

The YKK Group will reflect stakeholders' comments and opinions in its future business activities.

In 2010, the YKK Group held the first annual stakeholder dialogue. Receiving comments and opinions from stakeholders from various fields, the Group reflects them in its social and environmental activities. The second stakeholder dialogue was held at the Kurobe Office on April 13, 2011. With Toyama Prefectural University Professor Noriyasu Kunori, Ph.D. as the facilitator, the Group reported on its activities based on stakeholder opinions given in 2010 and received feedback on four initiatives to achieve a sustainable society.

Report on Activities based on Opinions from the 2010 Dialogue

Issues Addressed in 2010

Issues related to reducing environmental impact	CSR management strategy and issues
Improvement of compliance including at overseas sites	Raising employee awareness and improving ethics
Impact on surrounding area resulting from use of groundwater	Meaning and ultimate objective of tree-planting activities
Working towards a low-carbon society	Fulfilling social responsibility through products

To strengthen compliance, the YKK Group established its own guidelines after reviewing the political systems and regulations in each country and region where it operates. The Group clarified the responsibilities of each business base, and set up a structure to confirm legal compliance in each region. In addition, the Group continues to conduct overseas audits. During 2010, the Group checked legal compliance matters in Turkey, China, Indonesia, and North and Central America.

The Group reduced the use of groundwater by recycling wastewater, and conducted water salination level surveys of wells in the Kurobe River alluvial fan to verify the impact from the use of groundwater. These surveys detected no salination of groundwater used by YKK.

From left:

Local authority: **Matsunori Nakaya** (Assistant Manager in charge of Environmental Affairs, Living Environment Section, Citizen Affairs Department, Kurobe City)

Trading partner: **Akira Hirano** (President & CEO, Hirano Komuten K.K.)

Consumer: **Rika Inagaki** (Promoter of global warming prevention activities in Toyama)

Naturalist: **Kikuyo Matsuki** (Executive Director, Kurobe Gorge Naturalist Society)

Resident: **Hisao Daijogo** (Vice Chairman, Muratsubaki Promotion Society)

Student: **Shion Matsuoka** (Second-year student, Environmental Systems Major, Toyama Prefectural University Junior College)

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



Working toward a low-carbon society, the Group improved the efficiency of production machinery, air conditioners and lighting. The Group cut CO₂ emissions equivalent to the volume absorbed annually by 145,000 cedar trees. The Group introduced a third-party verification system in 2010 to calculate the CO₂ emissions of all of its 300 bases in Japan, including business offices, based on international regulations. Third-party verification can provide data by emission source or by fuel type, which will be useful in planning future CO₂ emission reductions.

In order to raise employee awareness and improve ethics, the YKK Group launched "Mission: Cleanup" to carry out cleaning activities at its plants and neighboring public facilities to improve the beauty and morale of local communities. To reduce traffic jams around plants, the Group instructs employees to walk on the right when commuting on foot and initiated a flex-time system organized by business division. In response to the Great East Japan Earthquake, the labor union collected donations from many employees.

The YKK Group Tree Planting Day has become a Groupwide event since 2008. In fiscal 2011, the Group began selecting several types of trees suitable for each country and region, in respect of regional ecosystems. At the YKK Center Park, the Group conducts surveys of the ecosystem in the Kurobe River water system and constantly monitors the underwater environment in order to reproduce and preserve the ecosystem in the Kurobe River alluvial fan. The Group is planning to publish underwater imagery from these studies.

Finally, in order to fulfill social responsibility through its products, the Architectural Products business combined glass and sash technologies to develop the "APW" series of windows for enhanced performance and quality. The APW series also offers a 10-year guarantee. In the Fastening Products business, the Group built up a product development partnership with Patagonia Inc., a famous outdoor clothing and goods company. YKK began providing Patagonia with NATULON® zippers, made from recycled materials that include plastic bottles. In 2010, all of Patagonia's major products adopted NATULON® zippers.

Four Initiatives to Achieve a Sustainable Society (1) "Cycle of Goodness" and Global Expansion

Professor Kunori (Professor): The YKK Group conducts global business activities based on its "Cycle of Goodness" philosophy. Please give us your frank opinions and expectations for the future activities of the YKK Group.

Inagaki (Consumer): When commencing businesses overseas, I would like the YKK Group to hire more local employees to realize mutual benefit. In addition, I would like the Group to disseminate examples of its environmental preservation activities and quality assurance efforts in Japan.

YKK: An increasing number of local hires are manager-class or above, and a growing number of female employees hold management positions.

Professor: Child labor issues must be avoided. In 1997, a famous company experienced a worldwide consumer boycott of their products. Does YKK have a management inspection function with respect to this issue?

YKK: In order to avoid child labor issues, we have adopted a strict system requiring a copy of each person's résumé and diploma upon employment.

Hirano (Trading partner): The YKK Group's "REWOOD" wood deck series of decks are beautiful in texture and provide excellent durability. They have potential to become the world standard. I expect the Group's R&D activities to excel, such as in the pursuit of new, safe and secure products utilizing aluminum's fire-resistance.

Matsuoka (Student): How do companies recycle products such as aluminum sashes?

Professor: By using a serial number to collect their own products, like APW, companies could secure recycled materials of the same quality. Does YKK have such a plan?

YKK: We are aiming for that. Also, we are increasing the use of recycled aluminum purchased from outside sources. Compared with raw materials, recycled aluminum requires only 3% of the electricity required for processing and refining.

Professor: The recycling of one's own products is closely related to coexisting with local communities and the global ecosystem. Therefore, we expect YKK to address this issue and make increasing efforts in technological innovation.

Sharing information among business bases is also essential so that each base can utilize eco-friendly approaches adopted in operations elsewhere. Compliance does not only mean complying with laws—it must be underpinned by corporate ethics. YKK's "Cycle of Goodness" provides a firm ethical foundation and YKK is working to steadily strengthen this foundation throughout all of its business bases worldwide. Nevertheless, cultural differences and distance can weaken resolve. Therefore, YKK needs to set up an evaluation system.

Four Initiatives to Achieve a Sustainable Society (2) Universal Quality

Professor: YKK has traditionally utilized an integrated production system to procure all necessary materials in house. Moreover, YKK promotes environmental policy in all business categories, while realizing the slogan of "Universal Quality" to offer eco-friendly, high-quality products.

Daijogo (Resident): Approximately five years ago, I visited YKK's fastener plant in Shanghai. Where were those manufacturing machines made?

YKK: Our manufacturing machines for fasteners and architectural products are completely done in house, from development to assembly. We also manufacture the machine parts and consumable supplies. In order to offer products of universal quality, we believe it is necessary to have a manufacturing system with identical machines and materials.

Hirano (Trading partner): I think human resource development facilitates better manufacturing. How does YKK pass on this devotion to manufacturing given the language barrier?

YKK: No matter how high the performance of a machine is, it is human beings who make use of them. Therefore, we spend much time on training whenever we introduce a new machine.

Matsuoka (Student): I heard that YKK adopted a personnel education system based on the "Cycle of Goodness" in order to achieve universal quality. I think that is wonderful.

Stakeholder Dialogue

Matsuki (Naturalist): For an aging society, it will be increasingly necessary to provide products based on universal design so that anyone can use them safely. The issue regarding electricity supply triggered by the Great East Japan Earthquake has given us an opportunity to think about switching to other sources such as solar power generation.

Professor: Going back to the basics of universal design, we would like YKK to strive for standardized quality worldwide.

Four Initiatives to Achieve Sustainable Society (3) In Harmony with Regional Communities

Professor: Strongly adhering to “fairness,” as stipulated in its management principles, the YKK Group engages in various activities encompassing social contribution by leveraging its business expertise, educational programs, revitalization of regional communities and support of international exchange. The development of a comfortable workplace for locally hired employees and female employees is particularly notable.

YKK: We set up a day-care center inside our offices in South Korea and India. In addition, we are striving to enhance the work skills of female community members at our occupational training center in India. Furthermore, we have full-time doctors and nurses at our offices, and we dispatch those doctors to regional communities to offer medical examinations and treatment. Such activities are also an important part of our social contribution activities.

Nakaya (Local authority): YKK has become an indispensable company for Kurobe City. With the aim of revitalizing local communities, are there any examples of social contribution activities at overseas offices that could be applied to Kurobe City.

YKK: In consideration of the differences in national characteristics, we will let you know later about overseas social contribution activities that could be applied to Kurobe City.

Daijogo (Resident): We appreciate YKK’s efforts to strictly enforce commuting rules. Also, the introduction of flex-time systems has drastically reduced morning traffic jams in local communities. It has secured the safety of school zones, which is great.

Professor: Reducing traffic jams is a serious issue to ensure safety in regional communities. It also contributes to the realiza-



tion of a low-carbon society, so I think it is time to review individuals who commute by motor vehicles.

Inagaki (Consumer): It is wonderful that a number of employees participate in the cleanup campaigns of regional communities and personally join environment-related committees. However, it would be better if the Company had an in-house system to encourage such initiatives. YKK has in-house specialists for safety and health as well as environmental preservation, so I hope such specialists can make efficient use of their knowledge and skills for the betterment of regional communities.

Matsuki (Naturalist): As I joined an environmental class for children during summer holidays, I realized that an increasing number of children did not know what YKK does. Given this situation, I think YKK should invite local children for a plant tour and offer an educational program using its biotope.

Professor: It is important for companies to know how to communicate with regional communities so that they can be recognized as an “open company” and get involved with such communities. I believe it is a company’s mission to invigorate regional communities and local residents with a spirit of mutual cooperation and support. I would like YKK to continue its efforts in these areas.

Four Initiatives to Achieve a Sustainable Society (4) Coexistence with Nature

Professor: Coexistence with nature is a very important mission, and it includes the creation of a low-carbon emission, recycling society. The YKK Group engages in the regeneration of nature with its biotope, and tree-planting campaigns around the world. What questions and opinions do you have?

Plants Growing in Hometown Forest

With approximately 20,000 trees of 20 species (indigenous vegetation), we plant trees in Hometown Forest with the cooperation of employees and local residents.



Artist’s rendition of the YKK Center Park when it commemorates the 100th anniversary in 2034



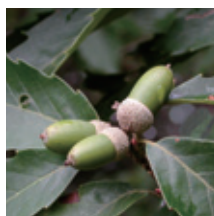
Japanese chinquapin



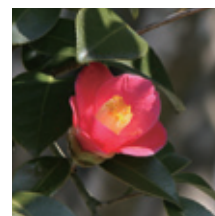
Machilus



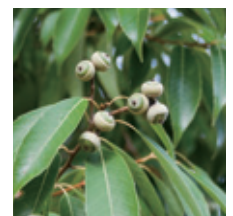
Fragrant snowbell



Common oak



Camellia



Bamboo-leaf oak

Matsuoka (Student): I would like YKK to design its biotope by including a total river ecosystem from upstream to downstream.

Professor: There is an educational approach called “Education for Sustainable Development” (ESD) dealing with the coexistence of humans and nature. YKK’s Center Park is an ideal place to realize such an approach. I would like YKK to develop and provide places where children can experience hands-on educational programs.

Inagaki (Consumer): I am from Kurobe, but I did not know that anyone could visit this Center Park. I think YKK should get the word out so more people can make effective use of this facility.

Daijogo (Resident): In March, we clean barrages and scoop sludge. In early July, we cut weeds. As a resident along this river, I would like YKK to participate in these activities.

Professor: I hope that YKK will consider the most appropriate ways of cooperating with people in regional communities.

Matsuki (Naturalist): I heard that the groundwater source in the alluvial fan has been decreasing in recent years. Could YKK conduct a survey on the amount of groundwater in tandem with the local government and universities?

Hirano (Trading partner): It seems to be approximately 30–40% lower than at the time when groundwater was pumped the most for industrial use. Given this fact, I would like YKK to make further efforts to reduce the use of groundwater.

Professor: I believe YKK’s biotope will play an important role as we aim for coexistence with nature. YKK’s future challenge will be the development of the natural environment by considering local ecosystems and then reflecting this approach in regional communities and in education for children. I expect YKK will expand its cooperation with regional communities.

Hirano (Trading partner): The negative impact from the Great East Japan Earthquake is tremendous, but I hope YKK will make across-the-board efforts to recover in tandem with regional communities.

Professor: We want YKK to make its utmost efforts in the reconstruction of the affected areas and proactively provide the details of its reconstruction activities to the public by means of various media, including press releases. Finally, I would like to express my appreciation to all of the participants for their cooperation.

Comments and Opinions Given at the Stakeholder Dialogue

	Comments and Opinions
(1) “Cycle of Goodness” and Global Expansion	<ul style="list-style-type: none"> • Without ethics, there can be no compliance • Manufacturing = Personnel development
(2) Universal Quality	<ul style="list-style-type: none"> • Human factor technologies, ideas of universal design • Approach to new energy without relying on fossil fuels
(3) In Harmony with Regional Communities	<ul style="list-style-type: none"> • Offering best practice for cooperation • Providing personal skills to society
(4) Coexistence with Nature	<ul style="list-style-type: none"> • Development of biotope in local ecosystem (utilization of ESD) • Survey of groundwater usage for the entire Kurobe River alluvial fan (in collaboration with local governments and universities)

Through Stakeholder Dialogue

This was YKK’s second stakeholder dialogue, held to encourage a faithful dialogue between the Company and related parties who receive, directly or indirectly, any impact from YKK’s corporate activities. The aim of this dialogue is to achieve mutual benefit with society through cooperation. I appreciate how the YKK Group again offered such an opportunity for dialogue. In terms of issues related to reducing the environmental impact of YKK’s activities, improving CSR management strategies and addressing issues pointed out last year, the YKK Group reported on the current status of such efforts, and there have clearly been definite improvements through the Group’s activities during the last year. This year, participants pointed out new issues, such as global business development, manufacturing activities in a low-carbon emissions society, cooperation with regional communities and biodiversity. Based on these comments and opinions, I hope the YKK Group will further reinforce its cooperation with stakeholders with the aim of helping to achieve a sustainable society.

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

Biotope Observation Session

Located in the Furumido area, two biotopes called Furusato no Mizube are spring-fed ponds of the Kurobe River alluvial fan. Since fiscal 2008, we have raised aquatic plants and animals, and we now conduct regular observations with local specialists of their development. On April 13, 2011, before the stakeholder dialogue, we had a biotope observation session with the dialogue participants. In the aquatic creature study, we observed the inhabitation of *Oryzias latipes* and Amur sticklebacks. Amur sticklebacks are freshwater fish that prefer clean, cold water, and are easily affected by changes in water quality and insufficiency. In addition, we confirmed that sweetfish ascend nearby streams to the biotopes in the summer.



Amur sticklebacks (*Gasterosteidae*)

Surveying aquatic creatures in biotopes (April 13, 2011)