

YKK Group Operations Aimed at Creating New Value

Working toward a sustainable society in cooperation with customers, employees and local communities, the YKK Group is pursuing innovation in manufacturing aimed at creating new value.



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Cover Art

The artwork on the cover of the YKK Group Social & Environmental Report communicates the underlying concept of "a future society in which smiling children play in nature." Reflecting the main theme of the report, "The YKK Group's Socially Oriented Operations," this glimpse of a future eco-city built using the Group's environmentally friendly products fills the space and is intended to convey the YKK Group's desire to operate in harmony with nature.

Editorial Policy for the Fiscal Year under Review

As we wish to have as many people as possible read this report and learn about the YKK Group, we are publishing both a printed brochure edition presenting our fundamental ideas and a web edition that presents more detailed information.

The URL for the web edition is:

<http://www.ykk.co.jp/english/corporate/eco/report/2013/contents.html>

This brochure was produced exclusively using materials that can be used to make recycled paper when you have finished with it.

Extent of Coverage

YKK Group (YKK Corporation, YKK AP Inc., main overseas production sites and others)

Period Covered

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The next report will be published in September 2014.

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Meeting the Challenges of Next-Generation Product Design and Manufacturing for a Sustainable Society

Creating New Possibilities for Tomorrow through Technological Development and Innovation

Contributing to Society through "Low-Energy" Technology

In its pursuit of *Monozukuri*,* the YKK Group has always met its challenges by applying its company philosophy, the "Cycle of Goodness" and the YKK Management Principle, "YKK Seeks Corporate Value of Higher Significance." Since our founding, the cornerstone of our businesses has been formed by addressing one challenge after another. Even today, after developing our core fastening products and architectural products businesses in 71 nations and six regions all over the world, our stance remains the same.

Our business climate is facing an era of drastic changes on a global scale. However, I believe we must view these changes as opportunities and take on new challenges more boldly than ever before.

The Fastening Products Business Group is working to become more cost competitive while responding swiftly to changing markets. The Architectural Products Business Group continues to create new value in the architectural products industry for single-family residences and high-rise buildings. We will meet diversified needs by stepping up our technological development and innovation, and we will always address the challenge of creating new value through *Monozukuri*.

We will also continue to promote our corporate activities in all of our businesses, while taking a comprehensive approach to reducing our environmental impact and protecting and preserving nature and biodiversity. One of our basic management principles is contributing to the growth of a sustainable society. This principle represents our responsibility for the future.

Along with efforts to develop energy-saving manufacturing processes, we will promote a "low-energy" lifestyle that allows people to live comfortably while using less energy. I believe that we have a responsibility to the future to make this "low-energy" approach widespread.

With an eye on achieving a harmonious coexistence with nature, the YKK Group will employ its technological capabilities to create new value that contributes to the sustainable development of society.

June 2013

YKK Corporation Chairman & CEO
YKK AP Inc. Chairman & CEO
Tadahiro Yoshida

*The art, science and craft of making things with a dedication to continuous improvement, as well as an emphasis on the thing that is being made and the act of making.



Contributing to the Creation of a Sustainable Society

When it comes to global business operations, we have always kept "fairness" as the cornerstone of our management activities in line with our "Cycle of Goodness" corporate philosophy and "YKK Seeks Corporate Value of Higher Significance" Management Principle.

Under the slogan "be a native," we strive to put down roots in each country where we operate. We tailor our business to meet local market needs while hiring, nurturing, promoting and entrusting operations to local employees. The YKK Corporation's ongoing contribution to local communities has always been underpinned by its long-term efforts to maintain a strong, reliable and trustworthy relationship with society through its business expansion.

By applying the above philosophy to our environmental activities, we have developed a communications network and a clearly defined responsibility structure covering 71 countries and regions. These are backed by a compliance system in place at each local unit to ensure adherence to environment-related laws, which can vary from country to country.

To reduce the environmental burden, we are also pursuing efforts to realize a drastic energy efficiency improvement while seeking more efficient ways to utilize natural resources. Moreover, we are striving to protect diverse ecosystems through such initiatives as the YKK Group Tree Planting Day.

Because we manufacture and sell products that are part of everyday life, we know that our products must be responsive to not only the needs of our industrial customers but also to those of the consumers who ultimately use them. We therefore place great importance on delivering products that add value to the clothing and other goods that our customers make.

Going forward, YKK will step up its efforts to offer new value to people and society as a whole through its products and technological excellence. We will continue to promote the creation of a sustainable society by contributing to local communities through our business activities.



June 2013

President of YKK Corporation
YKK Group Environmental
Policy Board Committee
Chairman
Masayuki Sarumaru

Pursuing Innovation at All Stages, from Design to Manufacturing

YKK AP Inc. is aiming to create business value suited to the times and to provide advanced amenities for modern living and urban spaces. Our operations center on windows and doors that help create comfortable dwelling spaces, building facades that help beautify the urban landscape and other architectural products.

As a company committed to product design and manufacturing, YKK AP has always worked to apply a user perspective in its operations. Due to the energy supply issues emerging in Japan in recent years, emphasis is being placed on reducing energy consumption, particularly in dwelling spaces. In response, we are proactively developing products that help households and business offices better save energy by realizing greater heat shielding and heat insulation properties as well as ventilation performance.

We aspire to create dwelling spaces that harmoniously coexist with the Earth's environment while being comfortable for all. The underlying concept of YKK AP products, "low-energy lifestyle," does not simply mean using less energy, but living comfortably while using less energy. Applying this concept, we are focusing on developing high-insulation window products as well as on designing options for the spaces surrounding windows, proposing ways to combine these products for the better use of window space.

From the production perspective, efforts are under way to further streamline our production lines while reinforcing our plants' earthquake-resistance and energy-saving capabilities. Moreover, we are streamlining the product delivery process as well as maintaining our zero emission activities. We will continue our pursuit of a manufacturing operation that coexists with the natural environment and contributes to a low-carbon, recycling-oriented society.

As we are committed to product design and manufacturing, our aspiration is always to deliver products that are of high quality and that create new value by helping make dwelling places more comfortable. In this way, we will contribute to the development of a more prosperous society.



June 2013

President of YKK AP Inc.
YKK AP Inc. Environmental
Policy Board Committee
Chairman
Hidemitsu Hori

Accommodating Diverse Needs through the Fastening Products Business



2 million

The number of kilometers of fasteners YKK produces annually (50 times the Earth's circumference)

YKK's airtight and watertight zippers have been adopted for spacesuits. (Photo shown for illustrative purposes only)

Enhancing Customer Satisfaction by Meeting Diverse Needs

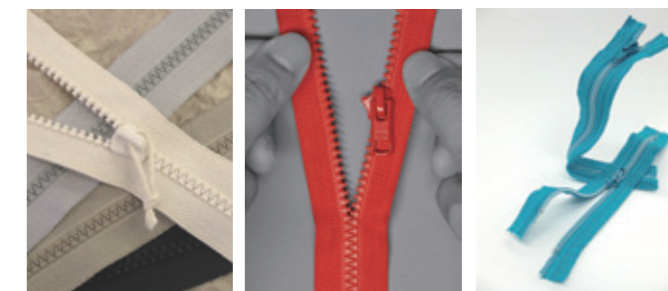
A zipper accounts for only a small portion of the total manufacturing cost of a garment. However, if the zipper breaks, the garment is useless; therefore, reliability is of utmost importance.

Moreover, demand for zippers that incorporate universal design principles and are eco-friendly is increasing as are calls for thinness, lightness and flexibility.

YKK's thorough quality control system, integrated production system, and global supply structure enable it to provide customers around the world with reliable products that meet their various needs.

The diversity of the YKK product lineup is demonstrated by such products as the Easy Open Zipper, which can be easily undone with a tug of the hands on either side of the zipper; the eco-friendly Paper Zipper, made using a substantially smaller amount of petroleum materials; and the Shape Retaining Zipper, which can be bent and folded into a desired shape. Moreover, YKK develops high-end products such as "EXCELLA," a luxury zipper with highly polished elements that sparkle, and "METALUXE," a lightweight plastic zipper that boasts a high-grade metallic look. These YKK products are used for myriad applications, from clothing and accessories to interior design.

New Products Being Introduced



Paper Zipper Easy Open Zipper Shape Retaining Zipper

High-Fashion and High-Function Products



"EXCELLA" "METALUXE"

YKK Products Are Everywhere—Supporting Society with Fastening Technology

YKK fasteners are used not only in clothing but also for special purposes and in unique environments, for applications that include spacesuits, chemical protection suits and diving suits as well as industrial materials.

For example, in tandem with customers we developed zippered soft tanks for liquid transportation. The special plastic used for the tank walls is flexible, which allows the tank to be folded up compactly once emptied and thus frees the delivery trucks' cargo space for other use. Unlike conventional tank trucks, the use of soft tanks enables transporters to carry other cargo on the return trip. Soft tanks are anticipated to help enhance efficiency and reduce CO₂ emissions in the transportation sector.

There are many YKK products now in use that are relatively unknown to the general public. For example, the Akashi-Kaikyo Bridge has rubber drainage ditches equipped with "PROSEAL" airtight and watertight zippers that facilitate regular cleaning. Also, YKK's "VISLON" fasteners are employed to join together the oil fences used to prevent oils spills from wrecked ships from spreading. These applications demonstrate how YKK technology plays a quiet but important role in protecting the environment.



Soft Tank
Once emptied, this foldable plastic equipped with a "PROSEAL" zipper can be washed and stowed away to free the loading space for other cargo. (Photo provided by Asano Transportation Co., Ltd.)



Akashi-Kaikyo Bridge
"PROSEAL" zippers installed on the underside of the bridge drainpipes allow them to be cleaned periodically and help prevent the pollution of seawater passing under the bridge. (Photo provided by Honshu-Shikoku Bridge Expressway Company Limited)



Oil Fence
When a major marine incident involving an oil spill occurs, YKK's fasteners are used to join together oil fences to create the length needed to prevent it from spreading any further. (Photo provided by Ogawa Techno Co., Ltd.)

Note: "EXCELLA," "METALUXE," "PROSEAL" and "VISLON" are trademarks of YKK Corporation.

YKK AP's Window and Architectural Products Embody People- and Eco-Friendliness

1,000

Glass curtain walls used for giant domes: 1,000 different cuts of glass

Singapore's largest botanical garden, Gardens by the Bay, features the glass-enclosed Flower Dome and Cloud Forest, giant domes made of glass panels cut into more than 1,000 different shapes and sizes.

(Photo provided by Gardens by the Bay)

From Singapore: YKK AP's Facade Business Expands Globally

YKK AP FACADE PTE. LTD. (Singapore) specializes in building facades for ultra-high-rise buildings and buildings that present architectural challenges. In June 2012, YKK AP FACADE completed the installation of the exterior curtain walls of the Flower Dome and Cloud Forest in Gardens by the Bay, Singapore's largest botanical garden. The two huge glass-walled domes are completely without columns, and their three-dimensionally curved curtain walls are composed of approximately 6,000 pieces of glass, which have more than 1,000 variations in size and shape.

Expanding in the region, in April 2013 the company established YKK AP FACADE Vietnam Co., Ltd. to target the Vietnamese market.

Drawing on the extensive experience it has gained in the facade business, the Group will further cultivate its specialty in the field of curtain walls for ultra-high-rise buildings as well as unique structures often employed for statement buildings. By

doing so, YKK AP FACADE aims to establish its name as the global brand of choice.



Tan Son Nhat International Airport, Vietnam, with exterior finishing manufactured by YKK AP FACADE

Producing Eco-Friendly Products at an Eco-Friendly Plant

Saitama Mado Plant, YKK AP's first window production base, began operations in July 2011. In October 2012, production facilities for Low-E glass were established within the plant, enabling integrated production from glass materials to finished window products.

Aiming to create an eco-friendly plant with roots in the local community, YKK AP has introduced a series of innovations at the plant, including heat insulating fittings, use of natural energy sources and premises greening activities. While accommodating the growing need for window products that facilitate energy saving, Saitama Mado Plant strives to reduce its environmental burden and to ensure the efficient use of the site's natural environment.



The plant's office building boasts approximately 300 sets of APW 330 heat insulation windows (Photo by Takenaka Corporation)

APW 330: A Triple Glazing Vacuum-Insulated Glass (VIG) Window for Comfortable Living

In March 2013, YKK AP introduced APW 330 Triple Glazing Vacuum-Insulated Glass (VIG) windows made using a combination of highly insulating resin window frames and vacuum-insulated triple glazing glass. This combination of elements enables APW 330 windows to realize a superior heat insulating

performance while maintaining a high solar transmittance rate, all in a sophisticated design. The installation of APW 330 windows throughout a house will cut the volume of CO₂ emissions as much as 25% compared with YKK AP's conventional products.

The Machinery and Engineering Group Provides Innovative Manufacturing Solutions

2,400

Units of machinery produced each year

The Machinery and Engineering Group provides specialized production machinery to the YKK Group's fastening and architectural products facilities worldwide.

The Machinery and Engineering Group contributes to the growth of the YKK Group from the development and manufacturing aspects of machinery, the core of YKK Group technologies. The YKK Group has grown globally by developing an integrated production system that encompasses materials, manufacturing facilities and products. The Machinery and Engineering Group supplies machinery specialized for the Fastening Products and Architectural Products business groups to YKK Group factories all over the world by developing materials, developing machinery and equipment, and manufacturing machinery parts and components of machinery and equipment. While strengthening our elemental technology for specialized machinery, we are introducing leading technologies from other companies and institutes.



The CM6—at the root of YKK's manufacturing tradition

Development of YKK's Proprietary Fastener Chain Machine

The YKK Group's integrated production system and its manufacturing quality have long been supported by its in-house developed processing machinery. In 1964, the Group developed the CM6 fastener chain machine (see picture at left), which at the time was the world leader in mass production quality. Building on this achievement, the Machinery and Engineering Group is engaged in the development of equipment that meets the needs of the production front-lines, striving to ensure the YKK Group's superior product quality and cost competitiveness.

Moreover, a new project was launched in fiscal 2013 to develop new equipment that will cut energy use by 20%.

Enhancing and Passing on Manufacturing Skills to Younger Generations

Spearheaded by the Gino Dojo (manufacturing skills training center), the Machinery and Engineering Group strives to nurture human resources capable of bolstering the Group's manufacturing traditions. In 2012, a new course was introduced with the aim of winning awards at Japan's National Skills Competition.* Participants in the course are now working to hone their expertise on the fundamentals of parts processing and machine assembly.

*Sponsored by the Japan Vocational Ability Development Association, skilled workers aged 23 or younger are selected through prefectural competitions to compete nationally on the basis of skills. The winners of the National Skills Competition go on to compete in the biennial World Skills Competition.



Achieving Growth in Step with People and Communities

71

Area of operations: 71 countries/regions

As of the end of December 2012, the YKK Group companies worldwide employed approximately 39,000 people. In the picture shown above, local women are learning how to insert a YKK zipper into a pouch. (Photo provided by YKK EGYPT S.A.E.)

Although Egypt has enjoyed rapid economic growth since the 1990's, some statistics indicate that 40% of the population are living at the poverty level. To provide support for such people, especially women in need of gaining financial independence, the Japan International Cooperation Agency (JICA) dispatches Japan Overseas Cooperation Volunteers to provide training on handicraft manufacturing techniques. YKK EGYPT has been supporting this initiative since 2011 through the provision of coil zippers for pouches.

Since 2008, the annual YKK Group Tree Planting Day has been held in concert with World Environment Day (June 5). Aiming to harmoniously coexist with nature, we are continuously planting trees at our bases worldwide.



Kazuyo Isami,
YKK Kurobe
Manufacturing Center
Since 2008, we have been nurturing the forests on the premises of

the YKK Kurobe Manufacturing Center with the aim of recreating the natural forest of the Kurobe River alluvial fan. So far, we have planted approximately 20,000 seedlings from 20 tree species that used to thrive in the area.



Lucio Nagami,
Machinery Group,
YKK DO BRASIL LTDA.
In light of the major impact that global population growth has on both

the natural environment and economic systems, we are striving to raise awareness among employees and the local people that protecting the environment is important also for their own day-to-day lives and economic activities.



Mildred Mendoza,
YKK EL SALVADOR,
S.A. DE C.V.
Despite being essential to groundwater preservation and CO₂ absorption,

our country's forests are shrinking, today accounting for only 3.85% of the total land, and they are expected to decline to 0.75% by 2025. We planted 300 trees in fiscal 2012, and will continue this initiative for the sake of the future generations.



Seda Gursoy,
YKK METAL VE
PLASTIK URUNLERI
SANAYI VE TICARET
A.S. (Turkey)
Since 2008, a total of 412

trees have been planted on our premises to offset CO₂ emitted by our operations. The trees will be passed on to future generations of employees. As the trees are going to reach maturity in several years, we are considering creating other "YKK forests" in different locations.



Jianfeng Zhang,
YKK AP (SUZHOU)
CO., LTD
While striving to reduce greenhouse gas emissions, since 2005 we

have undertaken tree planting activities in tandem with local elementary schools. We will continue these activities to raise environmental awareness and to contribute to the development of a low-carbon society.

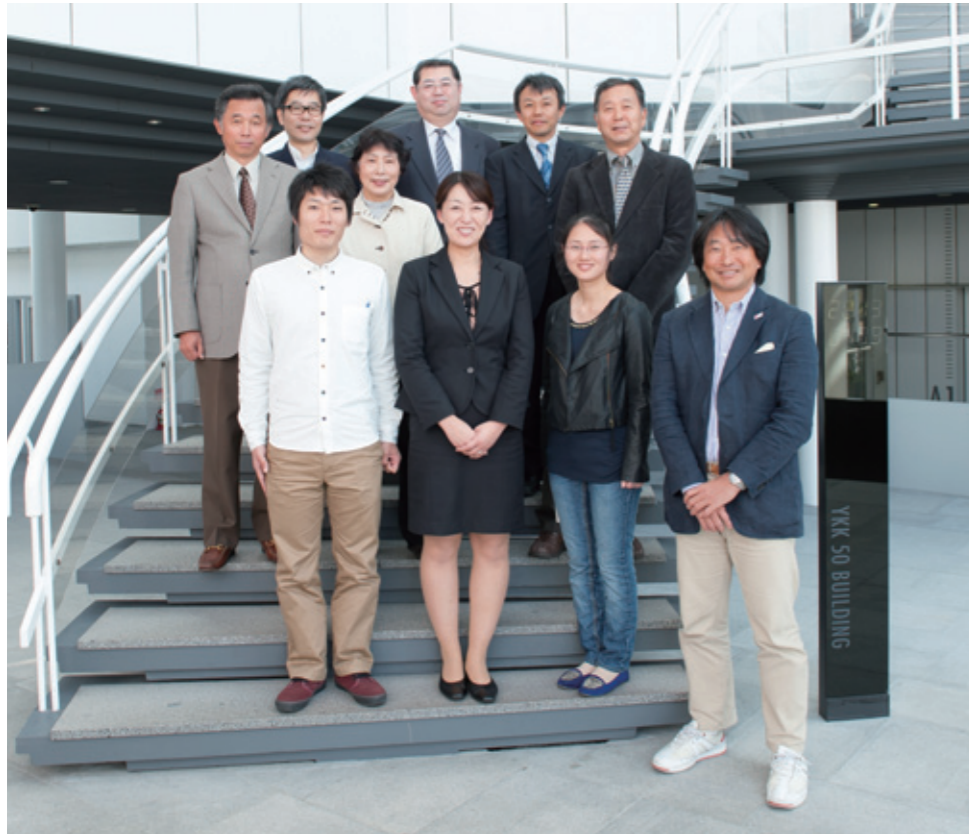


Rasel Mahmud,
YKK BANGLADESH
PTE. LTD.
Since 2008, we have participated in the YKK Group Tree Planting Day

every year as a form of social contribution. In 2012, we planted 1,000 trees mainly at schools in the Dhaka suburbs. Although in Bangladesh forests account for less than 10% of total land, we hope to see this ratio go up in the future.

Stakeholders' Expectations for the YKK Group: Growing Together with Society

Through ongoing dialogues with its stakeholders, the YKK Group aims to realize product innovation that helps to resolve social issues.



Back row, from left:
Trading partner in AP business: **Akira Hirano** (President & CEO, Hirano Komuten K.K.)
Trading partner in fastening business: **Takeshi Yamamoto** (General Manager of Marketing Department, Corporate Planning Headquarters, GOLDWIN INC.)
Naturalist: **Kikuyo Matsuki** (Executive Director, Kurobe Gorge Naturalist Society)
Local spokesman: **Matsunori Nakaya** (Assistant Manager in charge of Environmental Affairs, Living Environment Section, Citizen Affairs Department, Kurobe City)
Nature conservation group representative: **Kazuhiko Uraya** (Manager of Interaction & Cooperation Promotion Department, Toyama Environment Foundation)
Resident: **Toshiyuki Nakamura** (Vice Chairman, Muratsubaki Promotion Society)
Front row, from left:
Student: **Junsei Ogata** (Department of Environmental Engineering, Faculty of Engineering, Toyama Prefectural University)
Consumer: **Rika Inagaki** (Promoter of global warming prevention activities in Toyama)
International student: **Jun Jin** (from Fujian Province, China; Environmental Engineering Major, Graduate School of Engineering, Toyama Prefectural University)
Facilitator: **Noriyasu Kunori**, Ph.D. (Professor, Department of Environmental Engineering, Faculty of Engineering, Toyama Prefectural University)

In 2010, the YKK Group began holding annual stakeholder dialogues to provide a forum for sharing opinions with stakeholders. The fourth dialogue was held at the Kurobe Manufacturing Center on April 9, 2013. Following up on the previous session, Toyama Prefectural University Professor Noriyasu Kunori, Ph.D., acted as facilitator. Under the theme "YKK as a Member of the Local Community," Group representatives and stakeholders exchanged opinions with regard to "The YKK Group's Initiatives to Resolve Social Issues" and "Coexistence with Nature."



Overview of the Day's Events

The day began with an orientation session given by Dr. Kunori in the morning followed by a tour of the Kurobe Manufacturing Center. After that, Group employees made presentations on activities undertaken by the YKK Group in fiscal 2012 in response to stakeholder opinions voiced at past sessions. In the afternoon, the nine stakeholder participants were divided into the three groups for separate workshop-format discussions that included YKK Group employees.

Orientation Agenda

Theme:	
"YKK as a Member of the Local Community"	
Four keywords:	
1	Environmental education (ESD*)
2	Supply chains
3	Energy
4	Globalization

*Education for Sustainable Development: Advocated by UNESCO, ESD comprises educational activities aimed at supporting the sustainable development of society. Proposed by the Japanese government, ESD was adopted at the World Summit on Sustainable Development held in 2002 (Johannesburg Summit 2002).

Workshop 1:

Proposals for "The YKK Group's Initiatives to Resolve Social Issues"



During the first half of the workshop, participants shared their observations and impressions from the morning session, including the site tour.

This was followed by a discussion of "The YKK Group's Initiatives to Resolve Social Issues." Noteworthy opinions were put up on a whiteboard.

Once each group had fully discussed the issues, representatives of each group presented their conclusions and made proposals.

Group 1

How to make the YKK Group's initiatives widely known to the public?



"Initiatives must be passed on from generation to generation"

We propose that each Group employee must be an advocate of environmental initiatives and that residents, municipal bodies, and companies in local communities need to be involved in such initiatives. Emphasis has to be put on direct communication rather than simply transmitting information through media. We hope to see the Group spearhead environmental protection measures throughout Kurobe City while stepping up cooperation with local companies and sharing its cutting-edge know-how. Also, we would like YKK to help raise environmental awareness among a wide age range through such means as the provision of environmental education to the next generation.

Group 2

Is it possible to reduce defective or waste products to zero?



"First, the way we look at 'waste' has to be changed"

Our discussion began with the question "Why are defective products produced?" We then went on to debate technological possibilities to ensure that defective products are never produced. When it comes to industrial waste, the packaging materials associated with supply deliveries becomes a problem. There was a suggestion for discussing with suppliers a mode of packaging that results in no waste after delivery. Other opinions included, "There is no such thing as a 'defective product' or 'industrial waste' in the true sense" and "We should stop using the term 'waste,' rather, we should seek ways to utilize all such items as recyclable resources." This would require a turnaround in how we look at waste.

Group 3

How to advance environmental protection measures at the plant?



"Cooperating with local communities is of the essence"

Efforts to protect the environment may include recovering and recycling waste products; global warming prevention measures; energy saving; power-generating innovation; and the streamlining of transportation. However, we regard communication with local communities to be the most important issue. Environmental protection measures undertaken by a plant alone may not be as effective. We believe that, putting the preservation of biodiversity into perspective, it is essential for the YKK Group to gain the cooperation of local communities. Furthermore, this cooperation would be beneficial for the revitalization of industrial tourism and the utilization of cultural resources.

Stakeholders' Expectations for the YKK Group: Growing Together with Society

Workshop 2: Forest and Biotopes Developed at the YKK Kurobe Manufacturing Center



In the second half of the workshop, participants strolled around "Furusato-no-Mori" (Hometown Forest) and biotopes on the center's premises.

Stakeholders then went on to discuss the utilization of these sites. The exchange was as brisk as it was in the first half of the workshop.

After each group presented opinions and proposals, Dr. Kunori summarized what had been discussed and made concluding remarks.

From a place of gathering to a place for building communities

Group 1 "Providing a place for raising children, interacting with local communities and securing safety"

The first idea that came into our minds was using these sites as children's play areas or places of recreation for employees' families. The Maruyane Exhibition Hall Cafe in YKK Center Park could be used to accommodate both adults and children. Moreover, such events as concerts, children's painting competitions and other gatherings, including those themed on combating invasive alien species, could be held at the Cafe. During times of disaster, these sites would also provide a place of safety for local residents. In this connection, we think it would be good to hold evacuation drills in case an evacuation is necessary.

Group 2 "Utilization for environmental education and other events to nurture next generations"

The first idea that we came up with was utilizing the forest for nurturing the next generation. There are good spots for observing migrating birds and learning about the seasonal changes that bring them to Kurobe. It might be a good idea to ask elementary and junior-high school students from across Japan to suggest themes for fixed-point nature observations.

It also seems feasible to hold nature-themed educational camps for children involving tours of the forest and adjoining areas, including the Tateyama Mountain Range. We believe that the Center Park could be an effective tool in this regard since it is a free admission park. Meanwhile, we also hope that the YKK Group employees know more about such cooperative events.

Group 3 "The forest planted today is a legacy for all society"

We would like to imagine what "Furusato-no-Mori" will look like after 5, 10 or 50 years or even a century from now. For example, in half a decade, the forest will have grown enough to attract birds that children can watch tend their nests. In 10 years, playground equipment can be made using timbers from forest thinning. The view of the forest from the roof of the YKK 50 Building will be impressive by then. At the half-century mark, next-generation housing can use wood from the now mature forest for sashes. In a century, the forest will be providing people two generations on with wood for housing construction, and it may be a good idea to expand it to encompass all YKK facilities in the Kurobe Area to create a "factory that coexists with the forest."

- In 100 years
 - Expand the forest to cover the land lying between the YKK facilities across Kurobe
 - Build local communities around a "factory that coexists with the forest"
- In 50 years
 - Produce wooden sashes using timber from forest thinning
 - Construct next-generation housing
- In 10 years
 - Construct playground equipment using timber from forest thinning
 - Open the roof of the YKK 50 Building to the public
- In 5 years
 - Provide birds with nesting sites
 - Open the forest to local residents, providing a place for family recreation

Report on Fiscal 2012 Activities and Ongoing Initiatives

Environmentally Friendly Products and Manufacturing

- User-oriented engineering, ideas of universal design
YKK has introduced a window lock system that can be locked and unlocked in the same motion used for opening and closing, as well as the kid-friendly Smart Control Key.
- Contribution to low-carbon, recycling-oriented society and response to social changes
YKK has released a Paper Zipper, which substantially cuts down on the use of petroleum, and APW 330, a Triple Glazing Vacuum-Insulated Glass (VIG) window for energy-efficient housing.

Approach to Local Communities

- On-demand lectures
YKK employees visit childcare facilities to provide environmental education.
- Environmental education (ESD, etc.)
In fiscal 2012 YKK also began cooperating with the "Toyama Eco-Kids Tanken-tai," an ESD program sponsored by the Toyama Prefectural Government.

Communicating with Society

- Making our accomplishments in manufacturing visible
YKK is proactively communicating with society through such means as applying for external awards and certifications.

Coexistence with Nature

- Preservation of local ecosystem (development of biotopes, utilization of ESD)
Since fiscal 2008, YKK has undertaken tree planting activities under the "Furusato-no-Mori" development project. These activities are now being incorporated into the content of nature education programs for children. Also, biological surveys are being conducted once every five years with the aim of assessing the growth of the forest.
- Survey of groundwater usage across the Kurobe River alluvial fan
YKK seeks to ensure the sustainable usage of groundwater flowing through the Kurobe River alluvial fan. The Group has consigned the survey of the groundwater system to Mr. Taichi Tebakari, a lecturer at Toyama Prefectural University. Currently, seasonal and long-term changes with regard to groundwater levels have been detected.



The YKK Center Park entrance (The Maruyane Exhibition Hall Cafe, the venue for the dialogue, is on the left)

Through Stakeholder Dialogue



"YKK as a Member of the Local Community"— A Good Opportunity to Review the Role of a Company in Creating Social Networks

Noriyasu Kunori, Ph.D.
Professor, Department of Environmental Engineering, Faculty of Engineering, Toyama Prefectural University

I offer high praise to the YKK Group for continuously offering opportunities for dialogue over the last four years. This year, we have gained the participation of one more trading partner as well as an international student. We also changed the format of the dialogue, adopting a workshop approach that included some Group employees with the aim of encouraging freewheeling thinking and engaging multiple perspectives in identifying issues and their solutions.

We explored three subjects: "How to make the YKK Group's initiatives widely known to the public"; "Is it possible to reduce defective or waste products to zero?"; and "How to advance environmental protection measures at the plant."

With regard to cooperation between the YKK Group and local communities, we also debated how best to utilize the "Furusato-no-Mori" forest and biotopes, focusing in particular on the process of creating a place that helps build the community.

I have heard that the YKK Group is considering holding similar dialogues at other bases of operations, and I hope that the Group will also consider involving overseas bases.

Working Cooperatively toward the Sustainable Development of Communities

Contributing to Local Communities

Supporting the Reconstruction of the Tohoku Area

While reorganizing its operational platform in the Tohoku region, the YKK Group is supporting the reconstruction of the region through its operations. For example, the "MADO (Windows) Shop* Tohoku Project" supplies window products for residential use throughout the devastated area. We have launched over 100 MADO Shops throughout Iwate, Miyagi and Fukushima prefectures in partnership with local building material distributors. Also, in January 2013 we provided EPISODE sash windows for use in the construction of "Kodomo-no-Mina-no Ie" (Playhouses for All Children) in Higashi-Matsushima City, Miyagi Prefecture, a construction project spearheaded by Tpoint Japan Co., Ltd. as one of its initiatives aimed at supporting children in the devastated area.

YKK AP is striving to ensure that MADO shops are able to provide local residents with reliable window-related consultation services. In this way, we are ensuring that each MADO Shop works to contribute to the earliest recovery of the devastated areas through the proposal of solutions aimed at restoring the region as a great place to live.

Going forward, we will strive to help the hard-hit people of the devastated region to regain happier living conditions through the continued support of reconstruction.

* A chain of shops that directly sell window products to consumers, provide installation services as contractors and furnish relevant consultation, estimation, proposal and after-sale services.

Three Directly Managed Shops Established under the "MADO Shop Tohoku Project"



MADO Shop Sendai Bashonotsuji



MADO Shop Yuitopia Morioka



MADO Shop Asaka Nagamori Koriyama

Repairing Broken Zippers for Free (Philippines)

With the dual goals of boosting its marketing profile and contributing to society, in 2012 YKK PHILIPPINES, INC., launched the "Your s'Kool Kiosk: Zipper Mo, Sagot Ko" ("Your s'Kool Kiosk: Your Zipper, My Treat") project. Under this project, YKK PHILIPPINES employees visit public schools in the Province of Batangas to repair broken school uniform zippers. At each school they visit, the project members try to repair at least 100 school uniforms. In August and September 2012, the members visited four schools and repaired the zippers of a total of 504 uniforms.



YKK PHILIPPINES employees repairing zippers at a school

Raising Safety Awareness at Elementary Schools (Italy)

YKK ITALIA S.P.A. recognizes that it is important to have children learn safety awareness as early as possible. Based on this recognition, since 2011 YKK Italia has sponsored "Hikite Design Competitions," safety-themed painting competitions for local children. The second such competition was held in May 2012 with more than 80 artworks submitted. Five prize-winning submissions were selected by judges, who included the famous architect Luca Villani.



Poster for the Hikite Design Competition

Supporting Education for Future Generations

Educational Activities in Concert with Forest Nurturing

In all of its business activities, the YKK Group has consistently maintained its perspective as a member of local communities. Based on this perspective, we are helping educate children through such initiatives as regional revitalization assistance and international exchange programs.

We are nurturing the forest on the extensive Kurobe Manufacturing Center's premises, aiming to recreate an unspoiled "Furusato-no-Mori" (Hometown Forest), the natural forest that used to thrive in Kurobe. In August 2012, a nature education program entitled "Toyama Eco-Kids Tanken-tai" was held at the forest, inviting elementary and junior-high school students in Toyama Prefecture to participate along with their parents. Participants toured the forest and adjoining biotopes to observe the indigenous animals and plant life. After completing the program, participants noted that it helped them see the need to pursue an environmentally friendly lifestyle and have more consideration for the creatures and plants around them.

To help children learn about environmental conservation in an enjoyable way, the YKK Group will continue to host environmental education programs that utilize the forest growing on the Kurobe Manufacturing Center premises in concert with initiatives aimed at nurturing that forest. Also, the Group is assisting a youth volunteer group consisting of children from the local community by providing Group employees who offer guidance on biological surveys and other activities.

While striving to develop our roots in local communities, we will continue to provide a variety of environmental education-related assistance to help nurture the children who will be inheriting the planet.

(Please see also page 25 for the details of environmental preservation activities undertaken in the Kurobe River alluvial fan.)



Program participants observing wildlife at "Furusato-no-Mori" forest



Biological map created by program participants based on their observations



Youth volunteers learning the importance of aquatic conservation

Promoting the Healthy and Sound Upbringing of Children through Soccer

As a part of local contribution activities undertaken by the YKK Group members in Asian countries, since 2007 YKK HOLDING ASIA PTE LTD. has sponsored the annual YKK ASIA Group Kids Football Clinic. In 2012, this event marked its sixth year and clinics were held in two locations, Manila, the Philippines, and Phnom Penh, Cambodia, over three days. Featuring three coaches from

Spain's Real Madrid Football Club and with the participation of 30 local soccer coaches, the clinic provided some 250 children in each country with opportunities to learn about how fun soccer is, giving them the chance to join in a variety of soccer-related activities.

Going forward, the Group will continue to support the healthy and sound upbringing of local children by sponsoring this event.



YKK ASIA Group Kids Football Clinic

Seeking Greater Product Value through Cooperation with Customers

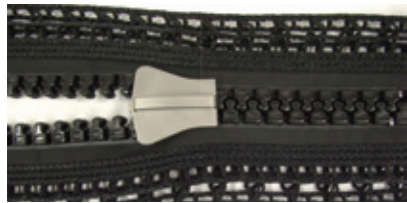
With a constant eye on the needs of a changing society, YKK assists its customers in creating high-value-added products through its user-oriented proposal and development efforts.

Creating New Value through Various Initiatives for Cooperation

Product Development Aimed at Fulfilling Customer Needs

At all of its bases of operations worldwide, the Fastening Products Group is striving for the thorough reduction of the environmental burden generated by its supply chain as a whole while diligently managing the chemical substances it handles. At the same time, we are drawing on feedback from our customers in an effort to develop environmentally friendly products.

Among these products is the 30VF, a fishing net zipper developed to accommodate customer demand for a product with the length and durability needed for such applications as aquaculture net cages and large fixed nets as well as the trawl nets used by large trawlers. Not only possessing a superior tension strength that makes it capable of withstanding tensile stress totaling seven tons per meter, the 30VF is easy to repair if the elements (interlocking teeth) are broken. The 30VF is now drawing the interest of not only customers in the fishery industry, but also the interest of potential clients in the industrial material and other fields, generating possibilities to expand its applications.



30VF fishing net zipper

Protecting Brand Value Together with Our Customers

YKK recognizes that its customers devote much attention to nurturing and protecting their brand value. Despite their efforts, the value of these original brands is being eroded by imitations and pirated products that are flooding markets worldwide. We are aware that such imitations often incorporate counterfeit YKK zippers and believe that it is vitally important to stamp out the production of these counterfeits in order

to protect the credibility of customers' brands. Accordingly, the YKK Group is working to ensure that those who manufacture and sell counterfeit zippers are prosecuted while reinforcing its global supply capabilities to facilitate lawful procurement. In this way, we are striving to eliminate counterfeit YKK zippers as well as products that incorporate these zippers.

By promoting a variety of Brand Protection Partnership (B.P.P.) initiatives, in 2011, YKK launched a new advertising campaign under the slogan "Defend Together," which encapsulates its willingness to protect brand value in tandem with customers. Looking ahead, YKK will work with other enterprises and entities, including administrative bodies, to eradicate counterfeit products.



Poster of YKK's new brand protection campaign "Defend Together"

Exploring the Potential of Fastening Products

Every year, the Fastening Products Group holds comprehensive "YKK Fastening Creation" exhibitions in various locations in Japan, wherein innovative proposals are made regarding fastening solutions in a range of fields that go beyond fastening products for clothing and other fashion goods.

We also sponsor the annual YKK Fastening Award Grand Prix fashion design contest for students.

The Grand Prix Winners at the 12th YKK Fastening Award Contest



"Tiled Roof"
(Apparel category)



"Traveling in Africa"
(Fashion goods category)

Applying the User Perspective to Product Development

Pursuing User-Friendliness, Safety and Security in Addition to Greater Performance

YKK AP has been designing windows and doors that realize not only greater product and environmental performance, but also superior user-friendliness, safety and security. For example, we offer an innovative "one motion" lock system for single and double sliding windows with a structurally integrated handle that allows users to lock and unlock the window in the same motion used for opening and closing. Also, we have developed the Smart Door, a next-generation front door equipped with a Smart Control Key advanced lock system as a standard feature. In addition, YKK AP has introduced two new types of Smart Control Key: proximity-activated IC card and sticker-type keys; and the Pocket Key, an RFID* device that allows anyone carrying it free access through doors with the touch of a button on the door handle.

These products all boast ease of operation along with greater accident avoidance and burglary prevention capabilities. They were granted the sixth Kids Design Awards in 2012 for their superior user-friendliness not only for adults, but also for children.

*Radio Frequency Identification



Products Boasting Greater User-Friendliness, Safety and Security
Left: The APW "one motion" lock system allows one-handed operation and automatically locks when windows are shut
Right: A Smart Control Key can be used easily by a child

Ensuring Security in All Aspects of Your Daily Life

Preventing Lock-In During an Earthquake

When an apartment housing complex is rocked by a strong earthquake, the door frames of the structure often deform. This may make the doors difficult or impossible to open, creating the risk of being trapped in the room.

YKK AP's door replacement service, requiring about 90 minutes per door, provides a safeguard against such risk by creating an appropriate buffer space between the existing door frame and a newly installed door to prevent jamming while maintaining a good air seal.



Crushing Prevention Device

An optional safety feature for YKK AP windows that can be installed on the sash of a single or double sliding window, this device maintains an appropriate space between the sash and the frame, protecting the users' hands or fingers from being caught.



Crushing Prevention Device

Since demand is expanding for housing complexes specially designed to accommodate the increasing number of elderly in Japan, YKK AP intends to market this option.

Reinforcing Remodeling Solutions through the TDY Partnership

In February 2013, TOTO LTD., DAIKEN Corporation and YKK AP marked the 12th year since the formulation of the "TDY" partnership between the three companies. With the aim of further enhancing customer satisfaction, in 2012 TDY established the "TDY Tokyo Collaboration Show Room," a flagship showroom that serves as an information hub for promoting remodeling solutions.

Based on the "Green Model" concept advocated by TDY, each of the three TDY members contributes its expertise to creating better dwelling spaces under the themes of health-consciousness, durability, and CO₂ emissions reduction. In doing so, we are pushing forward the creation of people- and environmentally friendly housing that accommodate diversified needs and wishes, which may differ according to age, life stage, and family composition.



TDY Tokyo Collaboration Show Room

1. Nurturing a “Shinrin Group”* That Works Together to Create New Value

Assisting Career Development in Step with Social Changes

*The YKK Group’s ideal form of an organization. Just as individual trees form a forest (*shinrin* in Japanese), each person in the Group is encouraged to think independently as if they themselves were top management, even as they work together to grow the Company.

Challenge for Working Style Transformation

With an eye to abolishing the mandatory retirement system, the YKK Group is promoting the “Challenge for Working Style Transformation” project. Against the backdrop of a shrinking labor force and the raising of the pension eligibility age, there is a growing social need for post-retirement age employment in Japan. Moreover, traditional ways of thinking about one’s working life are being challenged. Confronting such changes, the Group has embarked on the review of its personnel system, including the mandatory retirement system.

Beginning with personnel system reforms, the project is intended to ensure that all Group employees are allowed to proactively choose their working styles in line with their life plans. To facilitate such diversified working styles, the YKK Group has to meet the growing requirement for a personnel system and personnel administration that are truly fair. The YKK Group is committed to implementing three basic policies:

1. Personnel system and administration centered on fairness

Creating a system that disregards age, gender, socio-economic background and nationality

2. Equal treatment for equal work and achievements

Evaluation and treatment of employees based solely on the performance of duties, jobs held and achievements

3. Encouraging independent thinking

Encouraging employees to proactively design their life plans and make the most of the working styles they choose

While striving to eliminate the practice of age-based personnel administration from all aspects of the personnel system, we are seeking to become a company in which all employees are given equal opportunities and are evaluated, promoted and compensated with fairness and transparency. We believe that allowing employees to choose the working styles that best suit them will help them grow as individuals and make greater contributions to the Company’s growth. We thereby seek to create a positive feedback loop in which employees and the Company mutually benefit from each other’s growth.

Abolishment of the Mandatory Retirement System

In fiscal 2005, the YKK Group introduced a re-employment program for “senior employees” over 60 years of age. From fiscal 2013, the Group is promoting a switchover from this program to the abolishment of the mandatory retirement system. As a starting point, the Group will be incrementally raising employees’ mandatory retirement age, which is currently set at 60 years of age, to 65 by 2025.

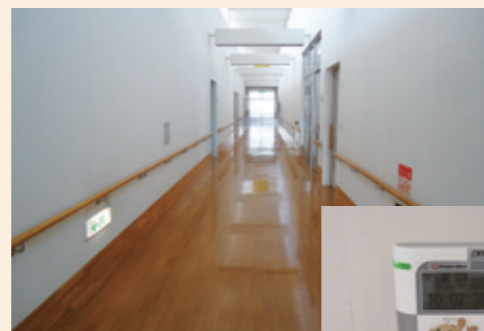
Ensuring Diversity in the Workplace

As part of initiatives to assist employees’ long-term career development, the YKK Group supports employees who are raising children. Eligible employees are allowed to apply for childcare leave until their child’s second birthday, and the “Childcare Leave Benefit Program” has been introduced to encourage male employees to take childcare leave. After reinstatement following childcare leave, these employees may choose to work shorter hours or on flextime until the child enters elementary school. Also, they can take leave to nurse sick children who are in the third grade of elementary school or younger. As many as 272 employees made use of childcare leave in fiscal 2012. In addition to these systems aimed at supporting the balancing of work and child-raising, the Group is providing a variety of education programs tailored to the needs of each employee.

YKK and YKK AP established departments specialized in the planning and promotion of diversity, in fiscal 2013 and 2012, respectively. With these departments spearheading efforts to utilize diverse human resources, which encompass promoting female employees and securing employment for people with disabilities, the YKK Group will step up efforts to develop comfortable workplaces.

A Comfortable Workplace for Everyone (YKK Rokko)

In fiscal 2012, employees with disabilities in the YKK Group accounted for 1.96% of the total. The subsidiary YKK Rokko Corporation, the Group’s special-purpose printing business, has strived to create a comfortable workplace for these employees, including those with severe disabilities, by thoroughly ensuring that all worksites are barrier free. YKK Rokko has also proactively sought to interact with local society. For example, its employees have visited local facilities for people with disabilities for interviews, based on which they write reports which are shared through the Internet.



Barrier-free worksite that takes safety into consideration at times of disaster



A warning light-type earthquake alarm for those with hearing disabilities

Manufacturing = Personnel Development

Passing on Our Technical Traditions to Younger Employees

Technology Training Class (Fastening Products Group)

Along with the globalization of its production structure, the YKK Group is facing an urgent need to secure human resources capable of meeting the diversity of demand they might confront at overseas production bases. In April 2011, the Fastening Products Group launched an in-house organization to provide various training programs, including lectures by internal specialists.

For human resources to be capable of bolstering globalized manufacturing operations, it is necessary for them to acquire expertise and skills built on an understanding of the rules and principles of fastener production. On top of that, they need to acquire broad knowledge and management capabilities that encompass the entire manufacturing process. Therefore, three types of training programs are being prepared: one-on-one training sessions focused on the participant’s field of specialty; training sessions covering knowledge of basic manufacturing techniques; and plant management training sessions.

Hozen Dojo (YKK AP)

In recent years, machine and machine control technologies have become increasingly sophisticated, while the employees with the necessary skills for maintaining these machines are getting older. There is a growing need to preserve and pass on this expertise to the next generation.

Since 2008, YKK AP has held “Hozen Dojo” maintenance training courses as a part of human resource nurturing through TPM* activities. Beginning with the Kyushu Plant, series of Hozen Dojo sessions have been held at several plants. Training content is calibrated to participants’ current capacity so that they can build their on-site maintenance skills while acquiring the expertise they need to make improvements to production lines. These initiatives are steadily bearing fruit; in fact, Kurobe Ekko Plant employees won a TPM Excellence Award from the JIPM in 2011.

* Total Productive Maintenance: Put forward by the Japan Institute of Plant Maintenance (JIPM) in 1971, the concept of TPM is to adopt “productive maintenance conducted by all plant staff.”

Gino Dojo (Machinery and Engineering Group)

With the increasing automation of machine processing in recent years, a key issue for manufacturers is nurturing employees who both understand the basic theory behind processing and assembly and have the capability to put this theory into practice. In fiscal 2009, the Machinery and Engineering Group established “Gino Dojo,” a manufacturing skills training center that aims to provide basic knowledge and skills training in the area of machine processing and assembly. Mainly targeting new hires and less-experienced technicians and engineers, the training sessions are led by senior employees over 60 years of age and other experts. Trainers strive to impart superior skills and knowledge that are the culmination of YKK’s long history, passing on the Group’s technological traditions to the next generation.



Machine assembly basic training



Practical training on the handling of air-driven hydraulics



Machine processing basic training

2. Securing a Comfortable and Safe Workplace

Occupational Safety and Health

To Reduce Occupational Accidents to Zero

The YKK Group is implementing Groupwide initiatives aimed at reducing occupational accidents to zero. Efforts now under way include the implementation of periodic safety inspections, risk analysis and the review of production processes. Also, the Group provides every employee with periodic training on the handling of equipment and chemical substances as well as first aid training while striving to raise their safety awareness.

For a long time, manufacturers have been striving to augment safety measures at worksites, improving their facilities and working environments. Ironically, such improvement has resulted in workers who today lack firsthand experience of workplace danger. It is increasingly difficult for them to develop insights into the inherent dangers of certain worksites or to identify situations that may expose them to danger. Even among experienced employees, the accident rate may rise due to carelessness, overconfidence or mental or physical exhaustion.

Taking the above into consideration, the YKK Group has introduced hazard simulation training at each base of operations. Hazard simulation training is designed to enhance the trainees' sensitivity to potential danger as well as their capability to appropriately deal with such danger. Through simulations involving machines that are actually employed in operations, this training exposes workers to danger signs, the sights, sounds and other physical sensations that lead to and result in accidents, helping them recognize that there is the potential for danger in certain operations, even those that may seem like ordinary day-to-day tasks.

The YKK Group will promote its initiatives toward zero-accident status through the provision of wide-ranging education programs aimed at enhancing employees' danger sensitivity.



Hazard simulation training at the YKK Kurobe Manufacturing Center



A machine that provides a realistic experience of what it is like to be caught in a set of gears



Hazard simulation training room at the Tohoku Office

Hazard Simulation Training Participants Speak Up

- When I saw a disposable chopstick being caught between two gears, I was frightened, imagining what would happen if my fingers got caught like that. I also felt that gears like these could even pull in my arm and, in the worst case, could cause death.
- I felt that danger is always present in the handling of organic solvents and dust explosions, which tends to be overlooked in the normal course of operations. I came to recognize the importance of conducting 5S* activities on a daily basis.
- This reconfirmed to me that it is essential when conducting maintenance and inspections to suspend the operation of machines in strict compliance with prescribed operational procedures.
- Although I have had a fright before during operations, this training helped to renew my awareness of potential danger.

* 5S activities: An initiative to ensure the five-S features at the workplace. The five-S's refer to *Seiri* (tidy), *Seiton* (organized), *Seiketsu* (clean), *Seiso* (cleaning) and *Shitsuke* (disciplined).

Initiatives to Improve Worksite Environment (Shanghai)

SHANGHAI YKK ZIPPER CO., LTD. is promoting the automation of heavy cargo handling. By implementing labor-saving solutions that eliminate duties that entail heavy lifting, this initiative seeks to protect operators from developing back pain and other symptoms and thereby prevent the occurrence of work absence and forced resignation due to accident.

To date, robot arms for placing zinc ingots into melting furnaces for die-casting were installed as well as air balancers to aid operators in loading and unloading product containers. Following the installation, such comments as, "Our work became much easier. We are so grateful," were heard from employees.

Looking ahead, SHANGHAI YKK ZIPPER will strive to create a worker-friendly plant through the continuous improvement of the worksite environment.



A worker using an air balancer



Robot arm handling ingots

Health Promotion for a Long Working Life

To ensure that employees are able to enjoy long working lives, various health promotion initiatives are being undertaken by each YKK Group member.

To promote lifestyle-related disease prevention and mental wellness, the Group encourages its employees to not only get periodic medical exams and vaccinations for influenza and other infectious diseases, but to also participate in local community marathons as well as in-house sports events.

Sport Events for Health Promotion



Cycling activity (Portugal)

Examples of Initiatives Undertaken at Overseas Bases

- Vaccinations for influenza, dengue fever and other infectious diseases
- In-house sports clubs (soccer, running, dance, etc.)
- Health monitoring and periodic rounds at workplaces by doctors
- Wellness Program aimed at promoting health
- Transmission of health information through in-house newsletters and bulletin boards
- Participation in light physical exercises at workplaces before the workday begins



Co-sponsoring and participating in Suzhou Jinjihu Marathon by SUZHOU YKK MACHINERY & DIE WORKS CO., LTD.

Disaster Response and Risk Management

Our Response to the Great East Japan Earthquake

The Great East Japan Earthquake of March 11, 2011, caused severe damage across Iwate, Miyagi and Fukushima prefectures in the Tohoku region. The YKK Group suffered damage to its Tohoku Office, which has been forced to suspend operations for an extended period.

In addition to the reinforcement of its buildings' earthquake resistance, the introduction of emergency earthquake alert systems and the implementation of periodic evacuation drills, the Group is now reviewing first-response manuals for emergencies on an across-the-board basis, drawing up and implementing new earthquake-resistance reinforcement plans and formulating business continuity plans (BCPs). BCPs are being formulated and promoted at each base of operations. Emphasis is being placed first on saving lives, and then on continuing business operations, including protecting assets, and contributing to the community.



Drill using an earthquake simulation machine

Contributing to the Community through Disaster Prevention Activities (Germany and Turkey)

Each overseas company in the YKK Group is undertaking disaster prevention activities that are uniquely tailored for local circumstances. Among these were contributions to community disaster prevention.

For example, YKK STOCKO FASTENERS GMBH (Wuppertal, Germany) has participated along with other local enterprises in a simulation study spearheaded by the Wuppertal City environmental authority. Working on the assumption of a severe leakage as set forth in German emissions regulations, YKK STOCKO FASTENERS helped verify the risk of chemical substance diffusion resulting from such an accident to the local community.

Also, one employee from YKK METAL VE PLASTIK URUNLERI SANAYI VE TICARET A.S. (Turkey) participated in a disaster prevention training program co-sponsored by a major



Disaster drill at YKK Turkey

British retailer and the Turkish Earthquake Foundation. After completing the program, she provided disaster prevention training to 295 other YKK employees.

1. Environmental Management and Next-Generation Manufacturing Innovation

Our Approach to Environmental Activities

YKK Group Environmental Pledge

It is recognized today as being a most important duty for all humankind that we preserve the abundantly endowed global environment and that we transfer it to the next generation in a sound condition. Striving to be an earth-friendly company, the YKK Group proclaims that it will address and promote "harmony with the environment" as the highest priority of its business activities.

September 20, 1994
Tadahiro Yoshida, YKK Group

YKK Group Fourth Mid-term Environmental Management Principles (Fiscal 2013-2016)

—Contribution to the creation of a sustainable society—

Monozukuri (manufacturing operations) in quest for "low energy/energy saving"

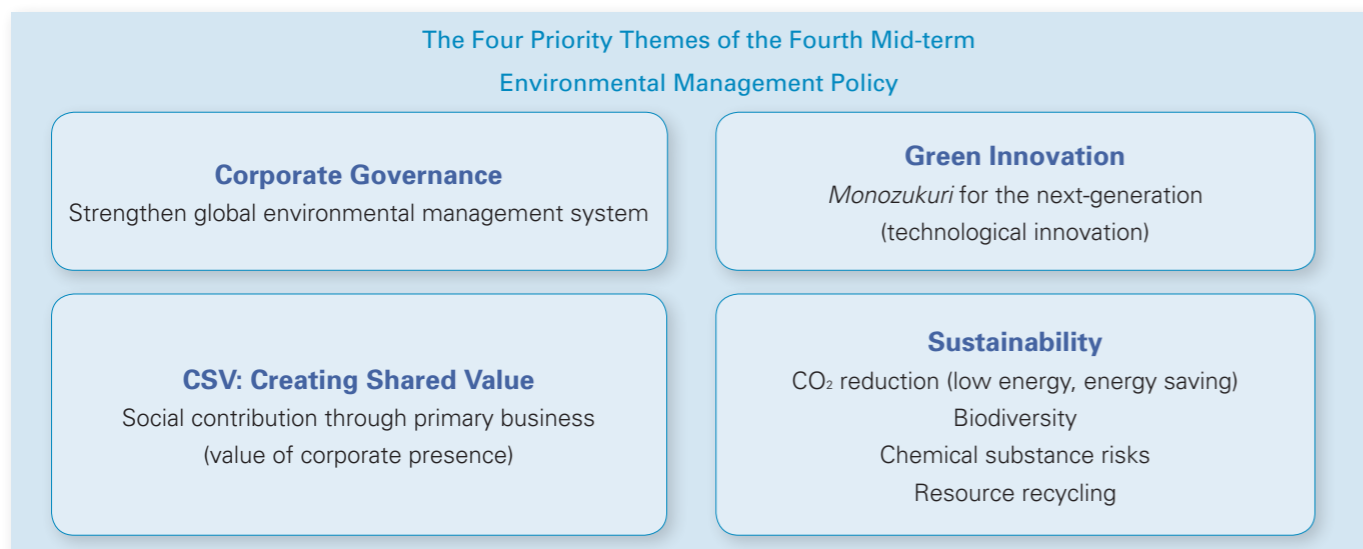
The YKK Group contributes to the creation of a sustainable society in conformity with its environmental pledge, by caring for the environment and by creating new values using its technological capabilities.

Fourth Mid-term Environmental Management Principles Formulated

Guided by the YKK Group Environmental Pledge, which sets out the Group's fundamental approach to environmental issues, since fiscal 2001 the Group has formulated and renewed its mid-term environmental management principles every four years. From fiscal 2013, under the latest environmental management principles, the Group commits itself to contributing to the development of a sustainable society.

The Fourth Mid-term Environment Management Policy, which has been formulated based on the aforementioned

principles, places emphasis on initiatives under four new themes (see below diagram). To date, the YKK Group has striven to develop and promote the use of environmentally friendly products while working to reduce the environmental burden generated in the course of its business activities. We will reinforce these initiatives by paying greater attention to the resolution of social issues and the collaboration with our customers and trading partners.



Promoting Environmentally Friendly Products and Manufacturing Processes

Contributing to Environmentally Friendly Clothing

In the fastening business, we are working to develop recyclable products as well as products that include raw materials derived from plants. For example, "NATULON" is a resource-saving zipper made using recycled PET bottles, polyester off-cuts and old fiber. We developed two types of "NATULON," namely, one produced through a chemical-recycling process and the other made using a material-recycling process. Both types are homogeneous, with zipper chains (elements), sliders and tapes made of the same material, a feature that makes them easy to recycle. In addition to "NATULON," we provide a zipper that incorporates a tape made of organic cotton fabric and other biodegradable zippers.



"NATULON" Eco-Friendly Zipper
The "PRIFA" lineup boasts colorfully-printed tape.

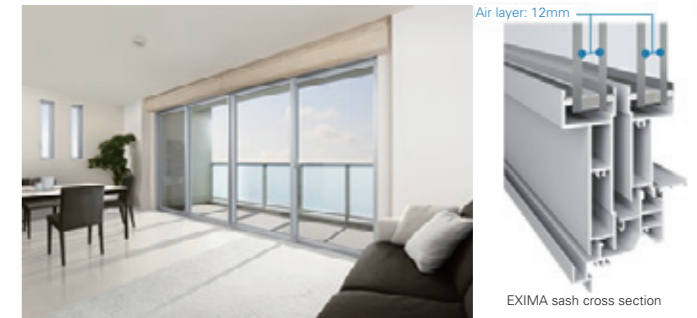
Note: "NATULON" and "PRIFA" are trademarks of YKK Corporation.

Heat-Insulating Sashes for Buildings

Generally, compared with single-unit residential housing, priority has not been placed on heat insulation around the openings of housing complexes and commercial buildings as they are often built of steel-reinforced concrete, which itself provides insulation.

Targeting these buildings, YKK AP seeks to contribute to global warming prevention by developing window products of greater energy-saving performance.

For example, we developed the EXIMA series, our flagship product line in this field, a double-glazed window that sandwiches an air layer 12mm deep for greatly enhanced insulation. Available in a wide range of styles for varying window sizes and shapes, the EXIMA series may be installed throughout an entire building, realizing a comfortable indoor environment while contributing to global warming prevention.



EXIMA Reduces Electricity Consumption in Buildings and Housing Complexes as Much as 19%
The EXIMA series gives due consideration to safety and user-friendliness along with environmental performance while incorporating universal design principles.

Comparisons of Annual CO₂ Emissions per Dwelling Unit



*Low-emission products, including those equipped with metal coatings to curb heat emissions
**YKK AP's calculation based on a typical dwelling unit (non-corner room) in a Tokyo condominium apartment building

Non-Welding Installation Method

In addition to eco-friendly products, YKK AP seeks to develop better installation methods for these products that cause less environmental impact. The "Non-Welding Installation Method," for example, requires none of the materials or power needed for arc welding, the conventional method used to install window sashes in structures, and thus saves both resources and energy. Also, as it is completely flameless, it eliminates the risk of fire and thus improves the safety and security of installation work.

Note: Applicable only to steel-reinforced concrete structures and steel-framed structures finished with Autoclaved Lightweight Concrete (ALC) panels.



Sash installation using high-strength resin (Injecting resin adhesive to fix a sash)

2. Our Initiatives in the Fields of Energy, Global Warming Prevention and Biodiversity Protection

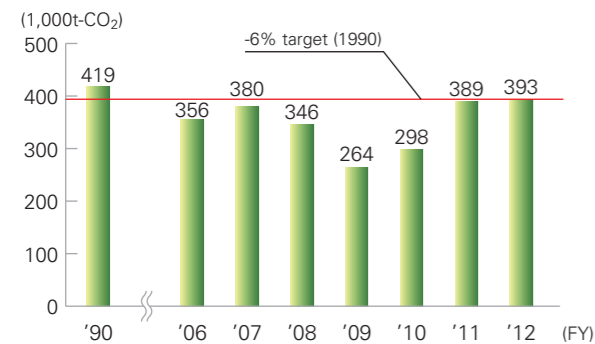
Global Warming Prevention: Low-Energy and Energy-Saving Approach

Working toward Drastic Energy Efficiency Improvement

Over the last few years, Japan's industry has seen a drastic change in the energy supply environment due to the suspension of nuclear power generation following the Great East Japan Earthquake, while suffering from fuel price hikes. It has become an urgent issue for Japanese society to employ innovative methods and technologies that will drastically improve energy efficiency.

Addressing this challenge, the YKK Group will continue to step up initiatives aimed at fulfilling its corporate social responsibility under the theme, "Pursuing Low-Energy, Energy-Saving Operations through Manufacturing Innovation," by fully leveraging its technological capabilities. We will begin with developing a scheme for achieving drastic energy efficiency improvement at our Kurobe Manufacturing Center, the Group's core base of operations, and then go on to apply this scheme to other bases in Japan and all around the world.

Actual CO₂ Emissions (All YKK Group Sites in Japan)

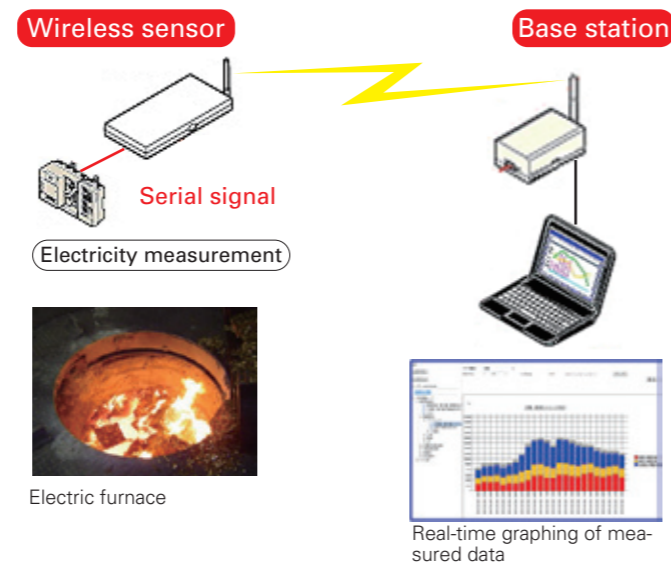


*Pursuant to the YKK Group's Greenhouse Gas (GHG) Calculation Rules, which require the most recent official conversion factor for CO₂/kWh to be used, the Group goal of a 23% reduction by fiscal 2012 compared with fiscal 1990 level could not be achieved due to the repercussions of the suspension of nuclear power generation. However, using the conversion factor as of 1990, the reduction rate was 28.6%, indicating that the Group has attained the aforementioned goal.

Reducing CO₂ Emissions by Making Electricity Consumption Visible

With the aim of further saving electricity, the "YKK Fastening Business CO₂ Emission Volume Control System (YFCO₂)" was developed and put into practice in April 2012 at the Metallic Materials Manufacturing Department, one of the Fastening Products Group's largest electricity consumers. By making it easier to see if there is wasteful energy use, the system has facilitated the optimization of energy used in operations, thus helping us achieve a reduction of electricity consumption and CO₂ emissions. Simultaneously, data acquired through the operation of this system will be utilized for the further improvement of product quality and productivity.

How YFCO₂ Works

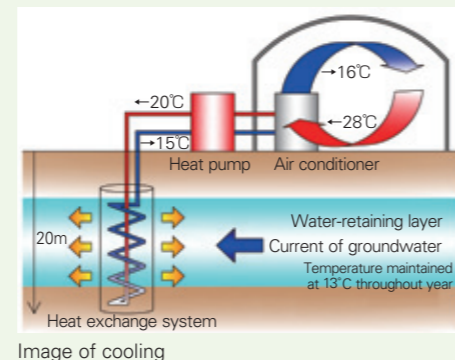


YKK Kurobe Manufacturing Center: Introducing a Heat-Pump Air Conditioning System That Utilizes Groundwater

As a part of its initiatives toward expanding the use of renewable energy, the YKK Kurobe Manufacturing Center has introduced a heat-pump air conditioning system that harnesses heat from the groundwater of the Kurobe River alluvial fan.

The Kurobe River alluvial fan consists mainly of water-permeable gravel layers. Until now abundant groundwater found in the uppermost layers has not been used due to insufficient filtration. The heat-pump air conditioning system introduced in fiscal 2012 at the Maruyane Exhibition Hall in the Kurobe Manufacturing Center employs closed-loop water circulation, a method that circulates cooling water throughout tubes installed underground instead of pumping up groundwater. For even greater heat exchange that maximizes the cooling effect of the swiftly moving groundwater (up to 0.6m per hour about five meters below the surface), the

tubes are spiral-shaped. Compared with conventional air conditioning, this system is anticipated to halve electricity consumption. Following test operation in fiscal 2013, plans call for successively introducing similar systems at manufacturing sites in Kurobe.



Biodiversity Protection

Promoting Biodiversity Awareness across the YKK Group

To assess the impact of its business operations on ecosystems, the YKK Group prepared the *Biodiversity Impact Evaluation Manual*. The evaluation of the Group's main domestic production sites conducted using this manual revealed issues that must be tackled by the entire YKK Group as well as discrepancies between the production sites. Also, aiming to facilitate employees' understanding of biodiversity, in fiscal 2012, the YKK Group issued the *Biodiversity Guidebook*, which covers such matters as basic knowledge, current issues and the relationship between biodiversity and the YKK Group's business operations.

Looking ahead, we will facilitate greater understanding of biodiversity while promoting biodiversity protection activities.

Surveys of the Impact of Wastewater from the Plant

The Kurobe Manufacturing Center, the YKK Group's core base of operations, discharges wastewater from its plants into class-B rivers after treating it using an advanced wastewater treatment process. Although such wastewater conforms with the effluent standards set forth by both Toyama Prefecture and Kurobe City governments, the YKK Group has been voluntarily conducting regular aquatic biota surveys on these rivers for around 10 years to ensure that the water quality is preserved. Since we began surveys, the results have revealed

no substantial change in water quality. Going forward, we will conduct WET Testing* in cooperation with academic institutions to study the impact of wastewater on ecosystems more closely.

* Whole Effluent Toxicity (WET) Testing is used to determine the aggregate toxic effect of all pollutants contained in wastewater on algae, crustaceans and fish.

Aquatic Biota Surveys

As part of its education activities, in fiscal 2012 the YKK Group invited students at Toyama Prefectural University to participate in aquatic biota surveys. Our surveys have shown an increase in the varieties of in a certain type of fish that is not covered by the evaluation as well as in the number of other creatures captured at survey points around the lowermost courses of the rivers, indicating that these rivers' ecosystems are gradually becoming richer.



Students conducting survey

Biodiversity Impact of Nine Domestic Bases Evaluated

The YKK Group assesses the impact of its activities on biodiversity based on evaluations of the relationships between its business activities and particular location's biodiversity.

<Examples of the above evaluation>

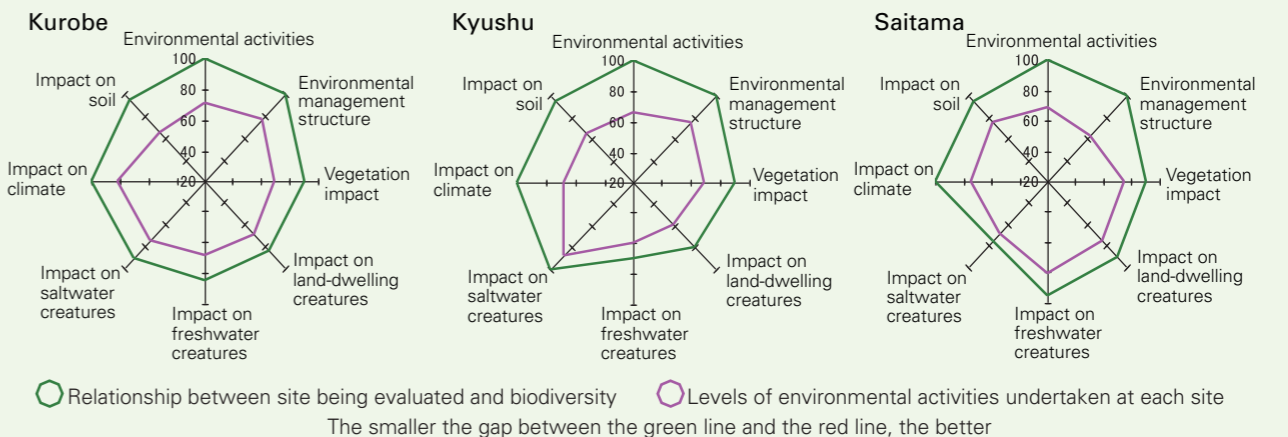
[Kurobe] As it is located near the sea and discharges wastewater into a river, the potential of its operations to have an impact on both fresh- and saltwater organisms is large.

[Kyushu] As it is located on the seashore and discharges wastewater into the sea, the potential of its operations to have an impact on saltwater organisms is large while the potential to have an impact on freshwater creatures is small.

[Saitama] As it is located far away from the sea and discharges wastewater into a river, the potential of its operations to have an impact on saltwater organisms is minor although the potential to have an impact on freshwater organisms is large.

In fiscal 2012, the YKK Group conducted evaluations of nine major domestic bases. The evaluation results identified a need to give greater consideration to such issues as the impact of resource procurement on ecosystems and the impact of our business activities on creatures' migration paths.

Evaluation Examples



3. Countermeasure against Environmental Risk

To minimize environmental risk, we properly manage chemical substances, promote waste reduction and fulfill our environmental obligations.

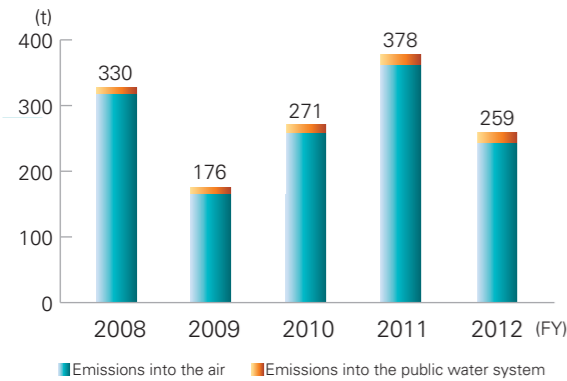
Chemical Substance Management and Resource Recycling

Reduction of Chemical Substance Risks

To minimize environmental burden generated in the course of operations, the YKK Group is striving to reduce the use of listed chemical substances while properly managing and monitoring those it does use to ensure that its manufacturing operations and products are safe. For example, we monitor the usage and emissions of 462 PRTR substances, including those designated by revisions to the law in 2008. In fiscal 2012, the emission of such substances totaled 259 tons. While stepping up efforts aimed at proper management, including risk evaluations of these substances, the YKK Group will strive for further reduction in the use and emission of listed chemical substances.

Emissions of PRTR Substances (Excluding dioxin)

(The YKK Group's main production sites in Japan)



OEKO-TEX®*

The YKK Fastening Products Group has acquired OEKO-TEX® Standard 100 certifications at YKK Headquarters as well as at European subsidiaries and Asian subsidiaries that export products to Europe. All hold Product Class I certifications, an exacting qualification indicating appropriateness for babies and small children.

Among those bases of operations, YKK DEUTSCHLAND GMBH was selected by OEKO-TEX® as a "Best Practice Enterprise," for its commitment to quality underpinned by an integrated production system as well as its environmental protection efforts encompassing product development, production activities, disposal and recycling.

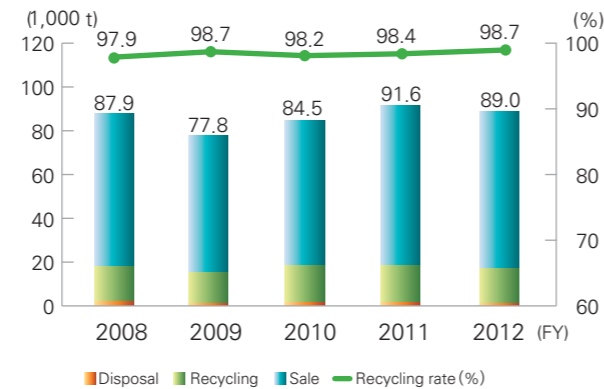
*A standard certification body consisting of fabric inspection organizations across 16 countries mainly in Europe. The OEKO-TEX® Standard 100 is a leading certification in Europe for environmentally friendly products and is virtually recognized as a global standard in this field.

Initiatives to Reduce Waste Disposal to Zero

We are promoting 3R activities, namely, the reduction, reuse and recycling of waste generated from business activities, with the goal of recycling at least 97% of such waste. In fiscal 2012, the recycling rate was 98.7%, achieving the above-mentioned goal for eighth consecutive year since fiscal 2005.

Changes in Waste Production Recycling Rates

(All sites in Japan)



On-Site Inspection of Waste Disposal Contractors

The YKK Group undertakes annual on-site inspections of waste disposal contractors to ensure that the waste handed over to them is managed and disposed of in a proper manner. According to inspection plans and using a checklist, we confirm their management of contract papers and manifests, storage and disposal of waste, environmental and crisis management measures and relationships with communities in surrounding areas. During these inspections, we often acquire beneficial information from face-to-face conversations with contractors that allow us to reexamine whether we can dispose of waste in even safer and more cost-effective ways.

Green Business Certification (TAPE CRAFT CORPORATION)

TAPE CRAFT CORPORATION, a Group subsidiary in the United States, acquired "Green Business Certification" from the Chamber of Commerce of Calhoun County, Alabama. TAPE CRAFT was highly evaluated for having already acquired ISO 14001, OHSAS 18001 and ISO 9001 certifications and implemented unique environmental education programs as well as environmental inspections. While involving its entire workforce from employees to managers in these efforts, TAPE CRAFT incorporates an incentive system that rewards them for proposing improvements. TAPE CRAFT is also commended for the promotion of paperless operations, reuse of packaging materials and other resource-saving initiatives.



Environmental Obligations

Promoting Proper Management and Disposal

We properly store, manage and dispose of such substances as chlorofluorocarbons, asbestos and polychlorinated biphenyls in addition to dealing with soil contamination in line with our environmental obligations.

Measures for Chlorofluorocarbons (CFCs)

Attached to equipment containing CFCs are stickers that indicate the laws that should be complied with as well as the name of the relevant administrator. In addition, we have set up a ledger system to control such equipment.

Estimated cost of disposal: Approximately 110 million yen

Asbestos Measures

Whenever asbestos is detected, we endeavor to remove it; however, at eight of our sites, conditions are less than ideal for removal operations. In order to avoid endangering the health of any workers, we are taking steps to seal or encase the asbestos at these sites as well as to periodically survey airborne concentrations.

Estimated cost of disposal: Approx. 280 million yen

Polychlorinated Biphenyls (PCBs)

In fiscal 2008, the YKK Group began disposing of equipment containing high concentrations of PCBs. By the end of fiscal 2012, the Group had completed the disposal of 543 units. Currently, plans call for disposing of the remaining 124 units stored at four sites across Japan (as of March 31, 2013) in an appropriate manner. We are also properly storing and managing equipment containing low concentrations of PCBs in accordance with the Group's in-house guidelines, which were revised in fiscal 2012 in response to the growing number of disposal sites across Japan. While maintaining proper storage and management, we will pursue the sequential disposal of such equipment.

Cost of disposal to the present: Approx. 320 million yen

Estimated cost of disposal of remaining equipment:

Approx. 90 million yen

*Includes only the cost of disposing of equipment containing high concentrations of PCBs



Disposal of equipment containing PCBs

Soil Contamination

We conducted voluntary soil inspections at our properties in Japan (a total of 272 sites). The results confirmed that there was no immediate risk of environmental pollution at any of these properties. However, there was a potential risk of pollution at 37 sites, so we are rechecking those sites periodically.

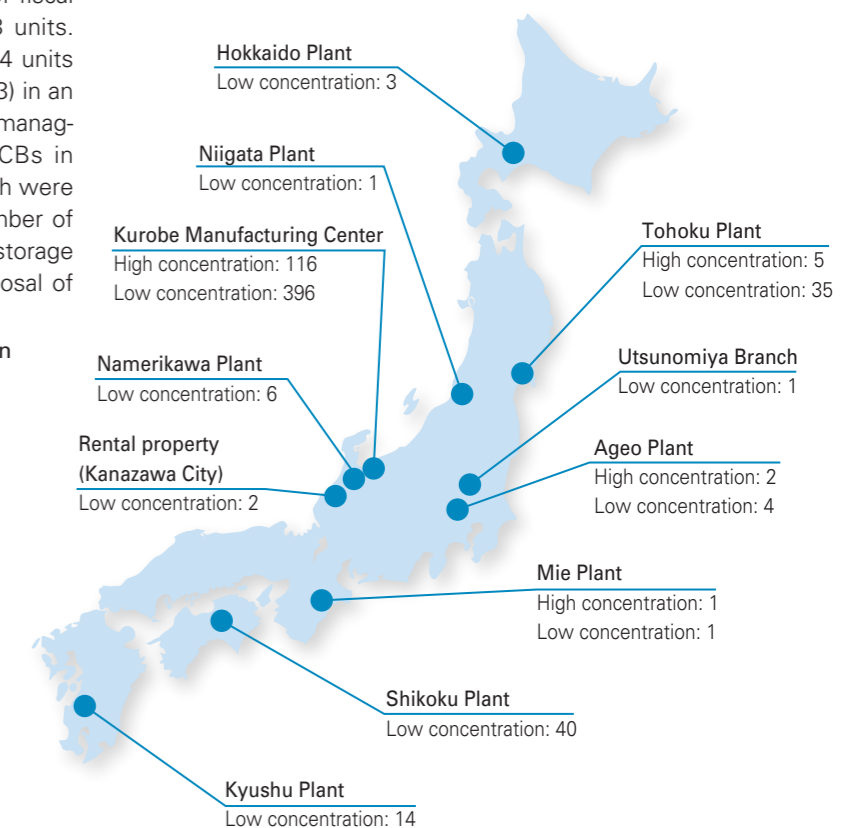
Current total cost related to inspections and disposal:

Approx. 260 million yen

Initiatives at Overseas Bases

We are ensuring the proper storage, management and disposal of substances handled at the Group's overseas bases and closely monitoring the potential impact of such substances on the environment while making sure that they would not endanger human health. We will continue these efforts, giving due consideration to circumstances in each country.

Equipment Containing PCBs Held by the YKK Group as of March 31, 2013 (by no. of units)



The YKK Philosophy and Management

YKK Philosophy “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.

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.

Basic Approach to Corporate Governance

The YKK Group’s business activities are underpinned by the YKK Philosophy of the “Cycle of Goodness”—no one prospers unless he renders benefit to others. Based on this philosophy, the Group established the management principle, “YKK Seeks Corporate Value of Higher Significance,” which represents its management mission, orientation and affirmation of achieving thorough fairness in its management activities. With the aim of achieving corporate value of higher significance, the Group is striving to enhance the corporate governance system. The YKK Group’s corporate governance is basically composed of the Board of Directors, which serves as the decision-making body for important matters, including management policies, and the Board of Corporate Auditors, which acts as an auditing authority. In addition to these functions, the Group has an executive officer system to promote business execution.

Compliance

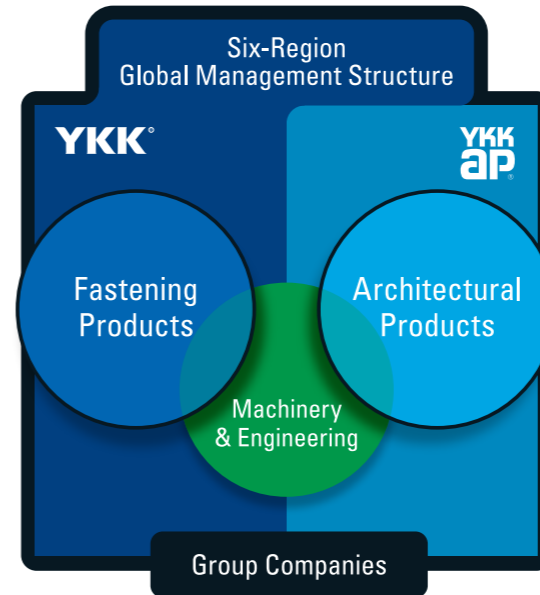
The YKK Group has consistently pursued fairness in its business activities in all the countries and regions around the world where it operates. In order to become a truly global company, the YKK Group established the YKK Group Code of Business Conduct in March 2009. As a result, all global Group

employees now hold the Code of Business Conduct in common.

For the compliance system, the Group has appointed a director responsible for compliance to develop a Groupwide compliance system. The director responsible for compliance reports the progress of the compliance system development and the status of the Company’s legal compliance to other directors and corporate auditors. Directors attend compliance seminars carried out by lawyers on a regular basis and submit to the Company an agreement in writing to observe specific compliance requirements in their business execution activities.

For initiatives to promote compliance activities, the Company established the Compliance Promotion Group under the leadership of the executive officer responsible for compliance. The Compliance Promotion Group is now engaging in raising employee awareness through the implementation of regular seminars, as well as working on the development of reporting and consultation services, establishment and management of a disciplinary committee and a monitoring function.

Furthermore, the Group set up the YKK Group Internal Reporting System for the purpose of preventing the violation of laws, regulations and in-house rules, as well as of protecting whistleblowers.



YKK Group Global Management is based on: Fastening Products and Architectural Products (AP) (two core businesses), Machinery and Engineering, which provides the two core businesses with an integrated system of production, and a Six-Region Global Management Structure.

YKK CORPORATION

Foundation January 1, 1934
Capital 11,992,400,500 yen (as of March 31, 2013)
Chairman & CEO Tadahiro Yoshida
President Masayuki Sarumaru

Headquarters
 1, Kanda Izumi-cho, Chiyoda-ku, Tokyo, 101-8642, Japan
 TEL +81-3-3864-2000

Temporary Headquarters (From Sept. 2011 due to reconstruction)
 Akihabara Daibiru Building, 1-18-13, Sotokanda, Chiyoda-ku, Tokyo, 101-8642, Japan

Kurobe Manufacturing Center
 200, Yoshida, Kurobe City, Toyama, 938-8601, Japan
 TEL +81-765-54-8000

YKK GROUP

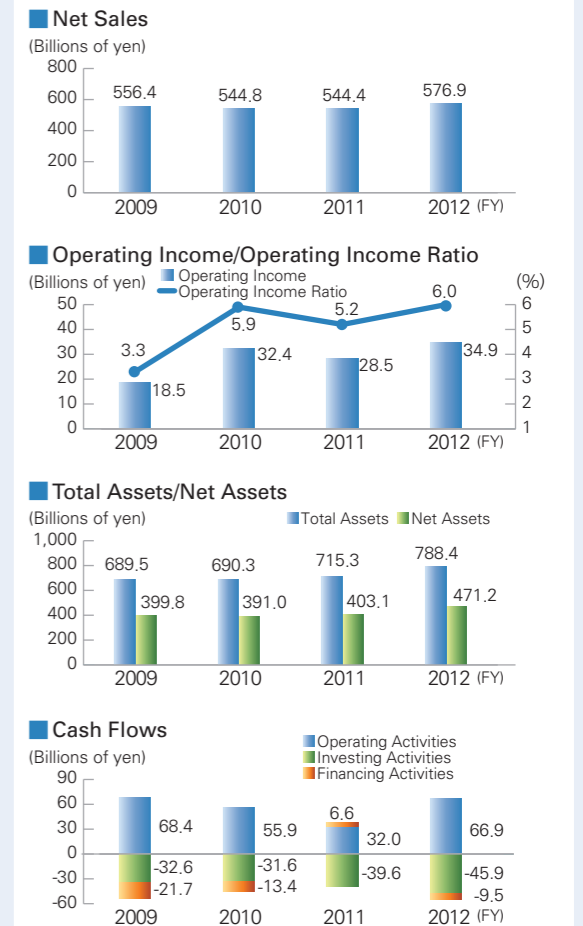
Principal businesses
 Manufacturing and sales of fastening products, architectural products, precision machinery, equipment and molds

Number of affiliated companies
 71 countries/regions 109 companies
 Japan 21 companies
 Overseas 88 companies

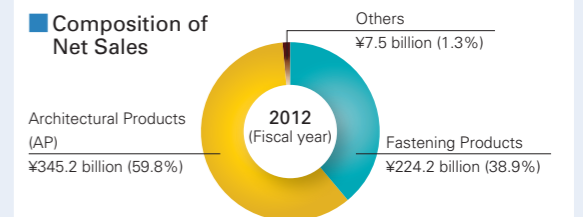
Major subsidiaries
 YKK AP Inc., YKK FASTENING PRODUCTS SALES INC., YKK FUDOSAN CO., LTD., YKK (U.S.A.) INC., YKK ALUMINIUM (AUSTRALIA) PTY. LTD., YKK CORPORATION OF AMERICA

Number of employees (Consolidated basis)
 39,000 (Japan 17,000; Overseas 22,000)
 (As of December 31, 2012)

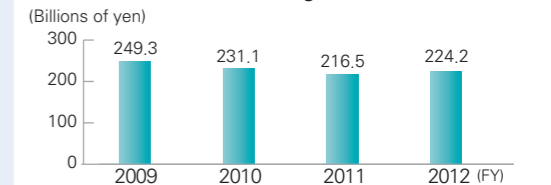
Consolidated Financial Highlights



Segment Information (By business)



Net Sales in the Fastening Products Business



Net Sales in the Architectural Products (AP) Business

