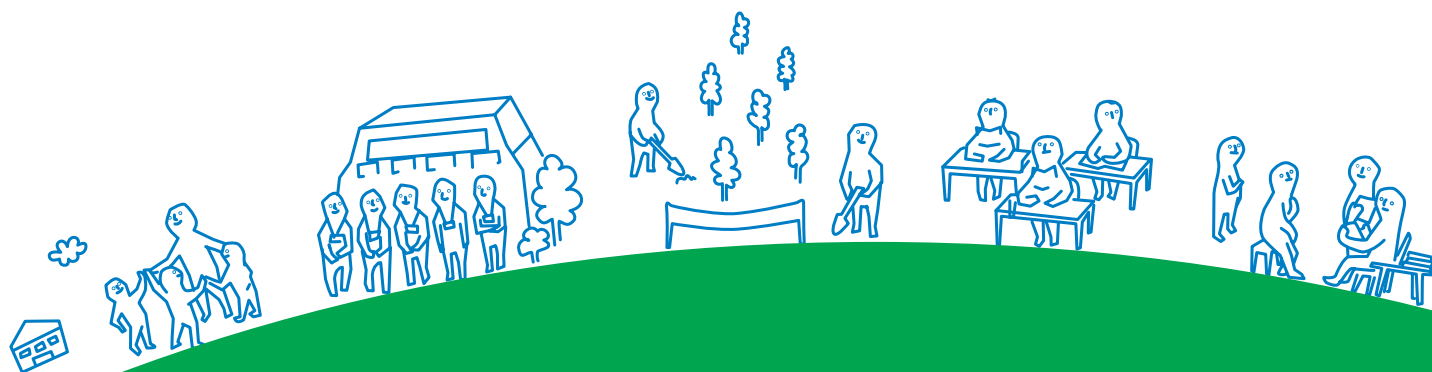
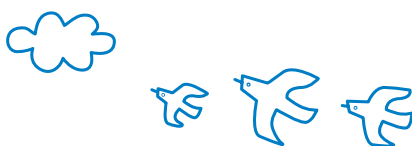


Zippering around the globe

YKK GROUP

Social & Environmental Report 2008



YKK GROUP

Social and Environmental Report 2008

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

[YKK Corporation]

- Established January 1, 1934
- Capital 11,924,000,500 yen
- Employees 3,400 as of the end of December 2007
- Manufactured Products Fastening products, precision machinery, equipment and molds
- Head Office 1, Kandaizumi-cho, Chiyoda-ku, Tokyo, 101-8642, Japan
Tel: +81-3-3864-2000
- Plants Kurobe Plant, Kurobe Makino Plant

[YKK AP Inc.]

- Established July 22, 1957
- Capital 10,000,000,000 yen
- Employees 13,200 as of the end of December 2007
- Manufactured Products Architectural products
- Head Office 1, Kandaizumi-cho, Chiyoda-ku, Tokyo, 101-8642, Japan
Tel: +81-3-3864-2200
- Plants Tohoku Plant, Kurobe Plant, Namerikawa Plant, Shikoku Plant, Kyushu Plant

[YKK Group]

- Group Companies 118 companies in 70 countries/
regions
In Japan 22
Overseas 96
(270 overseas bases of operations)
- Employees 40,000
(19,000 in Japan and
21,000 overseas)
* as of the end of December 2007



■ Fastening Product Group

In addition to zippers, for which YKK holds the top market share in the world, the Fastening Product Group provides a variety of fastening products, including snaps, buttons, fabric fasteners and plastic fasteners. They are used not only in clothing but also in a wide range of other products as well, from shoes and bedding to medical goods, industrial materials and other new applications.

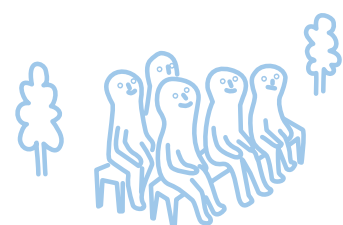
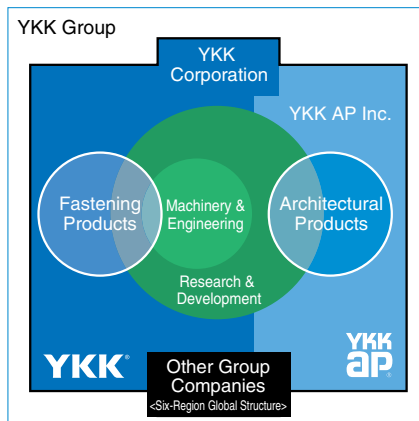
■ Machinery and Engineering Group

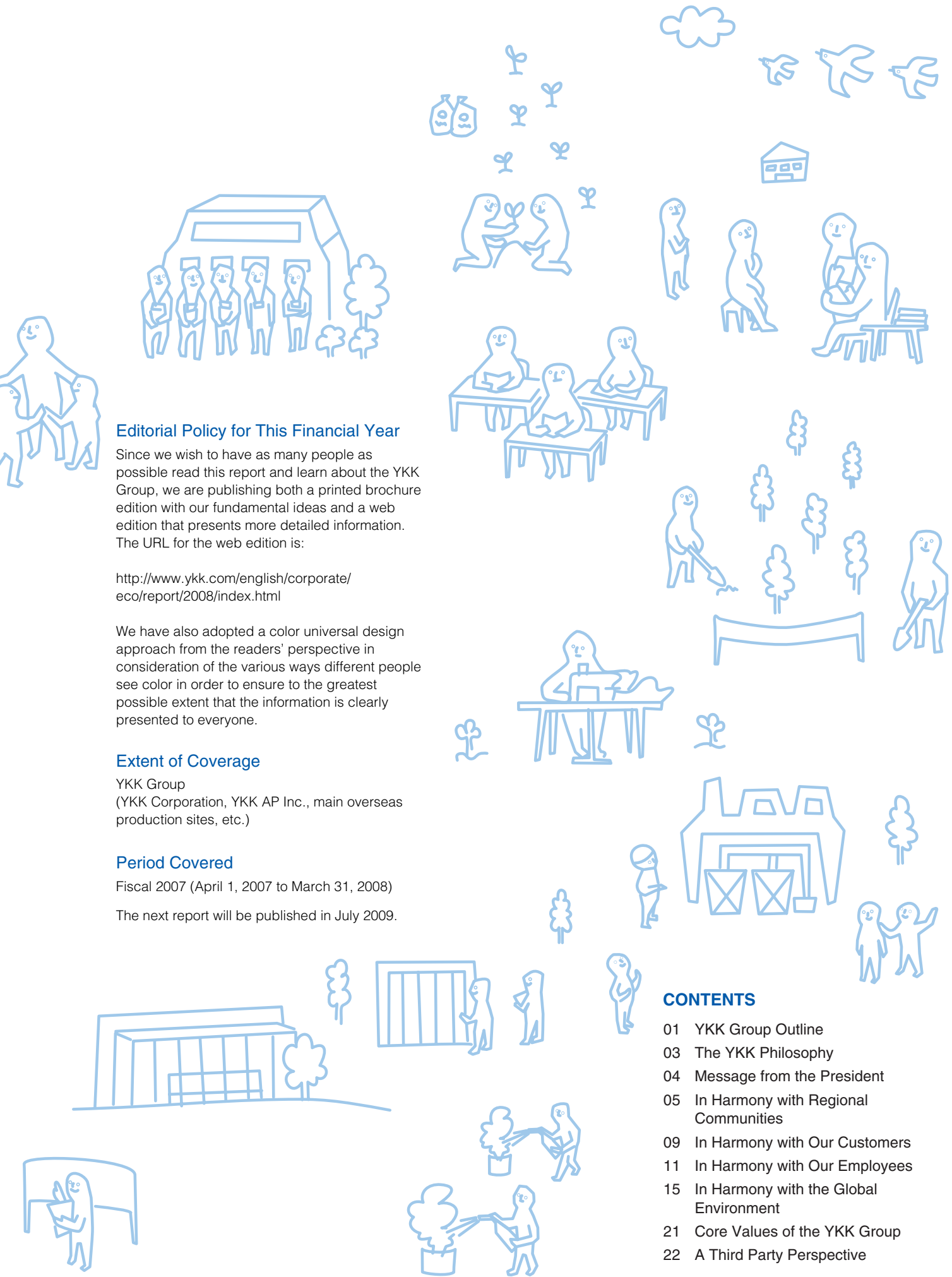
At the core of the YKK Group's production technology and R&D activities, the Machinery and Engineering Group puts together the technology and expertise the YKK Group has developed over the years to provide group plants around the globe with original production machinery, systems, molds and other necessary technologies. As a technical group that creates new value, it supports the integrated production system of the YKK Group so that it can provide customers with the best products and guarantee top quality.



■ Architectural Product Group

YKK AP is responsible for the architectural products of the YKK Group. The primary objective of its business activities is to enhance architectural value through the provision of various components for diverse and distinct buildings. It is engaged in various efforts to contribute to the development of more comfortable homes and towns by constantly studying and reflecting on the things that can be achieved with windows and doors. Rigorous product development based on a balance between environmental friendliness and comfort along with a unique integrated production system ensures top quality.





Editorial Policy for This Financial Year

Since we wish to have as many people as possible read this report and learn about the YKK Group, we are publishing both a printed brochure edition with 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/eco/report/2008/index.html>

We have also adopted a color universal design approach from the readers' perspective in consideration of the various ways different people see color in order to ensure to the greatest possible extent that the information is clearly presented to everyone.

Extent of Coverage

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

Period Covered

Fiscal 2007 (April 1, 2007 to March 31, 2008)

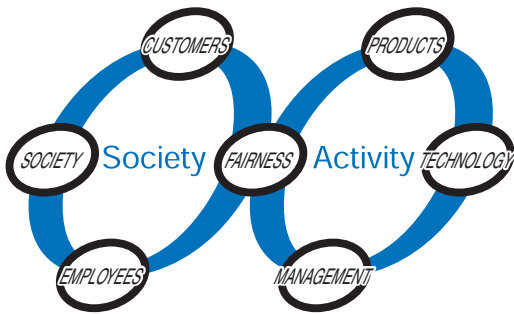
The next report will be published in July 2009.

CONTENTS

- 01 YKK Group Outline
- 03 The YKK Philosophy
- 04 Message from the President
- 05 In Harmony with Regional Communities
- 09 In Harmony with Our Customers
- 11 In Harmony with Our Employees
- 15 In Harmony with the Global Environment
- 21 Core Values of the YKK Group
- 22 A Third Party Perspective

YKK Group management principle

“YKK seeks corporate value of higher significance”



Seeking corporate value of higher significance, YKK will pursue innovative quality in the following seven areas.

The YKK Philosophy
“Cycle of Goodness”

No one prospers unless he renders benefit to others.

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



At the roots of
YKK Group business activities

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

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

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

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



Tadahiro Yoshida
President
YKK Corporation
July 2008





Members of the local community waiting in line to receive a free health exam (Bangladesh)



The YKK Group believes in contributing to regional communities

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

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

Rooted in local communities, in harmony with society

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

■ Contributing to local communities

Our industrial physicians provide free health exams to residents of the communities around our plants.



Bangladesh



India



Philippines

We join community cleaning activities.



El Salvador



Korea



U.S.A.

We participate in community tree-planting activities.



Yatsushiro City, Kumamoto Pref.



Thailand



China

Supporting education

The YKK Group supports the younger generation, because they are the future.



Kurobe City, Toyama Pref.
We provided a lesson on the prevention of global warming at an elementary school. It was done on an open school day, so it led to family activities as well.



Namerikawa City, Toyama Pref.
We welcome groups from nearby middle schools from time to time for workshops to promote respect for social norms, improve social skills and encourage the students to think about the future.



Osaki City, Miyagi Pref.
We are supporting exchanges between students in the Sanbongi district of Osaki City and Dublin City in Ohio, U.S.A. (The photograph shows students from Dublin visiting Sanbongi Elementary School.)



Philippines
We provided lessons on the environment at 28 elementary schools in the area and donated garbage cans for separating garbage.



Brazil
We gave a fun lesson about the environment at a kindergarten.



Turkey
We provided a lecture on environmental management systems at Namik Kemal University in Tekirdağ.



China
We held an environmental facility tour for middle school students from the city and taught them about the significance of environmental problems.



Indonesia
We support orphans in the nearby communities through scholarships.



U.S.A.
We provide support for special assistance classes at a nearby high school.





■ Establishment of Social Development & Vocational Training Center

Due to the rapid economic growth of late, women in India are being presented with more opportunities to participate in society. Out of a desire to support the local residents and particularly socially disadvantaged women looking to participate in society, YKK India spoke with local village leaders and received the green light to build a Social Development & Vocational Training Center on the plant grounds.

Local residents can take sewing and embroidery, English and computer classes at the center. In the first year, 15 students from two nearby villages enrolled in classes.

We hope to work together with the community to further develop the program and put the skills and expertise of the YKK India plant staff to work for the local residents.



Opening ceremony



English class



Sewing and embroidery class



Computer class



We re-create the conditions produced when many people come and go so that we can test our products for ease of use in daily life. We use this data to come up with ideas to improve the products and ensure their ease of use under every condition imaginable.



The YKK Group believes in providing quality

Since our founding, we at the YKK Group have manufactured products with a commitment to quality, placing ourselves in the customer's shoes.

The YKK Group Quality Charter was established in December 2007 as the group's shared code of conduct for ensuring quality so that we can further enhance our approach to quality and express our commitment to our customers and society.

At all our bases of operations all around the world and in every aspect of our business, from products and sales to after-sales service, the YKK Group places great importance on developing relationships of trust with our customers. We are committed to quality and place ourselves in our customers' shoes to provide products and services that will fully satisfy both our customers and society.



Product verification from the consumer's perspective —Value Verification Center—

Doors and windows are familiar sights as we go about our lives.

We opened the Value Verification Center within the YKK AP Kurobe Ogyu Plant to test various possible scenarios so that our customers can use our architectural material products safely and comfortably.

Products are greatly affected by the natural environment, living environments, transport and installation. We use original testing equipment and consumer testers to re-create and test those conditions. The results are incorporated into our product development efforts.

These tests enable us to manufacture products that can stand up to diverse lifestyles and environments and to provide our customers with new value that exceeds their expectations on an ongoing basis.

Examples of verification in real life environments

Using our proprietary verification equipment, we re-create harsh natural environments (wind, rain, dust, humidity, etc.) and transportation, installation and usage conditions (vibration during transport, errors in installation, noise, etc.) to uncover hidden problems, evaluate the actual performance of the products and establish technologies. The results of the tests are incorporated into product development.



■ Re-creation of strong winds and rains

We re-create the strong winds and rains of a typhoon to test the strength of the material and its resistance to penetration by water. In so doing, we are able to provide safe and reliable products to protect people from the threats of strong winds and rains and other severe weather conditions.



■ Re-creation of strong sunlight and extreme hot and cold temperatures

We re-create the harsh cold temperatures of winter and the extreme heat and strong sunlight of summer to test the movement of doors when they are frozen, the expansion and contraction of the materials when subjected to cycles of heat and cold, and the insulating properties of the materials.

This helps us provide excellent products that protect people from the hot and cold.

Examples of consumer testing

We re-create scenarios where the products are actually used by consumer testers of every age group, from children to adults and seniors, to test and verify safety, usability, ease of cleaning and other aspects.

At present, we have more than 100 people registered as consumer testers.



■ Safety and design

We test products that have new operational mechanisms to verify their safety and usability. Exercising our ingenuity, we come up with aesthetically pleasing designs for our products while at the same time ensuring that they are safe to use.

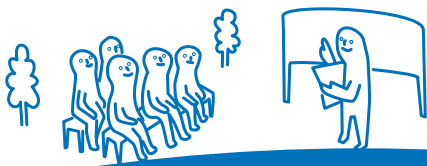


■ Ease of maintenance

We verify the ease of maintenance by having the consumer testers clean the windows and detach the screens. We then incorporate their opinions to come up with easy-to-understand labels and make other improvements.



At YKK Shenzhen, we hold fire prevention exercises to raise awareness of safety issues.



The YKK Group approach to employment, safety and health

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

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

At the YKK Group, we have a personnel system and a personnel training program which are designed to bring out the full potential of each one of our employees in order to achieve our corporate goals.

A fair and straight-forward personnel system

There are many different roles within the companies of the YKK Group, and we believe that the corporate value is improved when each employee becomes a “pro” at his or her job. In order to fairly evaluate and deal with our employees, we divide the various roles that they play into four job categories within the personnel system according to the characteristics of their responsibilities. As a manufacturing company, by appropriately evaluating the expertise of our engineers and technicians who perform specialist work and the proficiency and skills of those in manufacturing and sales, we are able to increase the fairness and straight-forwardness of the system and raise the motivation of our employees.

[Job Categories]

| | |
|--------------------|---|
| Management | Produce results through management of the organization. |
| Experts | Produce results through the exercise of specialized knowledge and expertise and a high level of skills. |
| Specialists | Execute work with greater accuracy, speed and effectiveness to contribute to the achievement of organizational goals. |
| Managers | Create higher added value and contribute to the achievement of organizational goals. |

A personnel training program that brings out the individual strengths of employees

At the YKK Group, we make an active effort to entrust our employees with important responsibilities from early on to cultivate a sense of challenge and encourage them to set high goals for themselves. We also place an emphasis on off-the-job training (OFF-JT) to bring out the individual strengths of our employees. Our “Value Creation School” is a one-year program designed to bring up the leaders who will take charge of the business in the future. Participants learn about the YKK approach to management and acquire the necessary knowledge and outlook. At the end of the program, they offer management proposals to the directors. The Leadership Training Program for women is designed to recruit women for management positions. After acquiring the necessary business knowledge, they present project plans to the directors. Up to this point, 48 women have participated in the program, and 10 of them have been assigned to management positions.



Women's Leadership Training Program

Creating an easy-to-work-in environment

Efforts to support the balancing of work and child-raising

At the YKK Group, we support employees who are raising children so that they can exercise their potential and pursue long-term career development at the same time. We put on parenting workshops and have implemented a childcare leave and benefit program to help both women and men take leave for raising their children. In fiscal 2007, 6 male and 262 female employees took time off work for childcare.

Our efforts in this area were recognized by the Ministry of Health, Labour and Welfare, from which we obtained the "Kurumin" Next Generation Certification Mark in May 2007.



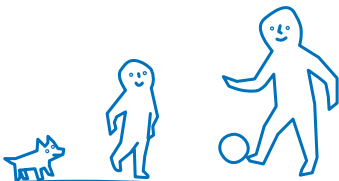
Parenting workshop for new moms and dads



In recent years, the achievement of a balance between work and private life has become a major issue of concern. Family and childcare issues affect both men and women, and understanding in the workplace is essential. For that reason, the YKK AP Tohoku office has parenting workshops for pregnant women and men with expecting wives who are in positions of responsibility in the workplace. At the workshop, we provide explanations about the parental support program and the benefits available to employees on leave. It is also a place where employees can think about their plans for the future and share information with their peers.

Efforts to hire senior citizens

We have implemented a Post-Retirement Re-Employment Program to take advantage of the knowledge and experience of retirees. In fiscal 2008 we raised the age limit to 64. There are currently 314 people with us on this program.





At the YKK Group, we seek to create workplace environments that are easy to work in and meet the standards of the era by eliminating causes of danger and harm. We also strive to maintain and improve the physical and mental health of the people that work for us. All our employees are engaged in activities designed to bring that about.

■ Safety and health

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

At the same time, the three pillars of our safety and health efforts are making people educated in safety, making workplaces safe and making systems safe. Among these, we are focusing particularly on “making people educated in safety” through ordinary training programs such as danger prediction and energy risk assessment training, programs required by law such as foreperson training, and specialized training programs such as training for people who work extensively with video display terminals.

We are also concerned about decreased sensitivity to danger, so we have virtual training programs for the operation of machines like cranes and forklifts to increase both skills and sensitivity to the dangers involved in such work.



Virtual forklift training

■ Health maintenance and improvement

Our working environments are going through dramatic changes. Employment formats are becoming diverse with advances in production technologies and increasing internationalization, and the average age of employees is increasing year after year. As a result, the issues that need to be addressed as part of health management efforts are also becoming more diverse, including measures to combat lifestyle-related diseases, stress disorders and chronic fatigue and care for employees on overseas assignments.

Measures to prevent metabolic syndrome

Almost 20% of the employees at the Kurobe office are obese, having BMIs of 25 or more. Among male employees who are 40 years of age or older, the figure is closer to 30%. For this reason, the company physician, specialist staff, THP Committee and the YKK Health Insurance Cooperative are collaborating in health workshops and disease prevention campaigns. They have slowly been achieving results in the form of improved health among employees.



“Anti-Metabolic Syndrome School” weight loss program



YKK HONG KONG LTD.

We participated in the charity walk for the commemoration of the completion of the Hong Kong-Shenzhen Western Corridor to promote the health of our employees.



YKK PORTUGAL-ACESSORIOS PARA VESTUÁRIO, LDA. We constructed an outdoor smoking room and prohibited smoking within the plant building.

Four environmental management promises

YKK METAL VE PLASTIK URUNLERI SANAYI VE TICARET A.S.

We will develop and provide eco-products and eco-services
The YKK Group is contributing to the creation of a sustainable society through our products.



YKK BANGLADESH PTE. LTD.

We will further enhance our efforts to reduce environmental impact
The YKK Group is working hard to reduce the impact of our business activities on the environment.



YKK ARGENTINA S.A.

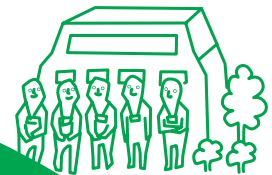
We will develop and implement a global environmental management system
The YKK Group is engaged in ongoing environmental management activities in every region of the world that place top priority on harmony with the environment.



TAPE CRAFT CORPORATION

We will promote environmental communication
At the YKK Group we believe that communication with our customers is the most important aspect of environmental policy.

In order to reduce the impact of YKK Group business activities on the environment in countries around the world where we have set up operations, we have established these four items as our basic environmental policy for the medium-term and are pursuing our environmental action goals accordingly.



The YKK Group approach to environmental efforts

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

The creation of a sustainable recycling-oriented social system through global efforts to address pressing environmental problems is a crucial issue.

Through strategic and systematic promotion of environmental measures in every area of our business activities, the YKK Group has established an environmental management system and is thereby contributing to the development of a recycling-oriented society.



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

Eco-products vision

We established this vision in order to provide environmentally conscious products (eco-products). We will contribute to the creation of a sustainable society through our products by incorporating into our development efforts the following seven considerations, which are based on the themes of “high environmental performance (E),” “safety and peace-of-mind (S)” and “comfortable lifestyles (C).”



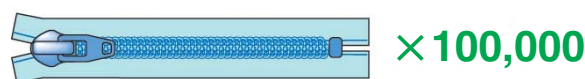
Seven considerations for eco-products

- 1. Consideration of ecosystems (E)(S)**
Use raw materials that do not damage natural environments or ecosystems
- 2. Consideration of safety and peace-of-mind (E)(S)(C)**
Provide products that are designed not to aggravate allergies or other health problems and that do not contain harmful substances
- 3. Consideration of resources (E)**
Take measures to reduce the amounts of energy, water and other resources expended in the manufacture, distribution and use of products
- 4. Consideration of the 3Rs (E)**
Make efforts to use recycled raw materials and to reuse, reduce, recycle and otherwise eliminate waste whenever possible
- 5. Consideration of long-term use (E)(S)(C)**
Make enhancements to ensure long-life design, user attachment, easy repair, expandability of functions and improved after-sales service
- 6. Consideration of diverse lifestyles (E)(S)(C)**
Create lifestyle value by ensuring ease of use and focusing on user-oriented design
- 7. Consideration of proactive information disclosure (E)(S)(C)**
Provide easy-to-understand product explanations and environmental information and take measures to respond to customers

LCA's in the fastening business

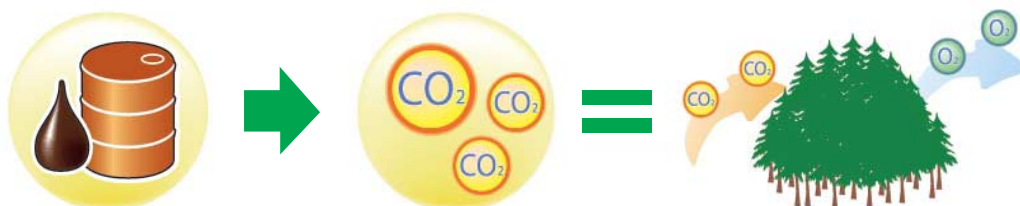
In accordance with our eco-products vision, we have our own life cycle design/assessment (LCA) sheet for the development of fastening products and equipment. We calculate the assessment score from the perspectives of energy savings, resource savings, recycling and consideration for ecosystems. We set goals and incorporate environmental consideration into our development activities from the aspects of the materials used and the manufacturing process.

We also calculate CO₂ emissions using these life cycle assessments to produce environmentally friendly products. By clarifying the environmental impact, we seek to incorporate the impact reduction effect from the manufacturing process into product development and expand our lineup of environmentally conscious products.



If 100,000 60-cm recycled fasteners were produced...
(5CIH NATULON®)

*Independently estimated based on the LCA Investigation Report on Textile Products by the Ministry of Economy, Trade and Industry



Crude oil
730 L reduction

CO₂
1,150 kg reduction

82 Japanese cedar trees
* Japanese cedars absorb 14 kg of CO₂ per year

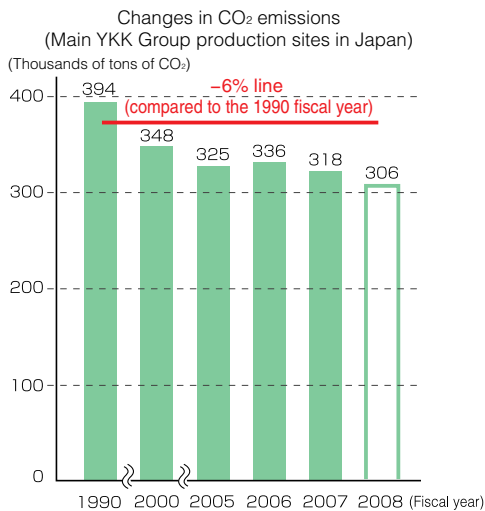
Environmental impact reduction management

Preventing global warming

In response to the increasingly serious problem of global warming, we at the YKK Group have made controlling emissions of greenhouse gases one of our priority issues and are engaged in aggressive efforts.

When building new plants or updating the equipment used, we install high-efficiency equipment and undertake to improve the processes and promote the use of natural energy. At the same time, we are actively promoting energy conservation activities centering on our environmental management system.

In addition, we are participating in Team Minus 6%, and our employees think about what they can do as individuals to save energy and put these ideas into practice.



YKK AP INC. Shikoku Plant
We are switching from heavy oil and kerosene to LNG as part of a medium-to long-term goal. By switching to LNG in our extrusion heat processing furnaces, boilers, air heating furnaces, melting furnaces, holding furnaces and other equipment between 2007 and 2011, we will be able to reduce CO₂ emissions by 8,000 tons.



YKK Corporation Machinery and Engineering Group
By changing the quenching method used on the heat treatment line, we were able to achieve an annual reduction in CO₂ emissions of 125 tons.



YKK ITALIA S.P.A.
We installed energy-saving lights throughout the plant (3,570 in all) that automatically adjust brightness levels according to the amount of natural light coming in.



YKK DEUTSCHLAND GMBH
We installed insulation on the roof of the plant which allowed us to reduce the amount of natural gas used for heating by 10%.

Expanding the use of quick dyeing technology around the world

The fastening business includes a dyeing process to add color to hook-and-loop tapes, chains and other products. The water in the dyeing machine is heated and pressurized with steam before using dye to color the products. We made improvements to our dyeing technology and reviewed the program, which enabled us to reduce the steam used for dyeing by 25% and wastewater by 50% while also significantly shortening the time required to complete the dyeing process.

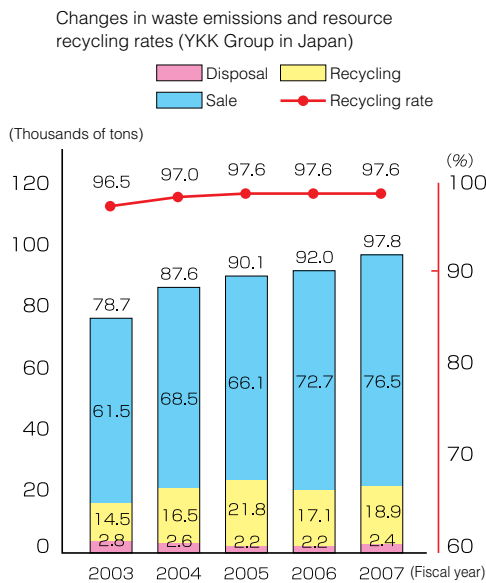
We are adopting this quick dyeing method at our plants around the world and are currently using it at 19 plants in 16 countries.





Resource recycling

We look at waste products as resources and recycle them with the goal of achieving zero emissions. In fiscal 2005, our Japanese production sites did just that. We will seek to reduce the total amount of waste that we produce and raise the quality of our recycling methods in the future to further minimize the environmental impact of our activities.



DALIAN YKK ZIPPER CO., LTD.
 We installed a vacuum thermal recycling system which enabled us to recover 90% of the cleaning thinner used.
 The waste is solid, so it has also led to reduced waste emissions.



YKK TAIWAN CO., LTD.
 We put sludge through chemical and high temperature mixed fermentation processes to recycle it into a garden fertilizer.

Recycling of wastewater at plants

In addition to the oil shortage, there are currently water shortages all over the world. In Southeast Asia and elsewhere, restrictions are being made tighter on precious freshwater resources.

The YKK Group recycles cooling water and effectively utilizes rainwater. We also recycle wastewater produced at our plants and use it again in the production process.



YKK KOREA CO., LTD.
 We recover 98% of the wastewater from the fastener surface treatment process and reuse it in the process.
 (As of 2000)
 We recover 50% of the wastewater from dyeing and reuse it in the process.
 (As of 2007)



YKK ZIPPER (SHENZHEN) CO., LTD.
 Gongming Plant
 We recover 80% of the wastewater from the fastener dyeing process and reuse it in the process.
 (As of 2007)



SHANGHAI YKK ZIPPER CO., LTD.
 We recover 70% of the wastewater from the fastener plating process and reuse it in the process.
 (As of 2008)

Environmental risk management

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

Handling of chemical substances

Development of global green procurement management system

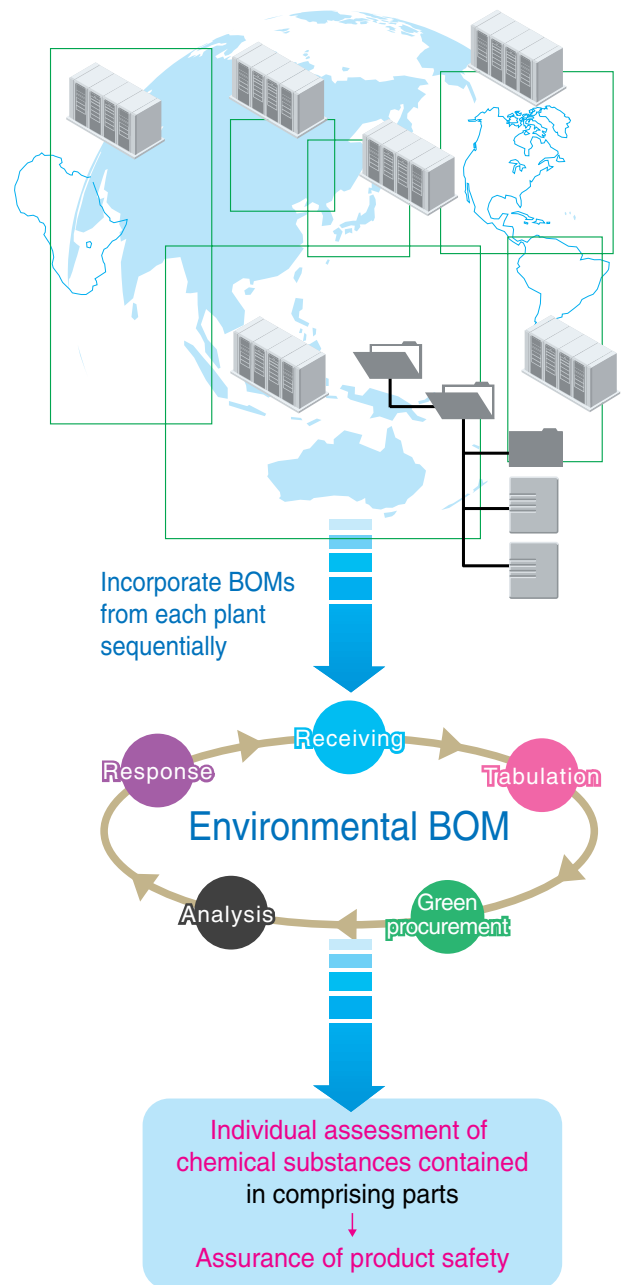
We have adopted a system of central management with respect to the chemical substances contained in the parts and materials that go into our products so that we can ensure that they conform to the RoHS Directive, REACH regulations and other regulatory requirements. This has been done in order to address the environmental problems that are the target of efforts all around the world and respond quickly to customer requests for information on the chemical substances contained in our products.

The Fastening Products Group developed the YKK Fastening Green Procurement (YFGP) System. It was first deployed in Japan and is currently being expanded to include subsidiaries around the globe. The system is an attempt to assure the safety of our products by linking chemical substance information (obtained by having our suppliers take a green procurement survey) with the products purchased for use as primary and secondary materials based on the product composition information and preparing an environmental bill of materials (BOM).

Internal inspection system

At the Technology Development Center, we conduct analyses (screening for RoHS substances, analysis of trace metals, quantitative analysis of bromic fire retardants, etc.) on the hazardous substances contained within the products we purchase and produce. Also, in order to ensure the reliability of these analyses, we have obtained third party certification for our analytical technology from the Japan Society for Analytical Chemistry.

Constructing an environmental bill of materials (BOM)
Product > Composition > Materials > Chemical substances





Soil inspections

At the YKK Group, we place priority on soil conservation within our risk management efforts from the perspective of regional environmental conservation and maintaining the value of our land assets.

Since fiscal 2002, we have been independently investigating the past usage and handling of harmful substances on our properties and implementing soil analysis surveys and investigations as necessary. As of the end of fiscal 2007 we have completed investigation of 287 (97%) of our 295 properties.

We plan to complete the investigations of our properties in Japan by the end of fiscal 2008. We will continue these efforts at our overseas bases as we strive to ensure the sound maintenance of our properties.

Group environmental management audits

In fiscal 2007, in order to verify environmental governance in each of our businesses, we began conducting environmental management audits on top of the audits which are already carried out at the plants focusing on environmental compliance.

These environmental management audits are carried out by the Environmental Policy Committee, which holds the highest authority with respect to environmental management within the Group, and the results are reported to the board of directors.

The purpose of these audits is to promote a common direction for and awareness of environmental management. We believe that they contribute to the improvement of the level of environmental management within the businesses through the audit stage.

We will continue to strive to improve the overall level of environmental management and environmental compliance within the Group in fiscal 2008 and beyond.



Environmental audit (YKK AP INC. Tohoku Plant)

Measures for equipment that contains polychlorinated biphenyls (PCB)

In 2001, the Law Concerning Special Measures against PCB Waste was enacted, requiring the processing of equipment that contains PCBs by the 2016 fiscal year. Equipment that contains PCBs is managed and stored according to legal requirements at each of the YKK Group's storage sites in Japan. Moreover, we have reached an agreement with the national government and will dispose of equipment stored in the Kurobe area which contains high concentrations of PCBs within this year. We will continue to hold discussions with the national government and local authorities to properly dispose of other equipment in accordance with a disposal plan.

Support for environmental management

We hold seminars and provide technical support to our suppliers and contractors to assist in their environmental management efforts.



YKK METAL VE PLASTİK URUNLERI SANAYI VE TICARET A.S.
We held a seminar for contractors on ISO 14001 and legal regulations.

If at first you don't succeed, try, try again / Entrust with confidence

The core value we have adopted with respect to our employees and for cultivating human resources is "If at first you don't succeed, try, try again / Entrust with confidence."

Company founder Tadao Yoshida daringly entrusted many young employees with jobs without fear of failure. We will continue to put this philosophy into practice, because we see increasing the desire of our employees to take on challenges as essential for the further growth and expansion of the YKK Group.

Uncompromising insistence on quality

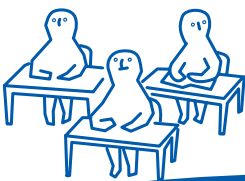
The core value we have adopted with respect to our customers and manufacturing is "Uncompromising insistence on quality."

The YKK Group has placed an uncompromising emphasis on quality when providing products in response to the needs of society and the market based on the approach of start-to-finish production. We have established the YKK Group Quality Charter to express our commitment to this approach even in the midst of changing times.

Unblemished trust

The core value we have adopted with respect to society and building relationships with communities is "Unblemished trust."

At the YKK Group, we want to continue to be a company that is trusted and respected by all its stakeholders. From the beginning, this has meant to us an unblemished trust—something that goes beyond the general use of the words. We never want to let our stakeholders down in any way.



We are focusing our efforts on creating a stimulating corporate climate for our employees to work in as we go about achieving harmony with society and improving corporate value.

The YKK Group has established three core values by which to bring benefit to our valued employees and customers as well as society at large. Each of our employees holds these values dear and puts them into practice every day for our stakeholders.



● Efforts in business activities

Last year the YKK Group established three core values to promote the "Cycle of Goodness" on a permanent basis and formulated practical instructions to encourage each employee to reaffirm their commitment to these values. Seventy-five years after the company's founding it has set up operations in countries all over the world and is engaged in business activities that go beyond national identities. Because of this, differences in understanding regarding the YKK philosophy, which was thought to be a given at the time, are bound to arise. The basic approach of dividing results into three categories has been put in writing in plain and easy-to-understand terms.

Particularly significant is the process that was used to come up with the language, working together with and listening to the ideas and proposals of employees not only in Japan but all over the world. These are the cornerstone of the employee's values, so by taking the time and getting everyone's input rather than forcing them down on everyone from above, these core values are something which all employees can agree upon. For that reason, I trust that they will sink in and take hold within the company.

● Social and Environmental Report 2008

This year's report again contains information on many of the activities that are carried out overseas, providing a look into the CSR activities of the YKK Group that are taking place on a global scale. Below I will comment on the response to last year's comments and the characteristics I have observed in this year's efforts.

● The YKK Group's unique relations with employees

This year there is a special emphasis on the various efforts going into cultivation of human resources on top of the way the company deals with its employees from an institutional and management perspective with things like the personnel system and safety and health programs. The issue of bringing up the business leaders of tomorrow as well as female leaders is carefully addressed, showing that the core values are being put into practice.

It would be nice to see the results in terms of how many leaders have come out of these training programs and how they are having a positive impact on the company's business. I don't mean just providing the numbers but clearly reporting on and conveying the situation with some kind of measurement of the results.

● Community contributions around the world

The YKK Group's perspective on communities has been a global one from an early stage. Improving the social infrastructure in developing nations is an issue of particular importance to the global economy. Last year, YKK opened its Social Development & Vocational Training Center in India and is engaged in activities to respond to the needs of the local community. The efforts do not stop with simply helping the community but include practical programs to help the local workers become self-sufficient, which is a policy that will lead to future economic growth. I hope you will keep up your community contributions and continue to engage in activities on an ongoing basis that will lead to future benefits for the countries in which you have set up operations.

● Environmental efforts

Measures to combat the increasingly serious issue of global warming are being stepped up around the world. Efforts that have already been underway with respect to CO₂, including switching to other basic fuels, have led to significant reductions in emissions. As the price of fuel rises, these measures will also contribute to cost reductions. The fundamental changes made to the dyeing process for hook-and-loop tape and other products have resulted in a substantial reduction in the amount of water used. I urge you to continue these kinds of efforts in all your operations around the world.



海野みづえ

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

Profile of Mizue Unno

After graduating from Chiba University Graduate School, Unno worked at a management consulting company until she founded So-Tech Consulting, Inc. in 1996. External director of Brother Industries
Guest lecturer at the graduate schools of the University of Tokyo and Hosei University
Member of various governmental committees including those of the Cabinet Office



Let's stop global warming together
Team -6%

The YKK Group is the member of the Team -6%



YKK GROUP

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