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**YKK**

Social & Environmental Report 2015

Seeking bountiful, healthy lives for all humankind and  
harmony with the environment

#### Cover

The cover art of this report communicates the concept of a “future society that harmoniously coexists with the Earth and allows future generations to enjoy bountiful lives and the blessing of nature.”

As a corporate citizen, the YKK Group aims to help develop such a society and is, therefore, committed to remaining aware of and providing solutions to the challenges confronting society. To communicate this commitment, the images used on the front and inside covers feature playing children in a natural setting. The symbols depicted on the inside cover include images representative of some innovative technologies that incorporate YKK Group products supporting the development of a sustainable society.



Printed in Japan





# 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 its business operations aimed at creating new value.



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### Editorial Policy

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 edition presenting our fundamental ideas and a web edition that presents more detailed information.

The URL for the web edition is:  
<http://www.ykk.com/english/corporate/csr/eco/report/index.html>

### Extent of Coverage

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

### Period Covered

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# Corporate Social Responsibility Based on the YKK Philosophy

The YKK Group is committed to helping build a more sustainable society through its main businesses.

Ever since YKK's founding, the spiritual pillar of all YKK Group business activities has been the "Cycle of Goodness" YKK Philosophy, which embodies our belief that no one prospers without rendering benefit to others.

An enterprise is an important member of society, and as such it must coexist with other elements of society. The value of its existence will be recognized by the benefits it shares with society. In pursuing our business, YKK has devoted great attention to the way in which we can realize such mutual prosperity—that this can be best achieved by the continual creation of new value through innovative ideas and inventions. This would result in business expansion for the YKK Group, which in turn would bring prosperity to consumers and trading partners, and thus benefit all society.

Every YKK company based in 71 countries and regions around the world shares the "Cycle of Goodness" philosophy and the management principle "YKK seeks corporate value of higher significance." "Fairness" is the standard on which we base our conduct.

### The YKK Group's Corporate Social Responsibility

We do not take lightly our responsibilities as a good corporate citizen, not only towards society but also in the execution of fair business management. Significant changes are taking place in the environments that surround the YKK Group. Whether in Japan or abroad, it is our duty to respect diversity—of cultures, customs, and viewpoints—and play a role in the development of society through our business activities. We are developing energy-saving manufacturing processes while promoting 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 popularize this "low-energy" approach. Looking ahead, the YKK Group is committed to helping build a more sustainable society through its main businesses. We shall achieve this through implementation of the "Cycle of Goodness" YKK Philosophy and the management principle, "YKK seeks corporate value of higher significance."

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



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 "become 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. 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 not only to 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.



Masayuki Sarumaru  
President, YKK Corporation  
YKK Corporation  
Environmental Policy Board  
Committee Chairman

Pursuing Innovation at All Stages, from Design to Manufacturing

YKK AP Inc. aims 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 the user's 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.



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



## About the YKK Group

### YKK Group

#### Principal Businesses

Manufacture and sale of fastening products, architectural products, precision machinery, equipment and molds

#### Affiliated Companies Worldwide

111 in 71 countries/regions

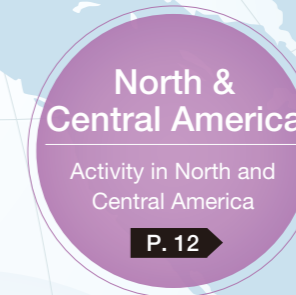
Japan: 24 companies

Overseas: 87 companies

#### Number of Employees

42,154 (Japan: 17,330; Overseas: 24,824)

(As of March 31, 2015)

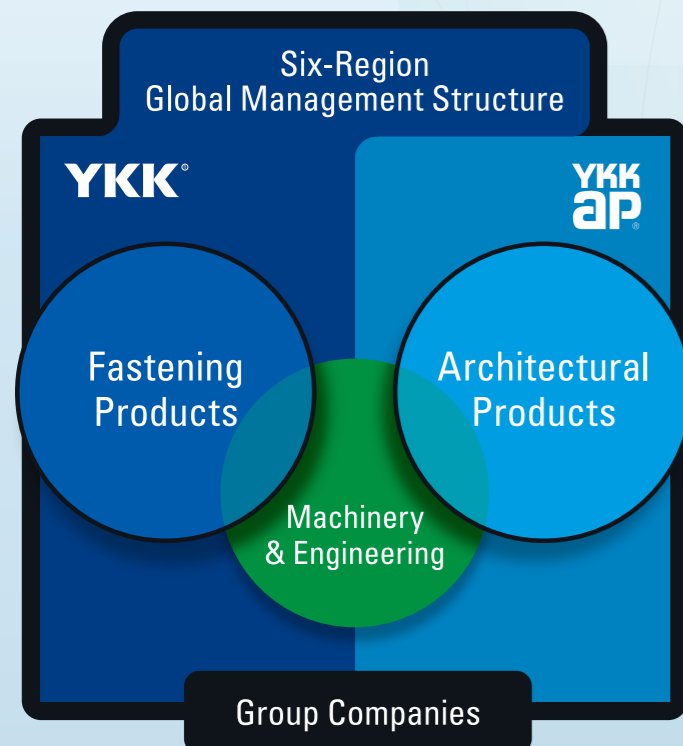


Operating in **71** countries/regions  
Employing over **40,000** people

## A global business management structure, with the Fastening and Architectural Products businesses as core operations

The YKK Group global management matrix consists of:

The two core operations—the Fastening Business and the Architectural Products (AP) Business—supported by the Machinery & Engineering Group, which provides the two core operations with an integrated system of production; and a six region global management structure which conducts regional business.



#### YKK Corporation

### Contributing to the Creation of a Sustainable Society

YKK Corporation manufactures and sells products that are part of everyday life. Aware that our products must be responsive not only to the needs of our industrial customers but also to those of the consumers who ultimately use them, we place great importance on delivering products that add value to the clothing and other goods that our customers make.

#### YKK AP Inc.

### Pursuing Innovation at All Stages, from Design to Manufacturing

YKK AP Inc. aims 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.

## Conducting business under a six-region global management structure

The YKK Group is currently engaged in business in 71 countries/regions around the world. Our management system divides the world into six regional bases: North and Central America; South America; Europe, the Middle East and Africa (EMEA); China; Asia; and Japan. The global business is carried out with YKK Group companies of each region playing a leading role and making the most of their respective regional characteristics.





**Highlight**  
● Our annual zipper output  
**2,000,000** km  
(Goes around the Earth 50 times)

## Pursuing Safety throughout the Production Process



YKK is giving due consideration to human and environmental safety in all aspects of production, from the procurement of raw materials to the creation of finished products.

In the years since its founding, YKK's fastening products have won the confidence of customers worldwide thanks to the Company's stringent quality control and solid supply structure. YKK's uncompromising pursuit of quality encompasses a commitment to safety and trust maintained in tandem with a focus on product performance.

Moreover, to support CSR procurement initiatives undertaken by its corporate customers, YKK strives to ensure the supply of products with no hazardous substance content while completely renouncing inappropriate manufacturing processes and labor practices. This approach is enforced throughout all aspects of its manufacturing process, from the procurement of raw materials to the creation of finished products.

In addition, YKK evaluates the environmental performance of its products from their development stage when developing eco-friendly manufacturing technologies, one example of which is anhydrous dyeing, a method of dyeing zippers or their component materials using carbon dioxide instead of water.

Attesting to these efforts, YKK has been awarded bluesign®\* certifications in two product groups, proving that its production processes are designed with due consideration given to social responsibilities and environmental impact.

\* A textile industry certification scheme aimed at accrediting manufacturers' environmental-protection, occupational-safety, and resource-saving initiatives throughout their supply chains.

**Keyword**  
**CSR procurement**  
An initiative to promote a manufacturing approach that gives due consideration to a business's social responsibilities and environmental impact throughout its supply chain



**Highlight**  
● Ratio of eco-friendly products  
**100** %  
(Of products developed in fiscal 2014)

## Promoting a Healthy, "Low-Energy" Lifestyle



YKK AP proposes comfortable dwelling spaces that utilize the blessings of nature and thereby helps customers enjoy health-conscious "low-energy" lifestyles.

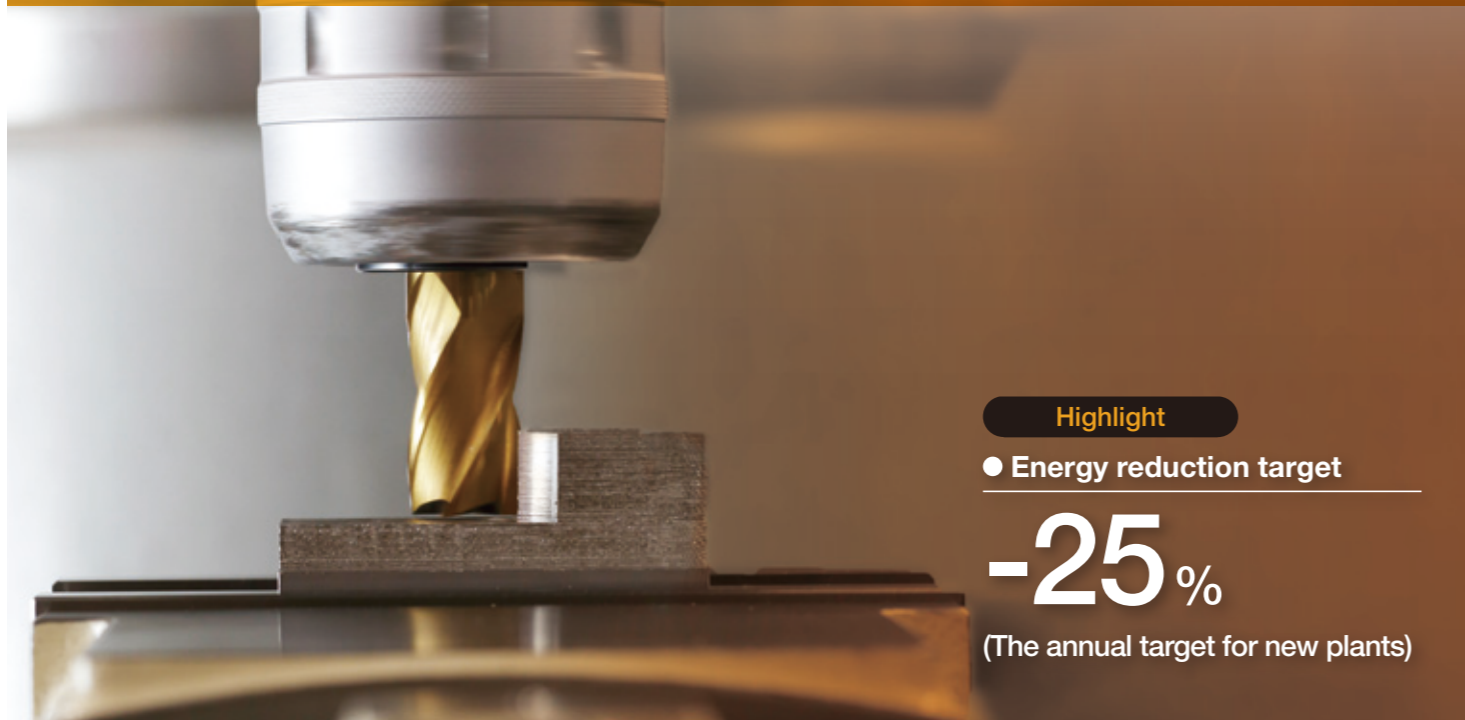
In recent years, the impact of climatic temperature extremes on health has become a growing concern. YKK AP has been working to improve windows' heat insulation performance, the primary determiner of heat gain or loss for housing, promoting a health-conscious, "low-energy" lifestyle that allows people to live comfortably with a reduced need for air conditioning. Among YKK AP's eco-friendly architectural products and construction techniques are high-insulation windows with vinyl frames, curtain walls that help reduce energy consumption, and a no-weld window sash installation method. Moreover, the YKK AP brand is gaining increasing recognition overseas for its efforts to match products and services to local climates and market needs.

To help create a recycling-oriented society, YKK AP is also promoting 3R initiatives, namely, the reduction, reuse, and recycling of

waste. As such, we are striving to contribute to the sustainable development of society by pursuing innovation in both product development and manufacturing processes.

**Keyword**  
**Vinyl-framed window**  
A type of window with a vinyl-based frame that boasts high insulation performance due to low heat conductivity equivalent to only 0.1% that of aluminum frames





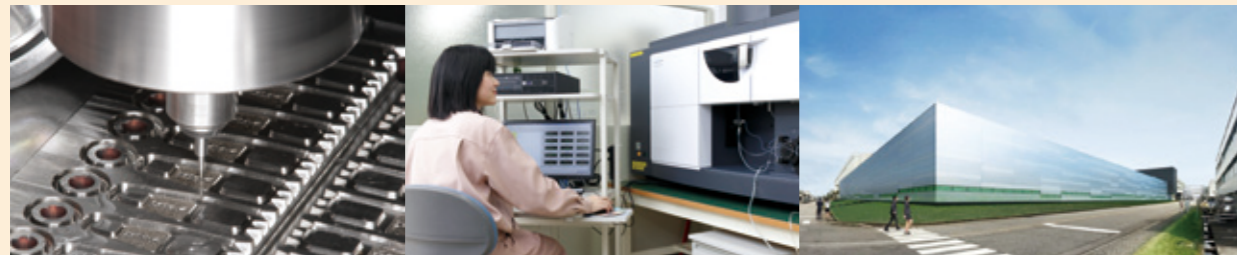
Highlight

- Energy reduction target

**-25%**

(The annual target for new plants)

## Reinforcing the Group's Competitiveness



The Machinery & Engineering Group contributes to the growth of Group operations through both the development and manufacture of machinery.

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.

At present, we are working to rebuild our half-century old factory into a new machinery plant for producing machinery parts for slide fasteners, with the commencement of operations scheduled for December 2015. Looking five to ten years into the future, we plan to create a human-friendly working environment by making effective use of daylight while realizing advanced temperature, humidity, and vibration control to ensure the stable production of precision machinery parts.

Once launched, the new plant will strive for a 50% shorter production lead time and a 20% to 30% cut in production costs.\* Furthermore, the plant will work to achieve 25% and 70% reductions, respectively, in energy and water consumption by fully utilizing such resources as natural sunlight and the shallow underground water of the Kurobe River alluvial fan.

\*Compared with fiscal 2012 figures

Keyword

**Integrated production system**

A production system that entails the in-house development of materials and production machinery optimized to achieve high quality standards



Highlight

- Operating in

**71** countries/regions

(As of March 31, 2015)

## Embracing Workforce Diversity



The YKK Group is striving to create a workplace that embraces diversity and allows people with diverse strength and backgrounds to realize their full potential.

With the principle of "Independence and Coexistence" as the foundation of human resources management, the YKK Group is striving to enable each and every employee to fully exhibit strengths in their entrusted role, in accordance with their individual abilities and drive, and regardless of their age, gender, educational background, nationality, or disability.

The concept of the *Shinrin* group (*shinrin* means forest in Japanese) has long served as the basis of the YKK Group's human resources management. Our founder Tadao Yoshida once said, "YKK is a forest organization. In a forest, some trees are old and venerable, rich with experience and knowledge. And some trees are young, scarcely more than saplings. Some trees are tall, others are short. Each grows onward and upward in its own unique way. An organization is like a forest, full of power and vitality that can contribute to society." To ensure that every employee is free to fully

develop their potential, the YKK Group places emphasis on practicing a truly fair personnel system and providing employees with decent learning opportunities.

Keyword

**Diversity**

A concept of a more vibrant organization that embraces human resources with diverse backgrounds, including nationalities, genders, and age groups





The YKK Group organizes and sponsors a variety of events for children, students, and consumers to introduce its products and actively collaborates with designers and educational institutions to nurture future industry leaders.

Meanwhile, the YKK Center Park serves as an industrial tourism site where visitors can learn about our manufacturing technologies and environmental initiatives.

# JAPAN

## Passing Our Manufacturing Traditions on to the Next Generation

### Growing Possibilities of Fastening Products

YKK launches various initiatives and events for people of diverse age groups highlighting the possibilities of craftmaking using a variety of fastening products.

For example, YKK has produced a cloth picture book, YKK NUNO EHON (YKK Touch and Feel Book), for small children featuring zippers and snap closures. Some 500 copies have been donated to our hometown of Kurobe City, and we have also supplied books for children in disaster-hit areas in Fukushima Prefecture as well as at childcare facilities in Chiyoda-ku, Tokyo. Designed to engage children and to teach them such basic actions as getting dressed and brushing their teeth, the touch and feel book incorporates garment accessories in playful ways; for example, a zipper can be opened to show a hippo's teeth. The product was recognized in the 8th Kids Design Awards (sponsored by the Kids Design Association) for these unique features. Employees from YKK as well as YKK Rokko Corporation and students at vocational schools for people with disabilities and special needs schools took part in the creation of this product.

Also, at the "Monozukuri Kan by YKK," a venue we established for community events, we exhibit zippers and buttons and regularly host handcraft workshops and other events.



Sewing workshop at "Monozukuri Kan by YKK"



NUNO EHON, or cloth picture books made using YKK products

Topic

### Co-sponsoring Work Experience Programs at KidZania Tokyo

KidZania is an amusement facility that provides children with opportunities to learn about various jobs in society. Using real-world work tools and equipment, they can experience more than 90 occupations through role playing. Having co-sponsored a seasonal event held at KidZania Tokyo from October 1 to 15, 2014, YKK provided programs incorporating the hands-on experience of zipper production. Using such familiar items as zippers, YKK is helping children learn about Japan's manufacturing traditions.



Children learning to handcraft zippers at KidZania Tokyo

### Proposing New Life and Work Styles in and beyond Kurobe

In March 2015, the Hokuriku bullet train line was opened. Connecting Tokyo and Kanazawa, the new line has enhanced the accessibility between the Hokuriku region and the Tokyo Metropolitan Area. It is thus expected to greatly facilitate corporate relocation to less built-up regions, helping reduce the current excessive concentration of businesses and population.

Taking YKK facilities as example, the opening of Hokuriku bullet train line has shortened the time necessary for commuting from Tokyo, where the YKK Group's headquarters are situated, to Kurobe City, where its Kurobe Manufacturing Center is located, to around only two and half hours.

Given this, the YKK Group has moved a portion of its headquarters functions to the Kurobe Manufacturing Center over the last few years, with an eye to dispersing disaster risk. In addition, the Group has expanded its Kurobe dormitories for employees while stepping up its involvement in community development initiatives. Among these initiatives is the construction of the Passive Town Kurobe Model, a project based on a passive-, low-energy design architectural concept. Applying this architectural concept, we are utilizing

input from the natural environment such as sunlight and wind to realize excellent building performance and a comfortable indoor environment while reducing the need for air conditioning. The community under construction comprises both housing complexes and commercial facilities, proposing an abundant future lifestyle leveraging the characteristics of Kurobe's natural environment.

In addition, the Group is constructing other innovative facilities, including the YKK AP R&D Center, which is designed to maximize its use of the sunlight, wind, heat, and water in its surrounding environment, and a new plant for producing precision machine parts (see also page 8 for details) with a building design that incorporates large windows for letting in natural light.

Moreover, the Group reopened its YKK Center Park in April 2015 after renovation aimed at enhancing the office functions of the YKK 50 Building and accessibility to the park's industrial tourism facilities.

From Kurobe to the world, the YKK Group is opening eyes to the possibilities of new life and work styles that coexist harmoniously with communities and the natural environment.



A renovated exhibition facility within the YKK Center Park



The YKK Center Park's Furusato-no-Mori (Hometown Forest)



Artist's rendering of the YKK AP R&D Center (completion scheduled for April 2016)

### Passive Town Kurobe Model

Utilizing the site of the old YKK Kayado company housing in Kurobe City, the project aims to develop a 250-unit multi-family rental complex encompassing a total of eight city blocks by 2025.



Artist's rendering of Passive Town Block No. 1 (completion scheduled for February 2016)

#### Concept

- 1 Create a town that requires less fossil fuels and suits a 21st-century sustainable society
- 2 Make full use of natural energy sources to realize healthy and eco-friendly living
- 3 Create an attractive landscape that matches Kurobe's climate and scenic beauty
- 4 Facilitate interaction with surrounding communities through open communications
- 5 Build a family-friendly environment that helps residents strike the desired work-life balance





YKK Group members in North and Central America continually develop fastening products with a variety of applications, including for automotive seats as well as protective suits, in addition to window products tailored to local climates. An environmental management system ensures the Group's sustainable operations across the region, while each business base plans and undertakes environmental protection initiatives.

# NORTH & CENTRAL AMERICA

## Ceaselessly Striving to Maintain Trust and Meet Expectations

### Sustainability Is a Cornerstone of Operations

In 2014, the Macon Plant of YKK (U.S.A.) Inc. celebrated its 40th anniversary. Since its establishment, the plant has been pursuing sustainable operations with an emphasis on growing together with surrounding communities. In addition to maintaining compliance with local environmental and chemical substance regulations, it has been taking initiatives to further reduce its environmental burden. For example, the plant switched from using toxic chemicals to eco-friendly agents in the dyeing process and introduced a system to monitor the usage of utilities in real time, putting employees' proposals for curbing energy consumption and protect the environment to work.

Meanwhile, YKK Canada Inc. has also been actively implementing resource-recycling and energy-saving initiatives. Moreover, it is actively cultivating greenery on its premises, with one tree being planted every time an employee has a child. Also, 37 national flags are on display on the premises, reflecting its employees' diverse nationalities. In these ways, the company is underlining its commitment to achieving future growth through diversity promotion in line with the YKK Group's human resources management policy.



National flags representing employees' countries of origin are displayed at YKK Canada's facility



The 40th anniversary commemoration logo of YKK (U.S.A.) Inc.

Topic

### Initiatives Led by YCA Environmental Compliance Committee

YKK Group members in North and Central America are subject to periodic environmental management audits led by the Environmental Compliance Committee of YKK Corporation of America (YCA). These audits are planned and carried out as appropriate based on the size of facilities and other factors, aiming not only to ensure legal compliance but also to share best practices in environmental protection, sustainability, and production management initiatives.



An award certificate that commends the YKK Group's contribution to sustainability

### Fastening Products Business Supports Disaster Relief and Healthcare Specialists

In addition to supplying garment accessories to the apparel industry, YKK provides fastening products tailored for extreme conditions requiring high airtightness and durability, including those for flame-resistant workwear, chemical protection suits, and other equipment used by disaster relief and healthcare specialists.

Among these products is the "Heat-Resistant Zipper." With YKK (U.S.A.) Inc. and YKK Canada Inc. spearheading its creation and improvement, this product incorporates a tape made of DuPont's flame-resistant Nomex® fiber. The interlocking parts (elements) of the chain can be made of either metal or plastic.

Another example is a high-performance fastener for medical tents and shelters used by healthcare specialists combating the Ebola virus epidemic that emerged in Africa.

While providing these products, YKK strives to enhance its proposal ability. The delivery of sample products, for example, which



Flame resistant zipper developed by YKK Canada



Medical tents incorporating YKK fasteners

Topic

### Delivering Products That Meet ISOFIX Standards

In September 2002, legislation came into effect in the United States that obliges automakers to install ISOFIX certified equipment for securing child seats. In addition to supplying buttons bearing the ISOFIX logo, YKK has developed a special machine to fix these buttons to car seats, thereby assisting automakers as well as automotive seat makers in their efforts to ensure the safety of infants and children.



### Accommodating Growing Demand for Thermal Insulation Windows

YKK AP America Inc. launched two new plants in Texas and Georgia in July 2014 and January 2015, respectively, with the aim of accommodating an upturn in demand. In Texas, a processing facility was brought on line to boost the company's capacity to manufacture building products to be marketed in the American Southwest. Meanwhile, a window production facility was established on the premises of the Macon Plant in Georgia to support the company's efforts to expand the sales of vinyl window frames, mainly in the housing market.

In step with changes in federal standards for the insulation performance of windows, demand for high-insulation windows has grown across the country, including southern coastal areas. In addition, building materials that satisfy LEED\* standards have become more sought after. Given these circumstances, in recent years YKK AP has been developing products with better shock

resistance as well as superior insulation. Moreover, the YKK AP brand is gaining greater recognition for its vinyl window frames that satisfy the Energy Star\*\* standards, which were revised in January 2015.

\* Leadership in Energy and Environmental Design: A building rating system developed by the U.S. Green Building Council to evaluate the environment-friendliness of buildings.  
\*\* International standard for energy efficient consumer products originated in the United States.



A house and a commercial facility incorporating YKK AP windows

Topic

### Release of YES SSG TUH, a Hurricane-Proof Thermal Insulation Window with a Superior Design

In June 2014, YKK AP America Inc. released YES SSG TUH, a cutting-edge hurricane-proof thermal insulation window for commercial facilities. YES SSG TUH boasts high-insulation and shock-proof properties as well as durability while being compatible with a variety of structures due to its superior design. In November 2014, YES SSG TUH won the New Product of the Year 2014 (Editor's Choice) award from ARCHITECTURAL RECORD, a U.S.-based magazine of architectural products, for its excellent functionality and design.



YES SSG TUH hurricane-proof thermal insulation window





In South America, YKK Group members are implementing unique training programs designed to aid employees' comprehensive career development as well as technical training to ensure stable production and worksite safety. Further, these employees are encouraged to share with their colleagues and family members what they have learned in order to benefit the larger community and thereby help create a sustainable society.

# SOUTH AMERICA

## Sharing Learning Experience

### Nurturing Next-Generation Leaders

Each YKK Group member in South America is striving to develop future leaders under the initiative of the Human Resources Department which oversees business bases in the region.

A leadership development program was introduced in 2014, and a total of 42 manager candidates underwent management training in the January–March period of that year. Since completing the program, each of the participants has made proposals to enhance teamwork, some of which have been put into practice. Plans call for implementing similar programs for managers in 2015 and for senior management, including directors, in 2016.

In addition, for employees up to 22 years old, the YKK Apprentice Program was implemented in collaboration with Serviço Nacional de Aprendizagem Industrial (SENAI), a government-run industrial vocational training institution in Brazil, as well as Guarda Mirim, a social project aimed at providing youth education. Under this program, young employees underwent training on career development, CSR, globalization, English, and communication skills.



Employees who completed the YKK Apprentice Program



A bulletin board set up based on trainees' proposals



A university official explaining educational courses for working people

Topic

### Assisting Employees with Self-Motivated Learning

In addition to providing in-house training programs, YKK DO BRAZIL LTDA. collaborates with local educational institutions to help self-motivated employees. For example, an information corner has been set up at its Sorocaba Plant to introduce the educational courses available to working people eligible for the company's tuition support scheme, including bachelor's degree programs in engineering, languages, or IT, and master's degree programs such as for an MBA. As of March 31, 2015, a total of 36 employees had used this scheme.

### Every Employee Plays a Role in Promoting Worksite Safety and Health

YKK Group members in South America promote worksite safety under the leadership of the In-house Accident Prevention Committee, which consists of 12 employees, half of whom were elected to their position by colleagues, with the remainder appointed by their companies.

Every employee is assigned a role in safety management activities in the course of day-to-day operations while engaging in periodic safety training. In 2014, employees participated in training programs focusing on the maintenance and repair of electrical facilities, occupational safety and health rules and regulations, and the prevention of accidental fires. They also performed emergency response drills assuming chemical leaks.

Moreover, each business base encourages employees to participate in team sports activities and physical exercise, with the aim of enhancing productivity and preventing occupational accidents and diseases.



● YKK DO BRAZIL LTDA.  
Employees engage in light physical exercise three times a week

● YKK ARGENTINA S.A.  
A volleyball game held on the premises

Topic

### Raising Safety Awareness in a Fun Way

Every third week of May, which has been designated the "Week of In-house Prevention of Occupational Accidents," each South American Group member implements disaster drills and campaigns aimed at raising employees' safety awareness. At YKK DO BRAZIL, such campaigns involved safety presentations that included comedy skits showcasing the appropriate handling of chemical substances, the importance of wearing protective gear and tips on facility maintenance and inspections.



A safety presentation during the Week of In-house Prevention of Occupational Accidents

### Sharing the Importance of Environmental Protection with Families

Every year, every YKK Group member participates in the YKK Group Tree Planting Day and other environmental initiatives in concert with the annual celebration of World Environment Day (June 5).

In South America, Group members have been holding in-house "Environment Weeks" over a period spanning annual World Environment Day, encouraging their employees as well as their families to join various events aimed at raising environmental awareness.

In 2014, among these events were tree planting, production site tours, toy and accessory handcraft workshops that use recycled materials, painting contests for children, and photography competitions with environmental themes as well as lectures on biodiversity and ecosystem protection and healthy diets.



Children who participated in a plant tour held during Environment Week

YKK Group Tree Planting Day

Topic

### Education for Sustainable Development (ESD)

In support of the objectives of Naturando, an environmental education project sponsored by Sorocaba City, where its plant is situated, YKK DO BRAZIL provided talks on social and environmental topics for seven- to eleven-year-olds under the theme of "Coopera Mundo" (A Cooperating World). Also, the company donated recycled materials to make playground equipment in support of a city-run program aimed at promoting the recycling of industrial waste.



Children who participated in a Naturando project event





In the EMEA region, the YKK Group's Fastening Products Business is focused on accommodating diversifying customer needs in mature markets. Moreover, the Group is actively co-sponsoring and participating in exhibitions held by local fashion design schools and apparel industry associations, with the aim of enhancing recognition of the YKK brand among apparel designers and finding new applications for its products.

EMEA

## Making New History through Ongoing Innovation

### Toward the Next 50 Years

In July 2014, YKK Nederland B.V. celebrated the 50th anniversary of its founding in April 1964 in Sneek (now Súdwest-Fryslân), the Netherlands, as the YKK Group's first European subsidiary. Since then, it has been a key base serving fastening product markets throughout the EMEA region while taking root in local communities over the course of its business activities.

Among the 138 people attending this commemorative event were representatives from the company and its local business partners as well as representatives of the city government, the embassy of Japan in the Netherlands, the Friesland provincial government, the Netherlands' Ministry of Economic Affairs, the Investment and Development Agency for the Northern Netherlands, and member companies of the Japanese Chamber of Commerce and Industry in the Netherlands. Moreover, Kurobe City officials and YKK Corporation officers came from Japan, joining other family members and Group representatives.

The event featured presentations on the history of the YKK Group and YKK Nederland followed by a special lecture by

Dr. Rien Segers, Netherlands' leading economist and a professor at University of Groningen. Also, the company's representatives performed a commemorative tree planting, and the event was topped off with a dinner party.



Commemorative tree planting

Topic

### Pursuing Further Innovation in Fastening Product Development

To penetrate markets in the EMEA region, the YKK Group is developing high-value-added products, focusing on the field of high fashion in particular. The Group is pursuing the creation of new materials, most recently developing the Alcantara Tape Zipper, the world's first zipper made using Alcantara, a high-grade synthetic suede.

Looking ahead, the Group will develop innovative products that further inspire designers and expand design possibility.



Alcantara Tape Zipper

### Discovering New Talent and the Further Potential of Fastening Products

YKK collaborates with fashion design schools, donating its fastening products to and co-sponsoring exhibitions with them. By doing so, YKK is striving to enhance the recognition of its diverse fastening products among designers and help them develop new applications.

For example, YKK works with ESMOD, a prominent fashion design and business school based in France, assisting its students with their graduation thesis projects and presenting lectures on fastening products to graduate school students every year. Introducing basic knowledge of fastening products as well as practical tips on how to use these products to enhance their creativity, these lectures are highly appreciated by students who value the opportunity to enhance their expertise and skills on both the theoretical and practical fronts.

YKK also collaborates with Academy of Fine Art in Łódź, a public university in Poland, providing assistance to its annual exhibitions of graduation projects. In 2014, on the day after the exhibition, YKK hosted a one-day workshop themed on fastening products, inviting



A design school student asking advice from Mr. Kei Kagami about his art project

Mr. Kei Kagami, a designer who serves as YKK's advisor, to exchange opinions with students about the pieces exhibited.

Topic

### Donating YKK Webbing to an Architectural Project in Germany

In Germany, an experimental architectural project was carried out in July 2014 in Darmstadt, a city that has become famous for its Art Nouveau architecture, in which approximately 60 upcoming architects and artists from countries around Europe collaborated. YKK DEUTSCHLAND GmbH supported this project, providing webbing in a variety of colors for use in creating chairs designed in line with overarching architectural concept.



Chairs featuring YKK webbing

### Contribution through Educational Support and Employment Promotion

Joblessness and an educational divide are issues in South Africa, and they center on the younger demographic. Because of this, YKK Southern Africa (Pty) Ltd. is engaged in educational support activities in conjunction with local NPOs and vocational schools.

For example, in November 2014, YKK supplied free of charge to a sewing workshop associated with the NPO Lungisisa Indlela Village (LIV), flexible tape fastening that can be used in the manufacture of fancy goods and clothing ornaments. LIV helps orphans become self-reliant.

Furthermore, in collaboration with Siyaya Skills Institute, a government-authorized vocational training school, we have been providing support since December 2014 for a year-long vocational training program attended by 20 youths with disabilities. The program combines classroom lectures that teach basic knowledge related to the wholesale and retail industries (accounting and

budget management, dealing with customers, communication, business transactions, inventory control, etc.) with hands-on training.

YKK will continue providing educational support in various ways, contributing to raising local educational levels, and promoting employment.

Topic

### Presenting Eco-Friendly Metal Processing Technology in Italy

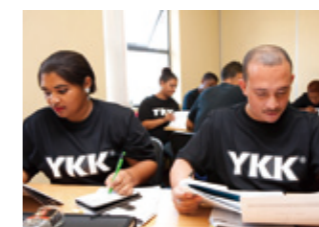
In September 2014, YKK MEDITERRANEO S.P.A. participated in the "Green Day," an environmental exhibition held by Pfizer Inc. in Ascoli Piceno in Italy. Other participants included leading corporations and research institutes in the fields of energy, water treatment, recycling, production processes, and material development. YKK employees gave a presentation on eliminating the use of cyanide compounds from the plating process as well as initiatives to treat and recycle cleaning water in the presence of attendees from a number of businesses and universities.



YKK MEDITERRANEO S.P.A.'s stand at the "Green Day"



LIV's sewing workshop



Youths wearing sponsor logo T-shirts participating in the vocational training program





In the Chinese market, YKK Group members focus on products that cater to consumers' increasing interest in healthy, eco-friendly lifestyles. In addition, each Group member publicizes their environmental initiatives through local businesses and schools, welcoming people living in surrounding communities to join in their efforts to realize to a more affluent and sustainable society.

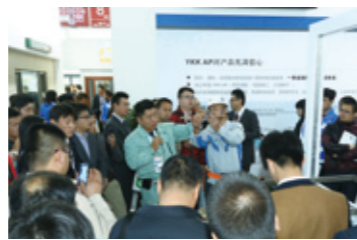
CHINA

## Sharing Best Practices

### High-Quality Window Products Help Realize a More Comfortable Lifestyles

Since 2008, the YKK Group's AP business division in China has participated in the annual China International Exhibition for Windows and Curtain Walls. At the latest exhibition, held in November 2014, the division displayed products under the theme "comfortable family life" and demonstrated its construction techniques. Moreover, researchers from DALIAN YKK AP CO., LTD. presented a lecture on "How to Achieve and Maintain the Quality of Finished Window Products" at the China International Forum for Windows and Curtain Walls held in concert with the aforementioned exhibition.

In addition, having established the China Product Proposal Center—its first presentation room in China—in December 2014, the Group is proactively communicating how YKK AP windows' superior features contribute to energy saving for its customers.



Demonstration of a construction technique



Three-dimensional floor plan of the China Product Proposal Center



China International Forum for Windows and Curtain Walls

Topic

### A New Door and Window Manufacturing Plant Commences Operation

YKK AP (SUZHOU) CO., LTD. completed its new production facility for manufacturing window products and held a construction completion ceremony in December 2014.

Along with the launch of the facility, the company opened a training facility for engineers engaged in the manufacture and installation of windows. Looking ahead, the YKK Group will further reinforce its local facilities and workforce, bolstering the China-based integrated production system that supports its architectural product-related operations.



The new door and window manufacturing plant

### Exhibiting a Variety of Products on the Theme "Fusion and Integration"

To increase public awareness of its diverse fastening products, SHANGHAI YKK ZIPPER CO., LTD. participates in external exhibitions and operates in-house show rooms.

In October 2014, the company exhibited at Intertextile Shanghai Apparel Fabrics 2014 under the theme "Fusion and Integration." In line with two subthemes, "the fusion of time—from the past and present to the future" and "the fusion of humanity and nature," the company displayed an array of products that satisfy both fashion and functional needs, including plastic zippers made of recycled materials, zippers with neon colored tapes, and water-tight zippers. With about 500 exhibitors, the event welcomed more than 1,000 visitors.



Products exhibited by SHANGHAI YKK ZIPPER

Topic

### The YKK Donghua Cup Marks the Tenth Round

Since 2005, SHANGHAI YKK ZIPPER CO., LTD. has been partnering with Donghua University in hosting the "YKK Donghua Cup," a design competition for students at the university's graduate school. The competition marked its tenth anniversary, and was held as a part of the "Shanghai International Fashion Culture Festival 2014" (April 2014), with a total of 96 pieces—the largest in number since its inception—being presented.

Going forward, the YKK Group will strive to discover new talent through this competition.



Pieces presented at the YKK Donghua Cup

### Growing Together with the Community

Since 2005, YKK AP (SUZHOU) CO., LTD. has been collaborating with local elementary and junior high schools in promoting environmental protection activities. Such activities include cleanup campaigns around Jinji Lake, tree planting, and the local distribution of environmental awareness booklets in concert with the annual celebration of World Environment Day. Also, in November 2014, the company invited 37 students from the abovementioned schools to learn about wastewater treatment and take part in tree planting.

These initiatives have been highly regarded by local municipal governments. In June 2014 the company was chosen as one of six corporations accredited by the Suzhou Industrial Park Environmental Protection Bureau as practicing superior environmental education initiatives.



Children learning about wastewater treatment



A Jinji Lake cleanup campaign

Topic

### YKK's Wastewater Treatment Initiatives Provide a Model for Local Businesses

In 2014, YKK SNAP FASTENERS (WUXI) CO., LTD. was acknowledged by the Wuxi New District Construction and Environmental Protection Bureau as one of three excellent corporations whose environmental management serves as an example to others. Since this acknowledgement, the company has received requests for site tours from more than 300 local companies. During site tours, YKK SNAP FASTENERS (WUXI) provides briefings on its wastewater treatment facilities and the system that controls those facilities as well as on water quality analysis equipment, discussing with tour participants how the impact of production activities on water quality is managed.



Plant tour received positive feedback





The YKK Group strives to support the education and sound upbringing of children in Asian countries where economies are rapidly growing, by partnering with local schools and other institutions.

Taking into account the region's diverse cultures and value systems, the Group is helping to build a foundation for a more prosperous future in line with its Core Values in ways best suited to the conditions of each community.

ASIA

## Promoting the Healthy and Sound Upbringing of Children

### Supporting Youth Education through Football Clinics

As a part of local contribution activities undertaken by YKK Group members in Asian countries, since 2007 YKK HOLDING ASIA PTE LTD. has sponsored the annual YKK ASIA Group Kids Football Clinic to give local children the opportunity to learn how fun the game can be.

2014 marked the eighth year for this event. With the cooperation of Spain's Real Madrid Football Club, which has dispatched its coaches since 2012, clinics were held in two locations, Chittagong, Bangladesh and Ho Chi Minh City, Vietnam. At each location, around 250 to 300 eager 10- to 14-year-olds participated in three-day football clinics, receiving instructions from world-leading Real Madrid coaches, alongside about 30 local coaches hoping to enhance their teaching skills.

At the end of clinics, each of the children was presented with a full football kit. Also, balls and training equipment used in the event were donated to local football teams and schools.



Soccer clinic in Chittagong (October 30 to November 1, 2014)



Soccer clinic in Ho Chi Minh City (November 7 to 9, 2014)



Please also visit the following website for details.  
<http://www.ykkasia.com/regional.htm>

Topic

### Promoting a Switchover to Zippers Free of Hazardous Substances

In May 2014, YKK PHILIPPINES, INC. carried out a campaign to encourage a switchover to safer zippers at local elementary and junior high schools in collaboration with NGO Eco Waste Coalition. YKK employees visited schools and examined student uniform and school bag zippers, replacing them with hazardous substance-free YKK zippers if the original products were shown to include such substances. Undertaken at the beginning of a new academic year, the campaign benefited a number of students, with more than 200 zippers being replaced. The campaign was covered in various media, helping raise general public awareness about such hazardous substances as lead.



A volunteer employee sewing a zipper

## Releasing NEXSTA, a New Flagship Window Product Line for ASEAN Markets

Targeting ASEAN markets, YKK AP has developed the new NEXSTA window product series. Short for "next stage," NEXSTA is the product of YKK AP's intention to create next-generation windows for these markets. Having introduced this product line in Indonesia in April 2014, YKK AP has rolled out marketing campaigns in Malaysia, Thailand, and Vietnam, respectively, garnering favorable customer reviews.

Prior to the introduction of NEXSTA, in March 2014 PT. YKK AP INDONESIA was chosen as a winner by the Architects' Choice Awards 2014 program sponsored by BCI Asia\* in the Doors & Windows/Metal category.

Looking ahead, the YKK Group will strive to help improve the living environments of people in the ASEAN region, with NEXSTA serving as its next-generation flagship product line.



NEXSTA windows

\* A member company of BCI Media Group, a project information service provider in the construction industry

Topic

### Cooperating in the Creation of a Futuristic Building with Green Facade

CapitaGreen, a new premium Grade A office building located in Singapore's Central Business District, was completed on 18 December 2014. YKK AP Singapore Pte. Ltd. was part of the construction team involved in the curtain wall installation for this project.



CapitaGreen

Designed by Toyo Ito, the prestigious 2013 Pritzker Prize winner, and constructed by design and build contractor, Takenaka Corporation, the development has been accorded the Green Mark Platinum award for the sustainable features incorporated. One key feature is the Double Skin Glass Facade system comprising an urban facade (two-skin curtain wall) and the green facade (planter boxes) which is expected to cut solar heat gain into the building.

## Bolstering a Manufacturing Powerhouse Serving Markets around the Globe

In light of expected demand growth in the Asian sewn products market, in December 2014 PT YKK ZIPCO INDONESIA launched the Group's first copper alloy wire plant in Asia.

Until now, the YKK Group had produced copper alloy wire only at its Japanese and U.S. facilities, however, with growing demand for metal zippers from Asian export processors, the YKK Group saw the need to establish a new manufacturing base in a location closer to the targeted market. The new facility will supply wire to Chinese and other Asian zipper manufacturing facilities in order to shorten zipper production lead time.

Meanwhile, in December 2014 YKK VIETNAM CO., LTD. initiated a construction project aimed at expanding its zipper production facilities, utilizing a vacant lot next to its Nhon Trach Plant.

The YKK Group will continue strengthening its supply network in Southeast Asia to ensure that it remains capable of meeting ever-growing demand in this region.



PT YKK ZIPCO INDONESIA's new copper alloy wire plant



Artist's rendering of YKK VIETNAM's Nhon Trach Plant following the expansion

Topic

### Bangladesh Plant Opens On-Site Childcare Center

In May 2014, YKK BANGLADESH PTE. LTD. opened a childcare center within its plant premises. Employees may utilize this facility free of charge. Able to care for up to 20 children ranging from six months to six years old, the facility is highly appreciated as, along with the regular nursery staff, an industrial physician is always on site.

Looking ahead, the YKK Group will continue to cultivate a favorable working environment that supports employees raising children.



Inside the childcare center



## Reducing the Environmental Impact of Our Business Activities



Guided by the YKK Group Environmental Pledge, formulated in September 1994, we are engaged in environmental activities in all areas of our business operations. Moreover, every four years since fiscal 2001, we have drawn up mid-term environmental management principles and policies. The fourth mid-term environmental management principles launched in fiscal 2013 set out policies centered on initiatives under the four priority themes of corporate governance, green innovation, CSV: creating shared value, and sustainability.

## Fourth Mid-term Environmental Management Principles

### Contributing to a Sustainable Society

Pursuing a Low-Energy Consumption, Energy-Saving Approach

In line with its environmental pledge, the YKK Group pursues environmentally friendly operations and leverages its technological capabilities to create new value and to help develop a sustainable society.

#### Four Priority Themes

<b>Corporate Governance</b> • Strengthen global environmental management system 	<b>Green Innovation</b> • <i>Monozukuri</i> * for the next-generation (technological innovation) 	<b>CSV: Creating Shared Value</b> • Social contribution through primary business (value of corporate presence) 	<b>Sustainability</b> • CO <sub>2</sub> reduction (low energy, energy saving) • Biodiversity • Chemical substance risks • Resource recycling 
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\* *Monozukuri*: Japanese term that has multiple meanings centered on manufacturing, such as "design" and "craftsmanship."

### Reinforcing Environmental Management on a Global Basis

To enhance the quality of its environmental management, the YKK Group is strengthening its management systems on a global basis, ensuring compliance with environmental laws and regulations under a solid corporate governance structure.

#### Groupwide Environmental Management Audits (Japan and Overseas)

Under the supervision of the Environmental Policy Board Committee, periodic internal audits are conducted to examine the status of our environmental management system and to identify potential improvement areas. In this way, we maintain and enhance compliance with environmental laws and regulations while thoroughly implementing our Group environmental management principles and policies.

Moreover, intraregional cross audits, wherein business bases examine one another's status of legal compliance and environmental activities, are carried out under the leadership of regional supervisors appointed for each of our six regions of operation worldwide. Giving due consideration to applicable environment-related laws and regulations and local culture,

these cross audits help maintain and enhance legal compliance and minimize environmental risk attributable to our operations.



Environmental management audit at a base in the EMEA region



Environmental management audit at a base in China

### Emission Control throughout the Supply Chain

In fiscal 2013, the YKK Group began assessing Scope 3 emissions, or indirect emissions of greenhouse gases along its value chain, in line with the internationally recognized Greenhouse Gas Protocol. In addition to direct emissions (Scope 1) and indirect emissions attributable to purchased electricity and the use of heat (Scope 2), the Scope 3 calculation includes emissions from the procurement of raw materials and capital goods, the manufacture and transport of intermediate products, and the use and disposal of finished products. Our calculations revealed that more than 75% of the Group's entire emissions were accounted for by the procurement of raw materials and capital goods.

Drawing on these results, from fiscal 2014 onward we have been promoting greenhouse gas reduction initiatives in each business segment, with particular focus on our procurement practices.

In addition, the YKK Group is contributing to the reduction of CO<sub>2</sub> emissions through the provision of high-insulation window products that curb the need for air conditioning in housing or offices and thereby reduce energy consumption.

Note: For more details, please also visit the following website run by Japan's Ministry of the Environment.  
[http://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/en/files/en2014/pdf\\_ykkap\\_en.pdf](http://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/files/en2014/pdf_ykkap_en.pdf)

#### Topic

#### Our Carbon-Offset Initiatives at the YKK Center Park Maruyane Exhibition Hall

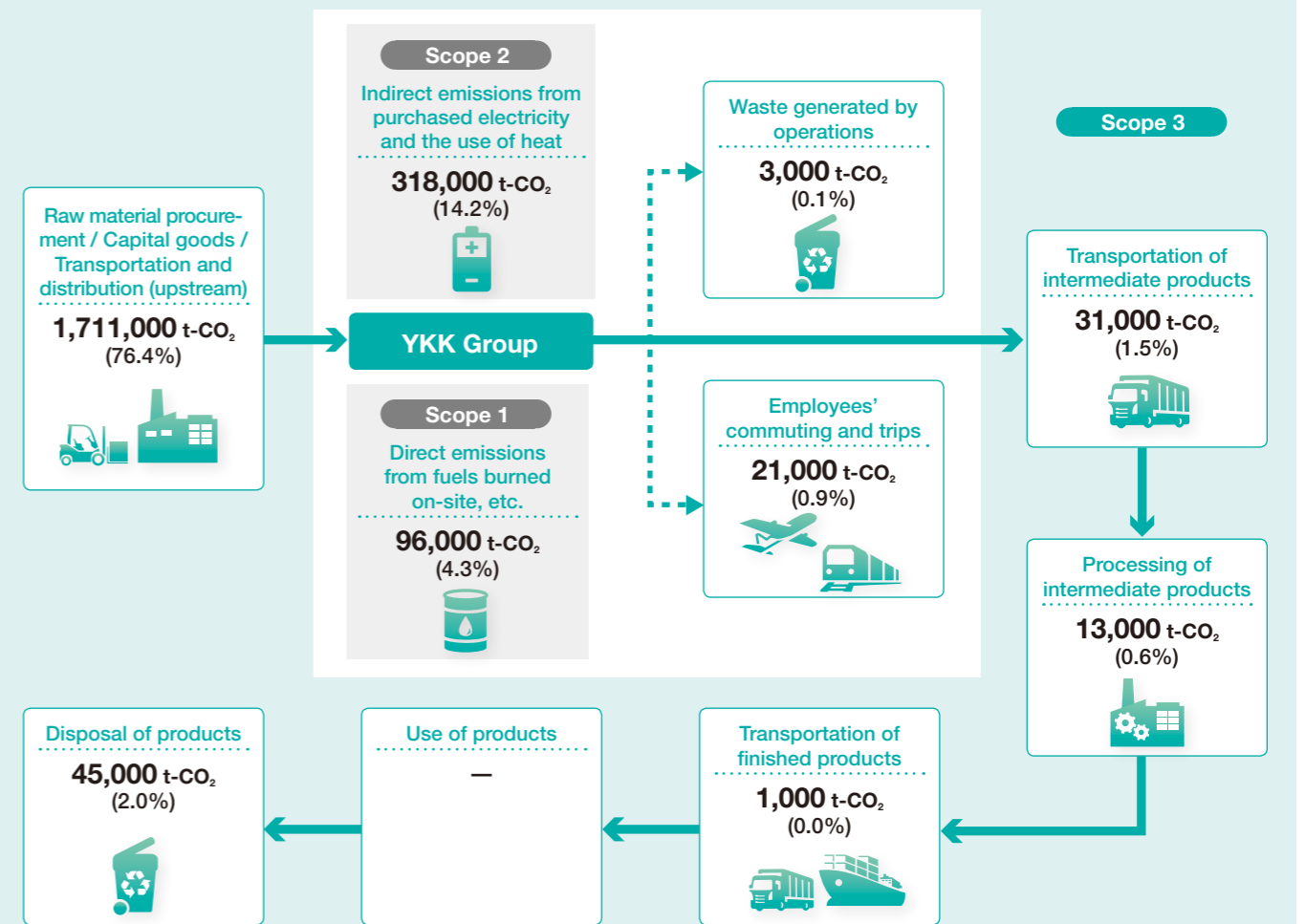
Utilizing the Japan Carbon Offsetting Scheme, YKK launched a one-year project aimed at facilitating the popularization of carbon offsetting and preventing global warming. Specifically, YKK purchased offset credits to transfer CO<sub>2</sub> emissions attributable to the use of electricity at the Maruyane Exhibition Hall. Visitors to the hall can view a display illustrating its emissions and the Group's carbon-offset initiatives.



Carbon offset certification label  
 YKK Corporation's Kurobe Manufacturing Center  
 (Certification No. CO<sub>2</sub>-0153)

Note: The project is certified by the Ministry of the Environment  
 (Effective period: April 1, 2015 to March 31, 2016)

### CO<sub>2</sub> Emissions from the YKK Group's Supply Chain in Fiscal 2014 (Japan)



Note: For more details about the calculation method, please visit the Green Value Chain Platform website operated by Japan's Ministry of the Environment. YKK's and YKK AP's initiatives are posted under the title "Individual corporations' accounting information."  
[http://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/en/index.html](http://www.env.go.jp/earth/ondanka/supply_chain/gvc/en/index.html)



**While Consistently Monitoring the Impact of Our Operations on Ecosystems, We Are Striving to Ensure the Appropriate Management of Chemicals, Promoting Resource Recycling, and Fulfilling Our Environmental Obligations in Order to Reduce Environmental Risks.**

**Biodiversity Protection**

**Surveys of the Groundwater of the Kurobe River Alluvial Fan**

The YKK Group's manufacturing facilities in Kurobe City, Toyama Prefecture, utilize the groundwater that is abundantly available all across the Kurobe River alluvial fan. However, as groundwater is essential not only to human activity but also to all flora and fauna, including land and aquatic creatures, the YKK Group is committed to ensuring the appropriate use and preservation of groundwater resources through the periodic assessment of their status.

For this reason, since 2011 we have conducted surveys in cooperation with Toyama Prefectural University, with the aim of analyzing the water balance and identifying locations where natural replenishment occurs. By doing so, we aim to determine the amount of groundwater that can be used without negatively impacting local ecosystems.

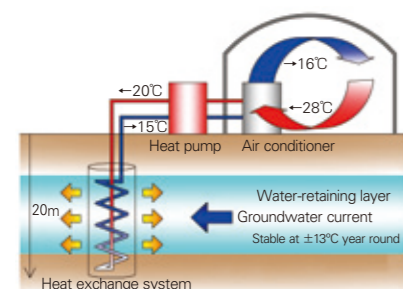


A groundwater survey

**A Heat-Pump Air Conditioning System That Utilizes Groundwater**

The aforementioned surveys discovered abundant fast-flowing surficial groundwater streams at depths as shallow as 20 meters. Drawing on these results, we have been stepping up the development of an air-conditioning facility that utilizes the superior energy potential of this groundwater flow.

In fiscal 2012, we introduced a heat-pump air-conditioning system that utilizes the groundwater at the Maruyane Exhibition Hall in the YKK Center Park. Having achieved a 31% reduction in electricity costs during trial operations, the system was expanded in concert with the fiscal 2014 renewal of the YKK Center Park, incorporating a new facility that boasts higher efficiency and is easier to set up. Going forward, we will promote the greater utilization of groundwater while paying close attention to the impact of such utilization on the environment of surrounding areas.



Mechanism of the heat-pump air conditioning system (left) and the installation of the system (right)

**Greenery Management Employing IPM**

In 2008, we developed the Furusato-no-Mori (Hometown Forest) and biotopes within the extensive premises of the Kurobe Manufacturing Center, with the aim of recreating the unspoiled natural forest that used to thrive in the Kurobe River alluvial fan.

Although the forest has grown steadily, we have recognized the need for countermeasures against disease and pests as it is a part of the YKK Center Park and is accessible to the general public. In fiscal 2014, we formulated a low-impact greenery management method based on the Integrated Pest Management (IPM) concept. Going forward, we will roll out this method at other manufacturing bases inside Japan and other sites.



Furusato-no-Mori (Hometown Forest)



A biotope

**Forest and Biotope Development at Furusato-no-Mori**

At the Kurobe Manufacturing Center, our forest development activities start with planting seeds gleaned from mountains and fields in the surrounding countryside. We periodically monitor the tree growth and resident animal populations.

Also, we invite local elementary school students to join plant tours and participate in environmental education programs every August. These initiatives have been highly evaluated by external award programs and local governments. For example, YKK was presented with a prize in the Biodiversity Action Award 2014 sponsored by the Japan Committee for the United Nations Decade on Biodiversity (UNDB) in the Protection Category. The Company was also commended by the Toyama Prefectural government for its longstanding efforts to preserve and restore water and forest environments.



The Biodiversity Action Award 2014 crest



Monitoring animal populations

**Environmental Obligations and Resource Recycling**

**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.

**Polychlorinated Biphenyls (PCBs)**

In fiscal 2008, the YKK Group began disposing of equipment containing high concentrations of PCBs. By the end of fiscal 2014, the Group had completed the disposal of 638 out of 667 units. The remaining 29 units stored at three sites across Japan (as of March 31, 2015) will also be appropriately disposed of.

We are also properly storing and managing equipment containing low concentrations of PCBs in accordance with the Group's in-house guidelines. At the end of fiscal 2013, we posted a reserve for the cost of disposing of 379 units with low PCB concentrations that are ready for immediate disposal. Of those, 130 units were disposed of during fiscal 2014.

While maintaining proper storage and management, we will seek the swift disposal of such equipment.

**< Equipment containing high concentrations of PCBs >**  
 Cost of disposal to the present: Approx. 390 million yen  
 Estimated cost of disposal of remaining equipment: Approx. 20 million yen

**< Equipment containing low concentrations of PCBs >**  
 Cost of disposal to the present: Approx. 120 million yen  
 Estimated cost of disposal of remaining equipment: Approx. 450 million yen



The removal of equipment containing low concentrations of PCBs at the Kurobe Manufacturing Center

**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, making sure that they do not endanger human health. We will continue these efforts, giving due consideration to circumstances in each country.

**Fulfilling the Social Responsibilities of a Business Operator That Emits Waste**

The YKK Group has introduced e-checklists to ensure the appropriate handling and disposal of industrial waste, completing the development of an e-checklist-based waste management system covering all of its business sites in Japan in fiscal 2014.

Going forward, we will negotiate with waste disposal contractors with the aim of increasing the ratio of contracts using e-checklists to more than 80%. Also, we are systematically managing such contractors, carrying out annual on-site inspections using checklists to confirm how they manage contracts and manuals, how they store and dispose of waste, their environmental protection and crisis management measures, and their relationships with surrounding communities.

**Topic**

**Initiatives toward Achieving Mercury-Free Manufacturing**

In anticipation of the expected enforcement of the Minamata Convention on Mercury in 2016, the YKK Group established its in-house guidelines aimed at facilitating the elimination of the use of mercury in its operations. We will appropriately manage equipment now in use that contains mercury and promote the switchover to alternative equipment while steadily disposing of the former as soon as possible.

In these ways, we will help prevent mercury pollution and achieve mercury-free manufacturing activities in the future.

**YKK Social & Environmental Report Data Section**

Please also visit our website and enter "data section" in the search box for a PDF detailing our emission control initiatives, such as CO<sub>2</sub> emission reduction, and environmental load reduction initiatives.

**Data Section Content:**

- Basic indicators, employees, occupational health and safety
- Risk information
- Environmental management
- Environmental impact information

<http://www.ykk.com/english/corporate/csr/eco/report/index.html>



## What We Expect of the YKK Group as a Community Member



In 2010, the YKK Group began holding an annual stakeholder dialogue to provide a forum for the exchange of opinions. The sixth such dialogue was held on May 8, 2015. Following up on the previous session, Professor Noriyasu Kunori, Ph.D. acted as facilitator. We invited representatives from diverse stakeholder groups, including suppliers, consumers, students, local associations, and nature conservation groups to participate.

### Participants:

- **Naturalist:** Kikuyo Matsuki (Vice Chairperson, Kurobe Gorge Naturalist Society)
- **Consumer:** Rika Inagaki (Promoter of global warming prevention activities in Toyama)
- **Local spokesperson:** Michiko Takamoto (Assistant Manager in charge of Environmental Affairs, Living Environment Section, Citizen Affairs Department, Kurobe City)
- **Nature conservation group representative:** Kazuo Man-o (Manager of Interaction & Cooperation Promotion Department, Toyama Environment Foundation)
- **Resident:** Hisao Daijogo (Chairman, Muratsubaki Promotion Society)
- **Supplier representative:** Takumi Satobou (Assistant Manager, Toyama Branch, Kansai Paint Sales Co., Ltd.)
- **Student:** Naoto Oishi (First-year student, Environmental Engineering, Graduate School of Engineering, Toyama Prefectural University)
- **International student:** Song Xiaojing (Special research student, Department of Environmental Engineering, Faculty of Engineering, Toyama Prefectural University)
- **Facilitator:** Noriyasu Kunori, Ph.D. (Professor, Faculty of Arts and Sciences, Sagami Women's University; Lecturer, Graduate School of Engineering, Toyama Prefectural University)

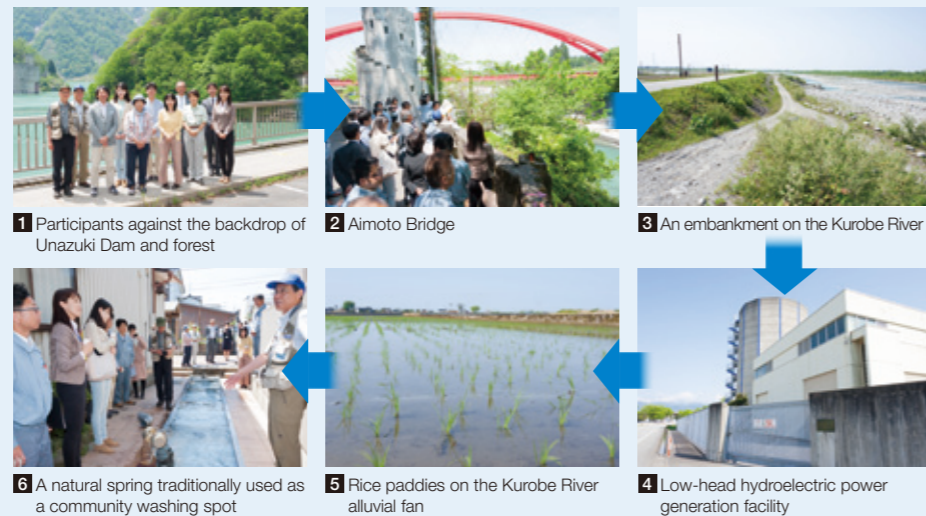
### Session 1

## Tour of the Kurobe River Alluvial Fan

The day began with a tour of the Kurobe River alluvial fan surrounding the Kurobe Manufacturing Center. In line with the theme “the water cycle,” the tour was guided by Messrs. Kenji Hasegawa and Yasuichi Inaba, representatives from the Field Museum of Water, Toyama Museum Association, and the organizers of tours exploring the Kurobe River area.

### Discovering the Big Picture: The Role of the Forest in the Water Cycle

A half-day excursion familiarized participants with the geological history of the Kurobe River alluvial fan and the region's water and other natural heritage. The group began with a visit to the Unazuki Dam and observed the nearby forest covering the upper stretches of the Kurobe River. They then toured the area along the river, observing Aimoto Bridge, embankments, and low-head hydroelectric power generation facilities that utilize the abundant local water resources as well as rice paddies dependent on the river.



### Session 2

## Stakeholders' Expectations for the YKK Group

In the afternoon, the participants separated into three groups for workshop-format discussions with YKK Group employees centering on what they observed on the tour.

### Become an Open Company Remove Boundaries and Be More Visible



This tour taught us the deep connection between forests and water. We would like YKK to publicize its initiatives aimed at protecting this connection, including the development of Furusato-no-Mori forest.

For YKK to become an open company, it has to start with encouraging employees to learn about what the Company is doing. They will then be more effective spokespersons.

We would like to suggest making Furusato-no-Mori forest even more open to outsiders. The cooperation of other community members is crucial to this kind of project. We therefore recommend that YKK remove nonessential physical barriers around its facilities and make its initiatives more visible to communities.

### Protect Forests Knowing Is the First Step



We think that understanding the relationship between forests and water is an important first step. Once people understand this connection, we think they will naturally

want to collaborate across industries. YKK must not be a “one-man band.” We hope that it strives to involve as many people as possible from diverse fields.

### Collaboration Communicate through Interactions



In addition to disclosing numerical data, we think that YKK should make its initiatives more visible to stakeholders in every age group. The element of play helps,

too. Therefore, we suggest planning more events and setting up playground equipment and benches. We also believe that joint initiatives with municipal governments will facilitate collaboration between YKK and stakeholders.

### Stakeholders' Requests and Suggestions

#### 1 Increase YKK Fans and Regular Visitors

- Set up a billboard along the road to advertise the YKK Center Park
- Let visitors to Center Park enjoy seasonal changes
- Increase events that provide hands-on experience
- Publicize both YKK's eco-friendly products and its manufacturing approach

#### 2 Help Revitalize Kurobe's Communities

- Step up collaboration with external entities, such as local governments and businesses
- Facilitate dialogues with communities; reflect their voices in product development, etc.
- Continue to be an employer of choice, especially for local children





## Report on Fiscal 2014 Activities

Every year, stakeholder suggestions voiced at the dialogues are put into practice in the YKK Group's business activities, with the status of each suggestion being disclosed in the *YKK Group Social & Environmental Report*. Opinions voiced by stakeholders in the previous dialogue were reflected mainly in the fiscal 2014 renovation project for the Center Park.

How Stakeholders' Voices Have Been Reflected (Suggestions and Results)	
Comments	YKK Group's Responses
① "The entrance seems unwelcoming. Why not make it friendlier-looking?"	Removed front gate and guard station
② "It would be a waste not to publicize the park and make it more known."	Increased the frequency of media exposure through TV, newspapers, and magazines
③ "It would be nicer if greenery covered the whole premises."	Incorporated more green spaces in factory renovation plans
④ "Holding events for employees and their families could be a good idea."	Began planning a special tour event at the Center Park for employees and their families
⑤ "Let all kinds of stakeholders participate in forest development activities."	Began planting black pine tree windbreaks with local residents
⑥ "How about collaborating with the neighboring Kurobe Yoshida Science Museum and extending opening hours during the firefly season?"	Collaborated with the museum in sponsoring the Toyama Eco-Kids Tanken-tai educational events; Extended opening hours during the summer-autumn period (by the end of November) to 7 p.m. on Tuesdays and Thursdays

### Building on Stakeholder Dialogue



**Noriyasu Kunori, Ph.D.**  
(Professor, Faculty of Arts and Sciences, Sagami Women's University; Lecturer, Graduate School of Engineering, Toyama Prefectural University)

This stakeholder dialogue was the sixth since the YKK Group began the series in 2010. Its major objective was to discuss YKK's missions and ideals as a corporation with its stakeholders. I offer high praise to the YKK Group for its continued efforts to reflect stakeholders' opinions in its business activities.

This year's session began with a tour of the area around the Kurobe Manufacturing Center focusing on the local water cycle. This was followed by a workshop-style discussion with YKK employees about the roles the YKK Group plays in local communities. Discussions were lively, leading to suggestions that the Company "become more open" and "make its initiatives easy to understand." The YKK Group has already initiated various initiatives for protecting the forest and water environment. Some stakeholders suggested welcoming more outside people to participate in these projects with the aim of enhancing recognition of YKK's initiatives among the general public. I expect the Company to put this suggestion into practice as well. Also, I encourage Group members overseas to sponsor similar dialogues so that they can make a significant step forward in its Groupwide initiatives.

### Topic

#### Abundant Water Resources Nurtured by the Forest

A vast forest covers the upper reaches of the Kurobe River. About half the rainfall is absorbed by the forest and becomes groundwater, slowly seeping into rivers and eventually returning to the sea. Thanks to its botanical diversity, this upstream forest boasts rich soil and passes essential nutrients to the farmland and fishing grounds downstream. Forests thus play a key role within the local water cycle and in supporting the regional economy.



A view of the Kurobe River alluvial fan

### YKK Philosophy

## "Cycle of Goodness"

### No one prospers without rendering benefit to others.

An enterprise is an important member of society, and as such, it must coexist with 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.

### Please Visit Our Corporate Social Responsibility Website

The YKK Group Corporate Social Responsibility website explains our commitment to helping build a more sustainable society through our main businesses. Please refer to this website for details on our corporate governance structure and compliance status.

#### Website Content:

- CEO's Message "Corporate Social Responsibility Based on the YKK Philosophy"
- YKK Group Activities
  - Organizational Governance
  - Human Rights and Labor Practices
  - The Environment
  - Fair Operating Practices
  - Consumer Issues
  - Community Involvement



<http://www.ykk.com/english/corporate/csr/index.html>

Note: Please see YKK Profile website for financial data.  
<http://www.ykk.com/english/corporate/financial/index.html>