

1

YKK AP Inc.

	Companies' approach
□ Background and purpose of accounting	<ul style="list-style-type: none"> ● Understanding our CO2 emissions across the entire supply chain is important in reducing the environmental load, and it allows us to implement effective measures. ● We expect we will be able to meet our clients' demands for information disclosure, and also to have our stakeholders better understand the company's environmental load reduction efforts.
□ Utilization of accounting results	<ul style="list-style-type: none"> ● To become involved in reducing the environmental load by taking advantage of reduction opportunities in larger categories. ● The accounting results will be disclosed through our Social & Environmental Report, to respond to our customers' demands for information disclosure. ● Appealing to our customers, the environmental load reduction effect (amount of contributions of reducing CO2 emissions) due to using windows with high heat insulation capabilities.
□ Benefits of accounting	<ul style="list-style-type: none"> ● The emissions from the entire supply chain can be clarified and then effective measures can be taken. ● The transparency of our emissions will be improved, so that we will be able to respond to our customers' demands for information disclosure.
□ Internal system for accounting	<ul style="list-style-type: none"> ● Data is collected from the Procurement, Logistics and Accounting departments, and then calculated by the Environmental department. ● The amount of energy consumption and waste disposal is calculated by using are our internal database.
□ Efforts to reduce supply chain emissions	<ul style="list-style-type: none"> ● Because our emissions from raw materials account for about 70 percent of our overall CO2 emissions across the entire supply chain, we are aggressively promoting a transition to raw materials with lower CO2 emissions. ● With respect to logistics, we dispatching vehicles in a more efficient way, improving loading rates and attempting a modal shift. ● We are starting "green" procurement and the reduction of emissions resulting from waste.
□ Issues in supply chain emissions accounting	<ul style="list-style-type: none"> ● Improved accuracy for emission factor and activity data. ● Activity data and emission factors for overseas facilities need to be developed and improved.

2

YKK AP Inc.

Companies' approach

Other

- Our leading window products itself consumes less energy during usage, but the loss of heat that goes out through the window is huge (as shown in Figure 1 below). By providing plastic windows with high heat insulation capabilities, it can contribute to a reduction in whole-house air conditioning energy usage, leading to a possible reduction of CO2 emissions.
- The CO2 emissions reductions of our sold housing windows (avoided CO2 emissions) exceeded our domestic CO2 emissions throughout the supply chain (including Scope 1&2). (as shown in Figure 2 below)
- We will enhance our energy saving capabilities for zero net energy in houses and offices, aim to create a healthy and relaxing living atmosphere, by developing products which are conscious to the entire lifecycle.

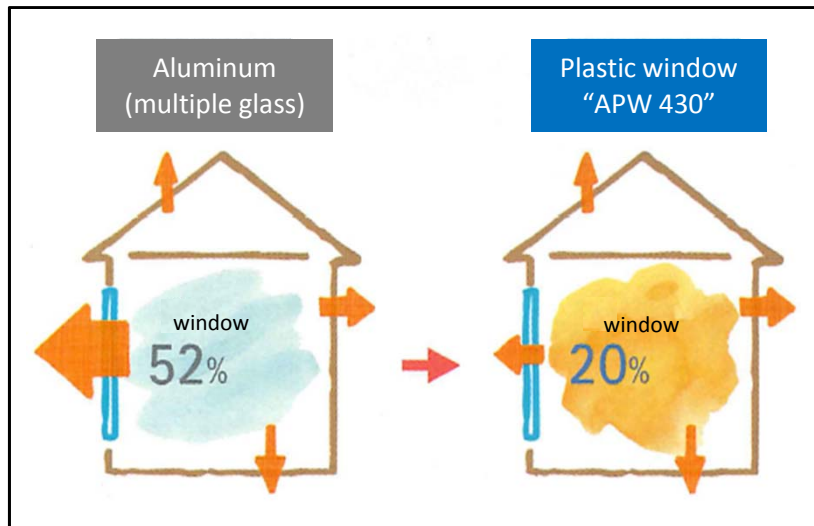


Fig. 1: Comparison of loss ratio of heat escaping through windows (winter)

[Calculation assumptions]

- Residential insulation specs: compliant with the Energy-Saving Standard of 1999
- House model: two-storied, total floor area of 120.08m², and ratio of opening of 26.8% (for 4 to 8 regions), compliant with the calculation model in the “Description of methods for calculating energy consumption as a basis for decisions by owners of housing”
- Areas applied: Revised Energy-Saving Standard (of 2013), for 6 regions

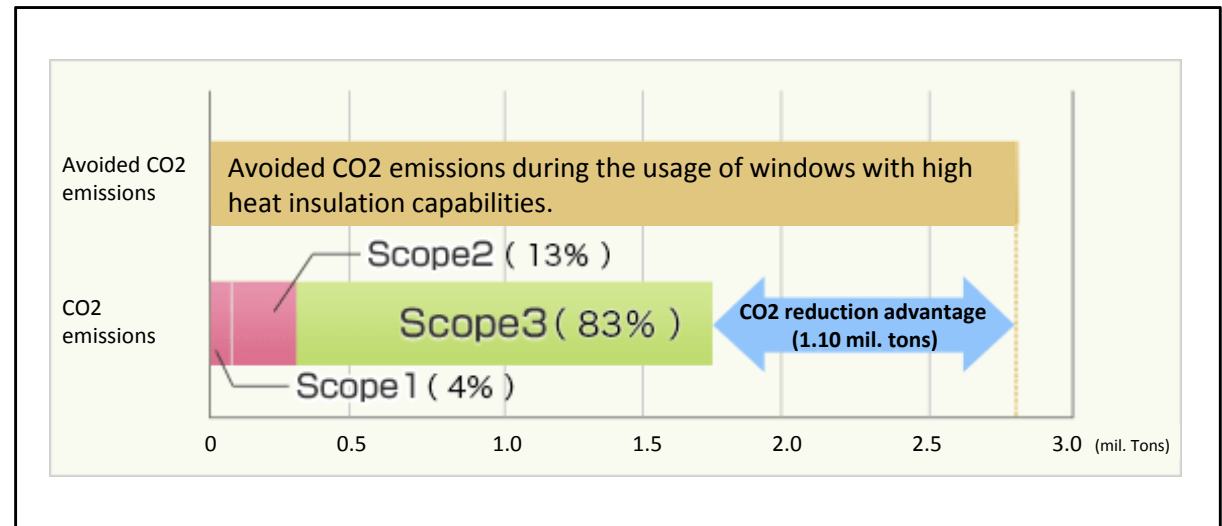


Fig. 2: Supply chain CO2 emissions and avoided CO2 emissions from the use of our housing windows

[Calculation assumptions]

(These calculations are compliant with “Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions”, The Institute of Life Cycle Assessment, Japan)

The effects of our well-insulating housing windows on residential air-conditioning energy usage (i.e. CO2 reduction advantage) have been calculated as the “avoided CO2 emissions.”

- Target for comparison: our recent windows (plastic) against those of 1990 (aluminum)
- Duration of use: 30 yrs (lifetime)
- Method: avoided emissions per unit of window x number of units shipped in FY2015

3

YKK AP Inc.

Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	<ul style="list-style-type: none"> Weight of procured raw materials and other materials 	<ul style="list-style-type: none"> Emission factor database (*1, *2)
Category 2: Capital goods	<ul style="list-style-type: none"> Value of procured capital goods 	<ul style="list-style-type: none"> Emission factor database (*2)
Category 3: Fuel and energy related activities not included in Scope 1 or 2	<ul style="list-style-type: none"> Electricity and fuel energy usage 	<ul style="list-style-type: none"> Emission factor database (*1, *2)
Category 4: Transportation and delivery (upstream)	<ul style="list-style-type: none"> Calculated based on accounting methods for specified cargo owners in accounting, reporting and public disclosure systems 	<ul style="list-style-type: none"> Mandatory Greenhouse Gas Accounting and Reporting System Emission Factors(*3)
Category 5: Waste generated in operations	<ul style="list-style-type: none"> Volume of waste disposed of, by type 	<ul style="list-style-type: none"> Emission factor database (*2)
Category 6: Business travel	<ul style="list-style-type: none"> Transportation expenses paid, by mode of transportation 	<ul style="list-style-type: none"> Emission factor database (*2)
Category 7: Employee commuting	<ul style="list-style-type: none"> Transportation expenses paid, by mode of transportation 	<ul style="list-style-type: none"> Emission factor database (*2)
Category 8: Leased assets (upstream)	<ul style="list-style-type: none"> Not calculated because emissions from the operations of leased assets are included in Scope 1,2. 	
Category 9: Transportation and delivery (downstream)	<ul style="list-style-type: none"> Freight transport tonne-km depending on the scenario settings 	<ul style="list-style-type: none"> Mandatory Greenhouse Gas Accounting and Reporting System Emission Factors(*3)
Category 10: Processing of sold products	<ul style="list-style-type: none"> Shipping weight 	<ul style="list-style-type: none"> Emission factor per weight of products fabricated by our company
Category 11: Use of sold products	<ul style="list-style-type: none"> Not calculated because there are no direct emissions from windows and doors itself 	
Category 12: End-of-life treatment of sold products	<ul style="list-style-type: none"> Shipping weight 	<ul style="list-style-type: none"> Emission factor database (*2)
Category 13: Leased assets (downstream)	<ul style="list-style-type: none"> Not calculated because we did not rent to a another company 	
Category 14: Franchises	<ul style="list-style-type: none"> Not calculated, because we are not the franchiser 	
Category 15: Investments	<ul style="list-style-type: none"> Not calculated because we are neither an investment company nor a financial service providing company 	
Other	<ul style="list-style-type: none"> We have not calculated any other emission factors 	

*1 "Carbon Footprint Communications Program Basic Database, Ver. 1.01 (Domestic Data)"

*2 "Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 2.3"

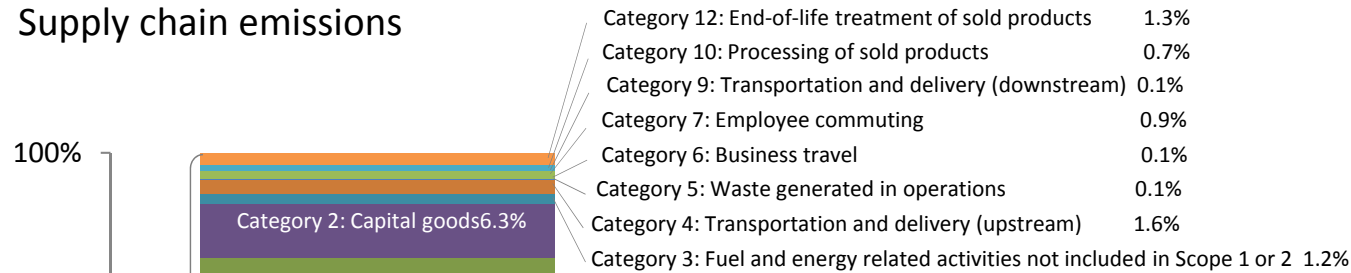
*3Mandatory Greenhouse Gas Accounting and Reporting System List of Emission Factors (<http://ghg-santeikohyo.env.go.jp/>)

4

YKK AP Inc.

Accounting results

● Supply chain emissions



The breakdown of the amount of domestic emissions for YKK AP in FY2015

● Emission flow

