

Zippering around the globe

YKK GROUP
Social and Environmental Report 2007

Seeking harmonization between abundant and healthy lives for all humankind and the environment



[YKK Corporation]

- Established January 1, 1934
- Capital 11,922,710,000 yen
- Employees 3,400 as of the end of December 2006
- Manufactured Products Fastening products, precision machinery, equipment and molds
- Head Office 1, Kandaizumi-cho, Chiyoda-ku, Tokyo, 101-8642, Japan
Tel +81 (3) 3864 2000
- Plants Kurobe Plant, Kurobe Makino Plant

[YKK AP Inc.]

- Established July 22, 1957
- Capital 10,000,000,000 yen
- Employees 12,900 as of the end of December 2006
- Manufactured Products Architectural products
- Head Office 1, Kandaizumi-cho, Chiyoda-ku, Tokyo, 101-8642, Japan
Tel +81 (3) 3864 2200
- Plants Tohoku Plant
Kurobe Plant
Namerikawa Plant
Shikoku Plant
Kyushu Plant

[YKK Group]

- Group Companies 119 companies in 70 countries/regions
In Japan 22
Overseas 97
(272 facilities including 90 plants)
- Employees 41,000 (18,000 in Japan, 23,000 abroad)
* as of the end of December 2006



Fastening products

In addition to buttons, tapes and other fasteners used in clothes and bags, we provide a wide variety of fastening products that are used not only in clothing, but also for a wide range of applications, from shoes and bedding to medical goods and industrial materials.

Machinery and engineering

Fulfilling the needs of elemental technology and research and development, we concentrate the technology and expertise that we have cultivated over decades to provide the YKK Group's unique production machinery, systems, dies and other equipment to our plants around the world.

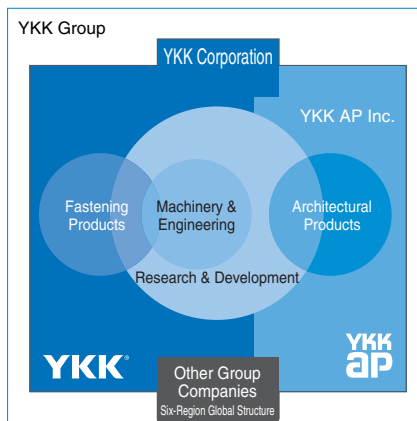


Residential architectural

We seek to provide people with greater comfort and new amenities for their lifestyles by providing a variety of products, from door sashes to exterior and outer building materials, made from aluminum, wood, resin and other basic elements, while pursuing the enhancement of fundamental features, and a rich variety of color, design options and functionality. Furthermore, we endeavor to provide appropriate responses to needs for barrier free architecture, insulated environments, recyclability and other new demands.

Building architectural

Using our unique total vertically-integrated manufacturing system, global reach and the deep expertise that we have cultivated through numerous big projects, we provide thorough architectural service, from the development of components to manufacturing, construction and after-service for structures ranging from small and medium buildings to skyscrapers.



At the roots of YKK Group business activities

“Cycle of Goodness”

No one prospers unless he renders benefit to others.

An enterprise is an important member of society, and as such, it must coexist with the other elements of society. Its value will be recognized by the benefits it shares with society. Tadao Yoshida, YKK's founder, carefully considered this need for mutual prosperity as he planned his business endeavors. He determined that contributions to society could best be achieved by the continual creation of value through innovative ideas and inventions. The resulting business expansion would bring prosperity to consumers and trading partners, thus benefiting all society. Tadao Yoshida called this the 'Cycle of Goodness', and he made this idea his fundamental philosophy of business.

We retain this concept as the ongoing business philosophy of YKK.



As the YKK Group, we conduct business activities in about 70 countries and regions around the world including Japan with fastening and architectural products as our two core business fields.

We make “fairness” the fundamental standard for all YKK Group business activities, and our companies seek to delight our customers, earn the high regard of society and make our employees happy and proud.

As we approach the 75th anniversary of our establishment, in order to realize these goals and to assure the further growth and development of the YKK Group not only for the next few years, but also for the next twenty-five, we are working, in particular, to further raise the level of our business value and enhance our brand value.

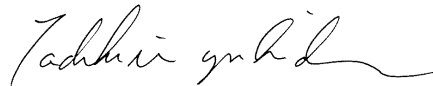
The YKK Group seeks to be a corporation that is recognized as “a company that can be trusted,” “a truly international company” and “a company with technology for the creation of new value.” We will continue to pursue our business activities with these goals. For this reason, as we strengthen our corporate governance systems, we intend to enhance our legal compliance efforts and work to fulfill the responsibilities of a good corporate citizen.

We would be delighted to receive your frank opinions and thoughts on our efforts.

July 2007

President

YKK Corporation



Tadahiro Yoshida

YKK Group management principle

“YKK seeks corporate value of higher significance”



Responsibilities to the environment

As can be seen with global warming, waste issues, harmful chemical substance pollution and other current environmental problems, various aspects of the environment have been worsening because of the expansion of economic activities. Various problems occur because the environmental impacts that result from the daily lifestyles and ordinary business activities of every person have become too great.

As the YKK Group expands its business globally, we believe that it is necessary to fulfill our corporate responsibilities related to these types of environmental problems by making our own independent efforts and by actively participating in the creation of sustainable economic and social systems that have few environmental impacts in every country and region.

We recognize that the effects of business activities on the environment are global in scale and consider the management of environmental problems to be one of our most important tasks. In September 1994, we established the YKK Group Environmental Charter and the entire Group has been working since then to implement measures to protect the environment.

Since it is our responsibility as a manufacturer for as long as we conduct business on this earth, we are promoting global environmental management in every area of our business activities by executing environmental policies and conducting thorough auditing of our environmental management. We pay attention to environmental issues at every stage of a product's life, from its design and manufacture to its disposal, collection and recycling.

In order to fulfill our responsibilities to society, the key issue is that we develop and provide products that are thoroughly considerate of the environment while staying conscious of innovation, which creates both corporate value and value to society as a manufacturer.

At the YKK Group, in our fastening business, we are working to develop fasteners that promote recycling and reuse, biodegradable fasteners that are carbon neutral and other environmental products. In our window business, through the materials, structures and construction of glass and sashes, we are developing windows with high energy conservation performance that contribute to the creation of comfortable interior environments.

By increasing the heat-shielding, insulation and ventilation management performance of windows, we not only promote the comfort of residences, we also reduce energy consumption from air-conditioning in residences and buildings, greatly contributing to greenhouse gas reduction.

If all the homes in Japan used high performance windows with high insulation capabilities, it is said that annual CO₂ emissions could be suppressed by 17,000,000 tons.

Responsibilities to society

In the corporate social responsibility efforts of the YKK Group, "localism" is the first principle that we consider.

When we expand our business overseas, our business expansion is not based on concern about labor costs, rather it is our response to demands from the market and from local communities. In every country, we seek to "become a local" and expand our business by being rooted in each place.

Our second principle is putting "quality first" on a global level. With our total vertically-integrated manufacturing system, we even develop our own unique YKK production equipment so that we can transplant every aspect of our production system and handle every aspect of development and production processes, from the procurement of raw materials to the manufacture of products, in-house. By providing uniform quality worldwide, we have received orders from numerous global customers and the YKK brand has earned a reputation for providing goods that are consistently reliable no matter where in the world they were produced.

Our third principle is to "solve environmental problems from a global perspective."

We start from the compliance with international standards, set targets at even higher levels and then base our efforts to achieve them on policies and actions that are thoroughly unified throughout the entire YKK Group.

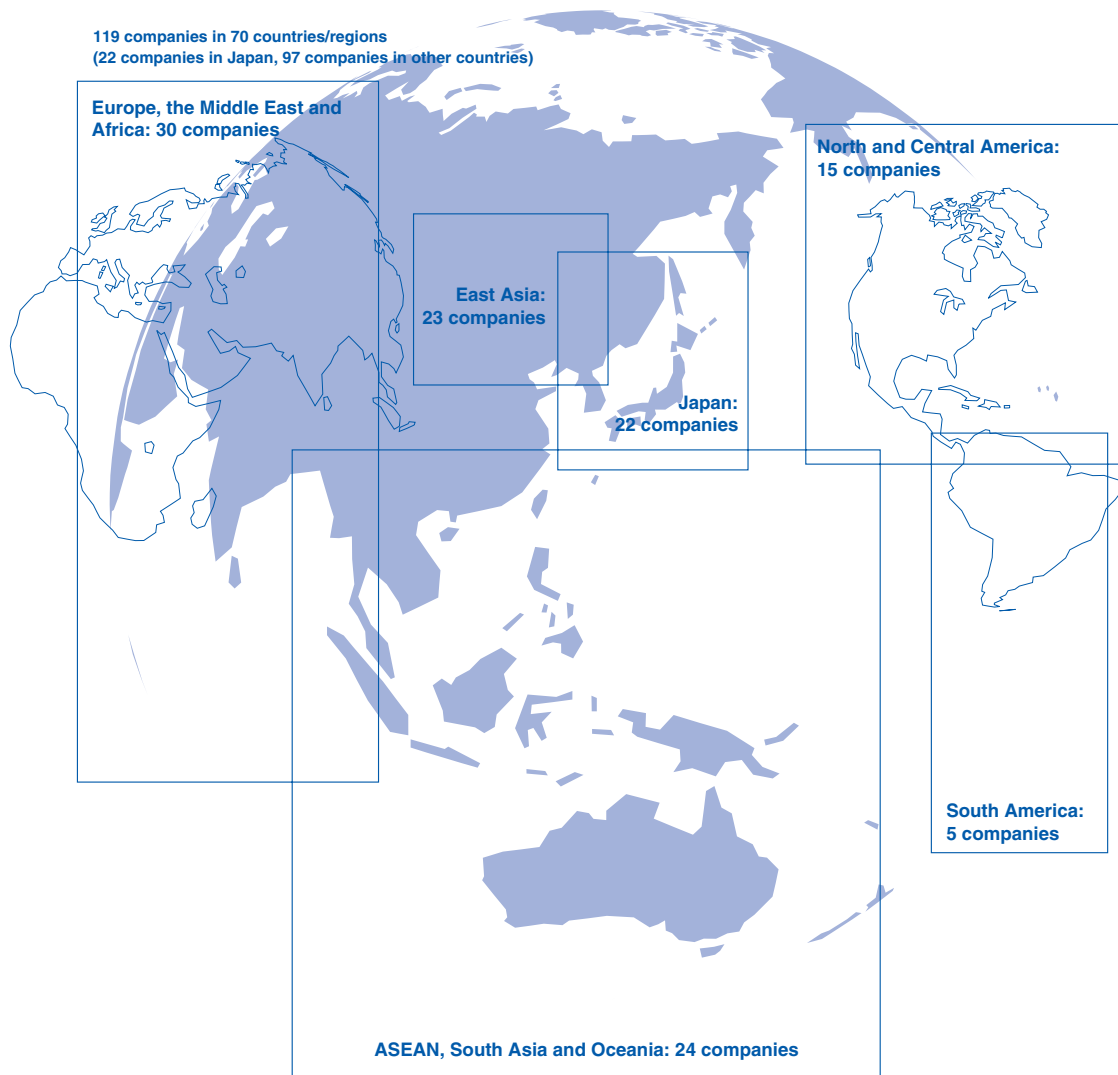
Using this approach, based on compliance with local laws, we support and are actively involved in diverse efforts that include the employment, cultivation and promotion of local human resources, participation in projects and other contributions to communities using corporate business resources, education, regional vitalization and international exchange.

For the YKK Group to continue to be an enterprise that is loved by communities and by society, we believe that we must diligently continue to create both corporate and social value.



YKK Group
Environmental Policy Committee Chairman
YKK Corporation Representative Director
and Vice Chairman

Kiyoshi Taie



Overseas recognition of the corporate value of the YKK Group

Our top-down facade re-cladding method received a Construction Best Practice Award from the government of Singapore.

The YKK AP window series received the Architecture Energy-Saving Window Housing Industry Contribution Gold Award from the Chinese Ministry of Construction.

<Detailed information (in Japanese)>

<http://www.ykkap.co.jp/news/2006/20060501.asp>

<http://www.ykkap.co.jp/news/2006/20060925.asp>



The YKK Group believes in contributing to regional communities

At the root of all YKK Group business activities is the Cycle of Goodness, which is our understanding that “no one prospers unless he renders benefit to others.” Based on this philosophy, we are proactively involved in not only contributions to society through the use of our business expertise, but also a wide variety of activities that are unrelated to our businesses, including education, regional vitalization and the support of international exchange.

In order for the YKK Group to continue to be an enterprise that is loved through the ages and across regions and cultures, we intend to continue our regular support of activities that help develop new and greater cultural richness.



YKK India conducted eye examination services for local residents and provided corrective lenses free of charge to 17 people who needed them.



The YKK Group encourages the younger generations that will lead society in the future.



JSEC

The High School Science and Technology Challenge of the Japan Science & Engineering Challenge is a contest in which high school students exercise their originality and creativity. We have continued our cooperation with and special support for JSEC since 2003. (Sponsor: Asahi Shimbun Company, support: Ministry of Education, Culture, Sports, Science and Technology)



YKK Fastening Awards

The YKK Fastening Awards is a unique student fashion design contest that focuses on hook and loop fasteners, buckles, snaps, buttons and other fastening products. With the goal of discovering and supporting new talent, we provide the winner with prize money and runners-up with support materials for their creative efforts until they graduate.



YKK Accessory Award

The ITS#FIVE fashion design contest for design school students from around the world was held in Trieste in northeast Italy. An accessory division has been added to the contest since 2006 through the participation of YKK.

Efforts to support university students



2006 "Beyond Your Dreams"

With the theme, "Let's find out who we want to become!" we invited well-known guests to discuss various topics including business, self-realization and communication, and we held a talk session with Tadahiro Yoshida, the President of YKK Corporation. (Sponsor: YKK Corporation, support: Nikkei Newspaper Advertising Bureau)



YKK global workshops

In these activities, university students visit overseas YKK Group business places where they have hands-on workplace experiences. They also participate in activities that contribute to local communities and efforts to resolve environmental problems, as well as visit universities and public agencies to learn not only perspectives and approaches to future business, but also how to become members of global society in every sense. (Sponsor: YKK Group, support: Asahi Shimbun Company)

YKK Group industrial tourism: grand opening of YKK TOURS

We started YKK TOURS on Friday, July 21, 2006, at our YKK Group Kurobe workplace as a new style of industrial tourism that combines sightseeing in the region with tours of business places. Participants learn about YKK Group companies and our history through hands-on experiences and manufacturing plant tours at our fastening, architectural products and industrial machinery businesses. In addition, by following routes that visit famous tourist sites in the community along the way, they also learn about Kurobe City and Toyama Prefecture, the birthplace of the YKK Group. We wish to receive visitors to the YKK Group Kurobe workplace, one of numerous tourist destinations in the Kurobe district of Toyama Prefecture. We hope that we will contribute to promoting tourism in Kurobe City and Toyama Prefecture by increasing not only local visitors but also customers from far away.

For further information about the tours and to make a reservation, please visit the YKK TOURS web site (in Japanese).

<http://www.ykktours.jp/>



The Toyama Prefecture governor and the Kurobe mayor made encouraging remarks about YKK Group industrial tourism at the opening ceremony.

Hotel Aqua Kurobe

Start



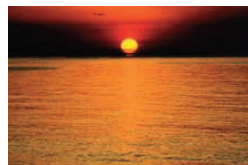
Ikujihana Lighthouse



Ikuji
Land of spring water



Ikuji Coast
(View of Toyama Bay and the Noto Peninsula)



Kurobe sunset
(Top 100 Japanese sunset)



Spring water at Zenmyo Temple



Public washing place in Shinmyo-cho





Station of Fish, Ikuji



Break with coffee from YKK Brazil

50 Building atrium



Explaining the assembly and manufacturing processes for fasteners



Factory tours

Architectural products factory

Fastening products factory

Exhibition hall

Architectural products

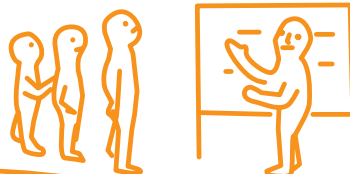
Responding to diverse needs

Technology

Working with society

Fastening products

Yoshida Tadao Hall



Rooted in local communities, in harmony with society

With our deep commitment to local communities, the YKK Group pursues business activities as one member of each regional society and is actively involved in regional vitalization, education, international exchange and other activities.

Supporting environmental education



YKK Corporation
We provided a lesson on global warming prevention at an elementary school.



YKK Corporation
We conducted environmental education for children in support of the environment bus education program of Eco Products 2006.



YKK Metal ve Plastik Urunleri Sanayi ve Ticaret A.S.
We taught a lesson about environmental problems, ISO14001 and recycling at a nearby high school.



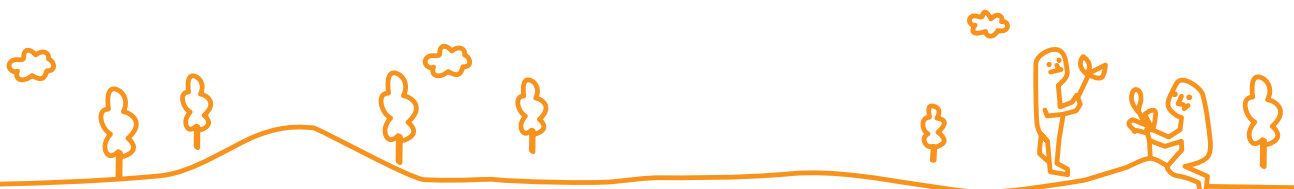
YKK Do Brasil Ltda.
We gave a fun lesson about the environment at a kindergarten.



YKK India Pvt. Ltd.
Every year we implement environmental education for nearby middle school and high school students. We conducted a memorial tree-planting in the 4th year of this effort.



YKK AP (Suzhou) Co., Ltd.
We held an environmental facility tour for middle school students from the city and taught them about the significance of environmental problems.



Contributing to local communities



Tape Craft Corporation
We support special classes at a nearby high school. This fiscal year, we donated telephone charges and a printer to this class.



YKK Korea Co., Ltd.
We conduct volunteer activities at a community welfare association childcare facility and make financial contributions.



PT. YKK Zipco Indonesia
We provided funding support for the repair of a road near our factory, and this memorial plaque was placed in gratitude.

We join community cleaning activities.



YKK AP Inc. Shikoku Plant



YKK Portugal-Acessorios Para Vestuario, Lda.



YKK (Thailand) Co., Ltd.

We participate in community tree-planting activities.



YKK AP (Shenzhen) Co., Ltd.



YKK Do Brasil Ltda.



YKK Zipper Philippines Inc.



The YKK Group believes in communication with customers and providing quality

At the YKK Group, we seek to be a business that listens to our customers and provides ever-higher levels of comfort for individual lifestyles and for society as a whole. We use our original creative powers and proven technological capabilities to continue to provide high-quality products. By pursuing thorough communication with customers, we are working to increase mutual understanding and enhance future business activities. Furthermore, in response to the need to meet the needs of our global accounts, we are seeking to realize global standards and to develop unique production lines according to the concept of "identical technology, identical machinery, and identical quality around the world."



Sendai



Tokyo



Toyama



Germany (Cologne)



Brazil (São Paulo)



Turkey (Istanbul)



USA (Salt Lake City)



USA (Orlando)



China (Dalian)



China (Guangzhou)



China (Beijing)



China (Shanghai)

We hold exhibitions in numerous countries around the world to build mutual understanding with our customers.

Total vertically-integrated manufacturing system

The YKK Group's Total Vertically-Integrated Manufacturing System allows us to fulfill our commitment to craftsmanship by providing customers with the highest quality and guaranteeing that quality. We operate our fastener manufacturing machinery, which we develop in-house, to achieve the best production in numerous countries around the world.



Fastening machines developed in-house operate around the globe

Green procurement

By making cooperative efforts with our suppliers, we are working steadily to reduce environmental impacts and avoid environmental risks. We are also establishing Green Procurement Guidelines to be used as indicators for the development of eco-products.

We survey our suppliers with questionnaires and use the information received to make a database that we use to reduce the amounts of harmful chemical substances contained in products, and to help the selection of materials and parts with low environmental impacts at the product development and design stages.

Explaining products to our customers

YKK Taiwan conducted an explanatory meeting about our products for customers who regularly purchase YKK fasteners. We deepened their understanding of various products and their functions and features. We planned and implemented this to help our customers in future product development and purchasing.



First 10-year guarantee in the industry

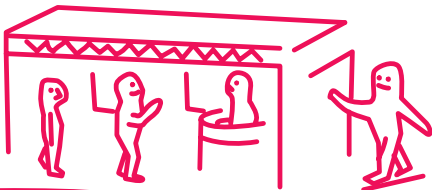
YKK AP is developing the APW brand to provide windows with new value. Only after windows are correctly installed in residences is their performance shown. In order to guarantee the product value of APW windows, distributors that have taken YKK AP Quality Technique Training courses conduct quality confirmation after installation. Furthermore, professionals that have taken our Responsible Installation Training courses install APW700. In addition, follow-up maintenance for products is provided using data management of sales destinations through serial numbers. A two-year guarantee had been the norm in the window sash industry, but by creating this type of system, we are now able to offer the first ten-year guarantee and promise long-life quality.



Responsible Installation Training course



Product label with a serial number



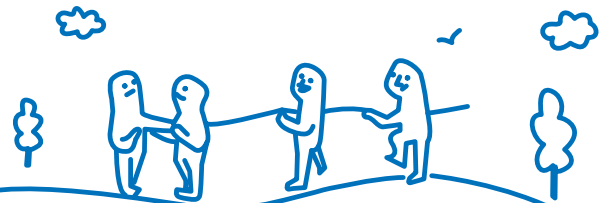
The YKK Group approach to employment, safety and health

Following the human resources philosophy of “autonomy and symbiosis,” the YKK Group companies and our employees are united in seeking to raise corporate value and every employee sets their own goals according to their individual roles and acts with responsibility.

In addition, we seek to create workplace environments that are easy to work in and meet the standards of the era by eliminating causes of danger and harm in every workplace. We also strive to maintain and improve the physical and mental health of the people that work in them.



AT YKK Turkey, we sought to promote employee friendship and health by planning a company picnic that was attended by 800 people, including members of employee families.



■ Personnel system that promotes employee growth

In the 2006 fiscal year, we reviewed our personnel system, and, in the 2007 fiscal year, adopted a personnel system based on results achieved by employees in their roles and their merits.

Key points of our new personnel system

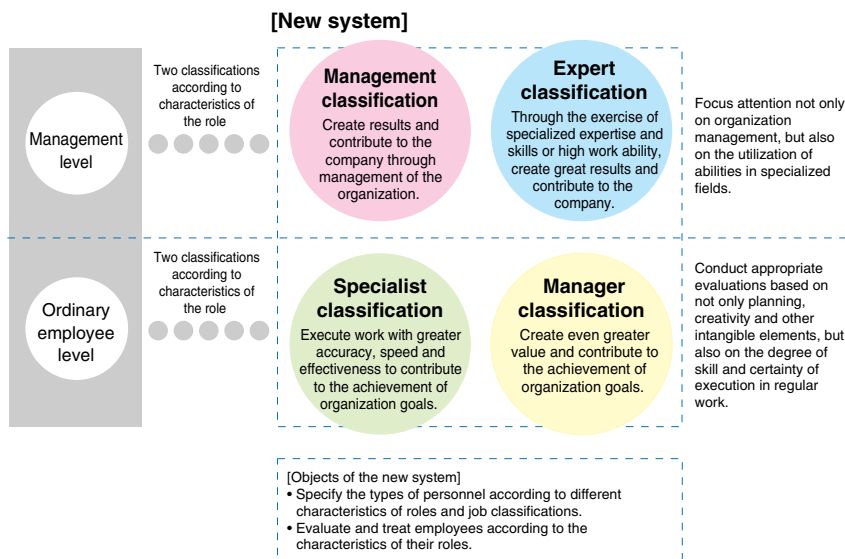
In order to stimulate employee energy and achieve further company growth and development, we conduct evaluation and treatment of employees according to their roles by making the management principle of fairness the criterion, and by clarifying employee roles and responsibilities so that they can fulfill them in their specialty fields. In addition, we have introduced new job classifications in order to make the roles of employees clearer.

We have established a new expert job classification for the fair evaluation of skills and abilities

As a manufacturing company, we will focus even more on skills and abilities, and we have created a new expert employment classification with the goal of fairly evaluating and treating engineers and technicians according to their value in their specialties and dedicated fields.

Creation of a new specialist work classification for the vitalization of manufacturing sites

Determining that it is necessary to have methods for evaluating degrees of skill and expertise at manufacturing and business sites, which are the cores of our manufacturing activities, we have created a new specialist position classification.



■ Human resource cultivation that augments abilities

The three pillars of human resources cultivation in the YKK Group are on-the-job training (OJT), off-the-job training (OFF-JT) and independent education.

In keeping with our corporate culture of “entrusting even the young with responsibilities,” we value the desire of our employees to take on new challenges and actively give them work with responsibilities while they are still young in OJT. Through OFF-JT, we promote capability development using group training, e-learning and various tools for every employee from new hires to executives.

We also support independent education by providing assistance with course fees for correspondence education and subsidies for acquisitions of public qualifications, for example. In our cultivation of human resources, we are working actively to cultivate and promote female leaders and providing leadership training for management position candidates. Among seventeen participants in the 2006 fiscal year training, three received promotions to management.

In addition, we are focusing our efforts overseas on educating local staff and promoting the localization of management.



Management employee training (YKK (China) Investment Co., Ltd.)

Comments from a leadership training participant

YKK Business Support Inc.
Kurobe Personnel Affairs Group
Rikako Ookubo



This leadership training was very valuable for me. I was able to learn about management strategy, marketing, financial analysis and other fields that I have few encounters with in my work, but I was also able to learn skills that are necessary for leaders and techniques that I was able to apply immediately in my own work. In addition, I believe that it was a valuable hands-on experience because I was able to exchange ideas with people who have various perspectives beyond business, and we were able to improve our characters as a result.

■ Promoting equal opportunity

Efforts to support balancing work and child-raising

At the YKK Group, we support employees who are raising children so that, as they take care of them, they can also utilize their capabilities at work and pursue long-term career development. In the 2006 fiscal year, 247 employees, including 2 men, took time off work for child-raising, and 96 used our parenting work system for reduced working time and flexible working hours.

Opening a nursery

At YKK India, we have opened a nursery so that employees with small children can work with peace of mind.

At present, two childcare professionals and two helpers attend fourteen children who are aged from less than a year to three years old.

Milk, snacks, fruits and other foods are available, and there are numerous toys and picture books in the nursery.



Inside the nursery (YKK India)

Efforts for the employment of the disabled

We have been striving to employ disabled people, and, we established YKK Rokko Corporation, a special case subsidiary company, for this purpose in 1999. Since 2003, we have been actively seeking to employ disabled people, and now many are working enthusiastically with us.

Efforts for the employment of the elderly

In the 2005 fiscal year, we instituted our Post-Retirement Reemployment System, and in April 2006, we adjusted this system in accordance with the directives of the Revised Law Concerning the Stabilization of Employment of Older Persons. At present, the reemployment period is until 63, but we will extend it to age 65 by 2009.

■ Creating an environment where it is easy to work

We established the YKK Group Internal Reporting System, a system that allows anonymous consultation and reporting about the workplace environment, labor hours, and irregularities in the company. Furthermore, we have established consultation desks both inside and outside of the company to handle sexual harassment, and employee mental and physical health concerns. In addition, we are also pursuing various efforts to make comfortable working environments at our overseas business places.

Best Company 2006

YKK AP America was selected by US Glass magazine as the best company to work for in the industry. According to surveys of employees by the publisher, evaluation was particularly high in the areas of employee education, welfare and salary raises.

The article noted that the YKK Group "Cycle of Goodness" philosophy was reflected in every business activity involving employees.



Best Company 2006 (YKK AP America)

■ After retirement from YKK

YKK Old Boys Association

The "YKK Old Boys Association" consists of retired persons whose YKK careers have spanned more than 25 years. Beginning in 2005, YKK Corporation initiated a new meeting to explain "YKK Group Management Policy" for the association at several cities of Japan. Mr. Yoshida himself is making a presentation for these YKK Old Boys, and that is the reason why they continue to feel strongly as a part of the YKK family.



Osaka Branch of the YKK Old Boys Association

Safety and health

With elimination of danger as our goal at the YKK Group, we are promoting the implementation of inspections to identify dangers and hazards and the incorporation of labor safety and health management systems.



Safety course

Safety and health education

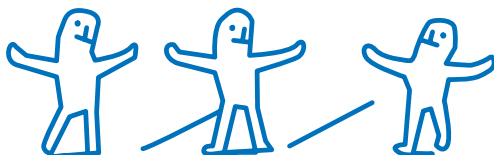
The three pillars of our safety and health efforts are making people safe, making workplaces safe and making systems safe. Among these, we are focusing on "making people safe" through danger prediction training, energy risk assessment education and other ordinary education, as well as through foreperson education and other education designated by law, training with industrial robots and other special education, training for people who work extensively with video display terminals and other specialized education. We conduct 23 different safety education courses in total. In the 2006 fiscal year, about 1,900 people took classes at our Kurobe workplace.

In addition, the YKK Group Safety and Health Council sponsored safety lectures in April and October with the themes "Safety management efforts to continue a record of zero accidents" and "Why do serious accidents occur?" About 250 people attended each lecture, including safety officers, managers, supervisors, and people involved in development and design.

Labor safety and health management systems

Recognizing it as the ideal system for the elimination of labor accidents and the qualitative improvement of safety and health management, we are undertaking the incorporation and operation of a labor safety and health management system for the Group as a whole.

Our YKK Kurobe workplace received expanded certification in January 2007, and our YKK AP Kurobe and Namerikawa workplaces received certification in December 2006 followed by our YKK AP Shikoku workplace in February 2007. In the 2008 fiscal year, we will continue to promote the application of labor safety and health management systems, including preparation of a plan for all YKK Group business places and affiliated companies in Japan.



Environment and Safety Publicity Day Event (YKK Shenzhen)

First Environment and Safety Publicity Day

With the goal of raising the environmental protection and safety consciousness of every employee at the YKK Shenzhen Gongming Factory, we held the First Environment and Safety Publicity Day with the slogan, "I am responsible for environmental protection and safety." At this event for the promotion of awareness related to the environment and safety, we showed DVDs related to safety, firefighting, and environmental protection, held first-aid methods and fire-extinguishing practice, explained onsite illustrations about the environment and safety and conducted other activities to raise awareness.

We sought to raise employee consciousness of environment and safety issues through fun quizzes and implanted awareness by having everyone sign on to the "I am responsible for environmental protection and safety" statement.

Health maintenance and improvement

We recognize that employee health is an indispensable element for people to live fulfilling social and work lives, and, in addition to seeking a 100% rate of medical health checkups, we are providing health education with the goal of preventing lifestyle-related diseases, mental illnesses and other ailments.



Aerobics class

Health promotion festival

At our YKK Kurobe workplace, we held a health promotion festival with the goal of spreading knowledge about lifestyle-related illnesses prevention as one part of our efforts to increase employee health. We provided information and skills that would encourage employees to put into practice the lifestyle-related illnesses prevention approach advocated by the national government, which is "exercise first, diet second, absolutely no smoking, and finally medication."



Seminar on quitting smoking conducted by an occupational health physician (YKK Deutschland)

No Smoking Project

At YKK Deutschland, we thought, "How can the company support employee health management in consideration of the aging of our employees and the high rate of smoking?" In response, we started the No Smoking Project.

For employees, the merits include health improvement and reduced expenses from the habit. For the company, the merits include improved productivity, greater office work efficiency, fewer work absences related to illnesses, and reduced fire dangers.

Our first step has been to provide seminars and consultations with occupational health physicians for those who wish to quit smoking.

The YKK Group approach to environmental efforts

Since the YKK Group established the YKK Group Environmental Charter in September 1994, the entire group has been working to protect the environment. The Environmental Charter expresses our quest to achieve harmony between the environment and the healthy and abundant lifestyles of humanity by protecting and improving the environment in all of our business activities.

As global environmental problems deepen, the realization of a worldwide sustainable society with a stable material cycle is a crucial issue.

Four environmental management promises

Develop and provide eco-products and eco-services

The YKK Group is contributing to the creation of a sustainable society through our products.



Further enhance our efforts to reduce environmental impacts

The YKK Group is working to reduce the environmental impacts from our business activities even more.



Create and use a global environmental management system

The YKK Group is continuing environmental management activities that put harmony with the environment first in every region of the world.



Promote environmental communication

The YKK Group is communicating with our customers because we believe that it is the most important aspect of environment policy.



In order to reduce the environmental impacts caused by YKK Group business activities in countries around the world, we have set four medium term fundamental environmental management policies and are pursuing our environmental action goals according to these.

The YKK Group contributes to the creation of a sustainable society through its products.

Eco-products vision

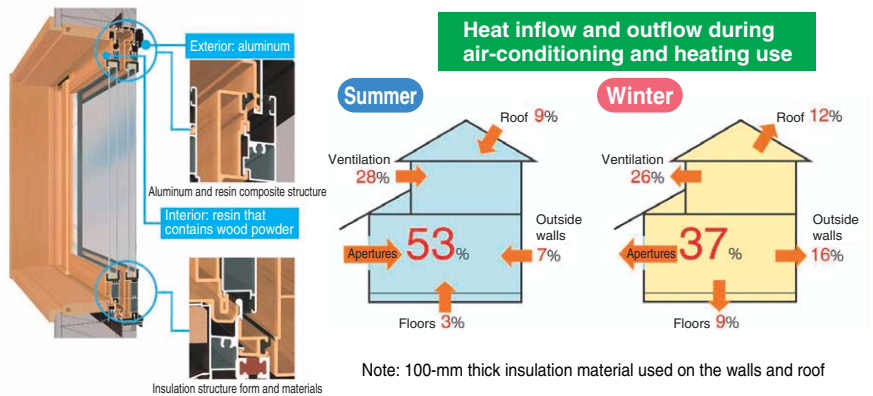
We established this vision in order to provide products that give consideration to the environment (eco-products).

We will contribute to the creation of a sustainable society through our products by developing products that respond to the following seven considerations, which are based on the themes of "high environmental performance (E)," "safety and peace-of-mind (S)" and "comfortable lifestyles (C)."



The role of windows in global warming prevention

Windows are where most heat goes in and out of buildings. If the cool created by air-conditioning in the summer and the heat created by heating in the winter could be prevented from escaping, and if unwanted heat and cold could also be prevented from entering from the outside through windows, energy conservation could be achieved, and CO₂, a cause of global warming could be reduced. YKK AP is contributing to global warming prevention by developing windows with high insulation and heat-blocking performance.



The role of fasteners in waste reduction

Plastic products have made our lives more convenient, but the garbage that results after their use has become a serious problem. YKK contributes to waste reduction by developing fasteners that use recycled materials, fasteners that can be recycled after use and biodegradable fasteners that can be broken down after use into water and carbon dioxide and returned to nature by microorganisms in the environment, as well as other eco-products suited to different purposes.



Seven considerations for eco-products

- 1. Consideration of ecosystems (E S)**
Use raw materials that do not damage natural environments and ecosystems
- 2. Consideration of safety and peace-of-mind (E S C)**
Provide products that are devised to alleviate allergies and other health problems and that do not contain harmful substances
- 3. Consideration of resources (E)**
Take measures to reduce the amounts of energy, water and other resources used in the manufacture, distribution and use of products
- 4. Consideration of the 3Rs (E)**
Make efforts to reuse, reduce and recycle, and otherwise eliminate garbage and use recycled raw materials
- 5. Consideration of long-term use (E S C)**
Realize long-life design, user attachment, easy repair, expandability of functions and follow-up service
- 6. Consideration of diverse lifestyles (E S C)**
Create lifestyle value through ease-of-use and user-oriented design
- 7. Consideration of proactive information disclosure (E S C)**
Provide easy-to-understand product explanations and environmental information and take measures to respond to customers



Soil restoration efforts

In 1973, YKK purchased about 331,000 square meters of land in the coastal district of Kurobe City in Toyama Prefecture for the purpose of building a factory. A company that manufactured and sold magnesia clinker, a semi-processed raw material used in fireproof bricks, had formerly been located on this land. That company had used carbide sludge, a type of alkaline sludge, in its manufacturing process. A lot of this sludge remained when we purchased the land, but our awareness that this was a waste subject to laws was insufficient.

In order to allay the concerns of community residents and make effective use of the land, we decided to remove all the carbide sludge.

Since this alkaline waste is nearly 50% calcium, we thought that it might be usable as a raw material for cement, and we searched for a cement company that could use it for us. In addition, we consulted with the government and prepared a reuse plan.

As a result, we finished processing this waste in November 2006, 15 years after we had begun in 1992. A total of 260,000 tons were disposed of at a cost of 2.63 billion yen.

In the end, it has become extremely expensive land, but we believe that this recovery effort also provided effective education and awareness-raising about environmental protection.

<History>

1973 Purchased factory site



**1975 Carbide sludge moved and banked
First stage of factory construction**



**1978 Carbide sludge moved and banked
Second stage of factory construction**



**1989 Negotiations with cement company
Confirmed prefectural directives**



1992 Start of carbide sludge disposal (recycled outside the company)



2006 Completion of carbide sludge disposal



May 2001: Digging out carbide sludge (mid-process)



November 2006: Completion of disposal (empty lot)

Carbide sludge processing procedures

Excavation

Carbide sludge buried at one corner of the factory is dug up



Separation

Separation machinery is used to remove foreign matter



Removal

Carbide sludge is made into a raw material for cement



Raw material for cement

Removed foreign matter is separated and recycled as much as possible

State: sludge
(about 70% water)
PH: 12 or greater
Ca: about 40%
No harmful substances



Concrete scrap

(After crushing into grains)
Roadbed material



Metal scraps

Metal materials



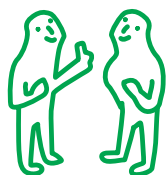
Waste plastic

Recycled as fuel



Wood scraps

Incineration



Environmental impact reduction management

Preventing global warming

We have been contributing to CO₂ reduction by investing in energy conservation for many years. To achieve further reduction, we are incorporating high-efficiency equipment when building new factories and replacing equipment in Japan and abroad. We are also promoting process improvements and the use of natural energy sources, as well as actively promoting energy conservation activities in accordance with our environmental management systems. In addition, we are participating in Team Minus 6%, and our staff members are individually thinking about what they can do to save energy and put these ideas into practice.



The water supply for the boiler is preheated using the heat emitted from the boiler (YKK España)

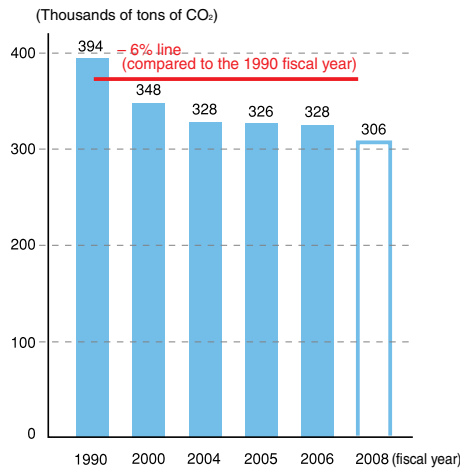


Temperature control equipment has been added to all 179 air-conditioners in this factory (YKK Taiwan)

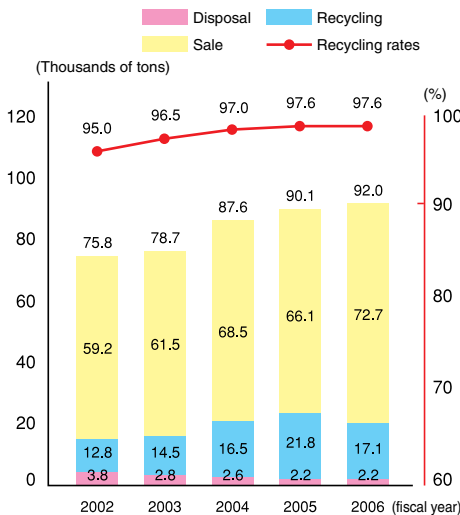


Outdoor lights have been replaced with energy conserving types (YKK Thailand)

Changes in CO₂ emissions (Main YKK Group production sites in Japan)



Changes in waste emissions and resource recycling rates (YKK Group in Japan)



Resource recycling

We look at waste products as resources and recycle them with the goal of achieving zero emissions of waste disposal to landfill. In the 2005 fiscal year, our Japanese production sites achieved zero emissions. We will seek to reduce our total amount of waste products and raise the quality of our recycling methods in the future to further minimize environmental impacts.



Cement and other materials are mixed with wastewater processing sludge to make blocks (YKK India)



Used solvents are put into equipment for distillation and separation and the solvents are collected and reused (YKK Italia)



We installed a crusher to recycle imperfect tape scraps into cushion material for pillows, dolls, mats and other products (YKK Zipper Indonesia, PPD Plant)

Environmental risk management

Strict compliance with laws and agreements underlies our efforts, but we are also striving to reduce environmental risks through such efforts as appropriate management of chemical substances, regional environmental preservation of soil, groundwater, the air and entire watersheds as well as by preventing environmental accidents.

Handling of chemical substances

With the goal of reducing the use and suitably managing chemical substances in raw materials, we established the YKK Group Management Guidelines for Chemical Substances in 2005. In the 2006 fiscal year, we created a system for the management of chemical substances in products and began applying it. We monitor the types and quantities of chemical substances in products, regulatory information and related details and promote the green procurement of raw materials in order to develop products that are safe and provide peace-of-mind.



We installed two purification equipment units that neutralize hydrogen cyanide gas using sodium oxide solution (YKK Mediterraneo)



Under the supervision of local firefighters, every employee participated in training to take refuge, extinguish fires and prevent the discharge of chemical substance (YKK Hellas)

Soil inspections

Since the 2002 fiscal year, we have been independently investigating the past use conditions and handling of harmful substances on our properties and implementing pollution status analysis and investigations as necessary. We had completed investigation of 211 (71%) of our 297 properties in Japan by the 2006 fiscal year. In our 2006 fiscal year investigations, we found one site where soil pollution exceeded legally established standards. We consulted with the government about this land, and it was determined that we should maintain the current status since measures have been taken to prevent the polluted soil from dispersal by the wind.

We will continue our efforts with the goal of completing our pollution status investigations by the 2008 fiscal year.



Soil collection and inspection

Measures for equipment that contain polychlorinated biphenyls (PCB)

In 2001, the Law Concerning Special Measures against PCB Waste was established, requiring the processing of equipment that contains PCBs by the 2016 fiscal year. Equipment that contains PCBs is managed and stored according to legal requirements. We will conduct suitable processing of these materials in accordance with the processing plan of the local government.

In addition, we established the YKK Group PCB Handling Guidelines in 2003, and we are advancing the work of confirming the status of equipment that contains small amounts of PCBs. Equipment that has been found to contain small amounts of PCBs is being suitably stored and managed at ten Group storage facilities in Japan.



Dedicated storage warehouse for equipment that contains small amounts of PCBs



Unfortunately, our group company, the YKK AP Tohoku Plant, was in violation of a waste disposal law.

We offer our deepest apologies for the great trouble that we have caused to many people.

The YKK Group takes this incident very seriously, and we are strengthening our corporate governance system and promoting thorough improvement of attitudes toward legal compliance.

About the summary order for violation of a waste disposal law by the YKK AP Tohoku Plant

Causes

The Tohoku Plant of YKK AP Inc. hired an industrial waste business that had not received a waste disposal permit to act as an intermediary in the processing of industrial waste. As a result, on December 25, 2006, YKK AP Inc. and two of its employees were served with a summary indictment by the Sendai regional prosecutor's office for violation of the Waste Management and Public Cleansing Law ("waste disposal law"), and they received a summary order from the Sendai Summary Court on the same date.

Details

In addition to cooperating fully in the investigations related to this matter by the authorities, we established a countermeasure headquarters headed by our Executive Officer for Environmental Policy, and sought to clarify and respond to the situation. We stopped the emission of the waste plastic that had been contracted out for disposal, and collected the unprocessed amounts still remaining at contractor locations. Furthermore, at the YKK AP Tohoku Plant with confirmation from the Osaki Public Health Center, we pulverized the collected waste plastic and waste plastic generated in manufacturing processes and sold it as a recycled material rather than disposing of it as industrial waste. Moreover, we confirmed that the waste in this case did not cause any harm to local residents or secondary pollution.

Response

We confirmed that the causes of this incident were insufficient awareness regarding legal compliance, inadequate knowledge of laws and regulations, and lack of internal checking systems.

At the YKK Group, we are responding to this series of problems. To prevent recurrence, starting in the 2006 fiscal year, we have appointed legal compliance executive officers, established committees, conducted education and implemented other measures that establish legal compliance systems and improve awareness about legal compliance among group employees at YKK Corporation and YKK AP Inc.

<Arrangement of implementation systems>

- We established a division that is responsible for legal compliance
- We established legal compliance implementation teams (lateral organization in each business)
- We implemented a legal compliance line (internal reporting system)

<Improving awareness>

- We issued the Legal Compliance Book and distributed it to every employee
- We are holding executive trainings conducted by lawyers every three months

<Implementation of auditing>

- We reconfirmed our contracts with all industrial waste disposal contractors
- We confirmed all intermediary disposal business involved in industrial waste disposal contracting locally

The YKK Group takes this incident very seriously. We are endeavoring to further augment our legal compliance systems and improve awareness about legal compliance throughout our group companies.



● About efforts in business activities

Every year, when we conduct these interviews about YKK Group CSR activities, I sense that your “Cycle of Goodness” is at the foundation of the consciousnesses of your employees as they go about their daily activities. However, last year YKK AP had a waste disposal violation despite this kind of fundamental spirit, so it is necessary to reexamine the causes of the problem. YKK felt a strong responsibility and responded right away, but you need to immediately raise the awareness of all your employees.

Responding to this kind of failure at the business place where it occurred comes first, but there is a great probability of a similar problem occurring at your other sites in Japan and abroad. Along with countermeasures for the incident that occurred, it is important that you restimulate the awareness of every individual and operate a system to uncover potential problems before they happen and prevent accidents.

● Regarding the Social and Environmental Report 2007

I understand that, as with last year’s report, the purpose of this year’s brochure is as a report for ordinary readers. This time, you further increased your coverage of overseas activities, making clear that the Cycle of Goodness has permeated your company globally.

Along with looking at your responses to my comments last year, I want to make some new comments on this year’s features.



● Environment and social activities of the group as a whole and of your two main business

In addition to reporting on the YKK Group as a whole, details of YKK AP activities are also reported on elsewhere, so I think that you should report on YKK separately also. By doing this, the group report could focus on the common objectives and approaches of all your companies, while the separate reports could detail the performance of each business, making a structure that would be easy to understand.



● The YKK Group’s unique relations with employees

This time, I can really see your inclusion of overseas efforts. I evaluate highly that fact that your “Cycle of Goodness” was mentioned in an award received by YKK AP America, showing that the YKK spirit is understood elsewhere in the world.

● Print and web editions

The print edition includes data for main indicators (CO₂, waste emissions, etc.) and then describes how results relate to improved performance, making the report easy to understand. Regarding the information on your site, the web edition focuses on detailed numerical data, but local, ordinary readers are probably more interested in what efforts you are making than technical data.

● Additional points

It is commendable that you independently undertook the disposal of carbide sludge remaining from the waste of another company. Please continue to take a leadership role in the environments of your communities. Regarding a web site that responds strongly to reader needs, I think that you could include reporting on activities for communities.

海野みづえ

So-Tech Consulting, Inc.
Chief Executive Officer Mizue Unno

Profile of Mizue Unno

After graduating from Chiba University Graduate School, she worked at a management consulting company until she founded So-Tech Consulting, Inc. in 1996.

External Director of Brother Industries, guest lecturer at the graduate schools of the University of Tokyo and Hosei University

Let's stop global warming together
Team -6%
The YKK Group is the member of the Team -6%



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