in the final fastening products but also the hazardous chemical substances with the potential to be used in production activities or emitted into the environment.

We have introduced the Roadmap to Zero Program that advocates Zero Discharge of Hazardous Chemicals (ZDHC) as an industrial federation with participants ranging from brands to participants throughout the fashion industry. YKK is using this program to promote the development of new manufacturing technologies that do not use hazardous chemical substances and the transition to safer chemical substances in production activities.

In FY2022, we disclosed the level of compliance with the Manufacturing Restricted Substances List (MRSL) for the chemical substances used in our production processes using the ZDHC Gateway, which is a common chemical usage platform for the fashion industry.

These activities promote a switch to safer chemical substances and work to engage in manufacturing that minimizes the impacts on the natural environment and people.

# Biodiversity

## Fundamental Approach

Ecosystems of many different organisms support the life of people. YKK believes that our most precious stakeholder is nature and strives to become a company that can coexist and prosper together with nature. We promote planting, cleaning, and other initiatives that work to enrich these ecosystems, in addition to other efforts that include thoroughly manage chemical substances to ensure no environmental contamination and to reduce the impacts on the environment.

## FY2022 Initiatives

As an international organization joining the 15<sup>th</sup> meeting of the Conference of the Parties to the UN Convention on Biological Diversity (COP 15), Business for Nature evaluates the impacts and dependency companies have on biodiversity. YKK has signed a corporate statement committing to mandatory disclosure through 2030.

We have continued to conduct tree planting and clean-up activities worldwide. Twelve locations conducted tree planting efforts, and four locations took part in clean-up activities. Inside the Kurobe Manufacturing Center in particular, we are creating a forest and a waterside with the aim of achieving YKK founder Tadao Yoshida's ideal of a "factory in a forest." As a policy to achieve the 30 by 30 international biodiversity target, we participated in the "For Coexistence of People and Nature" website proof-of-concept program certified by the Ministry of the Environment. As a result, YKK Center Park's Furusato-no-Mori (Hometown Forest) reached the same level of standards as the certification.

### Main Ecosystem Conservation Activities (FY2022)

Activity details	Activity location	Number of locations where implemented	Objective
Tree-planting activities	Around the factory	11	Absorption of GHGs by plants and maintenance of the ecosystem
	Community (parks, etc.)	1	
Clean-up activities	Around the factory	3	Maintenance of the ecosystem through removal of waste
	Neighboring waterside	1	Maintenance of the aquatic ecosystem through removal of waste

COLUMN

## Promoting Environmental Education and Conservation Activities at the P.T. YKK Zipper Indonesia Cibitung Plant



Trash clean-up activity

The P.T. YKK Zipper Indonesia Cibitung Plant holds an environmental conservation event for local elementary school children once each year. This event explains the harm trash does to the health of the local people and the rare Indonesian ecosystem. Next, all the participants work together in a local clean-up effort to protect this ecosystem, which creates an opportunity for the children to experience and think about what they can do to protect their own health.

Indonesia is a country with a diverse ecosystem that includes Komodo dragons and Rafflesia. YKK recognizes the value of this precious Indonesian ecosystem. We hope this clean-up activity will ingrain a habit in these children that prevents littering in rivers and along roadsides to protect their own health and the health of their families.

# Environmental Contribution Activities

## Fundamental Approach

Under founder Tadao Yoshida's philosophy of "becoming part of the local community," YKK keeps in mind achieving prosperity together with the community, and places value on the connection with the local community as a member of society. Each business site conducts cleaning activities and other environmental contribution activities based on that thinking. In addition, we believe that teaching the children who are the next generation is crucial to solving environmental issues, so we host environmental learning at many business sites.

## FY2022 Initiatives

As an environmental contribution activity aiming to coexist with the community, YKK takes part in a wide range of activities. This includes clean-up activities around our plants at locations around the world, environmental education for the local children, and participation in other local events.

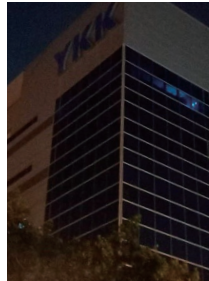
As one example in Japan, because we believe that it is important to consider the environment not only at work but also at home, we hosted an event to implement efforts to reduce CO<sub>2</sub> emissions at home in an aim to cultivate an awareness of the environment in each employee. YKK Romania S.R.L provided environmental education to students about reducing use of plastics and the importance of recycling.

### COLUMN

## Participation in Earth Hour



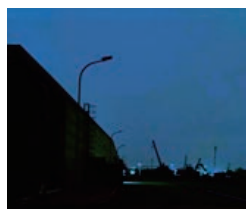
Before switching off the lights  
YKK logo sign and indoor lights turned off



After switching off the lights



Before switching off the lights



After switching off the lights

Lights on the premise turned off

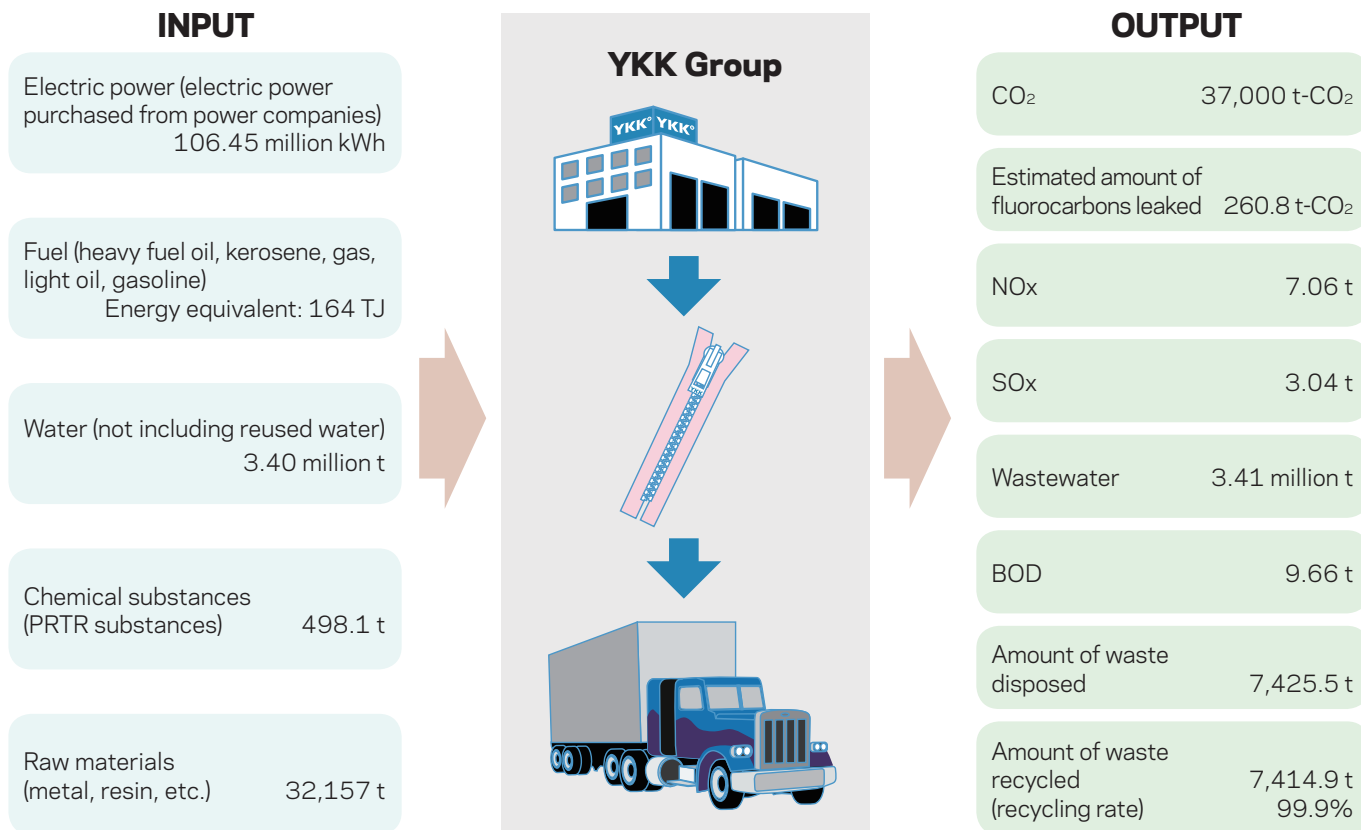
On March 25, 2023, YKK locations around the world participated in Earth Hour 2023. Earth Hour is an activity for everyone to switch off the lights on the same day and time for an hour around the world. As the world's largest initiative of this kind, the environmental action held by the World Wildlife Fund demonstrates the will of the people to prevent global warming and conserve biodiversity.

This is the fifth time YKK has participated in Earth Hour since 2019. Every year, the number of YKK locations participating grows. 50 locations participated this year, turning off logo signs, indoor lighting, and outdoor lights. At many of these locations, the employees join the company in this activity by turning off their lights at home, which provided a good time for everyone to help prevent climate change and think about environmental issues.

We will aim to improve the environmental awareness of each and every employee with the hope of contributing to a sustainable society.

## [Reference] Fastening Business and Other Businesses Related to Business Operations (Japan)

### Environmental impact mass-balance (FY2022 results)



## Violations of environmental laws and regulations

We have not had any administrative actions or fines imposed related to environmental laws and regulations in the past five years.

### YKK Corporation and YKK Snap Fasteners (YSF) Co., Ltd. status of compliance (results)

#### Air Pollution Control Act: Exhaust gas (Production sites in Japan, FY2022 results)

Equipment	Plant	Soot and dust (g/Nm <sup>3</sup> )					Nitrogen oxide (ppm)				
		National emissions standard	Municipal agreed value	Highest value measured in FY2022	Assessment	(Reference) Voluntary emission standard	National emissions standard	Municipal agreed value	Highest value measured in FY2022	Assessment	(Reference) Voluntary emissions standard
Boilers	YKK Corporation	0.30	–	Below 0.01	Acceptable	0.05	180	–	83	Acceptable	80
	YSF	–	–	–		–		–			–

#### Water Pollution Prevention Act: Wastewater (Production sites in Japan, FY2022 results)

Unit: mg/l (except pH)

Item	Plant	National emissions standard	Prefectural water emissions standard	Municipal agreed value	Highest value measured in FY2022	Assessment	(Reference) Voluntary management standard
pH	YKK Corporation	5.8~8.6*1	5.8~8.6*1	5.8~8.6	Min.: 6.6 Max.: 7.5	Acceptable	6.0~8.4
	YSF	–*2	–	5.0~9.0*2	Min.: 6.2 Max.: 7.0	Acceptable	5.8~8.8
BOD	YKK Corporation	120*1	15	15	4.9	Acceptable	5
	YSF	–	–	600	112.0	Acceptable	200
COD	YKK Corporation	–	–	–	6.7	Acceptable	12
	YSF	–	–	–	–	Acceptable	–
Suspended solids	YKK Corporation	150	90	50	2.0	Acceptable	10
	YSF	–	–	600	59.0	Acceptable	120
Oil	YKK Corporation	5	–	3	Below 0.5	Acceptable	1
	YSF	–	–	35	22.4	Acceptable	18
Cyanide	YKK Corporation	1	–	0.1	0.02	Acceptable	0.02
Hexavalent chromium compound	YKK Corporation	2	–	0.1	Below 0.02	Acceptable	0.03

\*1 Standards for discharge into rivers

\*2 Discharge into sewers

#### Water Pollution Prevention Act: Ground water (Production sites in Japan, FY2022 results)

	Substance	Unit	Environmental standard*	Measurement results for FY2022	Assessment
Volatile organic compounds	Dichloromethane	mg/l	0.02 or less	Below 0.002	Acceptable
	Carbon tetrachloride	mg/l	0.002 or less	Below 0.0002	Acceptable
	1,1-Dichloroethylene	mg/l	0.1 or less	Below 0.002	Acceptable
	Cis-1,2-Dichloroethylene	mg/l	0.04 or less	Below 0.004	Acceptable
	1,1,1-Trichloroethane	mg/l	1 or less	Below 0.0005	Acceptable
	Trichloroethylene	mg/l	0.01 or less	Below 0.002	Acceptable
	Tetrachloroethylene	mg/l	0.01 or less	Below 0.0005	Acceptable
Heavy metals	Cadmium	mg/l	0.003 or less	Below 0.001	Acceptable
	Cyanide	mg/l	Not detected	Below 0.1	Acceptable
	Lead	mg/l	0.01 or less	Below 0.005	Acceptable
	Hexavalent chromium	mg/l	0.05 or less	Below 0.005	Acceptable
	Selenium	mg/l	0.01 or less	Below 0.002	Acceptable
	Fluorine	mg/l	0.8 or less	0.2	Acceptable
	Boron	mg/l	1 or less	Below 0.1	Acceptable

\*Environmental standard: Keeping the amount below this standard is desirable for protection of human health and preservation of the living environment.

## Noise Regulation Act: Noise (Production sites in Japan, FY2022 results)

Unit: db

Plant	Type	Prefectural standard	Municipal agreement on pollution control	Highest value measured in FY2022	Assessment	(Reference) Voluntary standards
YKK Corporation	Daytime (8:00 A.M. to 7:00 P.M.)	70	–	64	Acceptable	60
YKK Corporation	Morning (6:00 A.M. to 8:00 A.M.) Evening (7:00 P.M. to 10:00 P.M.)	65	65	57	Acceptable	55
YKK Corporation	Late night (10:00 P.M. to 6:00 A.M.)	63	63	56	Acceptable	50
YSF	Daytime (8:00 A.M. to 7:00 P.M.)	70	70	67	Acceptable	70
YSF	Morning (6:00 A.M. to 8:00 A.M.) Evening (7:00 P.M. to 10:00 P.M.)	65	65	62	Acceptable	65
YSF	Late night (10:00 P.M. to 6:00 A.M.)	60	60	–	Acceptable	60

## PRTR method: PRTR calculations (Production sites in Japan, FY2022 results)

Unit: t

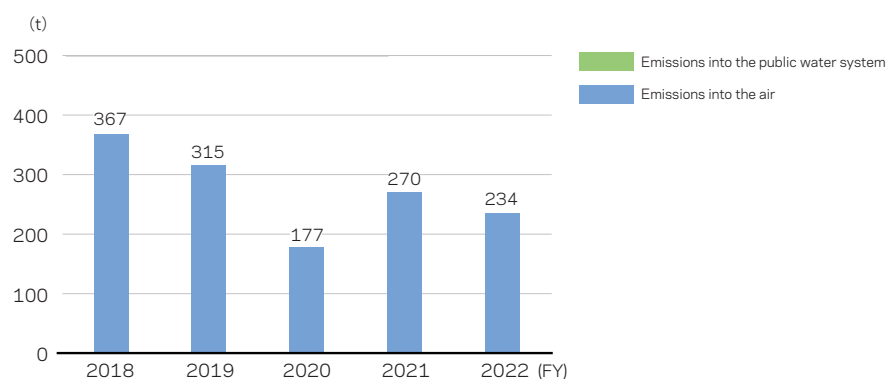
Substance number	Substance	Volume handled	Emissions				Transfer amount to sewer system	Transfer amount		Consumption
			Atmospheric emissions	Public water emissions	Soil emissions	Landfill volume		Waste materials	Sewage	
1	Zinc compounds (water-soluble)	1.81	Below 0.01	0.00	–	–	0.00	0.00	–	1.80
53	Ethylbenzene	2.69	2.60	0.00	–	–	0.00	0.04	–	0.00
71	Ferric chloride	10.00	0.00	0.00	–	–	10.00	0.00	–	0.00
80	Xylene	31.92	5.30	0.00	–	–	2.19	0.36	–	2.54
144	Inorganic cyanide compounds	17.34	0.03	0.02	–	–	3.44	13.70	–	0.14
232	N,N-dimethylformamide	158.97	148.80	0.00	–	–	10.18	0.00	–	0.00
296	1,2,4-Trimethylbenzene	10.05	3.47	0.00	–	–	2.99	0.00	–	3.57
300	Toluene	82.60	73.34	0.00	–	–	5.15	1.79	–	0.00
308	Nickel	48.93	0.01	0.00	–	–	0.00	4.57	–	44.35
395	Water-soluble salts of peroxydisulfuric acid	3.37	0.00	0.00	–	–	3.37	0.00	–	0.00
412	Manganese and manganese compounds	105.36	0.11	0.00	–	–	0.00	0.00	–	97.45
438	Methylnaphthalene	25.06	0.00	0.00	–	–	0.00	0.00	–	25.06

\*Aggregated substances of which we handle 1 t or more (0.5 t or more per year for Class1 Designated Chemical Substances) per year at our domestic production locations

\*Consumption: The amount consumed as raw materials, the amount contained in products, or the amount recycled by being sold

\*Transformed amount: The amount that has been transformed into other substances by incineration, reactive processing, etc.

## Changes in Emissions of PRTR Substances (Production sites in Japan)



## Social

## Human Resources and Hiring

## Related data: Number of employees \*Consolidated/YKK Corporation

	Unit	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Consolidated	people	46,167	46,261	44,510	44,410	44,527
YKK Corporation	people	4,733	4,823	4,849	4,454	4,398

## Related data: YKK Corporation

		Unit	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022	
Gender	By gender	Male	people	3,153	3,240	3,280	2,960	2,901
		Female	people	1,580	1,583	1,569	1,494	1,497
	Gender %	Male	%	67	67	68	66	66
		Female	%	33	33	32	34	34
Average age		years old	41.8	41.7	41.7	42.0	42.5	
	By gender	Male	years old	42.2	42.4	42.5	42.1	42.6
		Female	years old	40.3	40.6	40.8	41.8	42.3
Age	10s - 20s		people	1,132	1,194	1,196	1,062	985
	30s		people	1,084	1,075	1,107	1,008	996
	40s		people	1,049	1,088	1,085	1,005	1,018
	50s		people	1,022	970	936	892	906
	60s or older		people	446	496	525	487	493
No. of new hires		people	220	224	181	93	133	
Ratio of experienced hires		%	26.4	24.6	9.9	32.3	57.9	
Average length of service		years	18.6	18.3	18.3	18.5	18.7	
Turnover		people	183	153	175	170	175	

## Related data: Employees on overseas assignments \*Fastening business and other businesses

	Unit	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Male	people	557	514	468	497	519
Female	people	24	22	21	17	23

## COLUMN

## Abolition of the Mandatory Retirement Age



In April 2021, we abolished the mandatory retirement age at operating companies in Japan. This makes it possible for individuals to work regardless of their age as long as they are able to fulfill the role required by the company. Employees decide themselves when they will retire. Each individual determines the ideal nature of his or her own life and work and puts achievement of those goals into action.

The company will achieve a truly “fair” personnel system based on roles that are not restricted by age, gender, or nationality. The pursuit of employee autonomy and the fairness sought by the company generates a synergetic effect and is aimed at a higher level of revitalization.



# Human Asset Development

## Fundamental Approach

Based on our personnel philosophy of “Autonomy and Coexistence,” we want every employee to take the initiative to learn, work with others and improve through friendly rivalry, and proactively take on the challenge of achieving their individual goals, and grow through the experience. In addition to encouraging each employee to engage in self-improvement and giving them support in that effort, the company will create opportunities for employees to utilize their strengths and gain experience and connect those efforts to the growth of both the employee and the company.

## FY2022 Initiatives

As done in 2021, we implemented a hybrid type of tiered training, next-generation leader training, coaching and facilitation training, etc., that is a combination of self-study, online training, and group training geared toward the contents and aims of the training, and utilization of online and self-study tools. In addition to having sufficient effect in classes taught by lecturers and in group work, online training has the advantage of not requiring travel time, and although it is necessary to take time differences into consideration, we were able to conduct training from Japan for employees on overseas assignment. On the other hand, there are issues related to deep exchange of opinions between participants and the personal connections it creates, and in the future, we will conduct the training in a way that is more effective based on the contents of the training, while also considering the reclassification of COVID-19 as Class 5 infectious diseases.

### Related data: YKK Corporation

	Unit	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Training cost per person	Japanese yen	54,839	59,317	25,690	30,553	34,769
People who took OFF-JT training*	people	2,665	2,442	1,436	1,636	2,107
People who took distance learning	people	593	656	829	705	236
Percentage of employees undergoing periodic reviews related to work performance and career development	%	100	100	100	100	100

\*Training hosted by the Human Resources Department

### COLUMN

## Aiming for the growth of the company and employees through support for employees' career formation



FY2022 Career Training  
(In-person training as well as lectures by internal instructors)

YKK hosts career training for all employees in Japan at each “milestone” age, such as 30 and 40, as support for employees to walk through their careers according to their own thinking. While reflecting on their own careers up to that point, employees gain a new awareness of changes in the environments inside and outside the company and think about how they want to work while placing importance on their own strengths and values in the future, while taking into consideration the things that each generation faces. As a first-time measure for young employees in FY2022, we held an online seminar to bring together employees who have been at YKK for three years to reflect on their own growth and discover enthusiasm in their work as well as think about a career plan for the future.

### <Contents of the training (Example)>

- Reflect on work, and take the initiative to think about its significance, your motivation, and your relationship with people around you
- Self-understanding, reexamining turning points
- Understanding past/future environments
- Money and life plan
- Clarify the ideal self and create an action plan

Our aim is to enable employees and the company to grow together by building a foundation for the formation of careers by each employee in preparation for the future and striving for self-fulfillment.

# Diversity & Inclusion

## Fundamental Approach

Diverse human assets work at YKK, which has been expanding globally, with each person exhibiting their respective skills, experiences, and other strengths of their diverse backgrounds based on their age, gender, or nationality. Following the mobilization of highly diverse human assets, at YKK we are aiming to achieve diversity and inclusion in which our human assets function organically to strengthen business competitiveness.

## FY2022 Initiatives

We are working on designing a fair system that accepts various working styles, to make it possible for diverse human assets to fully utilize their abilities and form their long-term careers. To avoid losing employees who must accompany a spouse transferred to another location, YKK looked into a program for employees to take extended leave for a certain period of time, which led to the adoption of the Life Design Support Leave Program launched in FY2023. We are not only encouraging employees to work from home as well as to use staggered work schedules, flex time, and other flexible works styles, but are also working to create a mechanism for YKK to be a company at which each employee can enjoy work and feel motivated.

### Related data: YKK Corporation

	Unit	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022
Average working hours	hours	1,952	1,894	1,650	1,842	1,828
Paid vacation utilization rate	%	79.5	85.9	77.7	83.7	85.0
Ratio of male employees taking childcare leave	%	31.4	34.5	46.2	69.6	61.7
Childcare system users	people	153	188	175	187	192
Nursing care system users	people	5	11	6	8	5
Flex time system users	people	377	340	548	698	943
Female managers	people	47	51	53	54	68
Female management rate	%	5.7	5.9	6.1	7.0	8.5
Employment rate of people with disabilities YKK Corporation	%	2.15	2.24	2.30	2.49	2.54
Employment rate of people with disabilities YKK Group	%	2.40	2.45	2.50	2.52	2.63

### Points of focus

## Promotion of the active participation of diverse human assets

In order to achieve “creativity to realize a sustainable society,” the most important point of the 6<sup>th</sup> Mid-term Management Plan, we have added “diverse human assets” that transcend age, gender, and citizenship, etc., including abolition of the mandatory retirement age, to the four strengths of “product appeal & proposal capability” and “technology & manufacturing capability.”

We define “diverse human assets” as “employees who can contribute to the company using their individual experiences and knowledge.” YKK will find the optimal ways to hire, develop, and utilize such individuals, and will strive to establish an environment in which they can work without reserve. As a company-wide management strategy, YKK launched a Diverse Human Resources Promotion Committee, with the President serving as chair of the committee in FY2021 and established a system for dynamic and effective examination of matters aimed at resolving issues, in order to evolve and accelerate active participation of diverse human assets.

## COLUMN

## Introduction of an internal hiring system

We introduced an internal hiring system in FY2021 as a program to transfer human assets based on the will of the employee for the purpose of further improving the career autonomy of every employee. Thus far, 74 employees have transferred to another role. This hiring program was held twice in FY2022 to expand the areas where diverse human assets could actively participate and take on challenges to realize their own goals. YKK will take full advantage of the internal hiring system as it works to build an enthusiastic workplace for all employees.

## Promotion of hiring of people with disabilities – Special-purpose subsidiary YKK Rokko Corporation –



Exterior of YKK Rokko Corporation

YKK Rokko Corporation is the YKK Group's special-purpose subsidiary that was founded in 1998. Beginning from a printing business, the company subsequently expanded, with site business, zipper and window sample production, and other YKK Group business as its core. The company employs people with a variety of disabilities.

We strive to create a place in which individuals with severe disabilities can also work without worry, and to establish a thoroughly barrier-free environment, and otherwise aim to expand our range of business. In addition, we visit regional facilities for people with disabilities and conduct interviews, and share information on the facility via our website, etc., and are proactively interacting with the community.

## Promotion of initiatives to support development of the next generation



Acquired Platinum Kurumin Certification in 2018

YKK supports the active participation of women, while at the same time supporting efforts to make it possible for people with restrictions to continue working as well, by enabling each employee to independently manage life and work and seek fulfillment in both. Actively establishing a wide range of programs and engaging in other such efforts to support the development of the next generation were recognized and YKK acquired Platinum Kurumin Certification in 2018.



Tampopo Child Center: Providing an environment for children to grow in a healthy manner

In addition, YKK Real Estate, a Group company located in Toyama Prefecture's Kurobe City, YKK's technological headquarters, is building a Passive Town\*, and in 2016, YKK Real Estate opened Tampopo Child Center, YKK's first in-house childcare facility. It has been operated to support the early return to the workplace of employees who have given birth and to support working styles that do not view raising children as a handicap. Tampopo Child Center was relocated to Passive Town Block 4, and newly opened in March 2022, with the aim of ensuring safety when children are dropped off or picked up, further enhancing the environment suited to care in which children interact with nature, and responding to the trend toward increase of people wanting to be admitted, etc. In the future as well, we will strive to increase convenience further, and support employees' ease of work.

\*Passive Town is an initiative to propose low-energy community-building and home-building that is suited to a sustainable society through passive design that utilizes Kurobe's natural energy sources to the fullest rather than relying excessively on energy consumption.

# Industrial Health and Safety

## Fundamental Approach

In 1994, the YKK Group formulated the YKK Group Health and Safety Declaration as the universal policy that indicates the direction each company should move in its efforts. We implement a variety of health and safety activities aimed at the formation of a workplace where people can work in safety and without worry, by getting each employee to align himself or herself with the stipulations of the Declaration, have strong self-awareness regarding health and safety, and take health and safety into consideration.

## FY2022 Initiatives

Every YKK Group employee strives in health and safety efforts emphasizing safety above all.

We are expanding the risk assessment procedure for each operational step done in Japan to other countries in an effort to prevent occupational accidents caused by machines (especially during maintenance work). In Japan, YKK conducts patrols as one activity to raise awareness toward eliminating unsafe actions by each and every employee. We are also enhancing our traditional hazard experience training to further improve our people's sense of danger.

## Creation and operation of the occupational health and safety management system

YKK has created an occupational health and safety management system at all its production sites in Japan and overseas and is striving to adhere to the stipulations of the relevant laws, regulations, and restrictions, etc., related to occupational health and safety, and to prevent industrial accidents.

## Fire/disaster prevention measures

YKK has thoroughly implemented fire/disaster prevention measures and is addressing the matter with human life as the top priority.

### YKK 6<sup>th</sup> Mid-term Health and Safety Policy (FY2021-FY2024)

#### Safety above all

YKK places the highest priority on safety to improve the health and safety of its employees. We will promote the creation of a safe and secure work environment and good health by ensuring that everyone has a strong awareness of health and safety and that all employees participate in health and safety activities.

#### Guidelines for Action

- Create a safe and secure work environment  
We will identify potential risks and strengthen risk reduction measures.
- Raise awareness of safety  
We will enhance each employee's awareness of safety and improve the capabilities of workplace managers.
- Maintain and improve safety management level  
We will establish an occupational health & safety management system and promote ISO 45001.
- Promote corporate efforts for disaster prevention  
We will strengthen fire prevention and disaster prevention system to eradicate fire breakouts.

April 1, 2021

**Hiroaki Otani**  
President  
YKK Corporation

### 2023 YKK Health and Safety Objectives

#### Safety above all

#### Industrial Safety Zero occupational accidents

##### 1 Create a safe and secure work environment

- Comply with health and safety related laws and regulations, as well as YKK Health and Safety Standard and other regulations
- Identify and evaluate the source of hazards and put in place comprehensive mitigation measures (operational focus: machine maintenance)
- Improve the workplace environment by strengthening chemical substance management

##### 2 Raise awareness of safety

- Promote safety activities from the top down (conduct patrols by top management)
- Enhance the health and safety knowledge and management skills of workplace managers (leaders)
- Improve employee's awareness of safety

##### 3 Maintain and improve safety management level

- Use the occupational health and safety management system
- Take advantage of information about accidents to prevent similar incidents

#### Fire prevention Zero fires

##### 1 Ensure to spread the measures to prevent fire breakouts

- Thoroughly build awareness about fire prevention and utilize risk survey results

##### 2 Enhance the system to respond quickly and smoothly

- Prepare fire-fighting systems and procedures to take clear action in the event of a fire

## Industrial injury statistics \*Fastening business and other businesses related to business operations

Industrial injury statistics		FY2018	FY2019	FY2020	FY2021	FY2022
Domestic	Frequency rate (1 day or more of absence from work)* (Permanent employees)	0.83	0.38	0.22	0.00	0.24
	* Frequency rate: Metric to show the frequency of industrial injuries	$\frac{\text{Number of employees on leave due to industrial injuries}}{\text{Total actual working hours}} \times 1,000,000$				
Overseas	Injuries and deaths per 1,000 (1 day or more of absence from work) * Permanent employees and dispatched workers	2.1	1.7	1.7	2.1	2.6
	* Injuries and deaths per 1,000: Percentage of industrial injuries and deaths per 1,000 workers per year	$\frac{\text{Number of employees on leave due to industrial injuries per year}}{\text{Average number of employees per year}} \times 1,000$				

### COLUMN

## YKK Group Safety Patrol Days (patrols by top management)



Safety patrol by YKK President Hiroaki Otani

The President, plant managers, and other top management conduct safety patrols twice each year at YKK Group companies on Safety Patrol Days to create momentum in the health and safety activities done by every employee and improve every employee's awareness of safety.

As an effort that began in FY2017, this initiative has expanded the roughly 80% participation rate on the initial year to a 100% participation rate as of FY2022.

These patrols are carried out while focusing on particular points of emphasis\* set by the headquarters based on data, such as the past trends of past occupational accidents. The initiative analyzes the trends at each company as well as makes sure the problem points identified during the patrols are rectified.

\*(Example) Confirmation of safety guards on equipment, devices and other machines, state of lock out/tag out procedures, state of fall prevention measures, level of chemical substance management, etc.

# Employee Health

## Fundamental Approach

YKK established the [Health Declaration](#) to designate employee health as a management issue and clearly share its approach both inside and outside the company. [The YKK Group Health Promotion Committee](#), which is made up of personnel departments, industrial physicians, the YKK Health Insurance Society, other health related functions, and persons with responsibility for promoting health in individual businesses, promotes health management such as reducing lifestyle-related diseases and mental health issues.

## FY2022 Initiatives in Japan

In FY2022, we worked on five priority measures. (1) In regard to the reduction of lifestyle-related diseases, we implemented initiatives to achieve a health checkup implementation rate of 100%, and a specific health check-up implementation rate of 90%, a specific health guidance implementation rate of 50%, and a smoking cessation toward a smoking rate of 20% or less. (2) In regard to preventing psychological disorders, we provided training to applicable employees, conducted interviews with individuals who were identified as having a high stress level in the stress check, and carried out activities to improve the workplace environment. (3) The company collaborated with health management centers to promote support for balancing the treatment of illnesses and work. (4) In order to strengthen the health management system, we promoted the creation of a system that enables all employees to receive services from the healthcare staff. (5) We sponsored health promotion campaigns with an aim to raise awareness about exercise habits with a more than 75% participation rate, which was our target. These initiatives resulted in YKK being named a 2023 Certified Health & Productivity Management Outstanding Organization.

### Related data YKK Corporation and affiliated companies in Japan

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Percentage of people taking the stress check	%	99.0	99.7	98.9	98.5	98.9
Percentage of people who exercise regularly (Exercise for 30 minutes or more a day for once or more a week)	%	41.4	42.6	47.1	46.9	47.5
Percentage of people with metabolic syndrome	%	13.9	14.9	16.2	15.2	-*
Percentage of people targeted for special health guidance	%	17.8	18.5	19.4	18.5	-*
Percentage of people undergoing special health guidance	%	50.2	54.6	51.9	50.5	-*
Percentage of smokers	days	23.0	22.2	21.3	20.7	19.8
Long-term leave days (leave of absence)	days	9,308	9,008	8,397	9,821	9,601

\* Numbers for FY2022 are still being aggregated

### COLUMN

## Main KPI: Implementation of Health Promotion Campaign 2022 in Japan

The lack of exercise is one YKK employee health issue. We conduct a “Health Promotion Campaign” aimed at making improvements to individual lifestyles with the goal of a participation rate of at least 75%.

The “All New Health Promotion Campaign” lets each person select a diet, exercise, or lifestyle course that is right for them to take on the two-month challenge using the targets tailored to diverse lifestyles. As of FY2022, YKK has also introduced an online format as an innovation to make participating in the campaign even easier.

### Participation rate

FY2018	FY2019	FY2020	FY2021	FY2022
41.3%	52.8%	68.0%	60.5%	66.5%



Campaign brochure

## Main KPI: Implementation of a smoking cessation campaign in Japan

YKK recognizes the high rate of smokers as a problem and is undertaking various measures with a target for 20% or less of all employees to be smokers. In FY2022, we conducted the smoking cessation campaign twice, and the company-wide no-smoking days six times. We also provide support to individuals who take on the “Smoking Cessation Challenge” to quit smoking. YKK has successfully prohibited smoking indoors as of the end of FY2022 and will now aim to prohibit smoking anywhere on the premises by the end of FY2024.

- FY2022 smoking cessation campaign May 23 - June 30, 2022/December 19, 2022 - January 31, 2023
- FY2022 company-wide no-smoking day May 31, July 22, September 22, November 22, January 23, March 22
- Smoking prohibited indoors (as of the end of FY2022)

# Human Rights

## Fundamental Approach

The YKK Group adopted a Human Rights Policy Statement and conducts business activities that respect human rights.

### YKK Group Human Rights Policy Statement

#### ● Values

The YKK Philosophy Cycle of Goodness® is core to all YKK Group business activities.

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 as a member of the society. 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.

Everyone at the YKK Group takes responsibility in its actions toward society to engage in business activities in line with this philosophy. As part of this philosophy, the [YKK Group Code of Conduct](#) consists of seven principles and 29 detailed rules that define the Guidelines for Action shared and recognized by YKK Group employees in each country and region around the world. The Guidelines for Action clearly prohibit human rights violations and discrimination for any reason, and the Human Rights Policy Statement supplements our commitment to respect people as one of the core principles in the YKK Group Code of Conduct.

#### ● Scope

The Human Rights Policy Statement applies to all YKK Group executives and employees. If the YKK Group businesses, products, or services have the potential to directly and negatively impact the human rights of suppliers and other business partners or anyone else related to YKK Group businesses, products, or services, the YKK Group will ensure respect for the human rights of those individuals, avoid violating those human rights, and do everything in its power to address any negative impact on human rights that comes to light.

#### ● Commitment to respect people

The YKK Group supports and respects international standards on human rights founded in the United Nations Guiding Principles on Business and Human Rights, including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We will always fulfill our responsibility to respect the human rights of every individual affected by any of the YKK Group's corporate and business activities.

YKK will pursue every way possible to fully respect the core international human rights of people even if these international human rights are not properly protected by the laws and regulations in each country and region or in the execution of those laws and regulations.

#### ● Systems and governance

The YKK Group advocates "YKK seeks corporate value of higher significance" as a management principle. 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.

As an organization directly under the YKK Management Council and Board of Directors, the YKK Sustainability Committee chaired by the YKK President addresses human rights and other sustainability issues. This includes not only putting in place and expanding policies to relevant departments and Group companies in Japan and the rest of the world but also carrying out cross-departmental efforts.

#### ● Human rights due diligence

The YKK Group does its human rights due diligence in accordance with the United Nations Guiding Principles on Business and Human Rights. We are able to identify any negative impact on human rights through this framework to reduce and prevent any human rights violations from happening.

#### ● Human rights education

The YKK Group provides the proper education and training to executive officers and employees as well as works with business partners and other stakeholders to ensure the Human Rights Policy Statement is incorporated in and effectively used in all corporate activities.

#### ● Corrective and remedial measures

If it is discovered that the YKK Group has or helped negatively impact the human rights of a person through its businesses, products, or services, we will do everything in our power to sincerely address the issue with all related parties and take action to correct the corporate activity responsible for that negative impact. If it is discovered the YKK Group businesses, products or services have or potentially have directly and negatively impacted human rights through someone acting on its behalf, we will strive to take remedial action through the relevant parties. YKK is also working to build a system that can receive concerns and claims from its stakeholders in an effort to solve and rectify any issues through an internal and external reporting and consultation service available to anyone whose human rights have or may have been negatively impacted.

#### ● Ensuring transparency and communication

The YKK Group regularly evaluates the progress and makes improvements to its human rights initiatives. We also disclose the progress of these initiatives on company websites, in reports, and through other communication tools.

The YKK Group will properly respond to the impact its business activities have on human rights based on the changes in its businesses and the business environment while enhancing initiatives related to the Human Rights Policy Statement to understand, take action, and improve those business activities from the perspective of the people impacted by them.

#### ● Ongoing initiatives to respect people

We will properly respond to human rights issues according to the changes in our businesses and the business environment as well as appropriately revise our policies in order to not only continue but strengthen our future human rights initiatives.

## FY2022 Initiatives

The YKK Group Human Rights Policy Statement has also been updated to better suit modern times and reaffirm the company's approach to respecting people as well as identifying and rectifying any human rights risks. We performed YGCC self-checks and on-site audits at all applicable locations, and identified the level of CSR procurement carried out by our suppliers and other business partners in an effort to continually identify and evaluate human rights risks. YKK responds to any issues that are found to correct those issues and reduce human rights risks.

### Related data

	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
YGCC third-party audits performed	cases	16	13	6* <sup>1</sup>	9* <sup>1</sup>	16
People receiving harassment training/compliance training (Total number of people)* <sup>2</sup>	people	172	598	183	89	209
Whistleblowing cases reported* <sup>3</sup>	cases	25	31	20	16	19

\*<sup>1</sup> Only performed at the bare minimum required number of companies due to the impact of the COVID-19 pandemic in FY2020 and FY2021.

\*<sup>2</sup> Target companies: YKK Corporation, YSF, BSI, domestic affiliated companies.

\*<sup>3</sup> Total cases for domestic YKK Corporation, affiliated companies, employees on overseas assignment (YKK Corporation). Excluding YKK AP.



# Supply Chain Management

## Fundamental Approach

The YKK Group adopted the following Procurement Policy so that it can fulfill its social responsibilities throughout the supply chain.

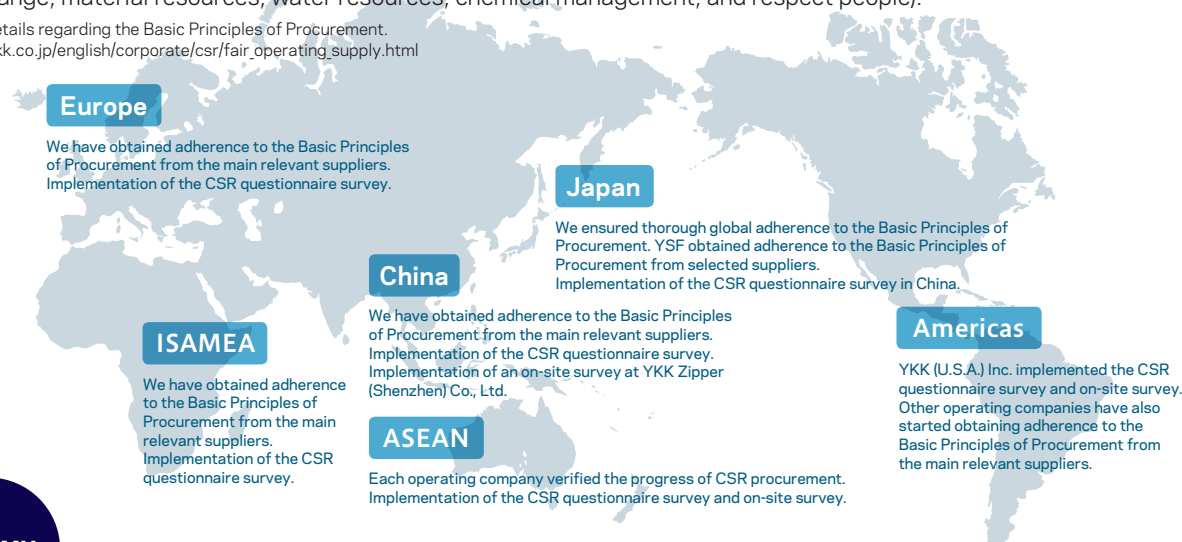
### YKK Group Procurement Policy

Ever since YKK’s founding, we have based our business activities on the conviction, under the Cycle of Goodness® YKK Philosophy, that an enterprise is an important member of society, that it must thereby coexist with other elements of society, and the value of its existence will be recognized by the benefits it shares with society. The belief behind this is that no one prospers without rendering benefit to others. We carry out business activities with the aim of bringing mutual prosperity, and our intent is that innovative ideas and inventions will result in business expansion for the YKK Group, which in turn would bring prosperity to customers and business partners, and thus benefit all society. This is none other than our execution of corporate social responsibility.

## FY2022 Initiatives

We undertake CSR procurement in the Fastening Business so that we can fulfill our social responsibilities throughout the entire supply chain. In all processes, from raw materials to finished products, we take measures to procure materials that do not contain hazardous substances and to procure goods that were produced through appropriate manufacturing processes and labor environments. We continuously administer CSR procurement questionnaires to determine the CSR conditions of suppliers and provide feedback on the evaluation results. We also make visits and conduct interviews as necessary to encourage suppliers to make improvements. Further, recognizing that our partnerships with our trading partners are important, and so that we may promote mutual understanding with them, the YKK Group has specified our requests as “Basic Principles of Procurement”. We ask for their understanding and assent, and we hope that they will join us in the fulfillment of our responsibilities to society. We have also been enhancing our supplier engagement activities since FY2022 to build cooperative relationships with our business partners in the hope of achieving the targets set for the five themes identified in the YKK Sustainability Vision 2050 (climate change, material resources, water resources, chemical management, and respect people).

\*See here for details regarding the Basic Principles of Procurement.  
[https://www.ykk.co.jp/english/corporate/csr/fair\\_operating\\_supply.html](https://www.ykk.co.jp/english/corporate/csr/fair_operating_supply.html)



**COLUMN**

## Selected as a Supplier Engagement Leader

In the Supplier Engagement Rating 2022, CDP selected YKK as a company for its Supplier Engagement Rating Leaderboard for the first time. The CDP praised and designated our company a global leader for initiatives ranging from the governance and targets to reduce GHG emissions throughout the entire supply chain to cooperative efforts to reduce GHG emissions with suppliers. In December 2022, the CDP also gave YKK an “A-” on its FY2022 climate change questionnaire. We will continue our work to combat climate change to achieve the Paris Agreement and provide transparent information disclosure with the aim of receiving the highest “A” rating.



# Quality

## Fundamental Approach

In order to provide new value for the needs of customers and society, we are fastidious about quality in the entire process, from development to manufacturing, sale, and after-service. In the fastening business, including overseas, we have acquired ISO 9001 certification, continued to improve our quality management system, and established global quality standards, and provide our customers with products that all meet the same standard of quality.

## FY2022 Initiatives

In FY2022, under the 6<sup>th</sup> Mid-term Quality Policy, we focused on providing safe and worry-free services, contributing to a sustainable society by reducing the environmental impact/burden of chemical substances, and achieving the highest quality at the lowest cost through promotion of quality cost management. We have promoted activities to mitigate quality risks in each process, revised the YKK Restricted Substance List (YKK RSL) to strengthen the chemical management of products, and have fully rolled out quality cost management to 15 main locations around the globe.

### YKK 6<sup>th</sup> Mid-term Quality Policy




Under our 6<sup>th</sup> Mid-term Management Vision, “Technology-Oriented Value Creation,” YKK will continue to focus on quality in order to meet diverse customer needs and acquiring customers, providing safe, reliable, better products and services at a lower cost and greater speed, more sustainably.

#### Guidelines for Action

- We will provide safe and reliable products and services that sincerely satisfy our customers in all processes from research and development to manufacturing, sales, and after-sales service, by being sensitive to the voices of our customers and the needs of society.
- We will contribute to the realization of a sustainable society by minimizing the impact and load on the environment in order to leave a rich life for future generations.
- We will promote quality cost management and make fundamental improvements and upgrades to address quality issues through technology to achieve “the highest quality at the lowest cost.”

April 1, 2021  
**Hiroaki Otani**  
 President, YKK Corporation

## Status of acquisition of quality-related certification

Certifications	Overview
ISO9001 / ISO14001 / ISO45001 	YKK has acquired ISO 9001, ISO 14001, and ISO 45001 certification at many of its business sites. *Please inquire for more information about the certification status of each business site.
OEKO-TEX® STANDARD 100 	OEKO-TEX® STANDARD 100 is one of the world's best-known labels that certifies only textiles that have passed strict tests for over 350 harmful substances as safe products. ( <a href="https://www.oeko-tex.com/en/">https://www.oeko-tex.com/en/</a> ) Many YKK business sites have acquired STANDARD 100 by OEKO-TEX® Product Class I certification. See <a href="https://www.oeko-tex.com/en/buying-guide">https://www.oeko-tex.com/en/buying-guide</a> for the latest information. In 2017, YKK received the Grand Prize, the highest award, at the JAPAN OEKO-TEX® AWARD 2017 ceremony. *OEKO-TEX is a registered trademark of ÖTI-Institut für Ökologie, Technik und Innovation GmbH.
bluesign® system 	*The bluesign® system is a system to certify sustainable supply chains in the textiles industry from the perspectives of the environment, labor, and consumers. YKK has been certified as a bluesign® system partner. See the YKK Digital Showroom ( <a href="https://ykkdigitalshowroom.com/jp/b1f/eco-friendly_products/bluesign_approved/">https://ykkdigitalshowroom.com/jp/b1f/eco-friendly_products/bluesign_approved/</a> ) for details on products that have received the bluesign® certification (zippers, vinyl parts). *bluesign is a registered trademark of bluesign technologies.

## COLUMN

## World Quality Month 2022 contest



YKK Colombia entry winning the grand prize

YKK has designated November as its quality month every year and promotes a wide range of activities to raise awareness about quality. The theme for FY2022 was “Totally Quality -New Quality Paradigm.” This program solicits works that raise employee awareness from manufacturing sites around the world and hold a contest. Participants then vote to select a winner. In FY2022, YKK Colombia S.A.S. won the grand prize from among all 41 entries.

## Restart of in-person quality inspections at overseas production sites



In-person inspection starting again at YKK Vietnam Co., Ltd.

The Head Office Quality Control / Assurance Department conducts quality inspections at each site in order to monitor the quality control system at production sites deployed around the world. YKK had been conducting remote inspections due to the spread of the COVID-19 infection. As of November 2022, we have begun in-person inspections again at YKK Vietnam Co., Ltd. In FY2022, we conducted inspections at P.T. YKK Zipper Indonesia, YKK Vietnam Co., Ltd., YKK Italia S.p.A., and seven other sites, and are striving to maintain and manage appropriate production activities.

# Governance

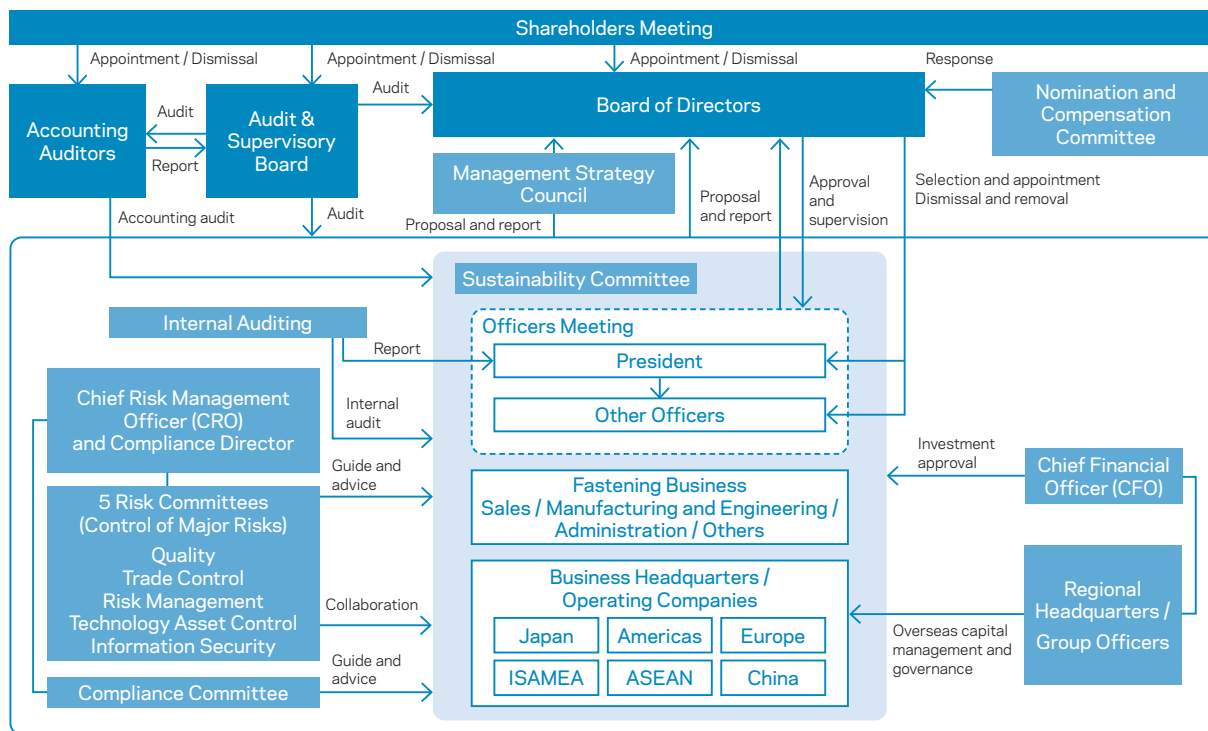
## Corporate Governance

### Fundamental Approach and System

The philosophy of the YKK Group in conducting our corporate activities is based on the philosophy of the Cycle of Goodness®. In other words, “No one prospers without rendering benefit to others.” This principle of consistent fairness is the foundation of all our management activities. In line with these ideas, we are working to enhance our corporate governance system with the aim of further increasing corporate value.

The governance structure of the Fastening Business, which is the mainstay of YKK Corporation, is as follows.

#### Fastening Business Corporate Governance Structure



### Internal Control Systems Related to the Execution of Operations

- The company’s directors establish the Board of Directors regulations and other necessary internal rules and otherwise conduct business appropriately in compliance with laws, regulations, and the articles of incorporation.
- The company established its Management Strategy Meeting to make careful decisions after thoroughly discussing, from multiple perspectives, the YKK Group Management Principles, management policies, management strategies, and important matters for resolution by the Board of Directors, etc.
- Important committees are established to appropriately deliberate, manage, and oversee important issues related to management. Based on the basic policy of contribution

to creating a sustainable society, the Sustainability Committee that was established in FY2021, reports to the Management Strategy Meeting, under which it was established, on the progress of relevant policies from the perspective of achieving the YKK Sustainability Vision 2050 targets.

- As for the management structure in the Fastening Business, there is a clear separation between role of governance by the regional business headquarters and the role of promoting business through supervision in each business region in light of the characteristics, etc., of products and commercial distribution.



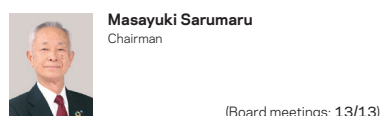
The status of the internal control structure and operation has been disclosed on page 40 of the 88<sup>th</sup> annual securities report (in Japanese only).

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

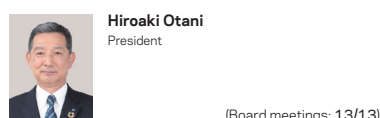
## State of Directors and Audit & Supervisory Board Members (as of June 29, 2023)

The company selects inside directors from the perspective of global business management that is critical to the Group's consolidated management. We have selected two outside directors to obtain advice and oversight related to the company's management, based on a broad range of insight and abundant experience from the perspective of enhancing corporate governance. In addition, we have selected Audit & Supervisory Board members who have the appropriate experiences and abilities and the necessary knowledge regarding finance, accounting, and legal affairs.

(Numbers in brackets are board attendance in FY2022) \*1. Outside director \*2. Outside auditor



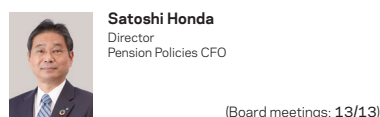
After working for many years in the fastening business, including being stationed in the United States, became a director of the company in June 2008. Served as president of the company from June 2011 to March 2017. Appointed Representative Director and Chairman (Chairman of the Board) in June 2018.



After working for many years in the fastening business, including being stationed in China, became a director of the company in June 2014. Appointed president of the company in April 2017.



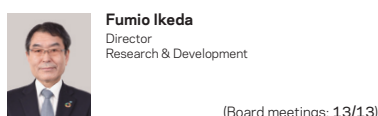
After working for many years in the fastening business, including being stationed in Europe, China, and Asia, became executive vice president over the Fastening Products Group of the company in April 2017. In June 2018, became a director of the company.



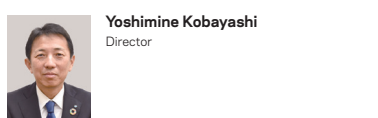
After working for many years in corporate planning, including being stationed in the United States, was appointed executive vice president over business administration in April 2019. Became director of the company assigned to pension policies and was appointed Chief Financial Officer (CFO) in June 2020.



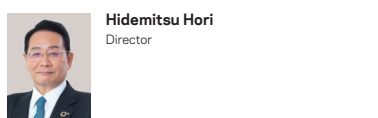
After working in the United States, was appointed vice president over the Legal and IP Center in April 2010. In June 2022, became compliance director and CRO (Chief Risk Management Officer).



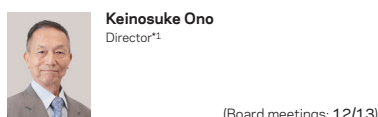
After working for many years in the company's Machinery and Engineering Division, including being stationed in the United States and Asia, was appointed executive vice president over the Machinery & Engineering Group in April 2017. In June 2018, became a director of the company.



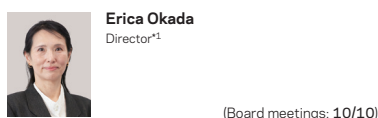
After working for many years in the company's Machinery and Engineering Division, including being stationed in the United States and Asia, was appointed executive vice president over the Manufacturing & Engineering Division in April 2023. In June 2023, became a director of the company.



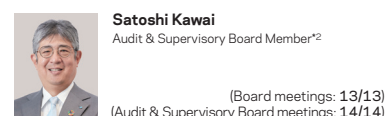
After working in the United States, served as vice president of YKK AP Inc. from April 2007, then was appointed director of the same company in June 2009, president in June 2011, and Chairman Representative Director in April 2023. In June 2023, became a director of the company.



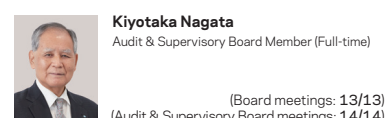
Has served as a professor at Keio University and Chubu University, has a deep understanding of management and experience as an outside director for other companies. In June 2007, appointed as an outside director.



Has conducted research related to consumer behavior for many years at universities and graduate schools in Japan and overseas, giving her a high level of expertise related to marketing. Also has experience as an outside director for other companies. In June 2022, appointed as an outside director.



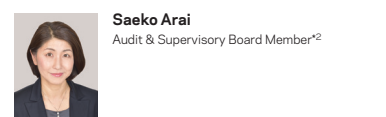
In addition to having served as an attorney in legal work for many years, has experience as an outside director for other companies. In June 2004, appointed as an outside Audit & Supervisory Board member.



After working for many years in the company's accounting and finance division, served as head of the Internal Auditing Department. In June 2013, appointed as a full-time corporate auditor.



In addition to having served as an attorney in legal work for many years, has experience as an outside director for other companies. In June 2016, appointed as an outside Audit & Supervisory Board member.



Possess specialized knowledge as a certified public accountant and has experience as an outside director for other companies. In June 2023, appointed as an outside Audit & Supervisory Board member.

### Skill Matrix

Type	Name	Company Management	Global	Specialist Fields				
				Sales/Marketing	Manufacturing/Engineering	Financial/Accounting	Organization/HR	Legal/Compliance
Director	Masayuki Sarumaru	●	●	●			●	
	Hiroaki Otani	●	●	●				
	Koichi Matsushima	●	●	●				
	Satoshi Honda		●			●	●	
	Katsuya Yumoto		●					●
	Fumio Ikeda				●			
	Yoshimine Kobayashi		●		●			
	Hidemitsu Hori	●	●	●		●		
	Keinosuke Ono (Outside)	●	●	●		●	●	
	Erica Okada (Outside)	●	●	●			●	
Audit & Supervisory Board Member	Satoshi Kawai (Outside)		●					●
	Kiyotaka Nagata					●		
	Naoki Yanagida (Outside)							●
	Saeko Arai (Outside)	●	●			●		

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

Total number	54
Number and ratio of female officers	4 (7.4%)
Number and ratio of foreign national officers	2 (3.7%)

Note: The text on the left does not include all the specialized expertise, knowledge, and experience of the individuals concerned.

## The History of the Strengthening of Corporate Governance

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

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

	Overview	Number of meetings in FY2022
<b>Board of Directors</b>	Composed of ten directors, two of whom are outside directors. In accordance with the Companies Act and the YKK Board of Directors regulations, the Board of Directors provides a wide range of oversight from overseeing basic Group management policies, mid-term management plans and annual business plans to important investments, basic policies on personnel systems, risk management, basic compliance policies and all other matters related to decision-making and the progress of business execution by the Directors and Vice Presidents of YKK and its subsidiary companies.	13 times
<b>Audit &amp; Supervisory Board</b>	Composed of four corporate auditors (three of whom are outside auditors). Evaluates auditing policies and audit plans, the status of establishment and operation of internal control systems, accounting auditors, etc.	14 times
<b>Nomination and Compensation Committee</b>	Established as an advisory committee for the Board of Directors. Deliberates on policy and systems related to the compensation of directors, vice presidents, etc., criteria and amounts of compensation, establishment, revision, and abolition of internal rules for compensation, and matters related to evaluation of performance, etc., and reports the results to the Board of Directors. Composed of five members, two of whom were outside directors, in FY2022. Nominates candidates for director and corporate auditor, appoints vice presidents and specialized officers, revises internal rules, and reviews performance evaluations and other such matters.	10 times
<b>Management Strategy Council</b>	Makes careful decisions after thoroughly discussing, from multiple perspectives, the YKK Group Management Principles, management policies, management strategies, and important matters for resolution by the Board of Directors, etc.	13 times

## Directors and Corporate Auditors' Remuneration

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

The composition of officer compensation and the amount of compensation have been disclosed from page 44 of the 88<sup>th</sup> annual securities report (in Japanese only).



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

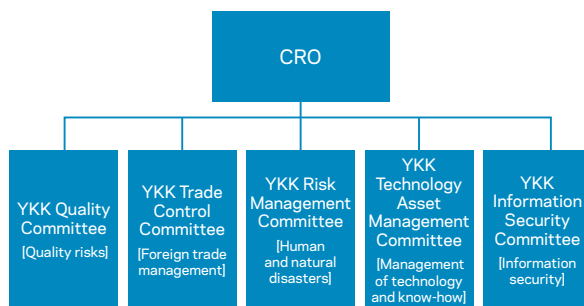
# Risk Management

## Fundamental Approach and System

YKK has established a Group Risk Management Policy and is engaged in risk management. A Chief Risk Management Officer (CRO) has been appointed to promote risk management. Various committees – Quality Committee, Foreign Trade Control Committee, Crisis Management Committee, Technical Asset Management Committee, and Information Security Committee – have been established, with regulations on risk management adopted and enforced. Furthermore, a Chief Financial Officer (CFO) has also been appointed, and a system established for appropriately managing financial and investment risks at YKK. In addition, YKK has established "Risk Response Guidelines" to ensure that it responds appropriately and promptly to any risks that may arise.

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

### ▶ Risk Management Structure



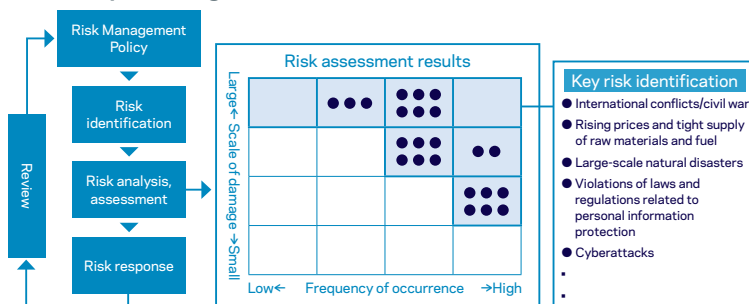
## Risk Assessment Process and the Flow of Identifying Key Risks

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

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

Details of risk analysis have been disclosed from page 22 of the 88<sup>th</sup> annual securities report (in Japanese only).

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



### ▶ Risk Item Classification

<b>Financial risks (Responsibility of each assigned department)</b>	Fluctuating exchange rates, projected benefit obligations, drop in the share prices of held stock, etc.
<b>Risks in specialized fields (Responsibility of each assigned department)</b>	Outbreak of disease, the Anti-monopoly Act/Subcontract Act, transfer pricing taxation, infringing on third-party patents or having YKK patents infringed on, bribery, response to more stringent environmental regulations, workplace injuries, etc.
<b>Risks addressed by the committee (Responsibility of each Risk Committee)</b>	International conflicts/civil war, large-scale natural disasters, violations of laws and regulations related to personal information protection, cyberattacks, terrorism/demonstrations, product defects/recalls, fires/explosions, technology leaks, etc.
<b>Risks in the execution of business (Responsibility of the person responsible at each division)</b>	Rising prices and tight supply of raw materials and fuel, declining demand/sluggish economy/intensifying competition, failed capital investments, delayed response to technological advancements, failed marketing/delayed entry into markets, delayed development of human assets, rumors, etc.

## Compliance

### Fundamental Approach and System

YKK considers compliance as “responding to societal demands.” Which means, in addition to abiding by laws, regulations, and internal rules, the company must conform to social standards when conducting business activities. The company has appointed a Compliance Director and established a Corporate Legal and Compliance Group under the Officer in charge of compliance. They work with external advisors to maintain a compliance system for YKK. In addition, a Compliance Committee was established to undertake appropriate compliance promotion measures from the perspective of business management and to deliberate on the operational status of compliance and responses to issues, and the latest regulatory developments.

### YKK Group Code of Conduct

The YKK Group Code of Conduct that was revised in June 2021 is composed of seven principles and 29 detailed rules. They use as reference and conform to the Ten Principles of the UN Global Compact and the eight fundamental conventions of the International Labour Organization (ILO). They are also linked to the SDGs. We will work to ensure that every one of our employees implements the YKK Group Code of Conduct to “build trust, transparency and respect” with all our stakeholders, as stipulated in our Core Values.

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

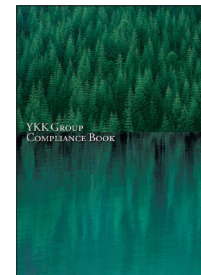
#### Seven Principles of the YKK Group Code of Conduct

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

### Revision and Distribution of the Compliance Book

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

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



### YKK Global Criteria of Compliance (YGCC)

YKK established the YKK Global Criteria of Compliance (YGCC) to ensure that YKK deploys and carries out proper and effective compliance programs to conduct transparent business activities. Based on the YGCC, each YKK Group company in the world conducts internal and external audits of management systems, human rights, labor practices, the environment, health and safety, and fair business practices, working to strengthen and continuously improve YKK’s compliance system. The standards are regularly revised based on the societal demands. In FY2023, we updated the YGCC to version 4.0 and audits are being conducted according to the new standards, which are in line with current trends.



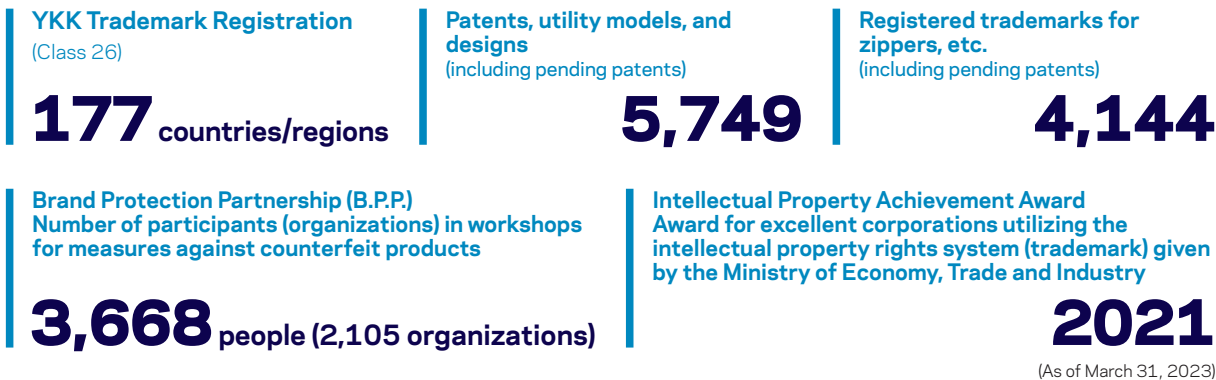


# Intellectual Property Management

## Fundamental Approach and System

YKK conducts intellectual property activities on a global basis as part of its business activities. Intellectual Property Department sites are located at the Kurobe Manufacturing Center, as well as in China, Singapore, England, and the United States. A system that can deal appropriately with requests and consultations from business and development departments in any country or region of the world has been established. Under this system, in the event, for example, that an invention is created at a development site somewhere in the world, it is promptly reported to the Patent Review Committee in Japan and the optimal rights are secured in accordance with YKK business strategy. In addition, when enforcing rights against a patent infringer or company making similar products, etc., the Intellectual Property Department in each country/region collaborates with the business division to devise measures concurrently for the country where the violating items were manufactured and the country in which they were distributed. This is to ensure that customers purchase authentic products, etc. Moreover, with the Trademark Committee in Japan taking the lead, we manage and operate trademarks including NATULON® and AcroPlating®, according to standardized Group rules so as to increase value from the perspective of the intellectual property under the YKK brand. In addition, to effectively promote measures against counterfeit products, we have established a Brand Counterfeit Product Countermeasures Committee in the company. We also partner with customers and many other companies and organizations outside the company to operate a Brand Protection Partnership (B.P.P.), an association for the exchange of opinions on measures against counterfeit products.

## Status of Trademarks/Patents



### Strategic Intellectual Property Protection Initiatives

YKK generally files patents for its inventions to maximize the protection of original products and equipment, which are key to the unique ideas and technology capabilities of the company, through intellectual property rights. One intellectual property strategy is to file bundled patents to acquire multiple patent licenses for a single product. For example, the AiryString® zipper has received a primary patent for an element sewing method as well as multiple secondary patents. These types of patents protect original products born from YKK technology capabilities while preventing counterfeit products and ensuring the high-quality products that our customers can use with confidence.



# Financial Information

## YKK Group Consolidated Financial Information

### Consolidated Balance Sheet

(Millions of yen)

	Prior Fiscal Year (Ended March 31, 2022)	Current Fiscal Year (Ended March 31, 2023)
Assets		
Current assets		
Cash and deposits	266,275	298,450
Notes, accounts receivable, and contract assets	196,130	209,407
Securities	4,218	4,162
Inventories	165,982	191,805
Other	35,600	31,290
Allowance for doubtful accounts	(2,506)	(2,462)
Total current assets	665,701	732,655
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	467,459	481,114
Accumulated depreciation	(314,735)	(330,814)
Buildings and structures, net	152,724	150,299
Machinery, equipment and vehicles	681,971	715,462
Accumulated depreciation	(546,286)	(581,506)
Machinery, equipment and vehicles, net	135,685	133,955
Land	64,833	65,670
Construction in progress	14,765	22,718
Other	124,268	134,067
Accumulated depreciation	(95,035)	(101,682)
Other, net	29,232	32,384
Total property, plant and equipment	397,242	405,029
Intangible assets	26,453	26,783
Investments and other assets:		
Investment securities	35,933	24,235
Deferred tax assets	15,132	15,732
Other	17,452	18,196
Allowance for doubtful accounts	(974)	(1,047)
Total investments and other assets	67,544	57,115
Total noncurrent assets	491,239	488,927
Total assets	1,156,941	1,221,583

## Consolidated Balance Sheet

(Millions of yen)

	Prior Fiscal Year (Ended March 31, 2022)	Current Fiscal Year (Ended March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	76,507	80,219
Short-term borrowings	4,677	5,086
Current portion of long-term loans payable	6	7
Bonds scheduled for redemption within one year	-	10,000
Income taxes payable	6,524	5,469
Provision for bonuses	18,973	17,945
Deposits received from employees	36,707	37,114
Other	69,210	70,731
Total current liabilities	212,606	226,574
Noncurrent liabilities		
Corporate bonds	10,000	-
Long-term borrowings	2,027	2,066
Deferred tax liabilities	7,318	4,232
Retirement benefit liabilities	73,003	61,223
Provision for directors' retirement benefits	509	492
Other	14,212	20,703
Total noncurrent liabilities	107,071	88,718
Total liabilities	319,677	315,292
Net assets		
Shareholders' equity		
Capital stock	11,992	11,992
Capital surplus	35,364	35,390
Retained earnings	761,048	795,861
Treasury stock	(20)	(23)
Total shareholders' equity	808,384	843,220
Accumulated other comprehensive income		
Valuation difference on other securities	13,619	5,822
Deferred gains/losses on hedges	2,872	1,767
Foreign currency translation adjustment	24,086	51,059
Remeasurements of defined benefit plans	(31,306)	(16,298)
Total accumulated other comprehensive income	9,270	42,350
Non-controlling interests	19,608	20,719
Total net assets	837,264	906,290
Total liabilities and net assets	1,156,941	1,221,583

## Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Net sales	797,019	893,226
Cost of sales	518,713	597,301
Gross profit	278,305	295,924
Selling, general and administrative expenses	218,144	239,962
Operating income	60,161	55,962
Non-operating income		
Interest income	1,765	3,410
Dividends income	656	692
Foreign exchange gains	1,072	3,512
Miscellaneous income	3,290	4,219
Total non-operating income	6,784	11,835
Non-operating expenses		
Interest expenses	837	848
Losses on net monetary position	–	2,093
Miscellaneous loss	2,144	4,165
Total non-operating expenses	2,981	7,108
Ordinary income	63,964	60,689
Extraordinary income		
Gain on sales of noncurrent assets	286	2,244
Insurance proceeds	–	872
Other	4	49
Total extraordinary income	290	3,166
Extraordinary loss		
Loss on sale of noncurrent assets	21	35
Loss on retirement of noncurrent assets	2,425	1,191
Loss on valuation of investment securities	533	1,044
Losses from disasters	590	1,037
Costs of environmental measures	–	2,111
Provision for product recalls	–	1,400
Other	1,163	534
Total extraordinary loss	4,734	7,354
Income before income taxes and non-controlling interests	59,520	56,502
Income taxes-current	16,231	18,565
Income taxes-deferred	(1,882)	(1,106)
Total income taxes	14,348	17,459
Net income	45,172	39,042
Net income attributable to non-controlling interests	1,074	1,113
Net income attributable to owners of parent	44,097	37,929

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Net income	45,172	39,042
Other comprehensive income		
Valuation difference on other securities	7,012	(7,797)
Deferred gains/losses on hedges	1,912	(1,104)
Foreign currency translation adjustment	49,555	27,705
Adjustment for retirement benefits	1,409	15,081
Total other comprehensive income	59,889	33,885
Comprehensive income	105,061	72,928
Comprehensive income attributable to		
Owners of the parent	102,178	71,008
Non-controlling interests	2,882	1,919

## Consolidated statement of changes in shareholders' equity

Prior Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,992	35,360	719,828	(18)	767,162
Changes in items during the period					
Dividends from surplus			(2,877)		(2,877)
Net income attributable to owners of parent			44,097		44,097
Purchase of treasury stock				(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests		3			3
Net changes in items other than shareholders' equity					–
Total changes in items during the period	–	3	41,220	(2)	41,222
Balance at the end of current period	11,992	35,364	761,048	(20)	808,384

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Cumulative reconciliation amount for retirement benefits	Total accumulated other comprehensive income Total		
Balance at the beginning of current period	6,607	959	(23,768)	(32,608)	(48,809)	17,174	735,527
Changes in items during the period							
Dividends from surplus					–		(2,877)
Net income attributable to owners of parent					–		44,097
Purchase of treasury stock					–		(2)
Change in ownership interest of parent due to transactions with non-controlling interests					–		3
Net changes in items other than shareholders' equity	7,012	1,912	47,855	1,301	58,080	2,433	60,514
Total changes in items during the period	7,012	1,912	47,855	1,301	58,080	2,433	101,736
Balance at the end of current period	13,619	2,872	24,086	(31,306)	9,270	19,608	837,264

## Consolidated statement of changes in shareholders' equity

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	11,992	35,364	761,048	(20)	808,384
Changes in items during the period					
Dividends from surplus			(3,117)		(3,117)
Net income attributable to owners of parent			37,929		37,929
Purchase of treasury stock				(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests		26			26
Net changes in items other than shareholders' equity					–
Total changes in items during the period	–	26	34,812	(2)	34,835
Balance at the end of current period	11,992	35,390	795,861	(23)	843,220

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on other securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Cumulative reconciliation amount for retirement benefits	Total accumulated other comprehensive income Total		
Balance at the beginning of current period	13,619	2,872	24,086	(31,306)	9,270	19,608	837,264
Changes in items during the period							
Dividends from surplus					–		(3,117)
Net income attributable to owners of parent					–		37,929
Purchase of treasury stock					–		(2)
Change in ownership interest of parent due to transactions with non-controlling interests					–		26
Net changes in items other than shareholders' equity	(7,797)	(1,104)	26,972	15,008	33,079	1,110	34,189
Total changes in items during the period	(7,797)	(1,104)	26,972	15,008	33,079	1,110	69,025
Balance at the end of current period	5,822	1,767	51,059	(16,298)	42,350	20,719	906,290

## Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Fiscal Year (From April 1, 2021 to March 31, 2022)	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	59,520	56,502
Depreciation expenses	57,292	60,812
Increase (decrease) in allowance for doubtful accounts	(245)	(55)
Increase (decrease) in net defined benefit liabilities	2,511	3,116
Interest and dividends income	(2,421)	(4,103)
Interest expenses	837	848
Losses on net monetary position	–	2,093
Loss (gain) on valuation of investment securities	533	1,044
Costs of environmental measures	–	2,111
Loss on retirement of property, plant and equipment	742	616
Loss (gain) on sales of property, plant and equipment	(265)	(2,208)
Decrease (increase) in notes and accounts receivable - trade	(18,986)	(9,824)
Decrease (increase) in inventories	(24,846)	(20,925)
Increase (decrease) in notes and accounts payable - trade	12,929	3,074
Other	7,615	4,540
Subtotal	95,215	97,644
Interest and dividends income received	2,216	4,196
Interest expenses paid	(811)	(816)
Income taxes paid	(15,488)	(19,299)
Net cash provided by (used in) operating activities	81,132	81,724
Net cash provided by (used in) investing activities		
Net decrease (increase) in short-term loans receivable	(69)	21
Payments into time deposits	(6,541)	(7,676)
Proceeds from withdrawal of time deposits	6,073	2,717
Purchase of property, plant and equipment	(33,685)	(48,151)
Proceeds from sales of property, plant and equipment	903	3,591
Purchase of intangible assets	(3,936)	(5,057)
Purchase of investment securities	(306)	(460)
Payments from changes in ownership interests in subsidiaries that result in change in scope of consolidation	(1,520)	–
Purchase of shares of subsidiaries and affiliated companies using the equity method	–	(67)
Other	(1,330)	(782)
Net cash provided by (used in) investing activities	(40,414)	(55,864)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	162	349
Repayments of finance lease obligations	(2,447)	(3,476)
Proceeds from long-term loans payable	2,025	62
Repayments of long-term loans payable	(2,145)	(21)
Purchase of treasury stock	(2)	(2)
Cash dividends paid	(2,880)	(3,115)
Dividends paid to non-controlling interests	(490)	(797)
Other	–	(0)
Net cash provided by (used in) financing activities	(5,776)	(7,000)
Effect of exchange rate change on cash and cash equivalents	18,319	8,207
Net increase (decrease) in cash and cash equivalents	53,261	27,066
Cash and cash equivalents at the beginning of period	211,378	264,639
Cash and cash equivalents at the end of period	264,639	291,706



## Notes to the Consolidated Financial Statements

### Significant Accounting Policies

#### 1. Scope of consolidation

Main consolidated subsidiaries are listed in "4. Overview of Affiliated Companies" under "1. Corporate Overview."

(1) Number of consolidated subsidiaries ..... 106

Number of new consolidated subsidiaries ..... 1

YKK AP Technologies Lab (NA) Inc.

The 106 consolidated subsidiaries also include YKK Holding Europe B.V. and YKK Netherland B.V.

(2) Number of unconsolidated subsidiaries ..... 5

Name of major unconsolidated subsidiary:

Y2K HOLDINGS CORPORATION

The reason for exclusion from consolidation is as follows:

These companies have been excluded from consolidation because they are small, and their total assets, net sales, net income (amount equivalent to the equity portion held by the Company) and retained earnings (amount equivalent to the equity portion held by the Company) do not have a significant effect on the consolidated financial statements.

#### 2. Application of equity method

(1) Number of affiliated companies accounted for using the equity method ..... 1

Number of new affiliated companies accounted for using the equity method ..... 1

Evevo

(2) Number of companies not accounted for using the equity method ..... 8

Unconsolidated subsidiaries: 5

Y2K HOLDINGS CORPORATION and others

Affiliated companies: 3

NIKAWA PORTAL CORPORATION and other

The reason for not applying the equity method is as follows:

These companies are not accounted for using the equity method because their impact is not significant on the consolidated financial statements in terms of their total net income (amount equivalent to the equity portion held by the Company) and retained earnings (amount equivalent to the equity portion held by the Company), and they are not significant as a whole.

#### 3. Accounting period of consolidated subsidiaries

The fiscal year end of certain foreign consolidated subsidiaries, including SHANGHAI YKK ZIPPER CO., LTD., is December 31. These subsidiaries are consolidated using their financial statements as of the parent fiscal year end, which are prepared solely for consolidation purposes.

#### 4. Matters regarding accounting policy

(1) Valuation standards and valuation methods for significant assets

a) Securities

1) Held-to-maturity debt securities

Held-to-maturity debt securities are carried at amortized cost (Straight-line).

2) Other securities

a. Securities other than shares that do not have a market value, etc.

Marketable securities are carried at fair value as of the consolidated fiscal year end, with changes in unrealized gains or losses included directly in net assets. Cost of securities sold is determined using the moving average method.

b. Shares that do not have market value, etc.

Non-marketable securities are carried at cost, which is determined using the moving average method.

The discount cash flow method is used for some consolidated subsidiaries.

b) Derivatives

Derivative financial instruments are stated at fair value.

c) Inventories

Inventories are mainly stated at cost based on the gross average method (the balance sheet amounts are determined including any required write-downs based on any decrease in profitability).

(2) Depreciation of assets

a) Property, plant and equipment (excluding leased assets):

Amortization is calculated using the straight-line method.

- The estimated useful lives are as follows:
- |   |              |
|---|--------------|
| Buildings and structures .....          | 2 - 50 years |
| Machinery, equipment and vehicles ..... | 2 - 15 years |
- b) Intangible assets (excluding leased assets):  
 Amortization is calculated using the straight-line method.  
 Software for internal use is amortized over a period of mainly 5 years using the straight-line method.
- c) Leased assets:  
 Leased assets held under finance lease transactions, where ownership is not transferred  
 Depreciation of leased assets is calculated using the straight-line method over the lease terms with no residual value.
- d) Right-of-use assets  
 Overseas subsidiaries apply the International Financial Reporting Standards 16 "Leases" (hereinafter, "IFRS 16") or the US Financial Accounting Standards Board Accounting Standards 842 "Leases" (hereinafter, "ASC 842"). In accordance with IFRS 16 or ASC 842, in principle, borrowers in lease transactions record all lease transactions as right-of-use assets, and depreciation and amortization is calculated using the straight-line method.
- (3) Basis for significant reserves
- a) Allowances for doubtful accounts  
 Allowances for doubtful accounts are provided at an amount sufficient to cover probable losses on collection. The allowances consist of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the historical actual percentage of collection losses on normal receivables.
- b) Provision for bonuses  
 Accrued bonuses of the Company and its consolidated subsidiaries have been provided based on the estimated amount of bonuses to be paid to employees that relates to the current consolidated fiscal year.
- c) Provision for directors' retirement benefits  
 Provision for directors' retirement benefits of the Company and certain domestic consolidated subsidiaries has been made at an amount to be required at the current consolidated fiscal year end based on the Company's bylaws.
- (4) Accounting for retirement benefits
- a) Attribution to periods of expected retirement benefits  
 The Company and its domestic consolidated subsidiaries calculate retirement benefit obligations by using the straight-line attribution method to attribute expected benefits to the periods up to the current fiscal year.
- b) Amortization of actuarial gains and losses and past service costs  
 The Company and its domestic consolidated subsidiaries amortize past service costs using the straight-line method over the average remaining years (8 - 22 years) of service of eligible employees.  
 Amortization of actuarial gains or losses begins in the consolidated fiscal year after the fiscal year in which the gain or loss is recognized, and is recorded using the straight-line method over a period within the average remaining years (8 - 22 years) of service of eligible employees at the time of occurrence in each consolidated fiscal year.
- (5) Reporting of significant revenues and expenses  
 The following describes (1) the contents of the major performance of obligations in the main business related to the revenue generated from the contracts with customers of the Company and its consolidated subsidiaries and (2) the normal time points (normal time points for recognizing the revenue) to satisfy the performance of obligations.
- a) Fastening Business  
 The Fastening Business conducts manufacturing and sales of fastening products, etc. In domestic sales, control of the product is transferred to the customer at the time of delivery and the performance of obligations is satisfied. However, since the period from the time of shipment to the time of delivery is short, we recognize the revenue on the shipping date. In export sales, we recognize revenue on the shipping date because important risks and economic values associated with possession of the product are transferred to the customer at the time of shipment and the performance of obligations is satisfied.  
 Revenue is measured by deducting returns, discounts, rebates, etc., from the consideration promised in the contract with the customer.  
 The consideration for the transaction is received within a short period of time after the performance of obligations is satisfied, and does not include any significant financial components.
- b) AP Business
- i. Sales of goods  
 The AP Business conducts manufacturing and sales of construction material products. Control of the product is transferred to the customer at the time of delivery and the performance of obligations is satisfied. However, since the period from the time of shipment to the time of delivery is short, we recognize the revenue on the shipping date.  
 Revenue is measured by deducting returns, discounts, rebates, etc., from the consideration promised in the contract with the customer.

The consideration for the transaction is received within a short period of time after the performance of obligations is satisfied, and does not include any significant financial components.

ii. Construction contracts

The AP Business installs curtain walls, windows, sashes, etc. For construction contracts where it is possible to reasonably estimate the progress of fulfilling the performance of obligations, we use the input method to reasonably estimate the progress of construction. We recognize revenue over a certain period of time based on the progress. On the other hand, for construction contracts where it is not possible to reasonably estimate the progress of fulfilling the performance of obligations, we use the cost recovery method to recognize revenue over a certain period of time. However, if the period from the transaction start date in the construction contract to the time when the performance of obligations is expected to be fully satisfied is very short, we recognize revenue when the performance of obligations is completely satisfied.

For construction contracts where the total estimated construction cost exceeds the total amount of the construction contract, the excess amount is immediately recognized as an expense.

There is a short gap between the time that the performance of obligations is satisfied and the consideration for the transaction is received. It does not include any significant financial components.

(6) Translation of significant assets and liabilities denominated in foreign currencies into yen

Current and noncurrent receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect on the final day of the consolidated fiscal year, and differences arising from the translation are treated as loss or gain on exchange. All asset and liability accounts of foreign consolidated subsidiaries and affiliates are translated into yen at the rates of exchange in effect at the consolidated fiscal year end, and all income and expense accounts are translated into yen at the average exchange rate during the year. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests in net assets. However, in hyperinflationary economies, the revenue and costs of overseas subsidiaries are translated into yen in effect at the consolidated fiscal year end using hyperinflationary accounting.

(7) Hedge accounting

a) Hedge accounting

Deferral hedge accounting is adopted, in principle. Forward foreign exchange contracts are subject to appropriation if they satisfy the requirements for appropriation treatment.

b) Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting is adopted in the current consolidated fiscal year are as follows:

Hedging instruments: Forward foreign exchange contracts

Hedged items: Payables denominated in foreign currencies, forecast transactions denominated in foreign currencies.

c) Hedging policy

Foreign exchange fluctuation risk is hedged in accordance with the Company's basic policy related to risk management.

d) Assessment of hedge effectiveness

Hedge effectiveness is assessed quarterly, based on the change in market value of hedged items and the change in market value of hedging instruments. Forward foreign exchange contracts, which are subject to appropriation treatment, are excluded from the assessment of hedge effectiveness.

(8) Goodwill amortization method and period

In principle, goodwill is amortized using the straight-line method over an estimated effective period from the date of occurrence. When the amount of goodwill is insignificant, goodwill is fully expensed in the period in which it arises. When the amount of goodwill is insignificant, goodwill is fully expensed in the period in which it arises.

(9) Cash and cash equivalents in the Consolidated Statements of Cash Flows

Cash and cash equivalents consist of cash on hand, cash at banks that can be withdrawn at any time, and short-term investments with a maturity of 3 months or less when purchased that can easily be converted to cash and are subject to little risk of change in value.

(10) Other significant accounting policies of the Consolidated Financial Statements

Application of hyperinflationary accounting

The financial statements of some consolidated subsidiaries are adjusted and consolidated in accordance with the IAS 29 Financial Reporting in Hyperinflationary Economies. The impact of inflation on the net monetary position is shown under the non-operating expenses of the Consolidated Statements of Income.

(Changes to accounting policy)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

We have applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ

Statement No. 31, issued by the ASBJ on June 17, 2021; hereinafter "ABSJ Guidance No. 31") from the beginning of the current fiscal year. In accordance with the transactional treatment prescribed in ABSJ Guidance No. 31 Article 27 Paragraph 2, the new accounting standards defined by ABSJ Guidance No. 31 have been applied to forward-looking statements.

The application of ABSJ Guidance No. 31 has no impact on the consolidated financial statements.

(Application of US Financial Accounting Standards Board Accounting Standards [ASC] 842 "Leases")

We have applied the ASC 842 "Leases" to overseas subsidiaries subject to the ASC 842 from the beginning of the current fiscal year. In principle, the application of these standards means the Company treats all lease transactions of the borrower as assets and liabilities. The application of the ASC 842 uses a method to recognize the cumulative effect as of the initial date for applying the account standard, which is recognized as an interim measure.

Also, the impact on consolidated financial statements due to the Revenue Recognition Standard is immaterial.

(Unapplied accounting standards, etc.)

- Accounting Standard for Corporate Taxes, Inhabitants Taxes, and Enterprise Taxes (ASBJ Statement No. 27, issued by the ASBJ on October 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, issued by the ASBJ on October 28, 2022).
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, issued by the ASBJ on October 28, 2022)

(1) Overview

The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28), etc., were announced in February 2018 and the transfer from the Practical Guidelines for Tax Effect Accounting by the Japanese Institute of Certified Public Accountants to the Accounting Standards Board of Japan was completed. In the deliberation process, the following two issues were decided to be deliberated after announcing ASBJ Statement No. 28, etc., which have been deliberated and published.

- Classification of tax expenses (taxes on other comprehensive income)
- Tax effects relating to sale of subsidiary shares, etc. (shares of subsidiaries or affiliated companies) when the group taxation regime is applied

(2) Scheduled application date

Standards will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of applying the accounting standards, etc.

The Company is currently evaluating the amount of impact on consolidated financial statements due to application of Accounting Standard for Corporate Taxes, Inhabitants Taxes, and Enterprise Taxes.

**(Segment information, etc.)**

## Segment information

## 1. Overview of reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance. Each business of the Group formulates comprehensive domestic and overseas strategies for the products it handles and develops business activities.

Accordingly, the Group is composed of product segments based on business, with the two reportable segments of the “Fastening Products” business and the “AP” business. The “Fastening Products” business manufactures and sells zippers, zipper parts, zipper materials, snaps fasteners, buttons, etc. The “AP” business designs, manufactures, installs and sells residential windows and sashes, windows and sashes for commercial buildings, interior furnishings, exterior materials, shaped products, and construction components, etc.

## 2. Calculation method for the amount of net sales, income or loss amounts, assets, liabilities, and other items by reportable segment

Reportable segment income is the value for operating income.

Intersegment net sales and transfers are mainly recorded at market prices and the cost of goods manufactured.

## 3. Information by reportable segment on net sales, income or loss amounts, assets, liabilities, and other items

Prior Fiscal Year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segments			Other *1	Adjustments *2	Amount listed on consolidated balance sheet *3
	Fastening	AP	Total			
Net sales						
Sales to third parties	346,234	446,172	792,407	4,611	–	797,019
Intersegment net sales and transfers	1,962	188	2,150	21,923	(24,074)	–
Total	348,197	446,360	794,558	26,535	(24,074)	797,019
Segment income	42,367	17,375	59,742	1,695	(1,277)	60,161
Segment assets	632,989	426,844	1,059,834	71,115	25,991	1,156,941
Other items						
Depreciation expenses	36,399	18,112	54,512	1,268	1,511	57,292
Increase in tangible and intangible assets	20,251	20,606	40,858	773	1,812	43,444

(Notes) 1. Other includes business activities such as real estate, aluminum smelting, etc.

2. (1) Adjustments for segment income of (1,277) million yen include a 2,850 million yen elimination of intersegment transactions and (5,395) million yen of operating expenses not allocable to reportable segments. Operating expenses not allocable to reportable segments include those related to company-wide shared departments of the Company.

(2) Adjustments for segment assets of 25,991 million yen include a (64,698) million yen elimination of receivables due from shared departments throughout the company, 299,436 million yen of company-wide assets not allocable to reportable segments, and a (413) million yen adjustment for inventory assets.

3. Segment income has been reconciled to operating income represented in the Consolidated Statements of Income.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments			Other *1	Adjustments *2	Amount listed on consolidated balance sheet *3
	Fastening	AP	Total			
Net sales						
Sales to third parties	378,393	508,421	886,814	6,411	–	893,226
Intersegment net sales and transfers	2,194	198	2,392	23,978	(26,371)	–
Total	380,587	508,619	889,207	30,389	(26,371)	893,226
Segment income	43,711	17,863	61,574	(2,624)	(2,987)	55,962
Segment assets	666,631	448,285	1,114,917	59,773	46,892	1,221,583
Other items						
Depreciation expenses	38,628	19,117	57,745	1,376	1,690	60,812
Increase in tangible and intangible assets	26,902	29,660	56,562	2,055	1,988	60,606

(Notes) 1. Other includes business activities such as real estate, aluminum smelting, etc.

2. (1) Adjustments for segment income (loss) of (2,987) million yen include a 2,960 million yen elimination of intersegment transactions and (5,947) million yen of operating expenses not allocable to reportable segments. Operating expenses not allocable to reportable segments include those related to company-wide shared departments of the Company.

(2) Adjustments for segment assets of 46,892 million yen include a (52,911) million yen elimination of receivables due from shared departments throughout the company, 307,928 million yen of company-wide assets not allocable to reportable segments, and a (37) million yen adjustment for inventory assets.

3. Segment income (loss) has been reconciled to operating income represented in the Consolidated Statements of Income.

# Appendix (TCFD Comparison Table)

## Governance

Disclose the organization's governance around climate-related risks and opportunities.

Recommended disclosure	Relevant sections	
	This is YKK 2023 Data Book, etc.	CDP2022
a) Describe the board's oversight of climate-related risks and opportunities.	· Data Book page p. 18 [Reference] Information Disclosure Based on TCFD Recommendations > Governance	· CDP C1.1b
b) Describe management's role in assessing and managing climate-related risks and opportunities.	· Data Book page p. 18 [Reference] Information Disclosure Based on TCFD Recommendations > Governance	· CDP C1.2, C1.2a

## Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Recommended disclosure	Relevant sections	
	This is YKK 2023 Data Book, etc.	CDP2022
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	· Data Book p. 19 [Reference] Information Disclosure Based on TCFD Recommendations > Strategy · Data Book p. 20 [Reference] Information Disclosure Based on TCFD Recommendations > Risk Management	· CDP C2.1a, C2.3, C2.3a C2.4, C2.4a
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	· Data Book p. 19 [Reference] Information Disclosure Based on TCFD Recommendations > Strategy	· CDP C2.3a, C2.4a, C3.1, C3.2b, C3.3, C3.4
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	· Data Book p. 19 [Reference] Information Disclosure Based on TCFD Recommendations > Strategy	· CDP C3.2, C3.2a, C3.2b

## Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Recommended disclosure	Relevant sections	
	This is YKK 2023 Data Book, etc.	CDP2022
a) Describe the organization's processes for identifying and assessing climate-related risks.	· Data Book p. 20 [Reference] Information Disclosure Based on TCFD Recommendations > Risk Management	· CDP C2.1, C2.2, C2.2a
b) Describe the organization's processes for managing climate-related risks.	· Data Book p. 20 [Reference] Information Disclosure Based on TCFD Recommendations > Risk Management	· CDP C2.1, C2.2
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	· Data Book p. 20 [Reference] Information Disclosure Based on TCFD Recommendations > Risk Management	· CDP C2.1, C2.2

## Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosure	Relevant sections	
	This is YKK 2023 Data Book, etc.	CDP2022
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	· Data Book p. 20 [Reference] Information Disclosure Based on TCFD Recommendations > Metrics and Targets · Data Book p. 9-10 YKK Philosophy & Sustainability > "YKK Sustainability Vision 2050" Goals and Progresses	· CDP C4.2, C4.2a, C4.2b
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	· Data Book p. 14 Climate Change > Changes in CO <sub>2</sub> emissions · Data Book p. 15 Climate Change > Breakdown of CO <sub>2</sub> emissions from the entire supply chain · Data Book p. 16 Climate Change > CO <sub>2</sub> emissions in supply chains	· CDP C6.1, C6.3, C6.5, C6.5a
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	· Data Book p. 14 Climate change > Changes in CO <sub>2</sub> emissions · Data Book p. 9-10 YKK Philosophy & Sustainability > "YKK Sustainability Vision 2050" Goals and Progresses	· CDP C4.1, C4.1a, C4.2, C4.2a, C4.2b

