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YKK

Social & Environmental Report 2014

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

Cover

The cover of this report features a child full of hope and dreams for the future—one of the leaders of tomorrow.

As a corporate citizen, the YKK Group aims to help develop a society in which future generations can enjoy bountiful lives. Accordingly, the Group is committed to remaining aware of and providing solutions to the challenges confronting society.

The image used seeks to communicate this commitment, featuring bubbles evocative of a child's imagination. The globe superimposed on one of the bubbles represents our worldwide operations and conveys our desire to help future leaders fulfill their dreams.



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.co.jp/english/corporate/eco/report/2014/contents.html>

The printed edition was produced exclusively using materials that can be used to make recycled paper when you have finished reading it.

Extent of Coverage

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

Period Covered

Fiscal 2013 (April 1, 2013 to March 31, 2014)

Published in September 2014

The next report will be published in September 2015.

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Printed by YKK Rokko Corporation (the Group's special-purpose printing business subsidiary)

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."

June 2014



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 "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 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.

June 2014



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

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 2014



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

Expanding Business with a Six-Region Global Management Structure

The YKK Group currently does business in 71 countries/regions worldwide based on a geographical management structure divided into six blocs—1) North and Central America, 2) South America, 3) Europe, the Middle East, and Africa (EMEA), 4) China, 5) Asia, and 6) Japan. This regional approach enables us to adapt to the characteristics of each region to further expand our businesses.

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

Our Initiatives in Six Regions Worldwide

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YKK GROUP

Principal Businesses

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

Affiliated Companies Worldwide

108 in 71 countries/regions

Japan: 20 companies

Overseas: 88 companies

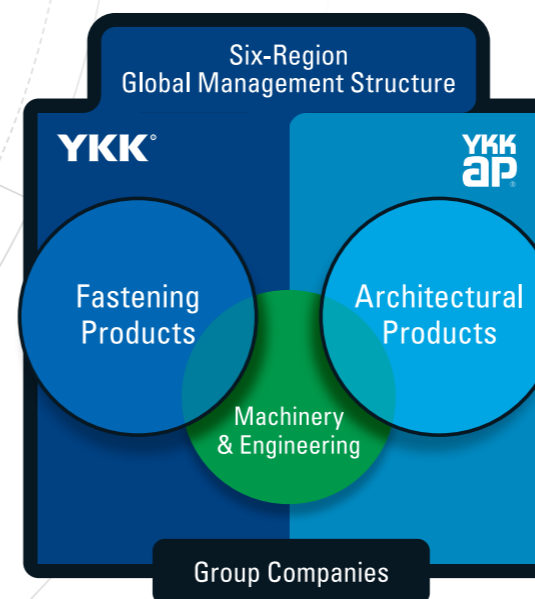
Number of Employees

40,708 (Japan: 17,229; Overseas: 23,479)

(As of March 31, 2014)

Global Management Plus Fastening Products Business and Architectural Products Business

The YKK Group management structure is global. Manufacturing is done by the Fastening Products and Architectural Products Business Groups backed by engineering and support provided by the Machinery and Engineering Group. Worldwide sales, marketing, and customer service are handled by our six geographical block organizations.



Contributing to the Creation of a Sustainable Society (YKK Corporation)

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.

Pursuing Innovation at All Stages, from Design to Manufacturing (YKK AP Inc.)

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.

Uncompromising Pursuit of Safety and Trust

In the 80 years since its founding, YKK has won the confidence of customers for its fastening products worldwide thanks to its stringent quality control and solid supply structure. YKK's uncompromising pursuit of quality encompasses a commitment to safety and trust in tandem with a focus on product performance.



Building a Responsible Supply Chain

Enhancing Customer Confidence in YKK Quality by Highlighting Our Commitment to Safety and Legal Compliance

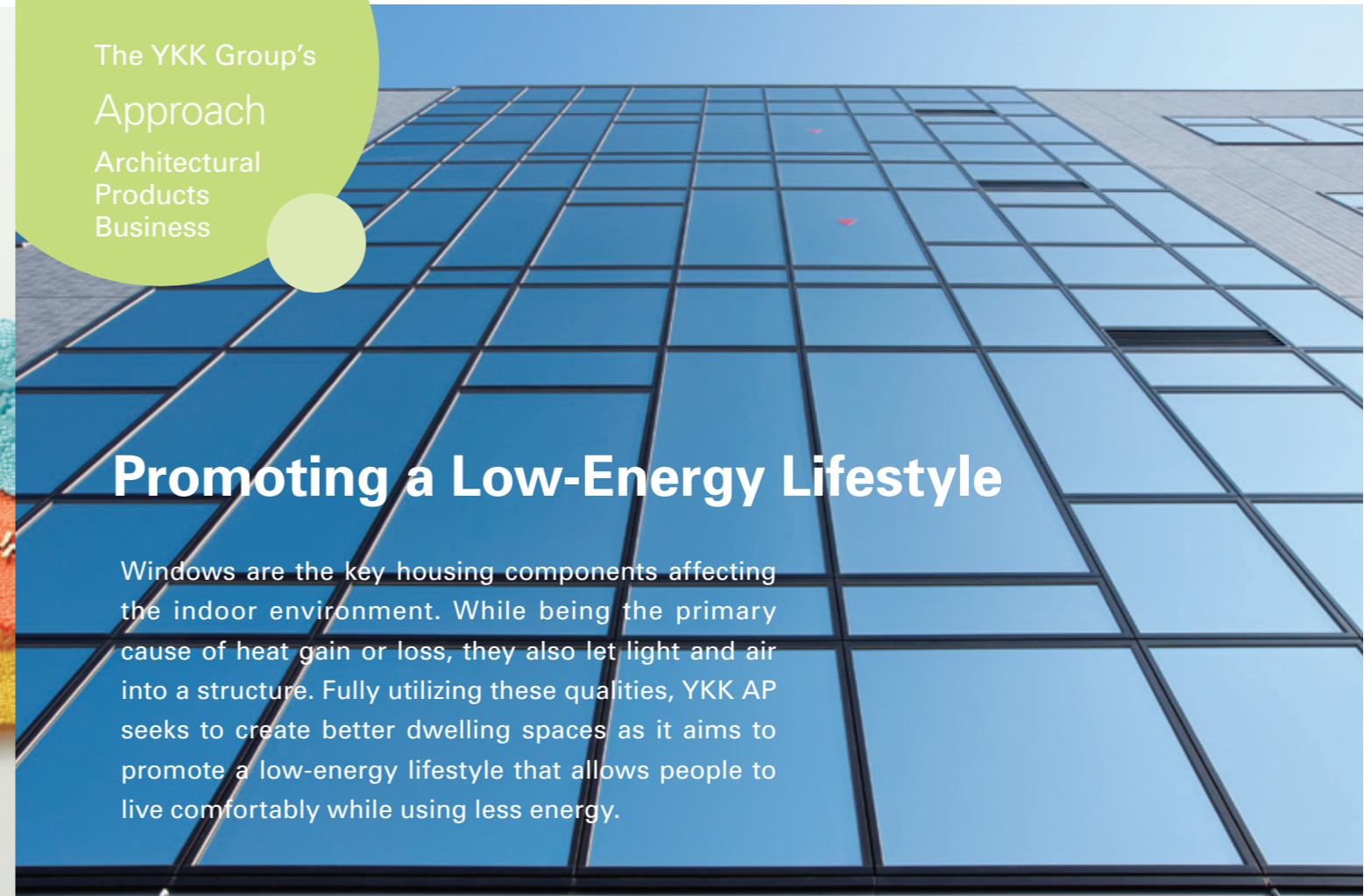
In today's apparel industry, garment suppliers are being asked to prove the soundness of their manufacturing and sourcing processes in the face of growing concerns about the potential health risks posed by residues from hazardous substances used in production as well as the poor working conditions that often prevail in developing countries. Accordingly, YKK aims not only to deliver superior quality, function and design, but also to ensure the supply of safe products with no hazardous substance content while completely renouncing inappropriate manufacturing processes and labor practices and encouraging its suppliers to join in its initiatives to achieve these aims.

In 2007, we launched a system enabling us to quickly track products' chemical content. Moreover, in 2013, we launched a system to confirm suppliers' environmental, human rights and labor practices. By expanding the scope of integrated quality management to cover the entire manufacturing process beginning with procurement, we seek to further deepen the confidence our customers have in our brand.



Promoting a Low-Energy Lifestyle

Windows are the key housing components affecting the indoor environment. While being the primary cause of heat gain or loss, they also let light and air into a structure. Fully utilizing these qualities, YKK AP seeks to create better dwelling spaces as it aims to promote a low-energy lifestyle that allows people to live comfortably while using less energy.



From Windows and Doors to Curtain Walls—Supporting Comfortable Living while Pursuing Eco-Friendliness

Contributing to a Sustainable Society by Delivering Products That Create Better Dwelling Spaces

In response to the growing demand for energy-saving housing and other buildings, YKK AP is developing high-insulation windows, such as windows with vinyl frames, and curtain walls capable of helping buildings save energy.

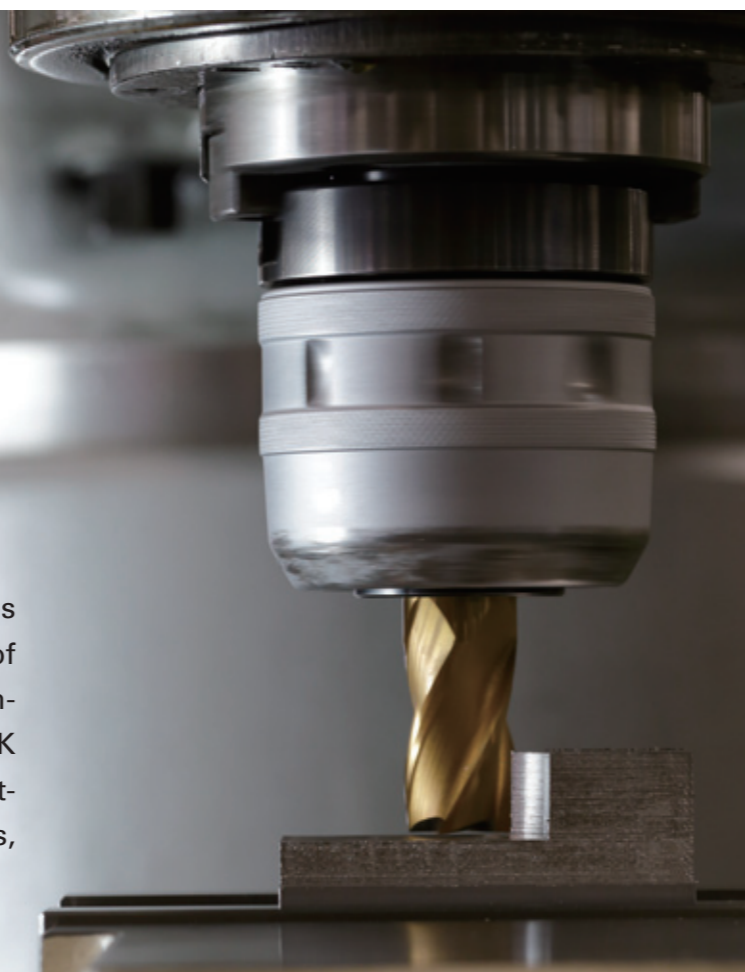
YKK AP also focuses on reducing environmental burdens from construction, through such means as its non-welding installation method for window sashes. Moreover, the YKK AP brand is gaining increasing recognition overseas for its effort to match products and services to local climates and market needs.

In addition, to help create a recycling-oriented society, YKK AP is 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 innovations in both product development and manufacturing processes.



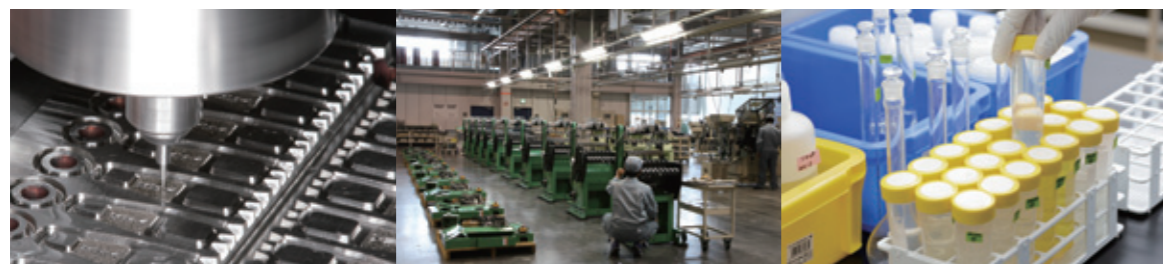
The Core of Our Technological Strength

The Machinery and Engineering Group contributes to the growth of the YKK Group from the aspects of both the development and manufacturing of machinery as 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.



Achieving Growth by Embracing Workforce Diversity

With the principle of "Independence and Coexistence" as the foundation of human resources management, the YKK Group promotes the development of systems and the creation of environments that 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.



Reinforcing the Group's Competitiveness

Bolstering the Superior Product Quality and Cost Competitiveness of the Fastening and AP Businesses

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, machinery and equipment in addition to manufacturing machinery parts and the components of machinery and equipment.

While strengthening our elemental technology for specialized machinery, we are introducing leading technologies from other companies and institutes.

Since fiscal 2013, we have been developing a facility design that will cut energy use by 20%. Moreover, looking five to ten years into the future, we are pushing forward the automation of production processes for greater efficiency. We thereby seek to create a production system that will remain competitive in Japan and overseas.

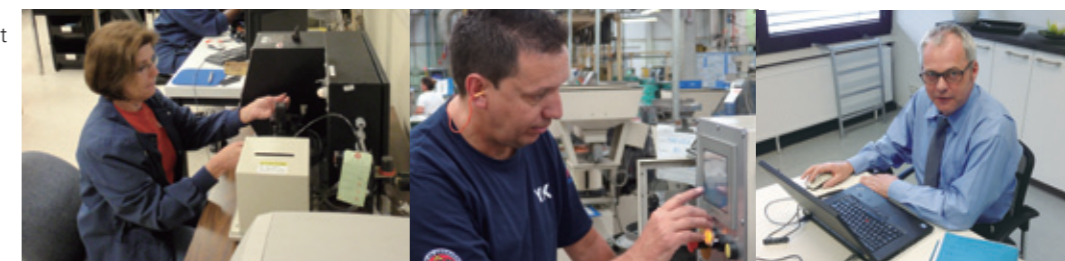
With this in mind, we are rebuilding a half-century old machine part manufacturing facility, aiming to create a new plant by the end of fiscal 2015 that will kick off operations in fiscal 2016. Once completed, the new plant will contribute to the reduction of energy use while ensuring the stable supply of precision machine parts.



Nurturing a *Shinrin* Group That Works Together to Create New Value

Allowing Everyone to Develop Their Strengths in Accordance with Their Individual Abilities

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.



Creating Shared Values for the Future; Working Cooperatively with Communities

Collaboration between communities and enterprises is indispensable to reconstructing the regions devastated by the Great East Japan Earthquake as well as to creating a sustainable society. The YKK Group works hand in hand with communities in its initiatives to create new value that can be shared by all through its business operations, as it pursues a more harmonious coexistence with both nature and society.

Forward-Thinking Approach toward a Sustainable Lifestyle

Kurobe: Creating a Low-Energy Community and Housing

Ever since the Great East Japan Earthquake struck, the YKK Group has taken a proactive approach to energy saving both inside and outside of its bases of operations as part of its efforts to contribute to the community and to fulfill its corporate social responsibility through business activities.

Passive Town-Kurobe Model, a town project based on an architectural concept called passive and low energy design*, has commenced at the site of the old YKK Kayado company housing in Kurobe, Toyama Prefecture. Pursued jointly with external specialists, this project plans to build a 250 unit multi-family rental complex by 2025. Two housing complexes and one commercial building will be built in Phase 1 of this project. Construction began in July 2014 and is scheduled to be completed in September 2015. The buildings will aim to reduce overall energy consumption by more than 60% (compared with conventional multi-family housing in the Hokuriku district) through the use of solar energy, geothermal energy and biomass energy for heating, cooling, and hot-water supply, in addition to passive design.

We will contribute to the realization of a sustainable society by creating Low-Energy housing and community that make full use of passive design and the potential endowed in Kurobe's natural environment.

* Passive design is a design principle for reducing the use of heating and cooling energy through the architectural utilization of natural energy, such as solar and wind energy, while creating a comfortable indoor environment.



Conceptual model of Passive Town-Kurobe Model



A terrace designed to allow residents to fully enjoy the sun and the natural environment



Commercial building equipped with a day-care center to create a family-friendly office environment

Educational Programs That Involve Forest Development

Nurturing both Forests and People

The YKK Group maintains the Furusato-no-Mori (Hometown Forest) and Furusato-no-Mizube biotopes on its extensive Kurobe Manufacturing Center premises, aiming to recreate the natural forest that once covered the area. Drawing on this setting, we are implementing environmental education (ESD)* initiatives aimed at making social contributions.

In 2013, a nature education program entitled Toyama Eco-Kids Tanken-tai** was held in collaboration with an NPO. The program consisted of presentations on the roles that forests play in ecosystems and the Group's forest development initiatives as well as workshops involving handcrafting a zipper and woodworking.

* Education for Sustainable Development: Advocated by UNESCO, ESD comprises educational activities aimed at supporting the sustainable development of society.

** An education program designed to help children learn about environmental issues in a fun way, covering such subjects as global warming and waste disposal as well as the preservation of water environment.



Woodcrafting workshop

A Disaster-Proof Plant That Supplies High-Performance Windows

New Window Production Facilities in Tohoku and Rokko

Drawing on lessons learned from the Great East Japan Earthquake, YKK AP's Tohoku Office is rebuilding its facilities, creating a disaster-proof plant with even greater productivity as the YKK Group's core base of operations in eastern Japan. As its first step, the Tohoku Office launched the new Tohoku Mado Plant construction project of July 2013, with operational kickoff scheduled for August 2014. This new disaster-proof window-making plant will ensure steady and timely product supply.

Moreover, in November 2013, the Group decided to establish the Rokko Mado Plant, which will serve as YKK AP's first vinyl window frame supply base in western Japan, with operational kickoff scheduled within 2014.

The new plants will produce YKK AP's flagship brand APW series* window products, which boast superior heat-insulating performance, in response to the heightening awareness of energy saving among consumers.

* The APW brand was launched as a consumer-oriented window business. Unlike conventional glass and sash products made by different manufacturers, YKK AP delivers completed window products, thereby ensuring product performance and quality. It also features a 10-year quality assurance program, a product management system that employs serial numbers and enhanced after-sales services.



Artist's rendering of Tohoku Mado Plant



Artist's rendering of Rokko Mado Plant

Fourteen Japanese Companies Collaborate in Uniform Production

YKK Supplies Zippers for Myanmar's Official Athletic Uniforms

YKK supplied zippers for the official uniforms worn by athletes representing Myanmar at the 27th Southeast Asian (SEA) Games* held in December 2013 in Myanmar. The Easy Open Zipper donated for this purpose can be easily undone with a tug of the hands on either side of the zipper. The supply arrangement was in accordance with the wishes of Ms. Junko Koshino—a prominent Japanese designer who in 2012 served as a cultural ambassador to Myanmar and advised the president of Myanmar with regard to uniform design and provision.

Particular emphasis was placed on creating uniforms that ensure high mobility for wearers while being easy to put on and take off. A number of Japan's leading companies participated in the design and production of the uniform.

* A biannual international athletic games hosted by the South East Asian Sports Federation with the aim of facilitating friendships, mutual understanding and peaceful exchange between Southeast Asian countries through the promotion of the Olympic movement.



Uniform presentation ceremony (October 2013)



Envisioning the Future in Tandem with Communities

Asia is increasing its presence both as the world's factory and a mega market for consumer products and services. For the YKK Group, the region serves as both a production hub and a venue for a variety of innovative projects, ranging from the proposal of cutting-edge fashion and the installation of high-rise building facades to the provision of solutions addressing social issues through business activities.

Promoting the Healthy and Sound Upbringing of Children

YKK ASIA Group Kids Football Clinic

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 children the opportunity to learn about how fun the game can be. 2013 marked the seventh year for this event, which featured coaches from Spain's Real Madrid Football Club, and clinics which were held in two locations, Kuala Lumpur, Malaysia and Mumbai, India. A total of approximately 300 local children participated in the clinics, gaining valuable experience as they took part in world-class lessons with smiles on their faces.



Soccer clinic in Mumbai



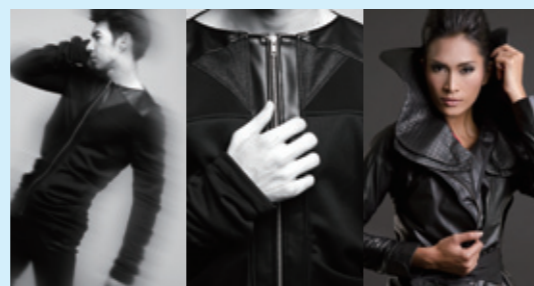
Soccer clinic in Kuala Lumpur

For more photos and details about the clinics, please also visit our website (<http://ykkasia.com/regional.htm>).

Assisting Local Students with Their Graduation Projects

In June 2013, PT YKK ZIPCO INDONESIA co-sponsored a fashion show with ESMOD JAKARTA, the Indonesian campus of a prominent French international fashion design and business school. The students were supplied with our fastening products free of charge for their graduation pieces. The show proved a perfect opportunity to earn greater recognition as the largest garment accessory supplier in Indonesia.

PT YKK ZIPCO INDONESIA is promoting collaboration with local design schools with the aim of helping to nurture up and comers in the fashion industry while enhancing the added value of its fastening products.



Prize-winning pieces

Gaining Global Recognition for Our Curtain Wall Installation Technique for High-Rise Buildings

YKK AP FACADE Vietnam Initiates Full-Scale Operations

In April 2008, YKK AP FACADE PTE. LTD. was established as a regional headquarters serving as a key operating base for YKK AP's facade business. Since then, it has been handling the installation of exterior curtain walls for high-rise buildings, focusing mainly on the market in Singapore, where it is located. In July 2013, YKK AP FACADE Vietnam Co., Ltd. was established, with an opening ceremony held in October 2013 to mark the launch of its full-scale operations.

To prepare for full-scale operations, a workshop was held at the FACADE headquarters in Singapore to enhance the founding staff's communication skills and to raise their understanding of the YKK Philosophy and Management Principle as well as YKK's Core Values.

To secure a stronghold in Vietnam, which is attracting global attention as a promising market, the new subsidiary will strive to obtain a large number of orders and further cultivate its specialty in the field of curtain walls for ultra-high-rise buildings that pose architectural challenges. In all its endeavors, YKK AP FACADE aims to establish its name as the global brand of choice.



Opening ceremony of YKK AP FACADE Vietnam



Founding staff participating in a workshop

Improving Education and Quality of Life in Communities

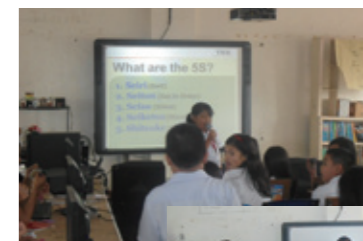
Sharing Best Practices

Providing Lectures on "5S" at Local Elementary Schools

Each year since 2006, representatives of YKK PHILIPPINES, INC. have been making rounds at local elementary schools in their home base, Santo Tomas, Batangas Province, visiting every school to give talks on 5S—an initiative to ensure the five-S* features at the workplace.

In 2013, students who attended these on-demand classes not only listened to talks on 5S but also practiced this initiative by tidying up the classrooms after hearing the explanation. Groups of students who demonstrated outstanding performance won sets of cleaning tools as commemorative gifts.

* The five-S's refer to *Seiri* (Sort), *Seiton* (Set in Order), *Seiketsu* (Shine), *Seiso* (Standardize) and *Shitsuke* (Sustain).



On-demand talk



YKK PHILIPPINES staff and schoolchildren

Periodic Health Checkup for Local Residents

YKK PHILIPPINES provides local residents with free annual medical examinations on the plant premises. As they wait their turn, the examinees are provided with refreshments and candy is given to the children.

Preserving Groundwater while Preventing Floods

In many regions across Asia, flooding due to garbage buildup in rivers is a growing problem. In response, YKK Group members in Asian countries regularly participate in river cleanup activities in the areas around their plant premises.

In addition, PT YKK ZIPPER INDONESIA is promoting the efficient use of water resources. In 2012, it established a rainwater storage and infiltration facility to replenish groundwater used for plant operations. In addition to preserving groundwater, the mayor of Depok City recognized the potential of this approach to contribute to flood prevention and visited the facility in December 2013.



Depok City mayor observing a rainwater storage and infiltration facility

Delivering Products That Enhance the Quality of Daily Life

With China's economic growth, local consumer needs have been shifting toward more functional and expressive clothing and environmentally friendly housing that is brighter and more comfortable. Focusing on enhancing the quality of daily life, YKK Group members in China are working to deliver products tailored to local needs while striving to reduce the environmental impact of their operations.



Meeting Burgeoning Urbanization Needs

Supplying Energy-Saving Window Products

YKK AP Participates in the 11th China International Exhibition for Windows and Curtain Walls

In November 2013, the 11th China International Exhibition for Windows and Curtain Walls was held in Shanghai, with YKK AP exhibiting its cutting-edge products and giving presentations on its unique marketing scheme of offering products and installation in one package. Among the 16 new YKK AP products presented at the event were the LD70 series, which boasts superior heat insulation and was released in 2013 targeting luxury housing, and terrace doors that open wide. Marking the sixth year of participation in this exhibition, YKK AP was allotted the largest space among 430 participating companies.

On the back of rapid urbanization in China, the YKK Group will contribute to the development of comfortable and reliable housing by creating new value-added products targeting housing developers and consumers.

Window of Choice—YKK AP Receives a Prize from the China Real Estate Association for the Fourth Consecutive Year

In March 2014, YKK AP was awarded first prize in the 2014 Desirable Architectural Products Brand Award (windows category) hosted by the China Real Estate Association. Not only did product quality serve as a key factor for this commendation, but YKK AP's unique business model garnered praise and thus enabled it to win first prize for the fourth consecutive year.

New Window Manufacturing Plant to Meet Urbanization Needs

Since its founding in 2002, YKK AP (SUZHOU) CO., LTD. has been focusing on the manufacture and supply of window-related parts, curtain walls for buildings and aluminum thermal insulation windows aimed at the domestic market. In recent years, its emphasis has been on the production of airtight windows with high insulation properties and curtain walls for high-rise buildings. In 2013, the company decided to establish a new production facility that will join YKK AP's network of window manufacturing plants. The construction began in September 2013, with a kickoff scheduled for September 2014.

Once completed, the new window manufacturing plant will help the company build a more efficient production system capable of meeting growing domestic demand. Moreover, a training facility will be set up to enhance on-site training for staff engaged in the manufacture and installation of windows as a step toward realizing greater final product quality.



The YKK AP booth welcomed many visitors



Explaining product features to visitors



Artist's rendering of new window manufacturing plant

Reflecting Stakeholders' Suggestions in Product Design

Realizing Greater Product Value in Tandem with Customers and Designers

Since 2000, SHANGHAI YKK ZIPPER CO., LTD. has held annual "Garment Accessories Design Exchange Meetings" in tandem with three other companies, with the aim of exchanging opinions on the applications and new usage of garment accessories with apparel makers and suppliers.

One such meeting was held in September 2013, with a number of attendees representing more than 7,000 companies. With the theme of "delivering garment accessories that enhance the quality of daily life," YKK products, including fastening and snap and buttons, were presented.

Aiming to nurture future designers and gain greater brand recognition, SHANGHAI YKK ZIPPER also co-hosts a design competition dubbed the YKK Donghua Cup together with Donghua University, inviting representatives from local apparel companies to serve as judges. The latest competition was the ninth of its kind and more than 90 items were reviewed.



Booth set up by SHANGHAI YKK ZIPPER



Pieces presented at the YKK Donghua Cup

Nurturing Local Human Resources while Preserving the Environment

Achieving Even Greater Corporate Quality

Revitalizing Communities through Human Resource Development

Since the start of their operations in China, YKK Group members have been enhancing their personnel administration structure, including their recruiting and training systems. They have also worked on creating a corporate culture that facilitates in-house communication and promotes a good relationship between labor and management. These initiatives have drawn the interest of local businesses, with which Group members share their experience upon request.

Moreover, every year since 2005, YKK AP (SUZHOU) CO., LTD. has held environmental classes in line with its emphasis on assisting educational activities for children. Targeting local elementary school and junior high school students, the classes involve tours around company facilities as well as hands-on experience planting trees and participating in cleanup activities.



Environmental class for elementary school students (YKK AP (SUZHOU))

Curbing Air and Water Pollution

Against a backdrop of worsening atmospheric and water pollution across China, each local Group member periodically monitors the volume of substances they emit as well as their routes of emission.

Moreover, YKK SNAP FASTENERS (WUXI) CO., LTD. has installed pH measurement devices on its rainwater outlets to ensure that no polluted water is released. Efforts are under way to prevent pollution at other Group bases in China as well, using data gleaned from the abovementioned monitoring and analyses of the latest data on environmental pollution.

Preparing Social and Environmental Reports

YKK Group members in China prepare their own editions of the annual YKK Social and Environmental Report, disclosing information on their environmental initiatives with the aim of gaining the trust of local communities and enhancing their brand value.



Social and environmental reports prepared by YKK Group members in China

Taking Another Step Toward Higher Quality

To remain one step ahead of competitors in the European market, where REACH* and other chemical substance regulations are being tightened and product quality requirements are becoming ever more stringent, the YKK Fastening Products Group is pursuing chemical substance management involving the entire supply chain in addition to product quality management in line with the OEKO-TEX® Standard.

* Registration, Evaluation, Authorization and Restriction of Chemicals: chemical substance regulations enforced in Europe.

Blazing a New Field with Functional and High Fashion Design

EXCELLA®—The Smoothest Curve Ever

Since 2010, YKK has been developing high-value-added products targeting markets in the EMEA region, particularly Europe, with a strong emphasis on the field of high fashion. Among the latest results of this effort is EXCELLA® Curve. Developed at our Italian base, this metallic zipper has won a number of prizes for its unique, smoothly curving configuration. EXCELLA® Curve was nominated for the 2014 German Design Award, the world's most prestigious design award program. Although the zipper missed out on receiving the award, it won high praise immediately after its release and has been adopted for use in luxury brand clothing, bags and shoes.



EXCELLA® Curve

Products for Use in Protective Suitses and Life-Saving Equipment

Water- and Fire-Proof Fastener with Superior Durability

In addition to its focus on high fashion, YKK EUROPE LTD. is striving to develop and introduce products for use in protective suits and life-saving and other types of equipment for extreme conditions.

In May 2013, YKK EUROPE participated in the 11th International Defense Industry Fair held in Istanbul, exhibiting its products under the themes "Fire," "Aqua" and "Comfort." In June 2013, the company went on to participate in Techtextil 2013, an international trade fair for technical textiles and nonwovens held in Munich, presenting fastening products with superior water- and fire-proof properties under the themes "Fire," "Aqua," "Safety" and "Uniqueness."

In addition, YKK EUROPE participated in the Emergency Services Show, a leading U.K. emergency services trade event held in September 2013 in Birmingham, and METS, the world's largest trade show for the international marine leisure industry, held in November 2013 in Amsterdam.

Products exhibited at Techtextil 2013



Aquaseal®

A waterproof zipper for wetsuits, life-saving equipment and other gear that withstands a certain level of water pressure



Quickburst®

A zipper that can be quickly opened and closed for use in life-saving boats, etc.

Performance Underpinned by Outstanding Manufacturing Processes

Nurturing Quality in Everything

Since fiscal 2013, every YKK Group member in the EMEA area has been part of the "Zero Claims Project" implemented in line with one of YKK's Core Values, "Insist on quality in everything." This initiative focuses not only on enhancing product quality, but it also looks to improve the quality of day-to-day business conduct for enhanced management against operational risks.

Moreover, to enhance quality from the environmental perspective, efforts are now under way to implement comprehensive energy, chemical substance and wastewater management. In June 2013, YKK received the OEKO-TEX®* Sustainability Award in the Quality Management category.

* International association for research and testing in the field of Textile Ecology.

Publicizing YKK's Sustainability Management Efforts

"IT'S NOT JUST A ZIP"

In 2014 YKK EUROPE LTD. launched the "IT'S NOT JUST A ZIP/IT'S NOT JUST A SNAP" campaign. The campaign highlights YKK's sustainability management and community contributions based on the YKK "Cycle of Goodness" Philosophy to the general public. Working with corporate customers, YKK Europe is using such opportunities as fashion exhibitions to draw attention to previously little known aspects of Group operations.

Mr. Nico Serena, Creative Director of LK International AG., a corporate customer that handles the prominent sportswear brand KJUS, commented on his company's support of the campaign, saying "Not only should our finished products be uncompromising, but also our ethical principles. Consequently, social and environmental dealings in the production chain are an important goal for KJUS. This is why we collaborate on the new campaign with our partner YKK."

Assisting in the Social and Economic Development of Swaziland

Subsistence Reel* Gardening Project in Swaziland

YKK Southern Africa (Pty) Ltd. established a sustainable gardening project in Swaziland. The main objective is to address the basic need for food security and health in a manner which increases education, nutrition levels, responsibility and environmental care. The YKK CSR Team has the role of training the community and monitoring progress. YKK Southern Africa (Pty) Ltd. remains committed to nurturing the Swaziland community and economy by providing the means for creating and maintaining these vegetable gardens and empowering the community through continued support, skills transfer and training.

* This is a method in which a meshed tape that has been pre-soaked in fertilizer is used to wrap seeds for planting.

Donating Uniforms and Training Equipment

Supporting a Local Youth Soccer Club

YKK PORTUGAL-ACESSORIOS PARA VESTUARIO, LDA. has donated uniforms and training equipment to a local youth soccer club. In return, members of the club expressed their gratitude by sending to the company a framed T-shirt with the YKK logo printed on the chest.



Automatic injection pump and solvent recovery device (YKK France S.A.R.L.)



Poster prepared for ISPO Munich 2014, one of the world's largest international exhibitions for sports equipment



Planting seed and fertilizer tape (YKK Southern Africa (Pty) Ltd.)



Local youth soccer players in training (above) and the framed T-shirt presented to YKK PORTUGAL





Kurobe and Macon—40 Years of Partnership

In 1974, YKK became the first Japanese company to establish a production base in Macon, Georgia, triggering the expansion of other Japanese companies into the southern United States. On the community level, too, robust interactions are ongoing between Macon and Kurobe City, which maintain a sister-city partnership through a student exchange program and other initiatives.

Water Preservation and River Cleanup Activities **Protecting Water Resources for All**

YKK (U.S.A.) Inc. implements stringent wastewater management and water saving measures to minimize the impact of its business activities on local water resources. Also, since 2008, YKK (U.S.A.) Inc. has participated in "Ocmulgee Alive!" an annual activity aimed at cleaning up the Ocmulgee River in concert with a statewide river cleaning campaign. A number of employees have been picking up garbage along the river, which helps to raise community awareness of water resource protection.

Meanwhile, YKK AP America Inc., based in Dublin, Georgia, is involved in efforts to clean up the neighboring Oconee River. In January 2014, the company received the 2013 Environmental Legacy Award from the municipal government of Dublin for its forward-thinking approach to environmentally friendly business operations.



YKK (U.S.A.) Inc. staff who participated in Ocmulgee Alive!

Becoming a Part of Community History

Macon Plant Celebrates Its 40th Anniversary

In October 2013, Mr. Kazuo Sunaga, the Consul General of Japan in Atlanta, and Consul Midori Yamamitsu visited Macon and toured YKK facilities prior to the Macon Plant's 40th anniversary. Mr. Sunaga and Ms. Yamamitsu also visited the event site for the Macon Cherry Blossom Festival, a local festival sponsored by YKK (U.S.A.) Inc.

In the same month, YKK (U.S.A.) Inc. was awarded the 2013 Macon Industry of the Year Award, which is given to commend businesses with excellent track records in assisting regional economic development and contributing to society.



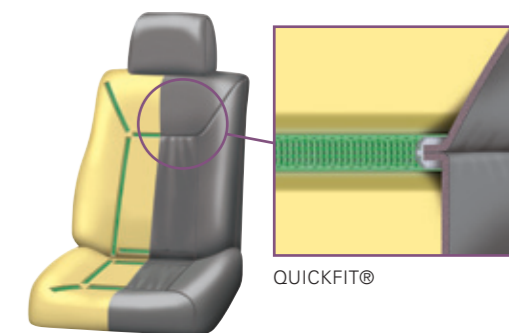
Mr. Kazuo Sunaga and Ms. Midori Yamamitsu visiting YKK (U.S.A.) Inc.

Pursuing Functionality and Durability

Products Tailored to a Motorized Society

Along with apparel-use fastening products, YKK develops fastening products for automobiles marketed in North and Central America. In 2013, YKK obtained patents for a system that automatically supplies QUICKFIT®, a hook-and-loop fastener made using the successive injection molding method, to the manufacturing lines of corporate customers.

Meanwhile, Tape Craft Corporation, founded in 1946 and YKK affiliate since 1996, produces highly durable webbing seat pull straps, functional components of car seats, and a special webbing that supports the attachment of seat covers. In 2013 it developed a highly shock-absorbent flat belt, adding to the line-up of products that ensure safe auto travel.



Developing Products Optimized for Regional Climates

Eco-Friendly, Disaster-Proof Products for Buildings

With the recent rise of environmental awareness in the construction industry, YKK AP America Inc., established in 1991, is gaining a greater presence as a supplier of housing and other building materials that satisfies U.S. LEED* and Energy Star standards. Like YKK AP in Japan, YKK AP America Inc. maintains an integrated production system that ensures high product quality and the recyclability of product components.

To counter the harsh winters of the U.S. northeast, YKK AP America Inc. supplies commercial facilities with high-insulation curtain walls and windows that control sunlight transmittance under the ThermaShade® and Luminance® brands and the enerGfacade® sub-brand.

Moreover, in response to the needs of U.S. customers for building materials that can withstand hurricanes and other shocks, YKK AP America Inc. has developed ProTek® and StyleGuard® for the commercial and residential industries, respectively. These products are especially popular in Florida, Mexico and other Atlantic seaboard areas.

* 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. (Source: CSR Design & Landscape Co., Ltd.)



Housing in which YKK AP StyleGuard® is used



Educational facility in which YKK AP's high insulation curtain walls are used

40 Years of Exchange

We will continue to facilitate exchange between the communities of Kurobe and Macon.



The Macon Cherry Blossom Festival (March 2014)



Macon students who visited Kurobe with local students



YKK Core Values Preserved and Practiced by Each Employee

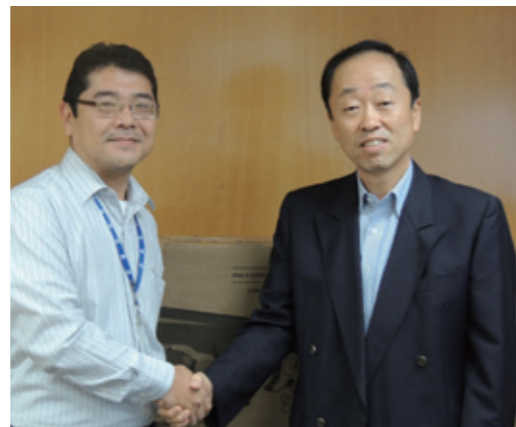
The YKK Group's Core Values are encapsulated in three key phrases: "Do not fear failure, experience builds success;" "Insist on quality in everything;" and "Build trust, transparency and respect." We believe these Core Values are integral to YKK's character and every Group employee adheres to them in the course of business conduct.

Our In-House Compliance Education

Our Attitudes Create Stakeholders' Confidence

Every YKK Group member in South America strives to ensure that each employee has a thorough awareness of compliance with laws and regulations. In July 2013, YKK DO BRAZIL LTDA. and YOSHIDA NORDESTE S/A INDUSTRIA E COMERCIO hosted a joint in-house competition to select slogans for compliance promotion initiatives. Among the four prize-winning entries, "Das nossas attitudes, a sua confianca" (Our attitudes, your confidence) was the overall winner.

In addition, an in-house slogan competition for environmental activities has also been organized. Such initiatives help create a corporate culture that encourages employees to think independently and take action based on overarching values that can be shared by all Group members.



(From left) The 1st prize winner and the president of YKK DO BRAZIL

Disclosing Environmental Management Information

Sharing Our Approach toward Environmental Preservation and Product Safety with Customers

Reflecting heightening awareness of CSR procurement in the apparel industry, each YKK Group member maintains an information disclosure system to handle customer queries on wastewater management and other environmental management initiatives. Moreover, supplier evaluations are implemented on a regular basis to ensure responsiveness to such regulations as the Restricted Substance List (RSL) and conflict minerals regulations.

In addition, the AP business division of YKK DO BRAZIL prepared a pamphlet to introduce its environmental preservation and product safety efforts. The pamphlet serves to facilitate communication with customers, helping to make YKK's initiatives known to the general public.



A pamphlet distributed at YKK DO BRAZIL offices

Groupwide Initiatives

YKK Group Tree Planting Day

Since 2008, the YKK Group has been holding the YKK Group Tree Planting Day in concert with the annual celebration of World Environment Day (June 5). With an eye on harmonious coexistence with nature, each Group member across the globe is undertaking tree planting activities involving not only employees but the members of communities where YKK operates.



Addressing Environmental Issues together with Communities

Since 2009, South American YKK Group members have been holding in-house "Environment Weeks" over a period spanning annual World Environment Day. During this period, they undertake campaigns aimed at encouraging employees and their families to consider the future of the global environment. The fifth such campaign, from June 10 through 15, involves environmental education programs, tree planting, hand-crafting events for children using recycled materials, and painting competitions with an environmental preservation theme.

Meanwhile, in Asia, YKK BANGLADESH PTE. LTD. holds a tree planting event each year to which it invites local elementary school students. In 2013, 300 students participated, planting over 1,200 trees, even though it took place during the summer school vacation season. In addition, a seedling was presented to each student to take home.

The Group's bases of operations in China and other Asian regions also host commemorative tree planting activities in collaboration with local elementary schools and present seedlings.



A tree planting event with local children participating

Poster for a Tree Planting Campaign

YKK El Salvador, S.A. de C.V. prepares posters to herald its tree planting campaign with the aim of raising employee awareness.

In 2013, one such campaign was attended by 20 employees who planted 500 trees. They are making a quiet but persistent effort to counter deforestation in El-Salvador.



Creating "YKK Forests" All Around the World

YKK Group members around the world pursue activities aimed at nurturing forests, which they call "YKK Forests," on their premises.

For example, YKK METAL VE PLASTIK URUNLERI SANAYI VE TICARET A.S. (Turkey) has planted numerous trees that will, in turn, fill its premises with greenery in several years. Discussions are now under way concerning creating another "YKK Forest" in a different location.

Meanwhile, YKK LANKA PVT LTD. has planted 150 mainly native trees. Its "YKK Forest" now bears fruit year round, providing employees with a place to enjoy themselves and relax. To nurture a woodland in a "mini-tropical forest" in which birds will nest, further forest development initiatives are under way.



YKK Group employees planting trees in Turkey

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 four priority themes, namely, corporate governance, green innovation, CSV: creating shared value and sustainability.



Fourth Mid-term Environmental Management Principles (fiscal 2013–2016)

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

Corporate Governance Strengthen global environmental management system	Green Innovation Monozukuri* for the next-generation (technological innovation)	CSV: Creating Shared Value Social contribution through primary business (value of corporate presence)	Sustainability CO ₂ 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.

Environmental Cross Audits (Overseas)

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 YKK AP Shikoku Plant



Environmental cross audit conducted by bases in the EMEA* region

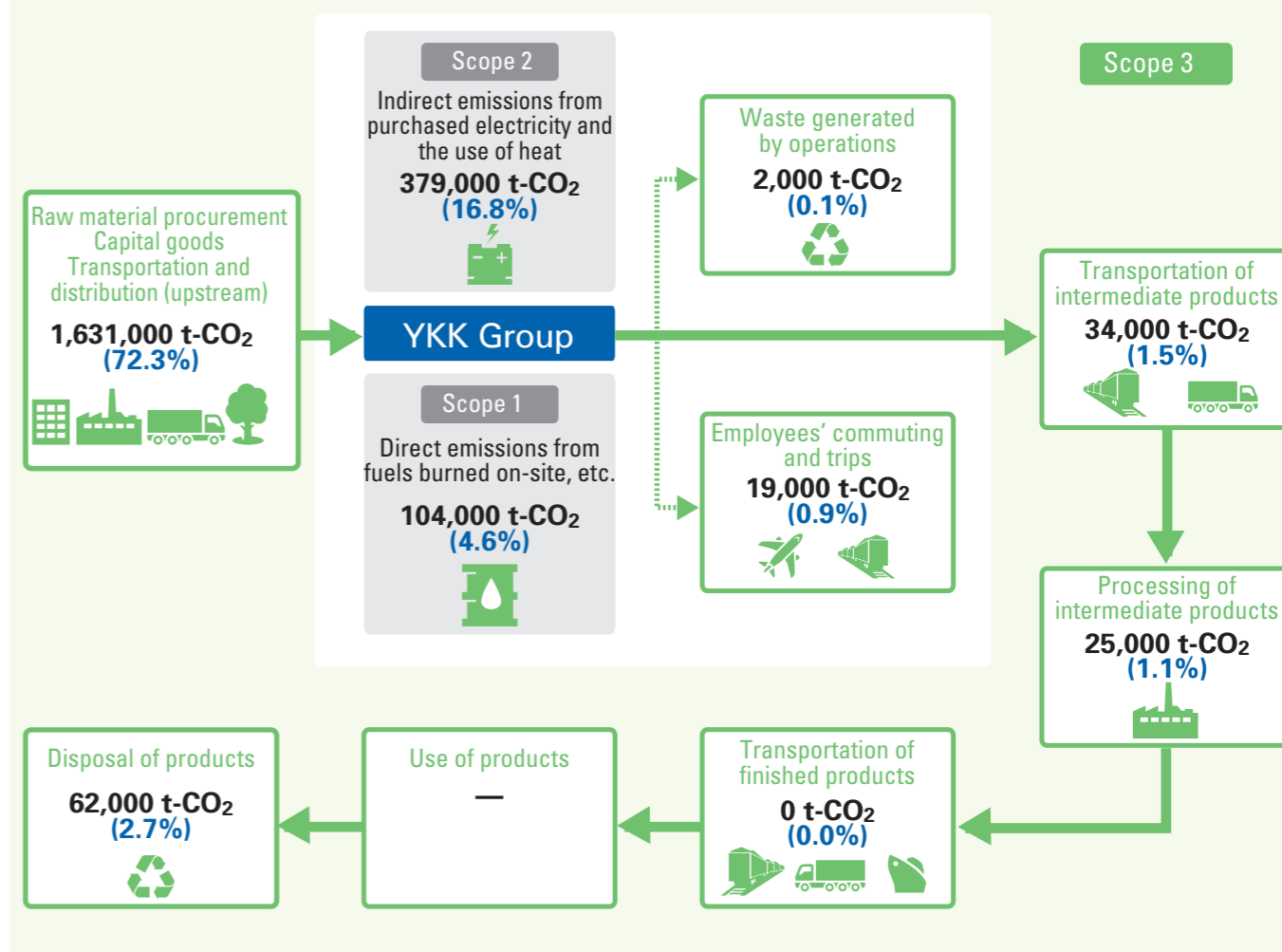
*Europe, the Middle-East and Africa

Emission Control throughout the Supply Chain

In fiscal 2013, the YKK Group began assessing Scope 3 emissions, or indirect emissions of greenhouse gases along an enterprise’s 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 70% of the Group’s entire emissions were accounted for by the procurement of raw materials and capital goods. Drawing on these results, in fiscal 2014 we will promote greenhouse gas reduction initiatives in each business segment, with particular focus on our procurement practices.



CO₂ Emissions from the YKK Group’s Supply Chain in Fiscal 2013 (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.gvc.go.jp/en/case_smpl.html)

While Consistently Monitoring and Reducing the Impact of Our Operations on Ecosystems, We Will Strive to Minimize Environmental Risks and Fulfill Our Environmental Obligations.

Biodiversity Protection

Promoting Biodiversity Awareness across the YKK Group

We prepared the *Biodiversity Impact Evaluation Manual* to assess the impact of the Group's production, land utilization and other business activities on biodiversity. The manual is used for evaluating the Group's main domestic production sites. Going forward, we endeavor to address issues identified through these evaluations to make improvements.

Also, aiming to facilitate employees' understanding, the YKK Group issued the *Biodiversity Guidebook* and is striving to step up its biodiversity protection activities.

Employing the KANTAN HEP Ecosystem Evaluation Tool

In 2008, the YKK Group's Kurobe Manufacturing Center launched a project aimed at recreating the natural forest that once covered the Kurobe River alluvial fan and, to this end, developed the Furusato-no-Mori (Hometown Forest) and Furusato-no-Mizube biotopes on its extensive premises. The forest and biotopes have steadily developed and are now providing habitat for a variety of creatures, including some designated as rare species.

In 2013, the fifth year since the launch of the project, we reviewed our present challenges and future options for the utilization of the forest and biotopes. With regard to biodiversity promotion in particular, we concluded that the site should be developed further to provide a habitat for Amur sticklebacks, a representative fish species of the Kurobe River alluvial fan, *Luciola cruciata*, a species of Japanese firefly, and kingfishers, the latter two of which are facing a serious threat of population decline across the alluvial fan.

To formulate future development plans for the site, we assessed the biodiversity of the forest and biotopes using KANTAN HEP (*lit.* easy HEP), a system produced by FUJITSU FIP CORPORATION in collaboration with Dr. Akira Tanaka of the Faculty of Environmental Studies at Tokyo City University with the aim of precisely assessing habitability for various creatures. Based on the results of the assessment, we began incubating locally collected firefly eggs and nurturing firefly larvae. In March 2014, we released approximately 80 fireflies on the premises.



Releasing fireflies

Looking ahead, we will implement further initiatives to provide habitat for a greater variety of species, benefiting researchers conducting their fieldwork while providing children with a place for recreation.

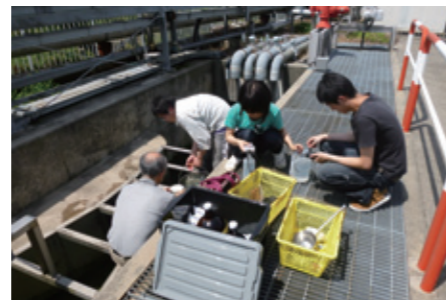
Monitoring the Impact of Wastewater

In addition to regulations on wastewater, such as Japan's Water Pollution Control Law, and other standards set forth by municipalities, the YKK Group has voluntarily formulated wastewater management standards and is enforcing these standards at its production facilities around the world.

In particular, at the Kurobe Manufacturing Center, the YKK Group's core base of operations, we voluntarily conduct regular aquatic biota surveys of the rivers into which treated wastewater is discharged. The effort to monitor the quality of river water has been ongoing for around 10 years, aimed at protecting the abundant and clean water resources that bless the Kurobe River alluvial fan. These surveys sample aquatic creatures, such as insect larvae, inhabiting the sites tested to determine water quality. Although a significant change has yet to be observed since the launch of surveys, *Cottus kazika*, a type of fish designated as a Class II endangered species, were captured in the course of a 2013 survey. This can be considered a sign of improvement in the river environment.

To study the impact of wastewater in more detail, we also introduced the WET testing* method in cooperation with Toyama Prefectural University. For fiscal 2014, plans call for conducting WET testing at our main production sites in Japan.

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



WET Testing (water sampling)



Cottus kazika, captured during surveys

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.

Polychlorinated Biphenyls (PCBs)

In fiscal 2008, the YKK Group began disposing of equipment containing high concentrations of PCBs. By the end of fiscal 2013, the Group had completed the disposal of 608 out of 667 units. The remaining 59 units stored at three sites across Japan (as of March 31, 2014) 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. Reflecting the growing number of disposal sites across Japan, in fiscal 2013 we posted a reserve for the cost of disposing of 379 units with low PCB concentrations that are ready for immediate disposal. While maintaining proper storage and management, we will seek the swift disposal of such equipment.

Cost of disposal to the present: Approx. 360 million yen
Estimated cost of disposal of remaining equipment: Approx. 50 million yen*

* Covering only equipment containing high concentrations of PCBs

Cost of disposal of equipment containing low concentrations of PCBs: Approx. 570 million yen

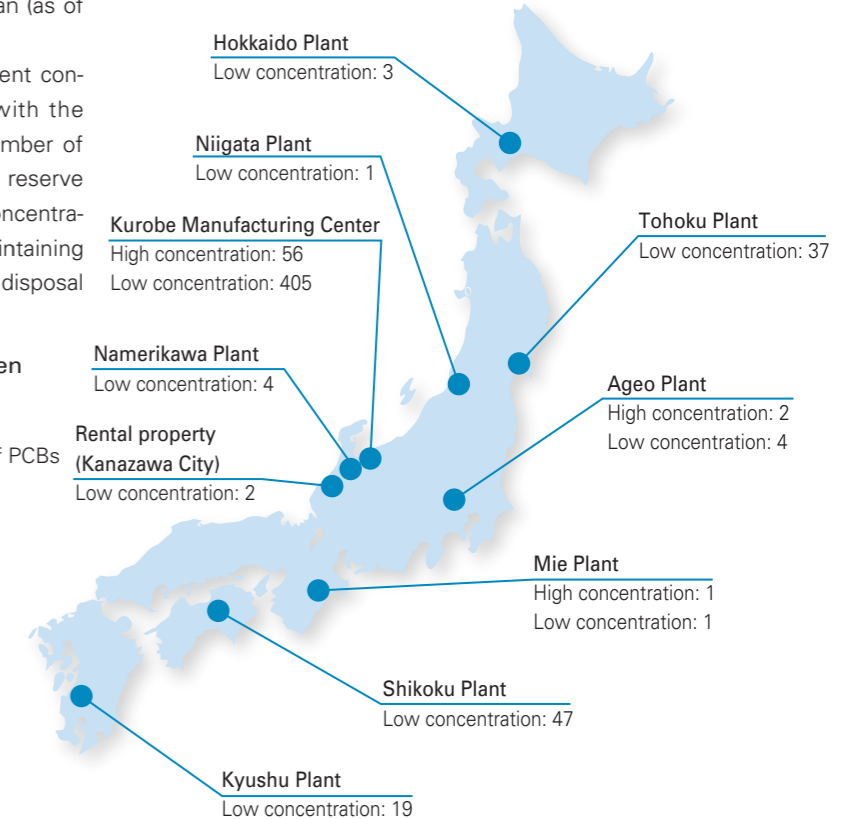


Storage of equipment containing low PCB concentrations (Kurobe Manufacturing Center)

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.

Equipment Containing PCBs Held by the YKK Group as of March 31, 2014 (by no. of units)



YKK Social & Environmental Report Data Section

Please also visit our website and enter Data Section for a PDF detailing our emission control initiatives, such as CO₂ emission reduction, and environmental load reduction initiatives.

Data Section Contents:

- 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>

Stakeholders' Expectations for the YKK Group as a Member of the Community



In 2010, the YKK Group began holding annual stakeholder dialogues to provide a forum for sharing opinions. The fifth such dialogue was held on April 9, 2014. Following up on the previous session, Toyama Prefectural University Professor Noriyasu Kunori, Ph.D., acted as facilitator. To ensure a good cross section of views, we invited representatives from diverse stakeholder groups, including suppliers, trading partners, consumers, local associations and nature conservation groups to participate.

Attendees

Naturalist:
Shuji Yagi
(Vice Chairman, 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:
Kazue Man-o
(Manager of Interaction & Cooperation Promotion Department, Toyama Environment Foundation)

Resident:
Toshiyuki Nakamura
(Vice Chairman, Muratsubaki Promotion Society)

Supplier representative:
Nobuyuki Sakamoto
(Toyama Branch, Kansai Paint Sales Co., Ltd.)

Trading partner in fastening business:

Yoshiki Nagasawa
(Manager, Internal Auditing Department, GOLDWIN INC.)

Trading partner in AP business:
Akira Hirano
(President & CEO, Hirano Komuten K.K.)

Student:
Naoto Oishi
(fourth-year student, Department of Environmental Engineering, Faculty of Engineering, Toyama Prefectural University)

International student:
Jun Jin
(from Fujian Province, China; second-year student, Department of Environmental Engineering, Graduate School of Engineering, Toyama Prefectural University)

Facilitator:
Noriyasu Kunori, Ph.D.
(Professor, Department of Environmental Engineering, Faculty of Engineering, Toyama Prefectural University)

The day began with a tour of the Furusato-no-Mori forest on the premises of the Kurobe Manufacturing Center. The stakeholder participants were then divided into three groups for separate workshop-format discussions involving YKK Group employees.

Opinions on How to Utilize the Furusato-no-Mori

During the first half of the workshop, participants shared their observations on the site tour, discussing items that impressed them as well as areas where they saw a need for improvement.



The YKK Center Park, where we developed the Furusato-no-Mori forest, is part of the premises of the Kurobe Manufacturing Center and is open to public as an industrial tourism site. Participants shared their impressions after a tour of the park.

A common sentiment among the participants was

“Although the YKK Center Park is open to public, the entrance looks unwelcoming. It needs to be improved” and “It would be a waste not to publicize the park and make it more known to community residents.”



Others noted that “The forest seems to have grown substantially,” “It would be nicer if greenery covered the whole premises, including the parking areas and factory rooftops” and “Why not let visitors up to the roof of the office building to view the forest from above?”



While many thought the forest looked impressive, some suggested that local residents be invited to join in forest development activities.



“The entrance seems unwelcoming. Why not make it friendlier-looking?”



“Why not let visitors up to the roof of the office building to view the forest from above?”

YKK as an Advocate of a Sustainable Society

In the second half of the workshop, participants exchanged opinions on how to better utilize the Furusato-no-Mori forest, with particular emphasis on its usefulness for Education for Sustainable Development (ESD) initiatives. The workshop ended with participants summarizing and presenting their ideas.



Inspire Both YKK Employees and External Visitors

Better Publicity Would Elicit Interest from the General Public

Such events as landscape photo competitions would help attract more widespread attention. In addition to Toyama Eco-Kids Tanken-tai and other educational programs mainly for external participants, holding events for employees and their families could be good idea. It would be even more effective if Group employees themselves learned about YKK's initiatives and spread the word among their acquaintances. Just as an



Furusato-no-Mori incorporates a number of native tree species

ecosystem consists of connections between diverse creatures, a society is supported by the bonds between people. The forest can be a place where visitors are reminded of the significance of such bonding. Also, it is expected that the site will provide a perfect place for school children to enjoy field trips.



Utilize the Forest to Raise Environmental Awareness

Creating Stronger Bonds with Communities through Communication

We wondered if it would be possible to create a scheme that would allow all kinds of stakeholders to participate in the forest development activities. One such activity could be planting a commemorative tree as part of the annual initiation ceremonies for new recruits. This would help plant environmental awareness in every new employee right from the start. Also, having local elementary and junior high school students come plant trees could benefit them educationally. Moreover, it would be nice if local residents could voluntarily participate in forest development. To pass on the forest to future generations as a natural heritage, we all need to nurture within ourselves the desire to grow the forest together. We want YKK to inspire society through this initiative, thereby facilitating environmental protection on a global scale.



Suggestions envisaging environmental protection on a global scale



A Model for Industrial-Eco-Tourism Site

Publicizing Unique YKK Initiatives, Such as Air Conditioning Utilizing Heat from Groundwater

The Kurobe Manufacturing Center could be a place to learn all about environmental issues and disaster prevention, in addition to being a place for factory tours. Moreover, we learned about YKK's heat-pump air conditioning system that utilizes abundant groundwater



A heat exchange system at the Maruyane Exhibition Hall

and other initiatives that take advantage of the Kurobe area's unique geological characteristics. It would be more inspiring if models of heat exchange systems and other innovations were exhibited at the neighboring Kurobe Yoshida Science Museum, for example. The Furusato-no-Mori forest could also be a good sightseeing spot, as it offers habitat for fireflies as well as cherry trees. If the opening hours were extended during the firefly season, more people would feel like visiting. We think that such steps would lead to the place being more widely used as a public space.



Comments and Opinions on Issues Addressed in Stakeholder Dialogues (fiscal 2010-2013)

Comments and Opinions	YKK Group's Response
Legal Compliance	
1. Enhancing compliance globally	• Enhance compliance in all six regions of operations; conduct environmental cross audit
2. Raising employee awareness	• Hold dialogues to spread understanding of the YKK Group's management ethics
3. Without ethics, there can be no compliance	• Formulate and enforce rules tailored to conditions in each region
4. Manufacturing = Human development	• Pass on manufacturing expertise to younger employees through training
Environmentally Friendly Products and Manufacturing	
1. Contribute to society through our products	• Develop products addressing social needs related to safety and disaster prevention
2. User-oriented, universal product design	• Release high-performance multi-glazed windows; introduce labor-saving Non-Welding Installation Method for window sashes
3. Reduce defective or waste products to zero	• Develop gardening sack incorporating the NATULON recyclable zipper
Environmental Load Reduction	
1. Work towards a low-carbon society	• Introduce a heat-pump air conditioning system that harnesses heat from the groundwater • Assess Scope 3 CO ₂ emissions (from fiscal 2013)
2. Expand the use of non-fossil energy sources	• Launch the Passive Town Kurobe Model Development project
3. Streamline production facilities	• Restructure the Furumido Plant and aging machinery parts production facility
Initiatives with the Local Community	
1. Offer best practices for cooperation (ESD, etc.)	• Promote ongoing volunteer activities such as cleanup activities and initiatives aimed at supporting the communities affected by the Great East Japan Earthquake • Cooperate in the Toyama Prefecture education program for schoolchildren (from 2012) • Conduct groundwater surveys in cooperation with local governments and universities
2. Share personal skills with society	• Provide on-demand lectures; help youth volunteer groups conduct aquatic biota surveys
Communicating Our Environmental Activities	
1. Highlight our manufacturing accomplishments	• Enhance public relations through such means as external award and certification programs
2. Disclose environmental information	• Participate in environmental exhibits and publicize our initiatives
Coexistence with Nature	
1. Review the context and ultimate objective of tree planting activities	• Promote the Furusato-no-Mori development project (began planting trees in fiscal 2008)
2. Develop and utilize biotopes in harmony with local ecosystems	• Conduct surveys of the forest fauna once every five years; formulate a future vision for the forest and biotopes and draw up development plans for the next five years
3. Assess the impact of our groundwater usage	• Consign the study on groundwater usage to Toyama Prefectural University (since fiscal 2010); results are disclosed to the public in accordance with Kurobe City's policy

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.

Building on Stakeholder Dialogue



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

This stakeholder dialogue was the fifth since the YKK Group began this series in 2010. Over the last five years, the Group has sincerely addressed stakeholders' concerns, holding similar dialogues at the Tohoku Office and tackling new themes while inviting a greater variety of stakeholder groups to participate. I offer high praise to the YKK Group for these accomplishments built on continuous dialogue with its stakeholders.

The social environment has changed over the last five years. Businesses are now expected to practice CSR in supply chain management from the upstream stage. With the approach of the UNESCO World Conference on Education for Sustainable Development 2014, corporate and other business leaders capable of addressing sustainability from the global perspective are in great demand.

The YKK Group adopted the workshop style last year and this year's dialogue involved both YKK employees and representatives of various stakeholder groups from outside the company engaging in serious discussions on how businesses can contribute to ESD. I'm confident that their suggestions will contribute to new value creation from which YKK and its stakeholders will benefit. I hope that the YKK Group will persist with this dialogue over the next ten years, thereby further advancing its environmental activities.

Corporate Social Responsibility Website Launched

The YKK Group Corporate Social Responsibility website launched in March 2014 is now available in English, explaining 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 Contents:

- 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>