

Global environmental management system

Acquisition and utilization of ISO 14001 certification

ISO 14001 (Environmental Management System) certification is indispensable as an international enterprise. We are promoting the acquisition of this certification for all of our businesses as a means to achieving goals and assuring the implementation of environmental reforms.

Environmental action targets

- Acquisition of ISO 14001 certification completed at main production sites worldwide by the end of fiscal 2003

○ Achievements of fiscal 2003

In fiscal 2003, one domestic facility and eight facilities abroad achieved certification, while already certified facilities increased the scope of their certifications. Now all of the main facilities of the YKK Group worldwide, a total of 50 locations, have completed certification.

Of additional note, YKK AP received certification for expanding its environmental management system implementation to include its 205 business offices throughout Japan.

○ Continuing efforts

In fiscal 2004, we plan to acquire certification for 17 sites abroad, focusing on newly established bases. In addition to acquiring certification for uncertified smaller businesses, we also intend to combine the certifications at facilities where plants, business offices and other parts of the operations have separate certifications in order to make possible unified environmental management that covers every aspect of the business from development to sales.

YKK AP Sales Group acquires ISO 14001 certification

At the Architectural Materials Group Meeting in February 2003, the Sales Group declared the intention to get ISO 14001 certification. With the cooperation of committees from each division, we were able to devise thoroughly ways to raise awareness and implement an environmental management system involving every employee from northernmost Hokkaido to the southern islands of Okinawa. Although we only had half a year to prepare, we were able to receive certification in September.

Certification, however, is not our final goal. We believe that this is just an obligation that companies have to society and that all enterprises have a duty to acquire it.

By fulfilling our main environmental activity of providing environmentally friendly products to society, the YKK AP Sales Group will help society realize reduced environmental impacts. Furthermore, we will work to conserve more energy and resources by taking responsibility for the products we provide society when it is time to collect and recycle them.

Environmental efforts have no end. We will continue to contribute to society environmentally by actively employing and sustaining the environmental management systems that we created.



< Certification overview >

1. Extent of system YKK AP Inc.
2. Related businesses YKK AP Exterior Inc.
Pros, Inc.
YKK AP Okinawa
3. Number of facilities and employees covered
205 business places approximately 4,400 people
4. System Chief Director Sadao Hagino
5. System Manager Environmental Division Head
Fumio Yamaguchi
6. Certifying Agency Japan Quality Assurance Organization (JQA)
7. Registration number JQA-EM1128
8. Certification date September 19, 2003
9. Specific policies for environmental directives
 - 1) Design, develop and sell environmentally friendly products
 - 2) Pursue efforts to conserve resources and energy
 - 3) Implement appropriate disposal and recycling for waste products

YKK Group environmental audits

Company experts implement group environmental audits, strengthen legal compliance systems, and offer advice, consulting and support to raise the entire group's environmental performance, including environmental risk management.

Environmental action targets

- Implementation of YKK Group environmental audits at main production sites worldwide

○ Achievements of fiscal 2003

Every plant and business office conducts voluntary internal environmental audits based on their environmental management systems. In addition, the YKK Group Environment Council conducts group internal environmental audits.

These audits are an important part of the entire Group's environmental management efforts as a form of oversight.

YKK Group environmental audits have been conducted since 1994, with the YKK Group Environment Policy Committee Chairman acting as the head of an auditing team that confirms that the environmental efforts of each part of the business conforms to the YKK Group's fundamental environmental management directives and policies and that they are managing environmental risk appropriately.

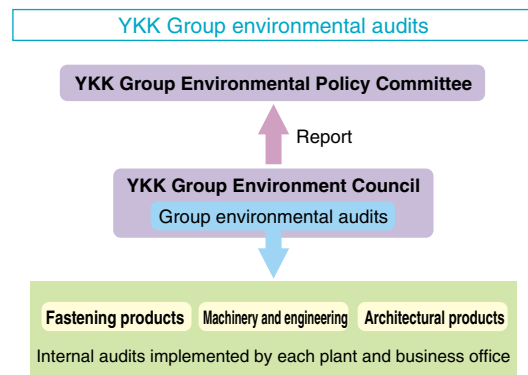
Furthermore, the environmental divisions of our businesses abroad are leading the implementation of audits based on the YKK Group environmental audit checklist. In fiscal 2003, they were conducted in four countries.

○ Continuing efforts

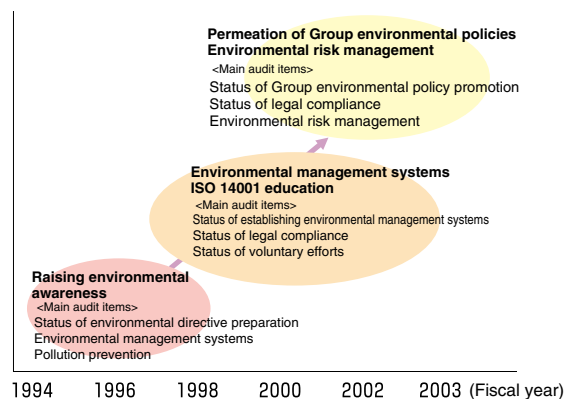
Until now our Group environmental audits were conducted with our manufacturing function as the main object. Now, all of our main business sites have ISO 14001 certification, and we have prepared a tool that will allow us to further enhance our environmental efforts by covering all business functions, from design to sales.

From now on, in order to fulfill our duties to society as a business, we will conduct audits with the goal of raising the levels of all aspects of the Group's environmental efforts and risk management, as well our environmental management.

Furthermore, we will strengthen our environmental auditing efforts for our foreign bases and fulfill our duties to society as a global enterprise.



Development of YKK Group environmental audits



YKK Group environmental audit (YKK Indonesia)

Environmental accounting

Along with clarifying money invested in environmental activities and utilizing it for environmental management decision in order to conduct environmental investment more efficiently and effectively, we publish environmental accounting data as material that reveals our corporate posture to the public.

Environmental action targets

● Application and utilization of environmental accounting system

○ Achievements of fiscal 2003

We calculated the money spent on environmental equipment, environmental protection investment and their immediate effects. For our environmental accounting standards, we conformed to the Ministry of the Environment's Guidelines for the Implementation of Environmental Accounting Systems (MfE: March 2002 edition).

The amount invested in equipment for the prevention of pollution has decreased as such equipment becomes fully

deployed.

Likewise, the amount invested on equipment for zero emissions efforts has also decreased as we have reduced the use of materials and implemented recycling to nearly the maximum extent possible.

For energy conservation measures, which will continue to be effective over the long term, we are spending about the same amount on equipment annually.

○ Results of environmental accounting for fiscal 2003

◆ Fiscal 2003 environmental protection cost (limited to domestic YKK Group)

(Unit: ¥1 million/year)

Item	Contents of main initiatives	Equipment investment	Cost	
Cost within business area	Prevention of pollution	Soil pollution inspection, diesel truck NOx reduction	71	681
	Conservation of the global environment	Introduction of equipment in accord with energy conservation measures and fuel changeover	418	526
	Recycling of resources	Waste reduction, zero emissions efforts	8	626
Business area internal cost total		497	1,833	
Upstream/downstream cost	Returnable wrapping, packaging and container use implementation	32	42	
Management activities cost	ISO 14001 maintenance/management cost, environmental exhibition, environmental report, environmental analysis, tree planting	4	521	
R&D cost	Development of environmentally friendly products	5	543	
Social activities cost	Cooperative volunteer activities with local communities	0	33	
Environmental damage cost		0	0	
Other costs	Inspection and management of fire extinguishing equipment	1	28	
Total		540	3,002	
		Fiscal 2002	568	2,802
		Fiscal 2001	592	3,317
		Fiscal 2000	1,345	4,030

Fiscal year	Environmental equipment investment			Environmental costs		Sales (Unit: ¥100 million)	Total equipment investment (Unit: ¥100 million)
	(Unit: ¥100 million)	Sales ratio (%)	Equipment investment ratio (%)	(Unit: ¥100 million)	Sales ratio (%)		
Fiscal 2003	5.4	0.1	2.1	30.0	0.8	3,795	254
Fiscal 2002	5.7	0.1	3.6	28.0	0.7	3,857	156
Fiscal 2001	5.9	0.2	2.7	33.2	0.9	3,852	218
Fiscal 2000	13.5	0.3	4.4	40.3	1.0	4,056	307

○ Continuing efforts

Environmental accounting is used internally to achieve the best cost-performance when acquiring new equipment. Segment accounting allows, for example when renewing equipment, the calculation of the environmental impact reduction effectiveness for one project.

In addition, we are investigating the internal management methods of environmental accounting at each location. We will investigate and consider items that could be put to use by the company and apply them to our environmental management in the future.

○ Example of segment environmental accounting for one measure at the Metal Materials Manufacturing Division

The Metal Materials Manufacturing Division of the Fastening Products Group reevaluated the copper melting process.

The high-frequency wave inductive melting furnace that we had used until then had poor energy efficiency and durability, so we investigated the possibility of replacing it with new equipment with better efficiency and durability.

As a result, we chose a low-frequency melting furnace and built a system that cuts, and automatically weighs and inserts electrical copper. We expect that not only will this reduce CO₂ emissions through energy conservation, but that it will also reduce firebrick waste.

Equipment investment (¥1,000)	Effect value (¥1,000/year)	Cost recovery (years)	Environmental protection effect (t-CO ₂ /year)	Environmental improvement efficiency (t-CO ₂ /¥100 million)
42,000	48,755	1	929	2,213



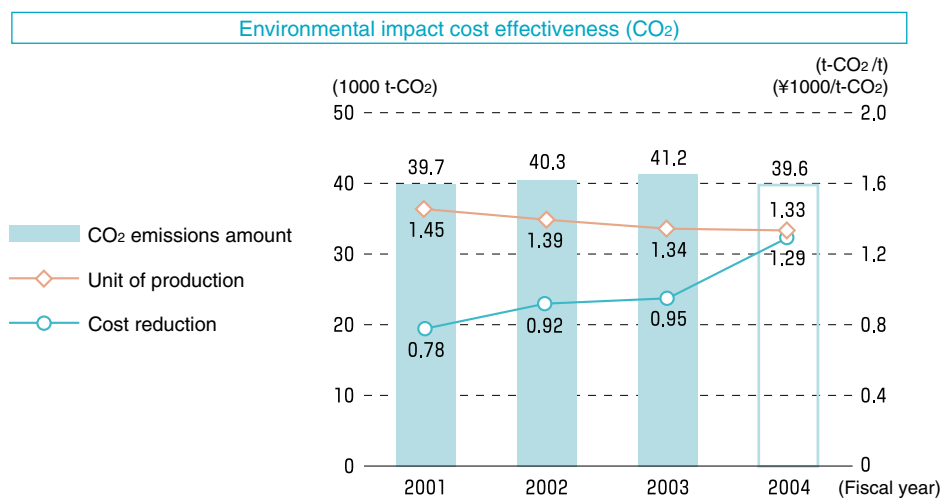
Round low-frequency melting furnace

○ Example of the use of environmental accounting management indices at the YKK AP Kyushu Manufacturing Plant

In fiscal 2003, the YKK AP Kyushu Manufacturing Plant made environmental verification through the use of environmental accounting indices as a main point of their environmental activity and developed policies accordingly. By expressing the amount invested on the environment and the results as a cost index and making the environmental management cost effectiveness clear, they sought compatibility of business activity (enterprise management) and environmental protection.

Below is a graph that shows the relationship between

environmental costs and emission amounts of a substance with environmental impacts. The blue line graph shows the transition in the amount of cost reduction per ton of CO₂ emissions. Per unit of production, there is an environmental impact reduction effect. The issue from now on is how to connect environmental costs and cost reduction with changes in fuel and other ways to reduce the overall CO₂ emissions amount. At present, we are also working to apply this kind of management indices to chemical substances to reduce their environmental impact.



Unit	FY 2001	FY 2002	FY 2003	FY 2004 (planned)
Plant production (t)	27,420	29,060	30,850	29,750
CO ₂ emissions (t-CO ₂)	39,660	40,310	41,200	39,550
Environmental cost (¥1 million)	669	780	790	780
Cost reduction (¥1 million)	31	37	39	51

Per production unit	Production amount (t-CO ₂ /t)	2001	2002	2003	2004
Production amount (t-CO ₂ /t)		1.45	1.39	1.34	1.33
Cost reduction (¥/t-CO ₂)		782	918	947	1,290