



# CSR REPORT 2011

Yamada Denki Co., Ltd.

Company Profile

Company name▶Yamada Denki Co., Ltd.  
Representatives▶Noboru Yamada, Representative Director, Chairman  
Tadao Ichimiya, Representative Director, President  
Location of the headquarters▶1-1 Sakae-cho, Takasaki City, Gunma  
Prefecture 370-0841  
  
Founded▶April 1973  
Organized▶September 1983  
Capital▶¥71.0 billion on a consolidated basis (March 2011)  
Total assets▶¥929.0 billion on a consolidated basis (March 2011)  
Own capital ratio▶50.5% on a consolidated basis (March 2011)  
Number of employees▶12,439 on a consolidated basis (March 2011)  
Number of outstanding shares▶96,648,974 shares (March 2011)

List of Group Companies (as of March 31, 2011)

Company name	Major businesses
Yamada Denki Co., Ltd.	Sales and repairs of electric home appliances, audio equipment, health appliances, nursing care-related equipment and OA equipment that are produced by well-established domestic and foreign manufacturers. Also provision of a video rental service and sales of software products and books.
Consolidated subsidiaries	Major businesses
Daikuma Co., Ltd.	A discount store chain which joined Yamada Denki Group in 2002 and which sells products procured from Yamada Denki.
Minami-Kyushu Yamada Denki Co., Ltd.	Product sales and procurement from Yamada Denki at stores in Kagoshima Prefecture.
Okinawa Yamada Denki Co., Ltd.	Product sales and procurement from Yamada Denki at stores in Okinawa Prefecture.
Matsuya Denki Co., Ltd.	Sales and procurement from Yamada Denki.
Seidensya Co., Ltd.	Sales and procurement from Yamada Denki.
Kyushu Tecc Land Co., Ltd.	Sales and procurement from Yamada Denki.
CIC Co., Ltd.	Disposal of used electric home appliances, repair and resale of recycled products, as well as the delivery and installation of products in the Eastern Japan region.
Yamada Eco Solution Co., Ltd.	Delivery and installation of products in the Western Japan region.
Inversenet Co., Ltd.	Reuse and recycling business, mainly for used personal computers. Production of communication and electrical equipment and sales to Yamada Denki.
KOUZIRO Co., Ltd.	Production of custom-made PCs and sales to Yamada Denki.
Cosmos Berry's Co., Ltd.	Sales and procurement from Yamada Denki at Cosmos FC stores focusing on local markets.
PRESSO Holdings Corporation	Holding company for Matsuya Denki, Seidensya and Sato Musen.
SATO MUSEN Co., Ltd.	Store leasing.
Yamada Financial Co., Ltd.	Financial service businesses, including credit card and insurance.
Non-consolidated subsidiaries	Major businesses
Y•just Co., Ltd.	Real estate and property related services agency for the Yamada Denki group.
Tes Co., Ltd.	Product delivery and installation services.
Gunma Sogo Setsubi Co., Ltd.	Installation of air conditioning equipment and electrical engineering work in buildings.
Kimuraya Select Co., Ltd.	Product sales service and procurement from Yamada Denki.
Project White Co., Ltd.	Product sales and procurement from Yamada Denki.

Contact for information about this report

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Table of Contents

Corporate Overview ..... 2  
Contents and Editorial Policy ..... 3  
  
Top Commitment ..... 4  
  
Past CSR Activities ..... 6  
  
Highlights of CSR Activities in Fiscal 2010 ..... 8  
  
Diversity Communication ..... 10  
  
Special Feature: From Energy-Efficient Electric Home Appliances to Smart Houses; From Japan to Asia ..... 12

Editorial Policy

This report describes Yamada Denki Group's corporate social responsibility (CSR) activities. It aims to further develop the Group's CSR activities while maintaining communications with stakeholders by reporting on economic, social and environmental activities.  
As Yamada Denki has published the CSR report annually since fiscal 2008, this is the fourth annual report. In the Special Feature, we describe our new environmental business as well as a new store in China in addition to our past activities.

Governance and Compliance

This section describes our management organization and activities related to compliance.

Report on Economic Aspects

This section describes the current status of businesses based mainly on management data that provide an overview of our businesses.

Report on Social Aspects

This section describes our activities concerning relationships with stakeholders such as customers, shareholders, suppliers, business partners, employees and local communities.

Report on Environmental Aspects

This section describes our policy for activities related to the environment and environment-related management systems, as well as the specifics of those activities and data on the environmental burden.

<Scope of activities covered by the report>

Basically, this report covers the activities of Yamada Denki Group (consolidated basis). However, some data used in the report concern the activities of Yamada Denki alone (non-consolidated basis).

<Period covered by the report>

This report covers mainly the period from April 1, 2010, to March 31, 2011, and it also reflects important information that has become available since April 2011.

<Effectuation Date>

June 2011

In writing this report, we referred to the Sustainability Reporting Guidelines 2006, which was compiled by GRI\*.

\*GRI: GRI, or Global Reporting Initiative, is an international organization established in 1997 for the purpose of compiling a global guideline on sustainability reports issued by companies and other organizations.

Stakeholders of Yamada Denki ..... 16

Governance and Compliance

Corporate Governance ..... 18  
Compliance ..... 19

Report on Economic Aspects

Economic Performance ..... 20

Report on Social Aspects

Relationship with Customers ..... 22  
Relationship with Shareholders and Investors ..... 24  
Relationship with Business Partners ..... 26  
Relationship with Employees ..... 28  
Relationship with Local Communities ..... 30

Report on Environmental Aspects

Environmental Activities ..... 32  
Cooperating with Customers for Environmental Sustainability ..... 33  
Reducing Environmental Footprint in Business Activities ..... 34

Cross-Reference with GRI Guideline ..... 36  
An Expert's Opinion ..... 37



## We Anticipate Societal Change and Will Continue to Carry out Social Responsibility through Our Business.

For Yamada Denki, corporate social responsibility (CSR) constitutes the core of corporate management. Since 2007, we have actively engaged in CSR initiatives as we clarify our CSR concept based on “appreciation and trust” in addition to our corporate philosophy of “creations and challenges.” Along with our growth, we have seen steady positive performances by several of our CSR programs.



### Yamada Denki's Performance and Activities in Fiscal 2010

In fiscal 2010, a government initiative called the “Eco-point Program,” which promotes environmentally high performance electric appliances, against the background of a natural environment including summer heat waves and the severe winter cold, has sharply stimulated customer demand for the target products. As a result, in fiscal 2010, our sales reached ¥2.1532 trillion, surpassing ¥2 trillion for the second consecutive year, and our profit reached ¥137.8 billion.

The Eco-point Program for houses was also introduced in order to promote overall household energy conservation toward a further energy-saving and low-carbon society. Based on our experiences on home appliance specialty retail services, we promote “Smart House” initiatives in which energy consumption could be reduced and optimized, and increase the number of our sales engineers experienced in solar power systems and the household use cogeneration system called Eco-Cute. Furthermore, we started sales of electric cars from Mitsubishi Motors in December 2010.

To promote household energy-saving services, we have restructured our internal organization and created a single division focused on smart grid businesses. For internal environmental management, our headquarter building in Takasaki was authorized as ISO 14001 environmental management systems.

### Concrete Activities and Results

Meanwhile, for our core business area—electric home appliances—Yamada Denki conducted a large-scale customer satisfaction survey in order to promote our corporate mission: the “customer first” approach. The detailed results of this survey have shown us that we have some room for improvement in sales service at stores and in product delivery but that the majority of customers are satisfied with our pricing and sales-floor convenience. We have quickly responded by reflecting the findings in our employee training.

This year, we also conducted our second employee satisfaction survey for our 20,000 or so employees, including regular employees and contract workers. We carried out the first survey last year. The results were about as good as the last year's because our work-environment has been improved and so our employees' motivation has increased. Furthermore, we have been working toward increasing women's career development while women used to be relatively passive to go up their career paths. We will continue to listen to employees' opinions and reflect their views in corporate management. We continue making our best efforts to create an environment where managers with strong leadership and a high level of professional skills can work hard to improve stores in response to

customers' requests and where all employees can work as one toward common goals.

### Shenyang Store in China and Global CSR

As a new business initiative, in December 2010, Yamada Denki opened a store in Shenyang in the Chinese Province of Liaoning, which is our first overseas store. In China, with its continued high economic growth, we will introduce the world's most advanced electric home appliances as early as possible. Our customers in China would enjoy our lineup of electric appliances and could also save energy usage by using energy efficient electric appliances at home. We also hope to offer new house-wide energy-saving solutions in the future. With a view to opening more stores in China, we are conducting CSR-focused management from the global perspective.

### Our Role in Post-Earthquake Restoration and Reconstruction

The Great East Japan Earthquake of March 11, 2011, has caused the worst devastating damage among the natural disasters in the history of Japan. Yamada Denki has also experienced the most serious disaster damage since its foundation. We would like to offer our heartfelt sympathy to the people in the Tohoku and Kanto regions who have been affected by this unprecedented disaster; many of them have supported us as our customers, suppliers, business partners, shareholders and employees.

Yamada Denki will continue to provide support for post-disaster restoration and reconstruction efforts in the disaster-stricken regions as a member of the local communities concerned.

This earthquake and tsunami disaster has not only affected the Tohoku and Kanto regions, and Japan as a whole, but it has also had a worldwide impact. We presume that numerous people, including our customers, have been reminded of the ubiquitous presence of electricity in their lives through their experience of large-scale power failures and rolling blackouts. Most products sold by Yamada Denki use electricity and are essential to comfortable and convenient day-to-day life. In the meantime, this experience could lead to changes in customers' energy use and their lifestyles. To respond to such changing environment and customers' needs, we will explore business solutions that would benefit our customers by providing new services from the perspective of “energy conservation, energy creation and energy storage.”

### Noboru Yamada

Representative Director, Chairman and CEO  
Yamada Denki Co., Ltd.

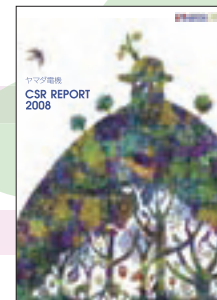


# Past CSR Activities

Since fiscal 2007, we have actively engaged in CSR activities centering on four themes: compliance, the working environment, environmental protection, and customer satisfaction.

Through communications with stakeholders both within and outside the company, including customers, shareholders, business partners, local communities and employees, we are promoting efforts to protect the global environment and tackle various challenges in anticipation of possible changes in Japan and abroad.

Yamada Denki will continue to engage in CSR activities made in coordination with corporate management while dealing with social changes and challenges.



CSR report



Acquisition of the "Kurumin" certificate



CSR leadership training



Introduction of a solar power generation system

## Fiscal 2008

- Publication of the CSR report
- Acquisition of the "Kurumin" certificate (certificate awarded under the Act on Advancement of Measures to Support Raising Next-Generation Children.)
- Closure of stores on January 1.
- Enhancement of training of female employees for management positions (establishment of the Human Resource Development Office)
- Start of the CSR leadership training program
- Donation (¥100 million) to Gunma University
- Creation of sales space dedicated to products related to all-electric houses
- Start of solar power generation at the headquarters in Takasaki

## Fiscal 2009

- Start of an employee satisfaction survey on all employees
- Establishment of the Smart Grid Promotion Office
- Implementation of joint CS training with companies undertaking product delivery and installation work
- Start of the installation of rechargers for electric vehicles at Yamada Denki stores
- Achievement of annual sales of ¥2 trillion



Joint CS training with companies undertaking product delivery and installation work



Installation of a recharger for electric vehicles

## Fiscal 2007

- Start of consultation meetings with outside experts on CSR-focused management (held four times every year)
- Establishment of the CSR Committee (holding a meeting every week)
- Establishment of the CSR Office
- Establishment of the Code of CSR Ethics
- Addition of "appreciation and trust" as elements of the corporate philosophy centering on "creations and challenges"
- Institutionalization of the improvement proposal system
- Start of the purchase of green power



A consultation meeting with outside experts on CSR-focused management



Certificate of green power

## Fiscal 2010



Acquisition of the ISO14001 certificate (headquarters in Takasaki)



Donation of ¥430 million in relief aid and provision of relief goods for victims of the Great East Japan Earthquake



The Shenyang store in China

- Acquisition of ISO14001 (headquarters in Takasaki)
- Expansion of a customer satisfaction (CS) survey
- Donation of ¥430 million in relief aid and provision of relief goods for victims of the Great East Japan Earthquake
- Donation of ¥100 million in relief aid for the outbreak of foot-and-mouth disease in Miyazaki Prefecture
- Establishment of Yamada Denki Smart House Sales Co., Ltd.
- Opening of a store in Shenyang, China

### Comments from experts on CSR-focused management

#### Haruo Ishii

Professor, Faculty of Business Administration, Toyo University

"With its business resources, Yamada Denki can make significant contributions to communities and towns. I hope that the company will make social contributions in cooperation with local governments."

#### Joji Ono

Professor, School of Business, Aoyama Gakuin University\*

"Generally speaking, customers have high expectations of the No. 1 company of an industry and the assessment of customer satisfaction concerning the company tends to be strict. But Yamada Denki is implementing a variety of improvement measures. I would like the company to continue to closely examine data and use feedback from customers for the improvement of its management."

#### Hiroki Sato

Professor, Interfaculty Initiative in Information Studies, University of Tokyo

"The results of the employee satisfaction survey are excellent and institutional support for employees is substantial. It is important that employees' ways of working be integrated into the company's operations and be continuously improved."

#### Takejiro Sueyoshi

Special advisor for financial initiatives, United Nations Environmental Programme

"Yamada Denki's growth has made it possible to buy cutting-edge electric home appliances at reasonable prices. I am looking forward to seeing what role Yamada Denki will play in society."

#### Tsukasa Tokuhira

President, FIC Co., Ltd

"I think that Yamada Denki's growth stems from advanced activities in fields that are not visible from the outside, such as sales promotion, distribution, use of information technology and education. Other companies cannot easily emulate such activities, which are based on Yamada Denki's practice of its corporate philosophy."

#### Shinpei Nukaya

Advisor, National Consumer Affairs Center of Japan

"The internal circumstances of Yamada Denki have come to be well known outside the company through books and other materials. It is very good that the situation that is reported to the committee is disclosed to the general public."

#### Hiroshi Maeda

Lawyer

"Yamada Denki has continuously held consultation meetings with outside experts to solicit external opinions and has steadily implemented recommendations from the experts. Even from a neutral standpoint, we can give the company high marks in many respects."

We hold consultation meetings with outside experts on CSR-focused management four times a year. The above are examples of comments made by experts at those meetings. In addition to the above experts, Mr. Hiroyuki Fukuyama, whose comments are shown in Page 37, have participated in those meetings.

\*Mr. Ono was a professor at Meiji Gakuin University's Faculty of Economics until March 2011.



# Yamada At A Glance

## Highlights of CSR Activities in Fiscal 2010

Fiscal 2010 was a year of remarkable growth for Yamada Denki.

We expanded our sales of electric home appliances, opened a store in China and launched a new business in the field of the environment.

We also implemented activities to deepen the relationship of trust with local communities and employees.

We hope to contribute to society through our business activities as an expert on electric home appliances and close partner of customers, and also as a company that encourages employee initiative.

\*For the major impacts of the Great East Japan Earthquake on our business and our response to the disaster, please refer to the relevant pages.

The number of Yamada Denki Group stores stands at

# 2,730.

(as of the end of March 2011; including a store in China)

The second employee satisfaction survey was conducted on around

# 20,000

 employees.

A total of

# 9,434

proposals for improvement were presented by employees.

The number of advisors on general electric home appliances stands at

# 389.

## Yamada Denki Smart House Sales Co., Ltd. established

to promote the environmental business.

CO<sub>2</sub> emissions (Fiscal 2010)

# 22% reduction

per floor area compared to fiscal 2006.

CSR Committee meeting

held **once** a week.

Opening a store in  
Shenyang, China.

# 36,000 units

of TVs, refrigerators, and washing machines reused.

# 426,000 units

of personal computers reused.

Rewriting of  
record highs for  
sales and profits.

Acquisition of

# ISO14001

at the headquarters in Takasaki.

### Major awards and commendations for Yamada Denki in Fiscal 2010

- Commendation by Takasaki City, Gunma Prefecture, for activities to reduce the environmental burden.
- Commendation as an excellent partner in the Green Energy Partnership (GEP) initiative (2nd consecutive year of commendation).
- Commendation by the Japanese Red Cross Society for fund-raising activity for the areas affected by a major earthquake in China.
- Letter of appreciation from the firefighting headquarters of Seto City, Aichi Prefecture, to four employees for participation in firefighting activity.



# Diversity Communication

Tadao Ichimiya

Representative Director, President  
Yamada Denki Co., Ltd.

## Yamada Denki's Female Leaders

I would like to provide such working opportunities and environment that employees find it rewarding to work for Yamada Denki. That will surely lead to an increase in female leaders in our workplace.

### Establishment of a Department Dedicated to the Training of Female Manager Candidates

**President:** From its beginning, Yamada Denki has pursued a Human Resource Management policy that evaluates employees fairly regardless of gender. In that situation, some female employees have been appointed for management positions. However, it is true that the number of female employees being promoted to management positions has been relatively low. In the meantime, approximately half of our customers and a large proportion of our employees are women. Therefore, I believe that it is important for female employees to execute their leadership in their own ways. We have been actively providing support to develop our training programs for women's career development and have also created a department to support female candidates along with listening to their opinions and individual concerns and then reflecting their opinions in our organizational systems when appropriate.



**Moderator (Takemura):** While I have thought a lot about what support can be provided to enable female employees to play an active role out in the field, I have decided to directly ask 370 female candidates about their opinions on the current state of their jobs and about their worries concerning promotion to management positions. I wanted to know the reasons for their worries. To be sure, it is important to improve the job skills of female employees through training for management positions. By now, our training programs have created good opportunities for female employees to mitigate their worries by discussing issues each other and

sharing practical experiences. As a result, the programs have successfully increased the number of female managers in the past 3 years and the average promotion rate is now higher for women than for men.

### Delight in Interaction with Customers

**Kusama:** It has been nine years since I joined Yamada Denki, and as a floor chief, I currently oversee nearly 20 staff members, mainly employees in their third year or less with the company and part-timers. I believe that Yamada Denki is a company that provides fair opportunities for women and men based on their achievements. Therefore, I often talk to our junior staff members to motivate them, "Do your best step by step so that you will be able to further your career."

**Shirai:** My motivation comes from customers' good reactions and from supporting junior staff members. I am always thinking of how I can make our customers happier, both by myself and with my colleagues at the store. My goal is creating a delightful shopping environment.

**Saito:** I really enjoy my work by arranging my time schedules, talking to our customers and walking around the store. I also like to plan sales methods for new products by testing them myself.

### Work Efficiency Improvement and Co-workers' Understanding Essential to Family-Work Balance

**President:** In Japan, many women quit their jobs after marriage because of the difficulty of maintaining family-life with regular work. We wonder how you would feel about this trend.

**Shirai:** I would like to continue working. Now, I take more days off than when I was promoted to a floor chief.

**Kusama:** I would also like to continue working.

**President:** Rather than working long hours because of the responsibility of higher positions, such as managers, we hope you to share some of your work with the junior members as you support them in enhancing their capability. To show our management policy more clearly, we acquired the "Kurumin" certificate and have been implementing a work-life balance policy in order to sustain good employees. In addition, if you have any proposal for improvement, you could use the "Improvement Proposal System," through which we have been successfully accepting proposals and improving our management efficiencies. I am looking forward to proposals from women like you.



**Moderator (Takemura):** In addition to our programs that facilitate the work-life balance, the support of co-workers is essential. Do you think your staff members are getting familiar with the programs?

**Shirai:** I think so. In recent years, we have introduced a shift working arrangement for managers so as to reduce excessive overtime hours.

**Kusama:** At my store, the deputy store manager took childcare leave and the awareness of the childcare leave system is relatively high.

**Saito:** I feel that substantial improvement has been made in recent years. However, as we are busy, we try to reduce working hours with several trial ideas. As I am responsible for beauty-care products, most of my co-workers are women and many of them are married. So, I need to arrange a time schedule that is efficient for all of these members.

**President:** Working long hours is not necessarily good. You should be able to complete your tasks within a set period of time and you should routinely improve your work processes.

\*For details, please refer to Page 29

### Creating an Environment that Supports Career Plans

**Moderator (Takemura):** Could you tell me about your career plans?

**Kusama:** It has been nine years since I moved from a store in the Tohoku region to one in the Tokai region. At first, I was not so familiar with many things, but I have grown used to the commercial customs and cultures of the Nagoya area. I would be happy to try a different region in the future.



**Yuko Shirai**  
(11th year with Yamada Denki)  
Audio Visual (AV) software floor chief, New Kohoku Center Main Store (Kanagawa Prefecture)  
Joined Yamada Denki in 2000 and assumed the current post after working at the AV software section and serving as the DC floor chief.



**Kurako Kusama**  
(9th year with Yamada Denki)  
White goods floor chief, Hoshigaoka Store (Aichi Prefecture)  
Moved to the Hoshigaoka Store in 2002 after working at a store in Aomori Prefecture and assumed her current post in 2007.



**Atsumi Saito**  
(11th year with Yamada Denki)  
Beauty care/health floor deputy chief, LABI Shinjuku East Exit Store (Tokyo)  
Joined Yamada Denki in 2000 and became the beauty care/health section chief at the LABI1 Japan Main Store in 2009 after working in the air conditioner and seasonal product sections at LABI1 Takasaki Store and Komagata Bypass Store. Assumed her current post in 2010.



**<Moderator> Noriko Takemura**  
(7th year with Yamada Denki)  
Human Resource Development Office  
Joined Yamada Denki in 2004 and was assigned to the IT Business Division at the headquarters. Assumed her current post in 2009 after working at the Overseas Business Promotion Office, the GMS Product Division and the Sales Promotion Division.



# From Energy-Efficient Electric Home Appliances to Smart Houses; From Japan to Asia

## Toward Reducing the Environmental Burden through Cutting-Edge Products and Services

Yamada Denki handles a wide variety of electric home appliances, including TVs, washing machines, refrigerators, air conditioners and personal computers.

These electric appliances consume a large portion of electricity in each house and thus there are potential energy-saving opportunities by introducing energy-saving products. With this regard, and against the background of the government-led Eco point program, we have actively promoted sales of energy efficient electric appliance products. Due to the electricity shortage caused by the Great East Japan Earthquake of March 11, 2011, energy saving became critical for all households around the country.

Yamada Denki supports every household customer's reducing of energy usage by introducing energy-saving products and ways to use them. Furthermore, we are now ready to provide an energy-efficient house, called "Smart House," with solar power panels and energy efficient electric appliances, as well as electric vehicles that can also be used for energy storage. By promoting state of the art technology, we actively engage in environmental businesses with the concept of "energy conservation, energy creation and energy storage."



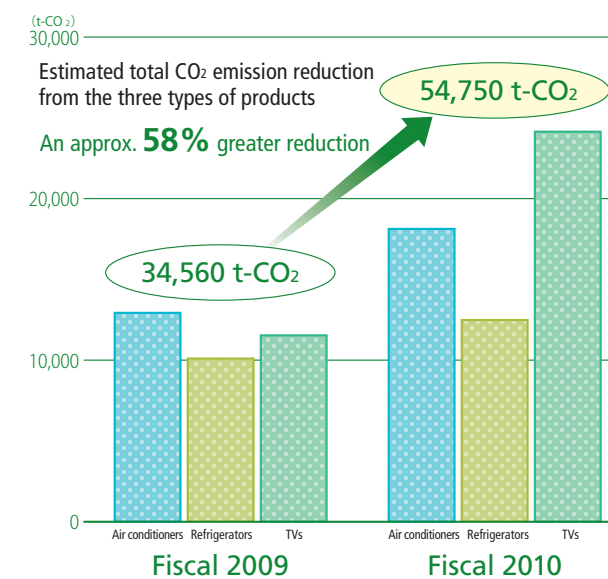
## Toward the Spread of Energy-Efficient Electric Home Appliances

### Providing Energy-Efficient Electric Home Appliances at Reasonable Prices

We are promoting the sales of energy-efficient electric home appliances. The volume of electric home appliances handled by Yamada Denki in fiscal 2010 accounts for more than 20% of the total volume in Japan. To reduce household energy use, more accelerated use of energy-efficient electric home appliances is critical. We advise customers in selecting energy-efficient electric home appliances to suit their lifestyles and preferences, and provide such appliances at reasonable prices.

According to our estimate, energy-efficient electric home appliances purchased at Yamada Denki stores in fiscal 2010 to replace existing appliances would reduce CO<sub>2</sub> emissions by a total of 54,750 tons annually.

■ CO<sub>2</sub> reduction effect due to replacement purchase of energy-efficient electric home appliances (estimate by Yamada Denki\*)



\*The above estimate of the CO<sub>2</sub> reduction effect was calculated based on the number of products sold by Yamada Denki as replacement for existing products. Regarding the electricity consumption of each product, the average of the figures indicated in the energy conservation performance catalogue was used in the calculation, and comparison was made between models of the year before the year of purchase and models of a specified year in the 1990s. For details, please refer to Page 33.

### Effective Use of Energy-Efficient Electric Home Appliances

When you have bought energy-efficient products such as an LED bulb, the level of energy conservation and convenience (customer satisfaction) will depend on how you use them and where you install them.

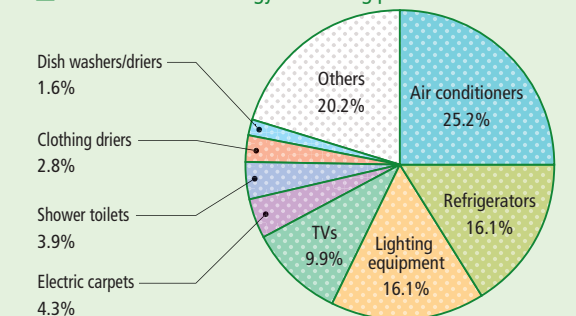
Yamada Denki publishes a biannual booklet called "Energy Conservation Club," in which experienced employees introduce functions of energy-efficient electric home appliances and give advice on selecting products in consideration of customers' views. By providing explanations and advice based on experts' knowledge and experiences, this booklet serves as a useful handbook for customers planning to buy and use energy-efficient electric home appliances.



### Trend in Household Energy Consumption

In Japan, household electricity consumption has been increasing. In total, four electric products—air conditioners, refrigerators, lighting equipment, and TVs—together account for nearly 70% of household electricity consumption. This fact actually brought about the launch of the government-led Eco-point Program, which promotes energy efficient electric home appliances. We actively support this program in order to reduce energy consumption at each household level.

#### What is the most energy consuming product at home?



(Source) Energy Conservation Center, Japan



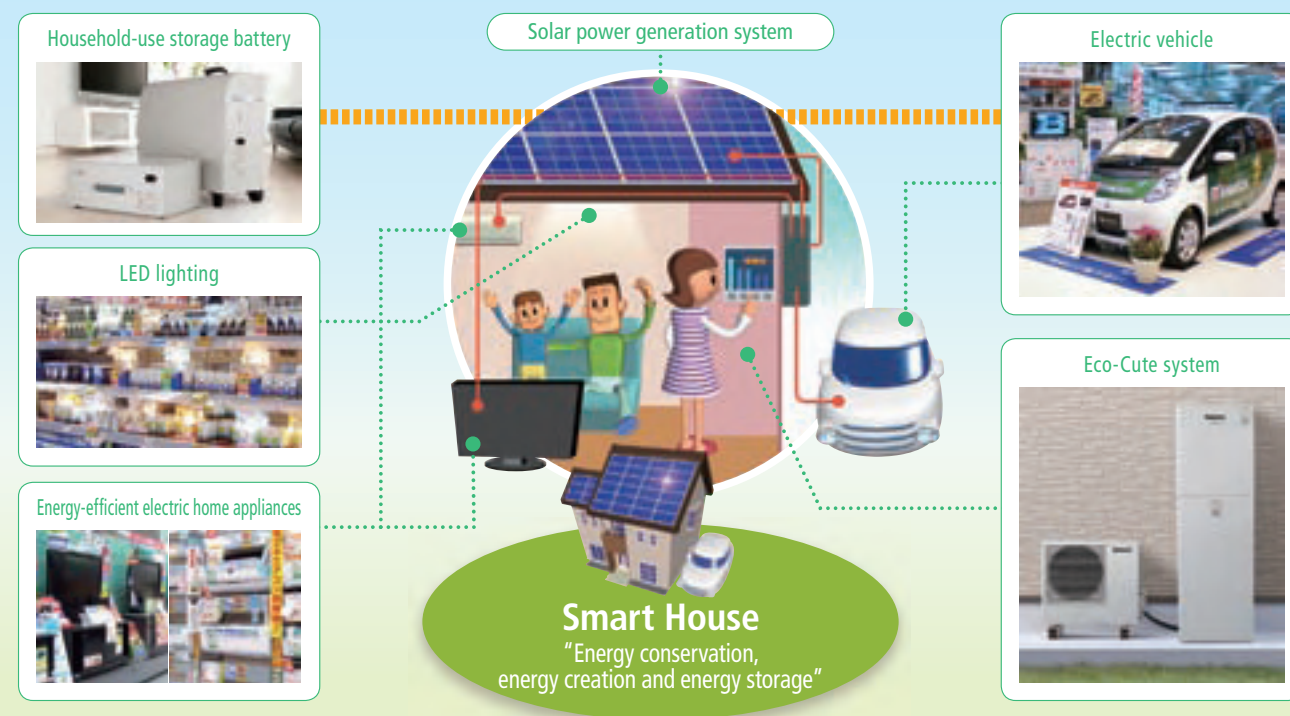
## Advancing into the Smart House Business

### Starting Sale of Energy Systems

As part of our Smart House business, which offers an environmentally-sustainable house as a whole, in December 2010, Yamada Denki started selling electric vehicles in 17 stores in Tokyo and Kanagawa and Saitama Prefectures, in addition to selling solar power generation and Eco-Cute systems and other energy-efficient and environmentally-sustainable products. In April 2011, we also started selling storage batteries that can be recharged through household electric outlets. The batteries can be used as a backup power source and also used in combination with a solar power generation system.

### Total Solutions Covering Housing

In March 2011, we established Yamada Denki Smart House Sales Co., Ltd. At this company, we propose total solutions for household "energy conservation, energy creation and energy storage," which were previously handled as three separate businesses: solar power generation, electric vehicles and housing. The new company provides one-stop services to achieve energy saving, a high level of convenience, and environmental sustainability. In the Smart House initiative, we are working closely with Saitama City and Mitsubishi Motors Corporation. We will continue to actively support house-wide environmental sustainability through the Smart House business.



#### From the Standpoint of an Automaker (From the perspective of the diffusion of electric vehicles)

Electric vehicles are an entirely different product compared to conventional cars. Therefore, we expect a different type of customer for EVs. As tens of thousands of people visit Yamada Denki stores every day, displaying the i MiEV electric vehicle there significantly expands the number of potential customers who had no opportunity for hands-on experience or to look at our vehicles with their own eyes.

In addition, sales of solar power generation systems are increasing at Yamada Denki as a part of our Smart House business. Such systems, together with electric vehicles, would be more beneficial for household environmental sustainability. Thus, we expect our electric vehicles to be an essential part of the eco-friendly lifestyle as a whole.

**Keiichi Norimitsu**  
Division chief, Domestic sales/service division,  
Sales/advertising division  
Mitsubishi Motors Corporation



#### From the Standpoint of City Government

Saitama City is making progressive efforts to promote renewable energy systems, including solar power generation systems as well as eco-friendly products such as electric vehicles and LED bulbs.

We recognize that Yamada Denki sells a wide range of electric home appliances and other familiar products and is well-known among citizens. We think that public awareness of electric vehicles and storage batteries will increase as Yamada Denki sells those products. A system that enables an electric car battery to be reused at households and business offices will help to create a recycling-oriented society.

We hope that Yamada Denki will strengthen collaboration with local companies and cooperate with the city government to build a framework for invigorating local communities and promoting eco-friendly efforts at the same time.

**Naoto Chieda**  
Director, Department of Environment, Bureau of Environmental  
Management, Eco-friendly Futuristic City Promotion Division  
Government of Saitama City



## From Japan to Asia: Selling the World's Most Advanced Electric Home Appliances



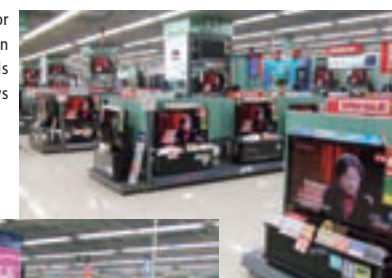
appliances in order to meet customers' needs as well as to introduce a lifestyle with good and functional electric appliances that enable everyday life to be more convenient and enjoyable.

In recent years, China has been strengthening the policy of promoting environment-friendly efforts and pursuing economic development at the same time. For example, China has recently been supporting more environmentally-sustainable urban development projects and has been implementing energy-saving regulations for specific corporations. In addition to selling various electric home appliances with superior energy conservation performance, we will also propose various solutions for customers to effectively use the functions of electric home appliances and achieve energy conservation.

### Japanese Style of Decent and Considerate Service

In the Shenyang store, we would like our customers to enjoy shopping for electric home appliances through experiencing our staff service with its decent attitude and considerate services, which has been our store concept in Japan. In China, Yamada Denki implements the same customer service training program developed in Japan for our local staff members. We have also sent our CS trainers (trainers with expertise in customer satisfaction who are dispatched from the headquarters in Japan; for details, please refer to Pages 22-23) to provide on-the-job training (OJT) at store. At present, we have received positive comments regarding our store services from our customers in China. We will continue to make efforts to provide quality service.

The Shenyang store has a floor space of slightly more than 20,000 square meters. It sells electric home appliances, toys and daily goods.



### Opening a Store in Shenyang, China

In December 2010, Yamada Denki opened a store in Shenyang in the Chinese Province of Liaoning, which is its first overseas store. China became the world's second largest economic power in terms of GDP in 2010. As the Chinese economy continues to grow at a rate of about 10% annually, and as per-capita income keeps increasing, demand for electric home appliances is expanding. In addition, the needs for advanced products became increasingly strong. We will provide the world's most advanced electric home appliances and information equipment through the Shenyang store and other stores as early as possible and at reasonable prices. As we provide decent and considerate service at stores with a comfortable atmosphere, as we do in Japan, we believe that Chinese customers would enjoy shopping for electric home appliances at our stores.

### Providing the World's Most Advanced Electric Home Appliances

For many years, we have been striving to build a management system that enables us to make available a wide variety of advanced electric home appliances at reasonable prices so that we can satisfy customers.

Around the world, new high-performance, convenient electric home appliances are being developed one after another. In China, too, Yamada Denki will run our store based on our management system developed in the past and provide cutting-edge electric home

#### Comments by the Deputy Store Manager

At the Shenyang store, we think our customers like our decent and conscientious services and the comfortable atmosphere of the store. We hope that many customers come here and enjoy the delightful shopping opportunities.

I worked for Yamada Denki in Japan for six years. I learned the advantageous points of Japanese management style while working at Yamada Denki as an internal staff member.

Yamada Denki listens to employees' opinions and impartially

evaluates staff performance. The company also has a good culture among all staff and management members to cope with each other to achieve common target goals. Training carefully tailored to individual employees and good training programs, including on the job training, are also important for maintaining employee motivation. I would like to take advantage of my experience to serve as a bridge between China and Japan and provide joyful experiences using good products to our Chinese customers.



**Hong Liu**,  
Deputy store manager,  
Shenyang Store in China



# Stakeholders of Yamada Denki

Yamada Denki believes that the essence of CSR is to communicate with our various stakeholders, including customers, shareholders, suppliers, business partners, employees and local communities with a sense of appreciation and to build a relationship of trust with them. We hope to strengthen our bond of "appreciation and trust" with stakeholders.

## Stakeholders

As Yamada Denki maintains close relationships with local residents through its retail business, local communities constitute the basis of Yamada Denki Group's corporate activities. We will strive to ensure co-existence with local communities as a good corporate citizen and increase the relationship of trust.

Yamada Denki maintains an appropriate relationship with the national government and relevant ministries and agencies as well as local governments.

National government,  
local administrative  
authorities, etc.

Local  
communities

Customers

We are pursuing management based on the "customer first" approach. In order to hear customers' opinions, respond to them quickly and maintain a high level of customer satisfaction in our group-wide retail businesses, we continue to improve our service solutions, including employee education programs.

We strive to maintain sound and transparent relationships with manufacturers, other suppliers, and business partners, and aim to ensure co-existence and co-prosperity with them in an environment of fair and free competition based on a long-term relationship of trust.

Suppliers and  
business partners

Yamada Denki

Employees

Regarding human resources as the key element of its management, Yamada Denki has established a system that enables employees to work with strong motivation and is promoting appropriate personnel evaluation. The company also strives to develop employee capability and to improve the working environment.

Shareholders

To honor the trust placed by shareholders and meet their expectations, Yamada Denki aims to continue sustainable growth and increase its corporate value. We also make efforts to ensure active communication by disclosing information in an appropriate, timely and fair manner.

## Network

Total number of Yamada Denki Group stores: **2,730** (As of March 31, 2011)

### Number of stores directly operated by Yamada Denki Group

Yamada Denki	436
Minami-Kyushu Yamada Denki	4
Daikuma	41
Okinawa Yamada Denki	4
PRESSO Holdings	97
Kimuraya Select	5
Kyushu Tecc Land	18
Project White	6
Total number of directly operated domestic stores	611

### Number of overseas stores

China	1
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### Number of franchise chain (FC) stores

Cosmos Berry's FC	2,084
PRESSO Holdings FC	34
Total number of FC stores	2,118

### Number of directly operated stores by prefecture

Hokkaido	34	Shiga	7
Aomori	5	Kyoto	11
Iwate	8	Osaka	35
Miyagi	10	Hyogo	27
Akita	6	Nara	6
Yamagata	9	Wakayama	4
Fukushima	11	Tottori	3
Ibaraki	16	Shimane	2
Tochigi	9	Okayama	12
Gunma	15	Hiroshima	10
Saitama	27	Yamaguchi	10
Chiba	30	Tokushima	7
Tokyo	48	Kagawa	11
Kanagawa	35	Ehime	8
Niigata	11	Kochi	9
Yamanashi	3	Fukuoka	25
Nagano	13	Saga	3
Toyama	7	Nagasaki	6
Ishikawa	8	Kumamoto	11
Fukui	5	Oita	7
Gifu	7	Miyazaki	8
Shizuoka	12	Kagoshima	12
Aichi	36	Okinawa	4
Mie	8	Total	611

The number of stores by prefecture does not include FC stores.

# Corporate Governance

Yamada Denki aims to conduct corporate activities in a transparent and fair manner and continue business as a corporate citizen consistently trusted by society. We strive to consistently increase our corporate value and shareholder value by establishing a management organization that ensures quick decision-making concerning management affairs.

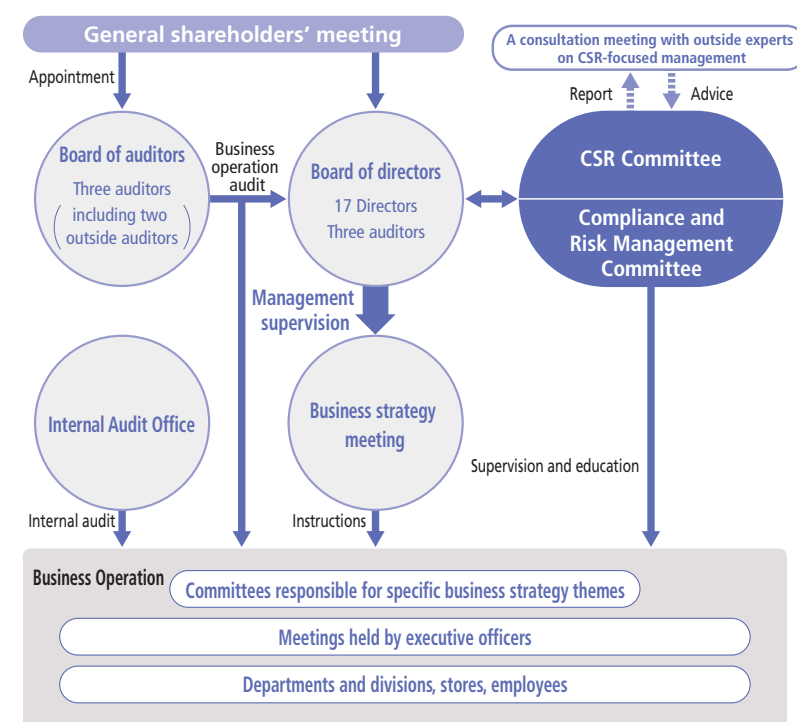
## Status of Corporate Governance

Yamada Denki has clearly separated the function of management decision-making and supervision and the function of business operation, and has introduced an executive officer system that enables quick response to changes in the business environment. The top management team is comprised of the chairperson, representative director and CEO (chief executive officer), the president, representative director and COO (chief operating officer), two vice presidents (one of whom concurrently serves as CIO and the other as CMO), and the CFO, who heads the finance division and concurrently serves as senior managing director and executive officer. Under the top management team are various committees,

with executive officers taking charge of specific business operations. This system clarifies management responsibility and ensures quick decision-making.

In June 2007, Yamada Denki established the CSR Committee, positioning corporate social responsibility (CSR) as the core of its management philosophy. The CSR Committee holds a meeting once a week in principle and holds a quarterly consultation meeting with outside experts on CSR-focused management to solicit external advice. Based on the code of CSR ethics approved by the board of directors, we are practicing CSR as part of its management policy while fully recognizing the significance of its social responsibilities.

### Corporate governance organization chart



### Board of directors

The board of directors normally holds a meeting every week, in which important matters are discussed, the business performances are reported, and necessary actions are taken promptly. Once a month, an expanded meeting of the board of directors is held with executive officers. There is no external director on Yamada Denki's board.

### Auditors

Yamada Denki adopts a board of auditor system. Its board of auditors comprises one permanent auditor and two non-permanent outside auditors. Auditors conduct audits concerning the activities of the board of directors and the business operation of executive officers.

### Internal audits

Yamada Denki has established the Internal Audit Office directly under the president. The Internal Audit Office acts as a supervisor on such activities as routine audits, business succession at the time of replacement of store managers and inventory reviews. In cooperation with auditors and an auditing firm, the Internal Audit Office conducts audits in order to check whether corporate activities are conducted in an appropriate and efficient manner.

## The CSR Committee Holds a Meeting Every Week and Reports on the Progress of CSR.



# Compliance

We understand that compliance is a critical corporate management issue and prepare various measures and programs to ensure compliance.

## Establishment of the Compliance Committee

To ensure company-wide awareness and practice of compliance, we have established the Compliance Committee, in which our executive director is in charge. The Compliance Committee holds a meeting every week. Based on monthly themes, the Committee identifies problems and discusses measurements and remediation, and if necessary, takes actions for improvement. In fiscal 2010, the Compliance Committee discussed the following themes at its internal meetings.

### Examples of the themes studied by the Compliance Committee

- Review of laws and regulations concerning business operations
- Measures to prevent power and sexual harassment
- Environmental management
- Enhancement of internal control of subsidiaries
- Consumer Contract Act
- Lay judge system
- Management of transactions and risk management concerning new suppliers
- Revision of internal manuals
- Business process manuals concerning new businesses
- Laws, regulations and business practices in China

## Enhancement of the Control of Group Companies

We have developed a basis of management rules and fundamental codes for group companies in order to ensure the independence of each group company and also adjust their own businesses. In addition, Yamada Denki has been developing a group wide compliance system, in which we advise each company to improve compliance-related elements so as to adjust their businesses, and we also receive monthly reports from them.

## Risk Management and Disaster Response

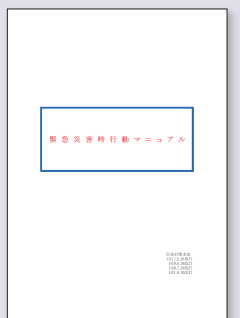
Yamada Denki has developed a risk management system to avoid, control and mitigate risks as well as to respond to them when necessary. Risk management manuals are prepared in each department.

In fiscal 2010, we conducted a study meeting to understand differences between Japan and China for the prospective opening of our first store in China.

To respond to the Great East Japan Earthquake of March 11, we conducted initial measurements based on our crisis management manual. In fiscal year 2009, we substantially revised emergency manuals and guidance standards for evacuation based on our own experiences of the Chuetsu Earthquake. At stores, we have responded based on our first priority: to save human lives and ensure safety.

### Post-Earthquake Actions and Updating of the Crisis Response Manual

Immediately after the Great East Japan Earthquake, our management team, including the chairperson and the president, visited the disaster areas to directly see and understand the situation there first-hand. At the initial stage, we offered safe places and necessary items to local people in the area. In total, 112 Yamada Denki stores were damaged in this disaster, and 51 of them were closed initially after the earthquake. As of the end of March, only six stores remained closed. Based on this experience, we will review our crisis management system and make appropriate changes and improvements if necessary.



Crisis response manual



# Economic Performance

In addition to economic performances, such as sales and share values, toward a consistent increase of our corporate value, we are making continuous efforts to accumulate our knowledge and experiences so as to grow in a sustainable manner based on good relationships with various stakeholders.

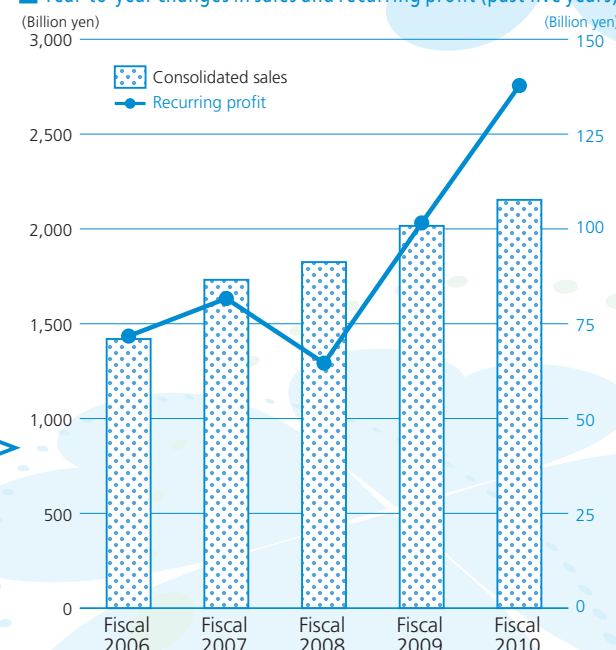
## Earnings

In the fiscal year that ended in March 2011 (fiscal 2010), Yamada Denki earned an operating profit of ¥122.7 billion and a recurring profit of ¥137.8 billion on sales of ¥2.1532 trillion. All of the operating and recurring profits and sales were record highs. As a medium- to long-term goal, we aim for annual sales of ¥3 trillion.

\* Due to the impact of the Great East Japan Earthquake, we recorded an extraordinary loss of ¥3.9 billion in fiscal 2010.

In the fiscal year that ended in March 2011, sales totaled a record high of **¥2.1532 trillion.** Operating and recurring profits also rose to **record highs.**

■ Year-to-year changes in sales and recurring profit (past five years)

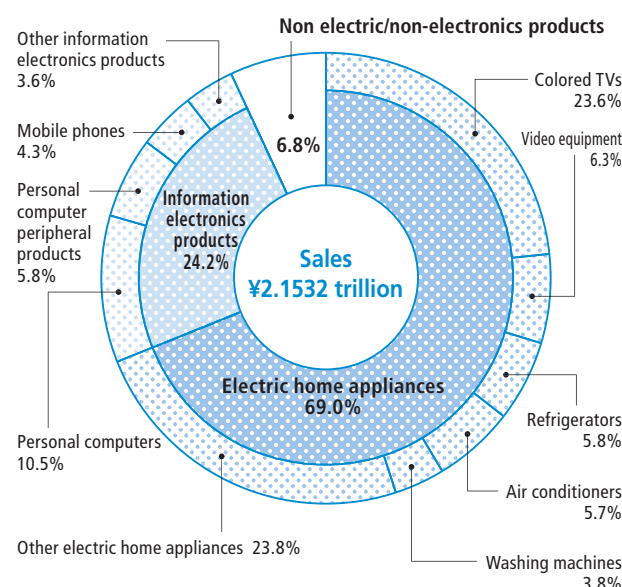


## Products and Services Provided by Yamada Denki and Sales by Product Category

Yamada Denki sells a variety of electric home appliances and information electronics products to individuals and corporate customers. In recent years, we have expanded our product lineup to many environmentally-sustainable products related to all-electric houses, such as IH cooking heaters, and Eco-Cute and solar power generation systems. Moreover, to improve store attractiveness and meet customers' needs, we sell a wide array of other products, such as watches, high-quality brand goods, golf and sports products, and daily goods. We also provide various pre- and after-sale services, including the provision of personal computer lessons and the establishment of counters dedicated to small and medium-sized companies and government agencies.

By product category, electric home appliances account for 69.0% of our sales, followed by 24.2% for information electronics products and 6.8% by non-electric/non-electronics products. In fiscal 2010, sales of TVs expanded as a result of the full shift to digital terrestrial TV broadcasting and the eco-point system, while sales of air conditioners and heating equipment grew due to the record heat waves in the summer and the severe winter cold. Because of concerns over an electricity shortage due to the impact of the Great East Japan Earthquake, customer interest in solar power generation systems is increasing.

■ Sales by product category (Fiscal 2010)



## Opening of New Stores

In the fiscal year that ended in March 2011 (fiscal 2010), Yamada Denki opened 41 new stores, including LABI Shinjuku East Exit store, while closing nine stores, including the Tecc Land Hino store. In the meantime, the number of stores belonging to Yamada Denki's franchise chains, such as Cosmos Berry's, increased to 2,118, bringing the total number of Yamada Denki Group stores to 2,730. We will continue to meet the various needs of customers and expand our network of stores in an efficient manner.

■ Number of Yamada Denki Group stores

Store category	Store names	End of March 2009	End of March 2010	End of March 2011
Directly operated stores	Yamada Denki, LABI, Tecc Land, PRESSO Holdings, Overseas (China), etc.	567	581	612
Franchise chain (FC) stores	Cosmos Berry's FC, Tecc Land FC, PRESSO Holdings FC, etc.	933	1,395	2,118
Group total		1,500	1,976	2,730

\*For details, please refer to Page 17.



Total number of Yamada Denki Group stores:  
**2,730 stores**

## Economic Relationships with Major Stakeholders

The value of economic relationships with major stakeholders was calculated as described below. For details, please refer to earnings reports and financial statements.

■ Economic Relationships with Major Stakeholders (Unit: billion yen)

	Calculation method, etc.	Fiscal 2009	Fiscal 2010	Fiscal 2011
Shareholders	Dividend payments to shareholders	3.10	3.77	7.15
Employees and executives	Total of personnel costs and executive remuneration out of sales and general administrative expenses	76.86	85.035	88.719
Local communities	For information on local community-related activities, please refer to Pages 30-31	—	—	—
Administrative authorities	Corporate income and resident taxes	33.41	44.97	63.70

\*The above figures are subject to approval at general shareholders' meetings

## Promoting New Businesses Capable of Contributing to Society Ahead of the Their Time

Yamada Denki will actively promote new businesses that contribute to our society in regard to customers' views and needs.

### Smart House Business

In addition to the sale of electric home appliances, we are engaging in the Smart House business, which promotes household energy management. Our Smart Grid Promotion department was established in January 2010 by combining the all-electric house and automobile sales divisions. This department is responsible for the sales of solar power generation systems and products related to all-electric houses as well as the sale of electric vehicles and the planning of the installation of recharging facilities. Furthermore, in March 2011, Yamada Denki Smart House Sales Co., Ltd. was established (see the Special Feature in Page 14) in order to accelerate the activities to promote household environment sustainability businesses.

Businesses that contribute to an environmentally-sustainable society are expected to grow in the future, as well. We plan to make progress with businesses that contribute to society as a whole, based on our experiences and networks.

### Women-Friendly Floor

The LABI Shinjuku East store, which opened in April 2010, provides a clean and cheerful atmosphere with a "women-friendly" concept. The store has 9 floors and even includes beauty care and decoration goods spaces for women.

### LED Lighting Rental Business

Because of the impact of the earthquake disaster, it is increasingly important to make society-wide efforts to promote energy-saving activities. On April 1, 2011, Yamada Denki started the LED lighting rental business, which enables customers to introduce LED lighting into business offices, hospitals and factories without the burden of initial investment. Compared with incandescent light bulbs, LED lamps significantly reduce energy consumption. We will meet customers' needs and contribute to society-wide efforts to reduce environmental impacts through our business.

## Relationship with Customers

## Consistent Efforts to Improve Customer Satisfaction (CS)

In addition to providing electric home appliance at reasonable prices, we provide useful services to satisfy customers when they use the products. Specifically, we believe that it is essential not only to improve customer satisfaction at stores but also to enhance overall customer satisfaction, including product delivery, installation and repair, which are all parts of our services.

To maintain high quality services, we will continue employee training programs and also consistent reviews of customer satisfaction. We will make improvements in response to customers' opinions at stores and when we deliver products and provide after-sales service.

## Toward Improving Overall Customer Satisfaction

### 1 System to Consistently Improve Customer Satisfaction

We sincerely listen to customers and takes quick actions. In order to maintain customer satisfaction, it is important to have a good standardized approach to respond to customers' opinions both at stores and at the headquarters. We have developed such systems under our CS promotion office to bridge stores and the headquarters (see the chart on Page 23).

\*For details, please refer to the Special Feature in the CSR Report 2009.

## 2 Employee Training

To improve customer satisfaction, Yamada Denki consistently implements employee training. In fiscal 2010, we enhanced training programs using the e-learning method, in which a total of 208,059 employees participated. In addition, 1,421 employees participated in group training.

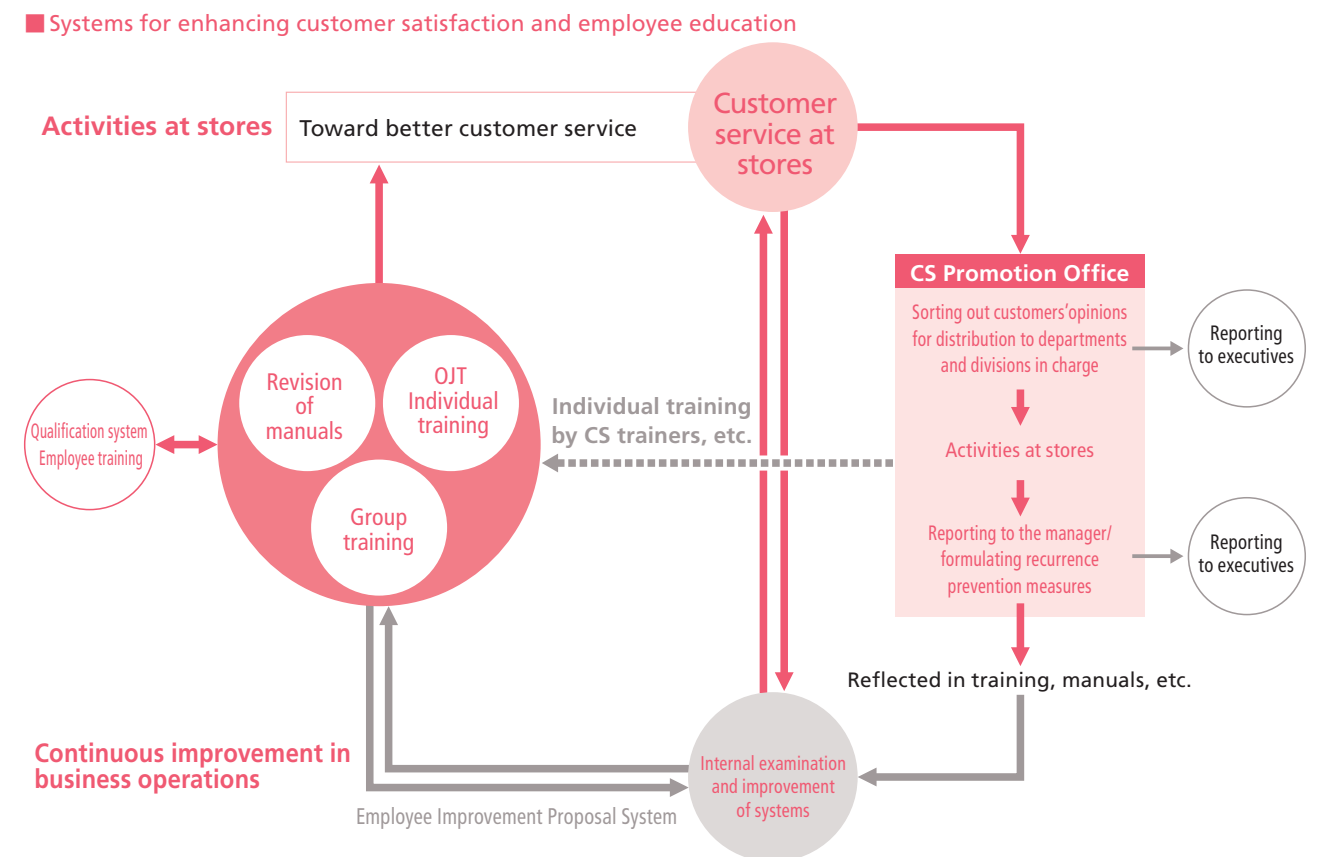
### 3 Efforts to Improve Customer Satisfaction at the Time of Product Delivery, Installation and Repair

The status of in-store efforts can be directly managed under Yamada Denki through employees and managers, who can make efforts to improve customer satisfaction. However, regarding delivery, installation, repair and other after-sale services, there may be occasions when the performance of the business partners could affect the evaluation of the products sold at Yamada Denki. Therefore, we closely examine customers' inquiries about delivery and installation, and provide customer feedback to our business partners. We also hold more than 100 meetings annually to share skills services and business manners across the country.

As a result, customer complaints about delivery and repair are decreasing. We will continue to improve the quality of customer services in cooperation with delivery companies and other business partners.

## Efforts to Protect Personal Information of Customers

Yamada Denki is making consistent efforts to ensure appropriate management of its large database of personal information of customers. Our headquarters has obtained the certification for Information Security Management System (ISMS) and Yamada Denki Group as a whole has established an information management system. We also ensure that companies directly and indirectly commissioned with our business operations establish a management system similar to our system by appointing managers in charge of personal information and information security. In fiscal 2010, we held periodic seminars to study ISMS management items and consider how to prevent information leaks, with the participation of employees from relevant divisions and departments.



\*For details concerning the systems for enhancing customer satisfaction and employee education, please refer to the Special Feature in the CSR Report 2009.

## Customer Satisfaction Survey

Yamada Denki conducts a questionnaire survey on customers who visit its stores and analyzes the results to improve customer satisfaction. The survey includes questions regarding staff service, response to store congestion and waiting times, and then analyzes the level of customer satisfaction by store and product section.

In fiscal 2010, we commissioned an outside research organization to conduct a comprehensive customer satisfaction survey. The survey results showed that customers gave us high marks regarding price, convenience and the loyalty point system. However, as a result of store congestion resulting from an increase in store visitors due to the eco-point system, customers were frequently kept waiting for a long time. We are trying to make improvements in this respect by ensuring appropriate staff allocation and rotation. We also conducted a survey concerning repair service. We consistently keep track of the current status of customer satisfaction concerning the number days needed for repair and basic manners of servicemen and make improvement. As a result, more than 90% of customers are presently satisfied. In order to continue to satisfy customers who purchase products and services at Yamada Denki, we will consistently make improvements.

## Enhancing Advice on Electric Home Appliances Based on Expert Knowledge

We hope that employees' expert knowledge increases so that they can provide customers with useful advice on selecting electric home appliances based on individual needs, such as purpose of use, usage frequency, place of installation as well as individual preferences. To that end, we encourage employees to obtain qualification as a certified electric home appliance advisor, and the number of qualified employees has been increasing. In fiscal 2010, there were more than 350 employees with the qualification in each category of electric home appliances.

■ Number of certified electric home appliance advisors

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Audio Visual information home electronics	296	376	434
Daily life home appliances	242	325	368
General electric home appliances	263	360	389



## Relationship with Shareholders and Investors

Yamada Denki aims to contribute to society by maintaining sustainable growth and increasing its corporate value. To that end, it is essential to gain the understanding of our shareholders and develop mutual trust by disclosing timely and appropriate information.

### Timely and Appropriate Disclosure of Business and Financial Information

To deepen shareholders' and investors' understanding of Yamada Denki, we disclose timely and appropriate information to them. Through our web site, we disclose IR information, such as earnings data and press releases, and also publish monthly IR summary information.

Moreover, we hold more than 200 meetings with investors and analysts annually. As the majority of Yamada Denki's shareholders are foreign corporations and other foreign investors, we have a number of opportunities to explain our business performance and management policies from the global perspective. At the same time, we explain to investors and analysts our CSR activity as an important business agenda and continued practice of our corporate philosophy.

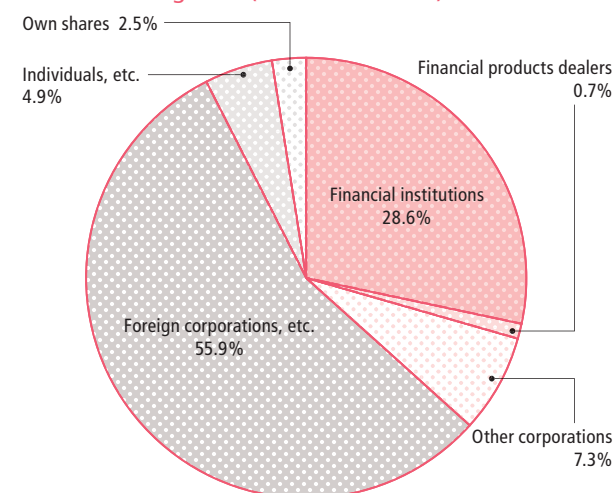
We hold a once-a-year briefing session specifically for individual investors. The session is held in a different major city in Japan each year, and a top management officer explains our management philosophy and management policies, as well as the current status of business performance and future business plans.

For information concerning the impact of the Great East Japan Earthquake, please refer to our web site. Some information is also available in various sections of this CSR report.

#### ■ The number of meetings with investors, etc.

Fiscal year	Number of meetings
Fiscal 2008	227
Fiscal 2009	213
Fiscal 2010	216

#### ■ Shareholding ratio (as of March 2011)



\*The above figures have been rounded up to one decimal place.

#### ■ Briefing for individual investors

Fiscal year	Venue	Number of participants
September 2008	Tokyo	470
September 2009	Tokyo	408
September 2010	Tokyo	569

At a briefing session for individual shareholders

## Business Performance in Fiscal 2010 was Strong.

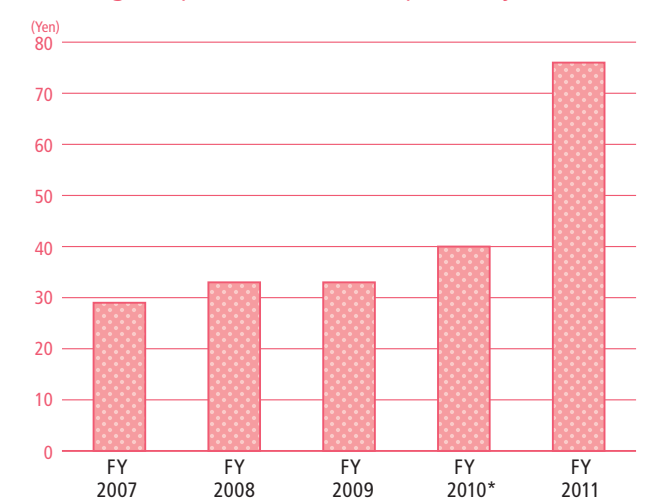
### Basic Policy for Distribution of Profits

Regarding the appropriation of profits, our primary policy is to pay dividends to shareholders in a stable and consistent manner. At the same time, Yamada Denki also considers it essential to build up internal reserves in order to enhance our business foundation and achieve stable growth in the changing social and market environment. In this regard, our basic policy is to pay dividends based on our earnings.

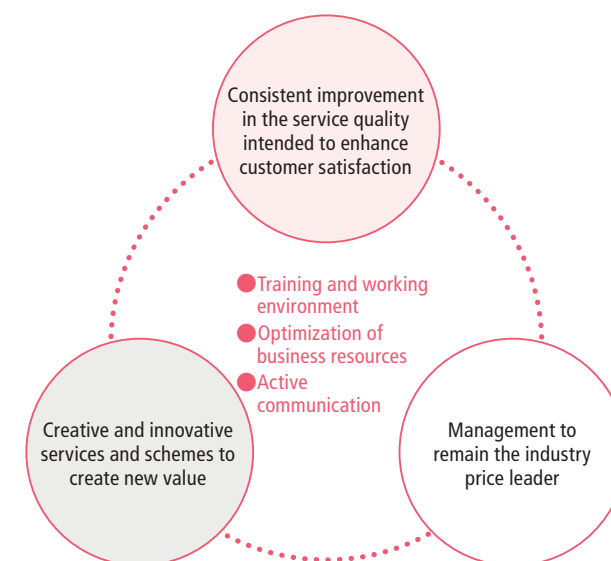
We plan to use internal reserves in order to open new stores, renovate existing stores, develop human resources and strengthen our financial condition so that we can maintain and enhance our competitiveness in the future.

For the fiscal year that ended March 31, 2011 (fiscal 2010), we plan to increase our per-share ordinary dividends by 39 yen from the previous year and pay annual per-share dividends of ¥76 due to the good business performance this year.

#### ■ Changes in per-share dividends (past five years)



\*Including ¥3 in a commemorative dividend to celebrate the achievement of ¥2 trillion in annual sales



### Our Mid-Term Focused Management Plan and Policies

The business environment is still uncertain and severe, as shown by the prolonged stagnation of the Japanese economy and the rapid decline of consumer spending due to the impact of the Great East Japan Earthquake. However, Yamada Denki will continue to promote the management reform to improve earning capability and enhance business foundation by lower cost operation and better cash-flow management.

One of our next sales concepts is "energy conservation, energy creation and energy storage." To expand the Smart House business, we will focus on the proposal of solar power generation systems, all-electric houses, electric vehicles

and household storage batteries and then will promote renewable energy use throughout Japan. We will also actively create new markets to expand sales of next-generation products, such as 3D TVs, smartphones and tablet PCs.

Regarding the opening of stores, in addition to LABI urban stores and large Tecc Land stores that serve suburban areas, we will focus on new Tecc Land stores in relatively small areas with a population of less than 150,000, in which we will provide localized services as a new concept. For overseas markets, we will open a second Chinese store, in Tianjin, in June 2011, following the Shenyang store.

# Relationship with Business Partners

Yamada Denki aims to achieve co-existence and co-prosperity with manufacturers and other business partners by maintaining fair and transparent relationships and establishing long-term trust with each other.

## Relationships with Manufacturers of Electric Home Appliances and Other Products Handled by Yamada Denki

We have business relationships with most domestic manufacturers of electric home appliances. Recently the number of our industry partners who are daily life product manufacturers and wholesalers is also increasing. Since many of them, especially electric appliance manufacturers, have mature CSR programs, we share information when we have common sustainability targets.

## Toward Fair and Sustainable Business Transactions

Yamada Denki has a fair transaction policy with business partners based on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade. As the number of business partners is increasing through our business expansion, we implement employee training and conduct internal checks so as to continue to ensure fair transactions.

## Raising Awareness about Yamada Denki's CSR Activities

Concerning common objectives, such as environmental sustainability and customer satisfaction, in our CSR programs, we share information with business partners at periodic meetings to improve activities and programs. Regarding compliance measures, such as information management, we are working with business partners to share useful information in meetings with relevant members in the partner companies.

Our business partners include both large and small companies. We hope that through their business operations with Yamada Denki, our business partners will actively engage in activities to contribute to the realization of a better society while giving consideration to the social and environmental impact of business activities.

## Cooperation with Business Partners Involved in Delivery and Installation

Yamada Denki has business relationships with hundreds of companies regarding the delivery and installation of electric home appliances purchased by customers at Yamada Denki stores. We hold periodic meetings with those business partners to share information so as to enhance customer satisfaction. We continue to provide better services to customers by sharing relevant information on customers' opinions and requests, as well as response time and response measures. We do not only respond to issues but also identify good responses and provide positive feedback to the partners who are performing well.

Yamada Denki used to receive a number of opinions from customers not only about in-store service but also about the delivery and installation of large electric home appliances. Recently, as a result of periodic meetings and training conducted at business partners, the survey results became better in terms of customer satisfaction. We will continue to make efforts to raise awareness about customer satisfaction in cooperation with business partners undertaking product delivery and installation. (For detailed information on activities concerning customer satisfaction, please refer to Pages 22-23.)

\*Yamada Denki complies with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors

### ■ Overview of periodic meetings with delivery and installation companies

Company size	Meeting frequency	Meeting location	Meeting agenda
Large	Every month	Headquarters	Checks on the status of CS activities concerning delivery and installation
Medium-sized	Every two months	Seven areas across Japan	
Small	Every two months	Local bases	

## Cosmos Berry's: Chain of Local Stores within Yamada Denki Group

Cosmos Berry's is a network of local electric appliance stores in the Yamada Denki Group and was established in 2005 jointly by Yamada Denki and Houei Kaden Corporation. As of the end of March 2011, a total of 2,084 local electric appliance stores were operating under Cosmos Berry's across Japan. Stores affiliated with Cosmos Berry's procure products suitable for their own local needs through Yamada Denki Group's procurement system and sell products with their own services.

We ensure that stores affiliated with Cosmos Berry's engage in business based on our approach to CSR.

### Business Partners' Activities to Enhance Customer Satisfaction

- **Call centers for customers**  
Opening call centers for customers in order to respond to customers' requests quickly and reflect their opinions in future business operations.
- **Call centers for delivery and installation staff**  
Opening call centers for delivery and installation staff to provide solutions to their problems through technical consulting.
- **Periodic meetings to discuss how to enhance customer satisfaction**  
Holding meetings at each delivery and installation base after each work.
- **Compilation of DVDs for training concerning delivery and installation and implementation of training**  
Implementing training using video to point out matters of attention in the processes of delivery and installation.
- **Establishment of an internal evaluation system**  
Awarding employees based on calls placed to call centers.



A periodic meeting with delivery and installation companies

### Yamada Denki's Code of CSR Ethics (established in June 2007)

#### 1. Building Trust

- (1) We aim to be a trusted company by conscientiously honoring any promises with customers and any engagements with business partners.
- (2) We recognize our social responsibilities and properly manage a variety of information in order to create reliable environments in which our customers can enjoy shopping.
- (3) We release appropriate and transparent financial statements based on the Financial Instruments and Exchange Act (also known as the J-SOX law).
- (4) In order to retain stakeholders' confidence, we disclose our corporate information in a timely and appropriate manner.
- (5) We continue solid outstanding management in order to gain firm trust from society.

#### 2. Ensuring the "Customer First" Approach

Yamada Denki always follows the "customer first approach," has a high level of product knowledge, and provides decent services. Providing products and services that meet customers' needs, we make efforts to ensure customer satisfaction and gain their support.

#### 3. Complying with Laws, Regulations and Social Customs

We conduct corporate activities in a fair and conscientious manner in compliance with all laws, regulations and rules.

#### 4. Fair Transactions

When conducting transactions with business partners, Yamada Denki always conducts fair transactions, but not just for our own benefit. We adopt a decent and considerate attitude in conducting transactions with customers, to increase mutual understanding and prevent misunderstandings regarding transaction details.

#### 5. Respecting Human Rights

Yamada Denki cultivates a corporate culture in which employees respect each other's personality and characteristics and which banishes sexual and power harassment.

#### 6. Making Environment Protection Efforts

We recognize that environment problems are serious global challenges and thus actively engages in environmental programs for energy saving, recycling and other goals.

#### 7. Contributing to Local Communities

Yamada Denki understands that our stores exist within their communities and can continue to exist only if they are appreciated and supported by community members. We contribute to local culture by co-existing with local people.

## Yamada Denki is Conducting Activities with Emphasis on a Relationship of Trust with Business Partners



# Based on Company-wide Participation in Management, 9,434 Proposals for Improvement were Presented by Employees in fiscal 2010.

## Relationship with Employees

Yamada Denki believes that human resources are the key element of management. Therefore, we always make an effort to improve our whole framework that enables employees to work with strong motivation.

This page explains employee training, capability development and improvement in the working environment.

### Personnel and Working Environment Policy

We have a fair and transparent evaluation system based on individual performance along with our internal qualification scheme which emphasizes individual performance. We support the development of business skills and experience, and are building a good working environment for continued employment that will increase motivation.

Our recruiting policy is based on operational features and work types, and we are recently hiring people who can invigorate the organization. As of March 2011, the average age of employees was 31.0 years old and the average employment term was 6.1 years.

Moreover, we are promoting the re-employment of contract workers as regular workers by harmonizing with the internal qualification system. We also promote the employment of people with disabilities, and as a result, such employment rate has been higher than the legal standard since January 2009.

#### ■ Number of employees

		Fiscal 2008	Fiscal 2009	Fiscal 2010
Number of managers	Men	3,359	3,577	3,508
	Women	72	81	90
	Total	3,431	3,658	3,598
Number of employees		9,067	9,882	10,012
Average number of temporary employees		8,431	8,865	9,135
Number of employees with disabilities		395	404	431

\*The above figures represent the number of employees at Yamada Denki on a non-consolidated basis.

### Employee Training and Capability Development

Yamada Denki evaluates employee capabilities and performances based on the internal qualification system we developed. Internal qualification tests are conducted three times a year to review whether employees have the knowledge necessary for sales activity at stores and knowledge on management philosophy.

To enhance customer service, we also actively provide training for new recruits, in which they spend three months learning how we serve customers and gaining basic product knowledge. Since fiscal 2008, we have conducted group training with the support of outside experts in order to cultivate younger managers' understanding of management philosophy and CSR.

#### ■ Overview of Training Programs

		Number of participants	Period	Frequency
Training of new recruits	Training concerning social manners, customer service, and basic product knowledge	618	Three months	Once
Training of new floor chiefs	Conducted within three months from appointment as a floor chief. Training on management philosophy, management techniques, roles to be played by managers, etc.	165	Three days	Seven times
Training of store managers	Store managers must participate in this training once a year in principle. They are divided into three classes according to our standards and learn better skills.	301	Four days	10 times
Training of candidates for female managers	Training of female employees for management levels	62	Three days	Five times
Other	Training of candidates for managers, etc.	137	Three days	Four times
New store training	Training conducted before the opening of a new store focused on good relationships with local communities	138	Three days	Fifteen times



### Toward a Better Working Environment

To improve the working environment so as to enable employees to work with good conditions, Yamada Denki supports the concept of "work-life balance."

Under our child-care and nursing-care support systems, we allow expanded pre-childbirth leave (two weeks more than the legally prescribed minimum), expanded child-care leave (until the child reaches three years of age), provide support for employees who have returned from child-care leave, and re-employ employees who left work to concentrate on child care. Through these systems, we provide a better working environment in which employees can adjust their work-life balance based on their needs, particularly when major lifetime events occur, such as child care and nursing care, are necessary for their families.

Employees who take child-care leave have more than doubled, in terms of both absolute number and proportion, compared with five years ago. The job leaving rate is declining for both male and female regular employees. Compared with five years ago, the rate is now down 4% for male employees and down 7% for female employees.

#### ■ Number of employees taking special leave

		Fiscal 2008	Fiscal 2009	Fiscal 2010
Number of employees taking child-care leave	Total	59	80	128
	Male employees	4	5	5
Number of employees taking nursing care leave		3	8	3
Number of employees on short working hours		42	87	57

### Employee Satisfaction Survey

In February 2011, Yamada Denki conducted the second employee satisfaction survey covering around 20,000 employees, including regular employees and contract workers. The results of this survey showed good results in general. In particular, most of the employees were satisfied with the contents of their jobs and the working environment, but there was not enough knowledge circulation regarding our internal programs, such as those for child-care leave and nursing care, or of the revisions made in those systems. To ensure the circulation of internal program information, among all employees, we have expanded training programs using the e-learning method.

We will conduct periodic employee satisfaction surveys annually and continue to sustain employee satisfaction by improving the working environment and developing career paths based on the survey results.



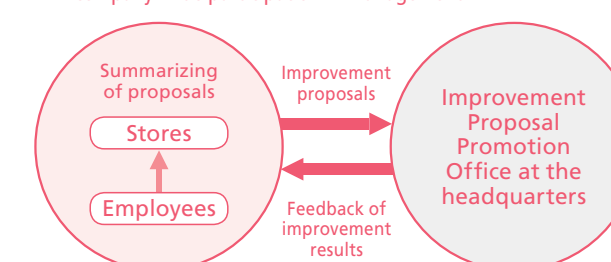
### Increase in Female Managers

The Career Development Program for Women that started 3 years ago has shown good results recently. For instance, the rate of increase of female managers is higher than that of males, but the ratio of female managers to the overall workforce is still small. In general, female employees are willing to continue working after marriage and childbirth and have little to complain about concerning relevant internal systems. However, we heard that there are some barriers to women's working at the management level. One important thing to do is to reduce work hours in the workplace as a whole. We hope female employees will work in their best possible ways without too much stress in the working environment. To enable them to do so, we continue to listen to their opinions and improve our working environment both for women and men.

### Toward Company-wide Participation in Management

It is important that employees work with a sense of participation in management. We have established the "Improvement Proposal System" intended to invite all the employees to join in management issues. Under this system, which started in September 2007, employees at the headquarters and stores are encouraged to propose solutions to current issues faced by Yamada Denki. In fiscal 2010, 9,434 proposals were submitted to the headquarters. As this figure represents the number of proposals submitted from stores after summarizing proposals from store staff, much more proposals were actually presented. The cumulative number of proposals submitted to the headquarters is more than 32,000, of which 1,336 were adopted for implementation.

#### ■ Improvement proposal system based on the principle of "company-wide participation in management"







## Relationship with Local Communities

Retail companies operate within the local communities in which they are located and can only grow with community support. As a community member, Yamada Denki continues to make an effort to develop good partnerships with local people and communities and gain their trust.

### Yamada Denki's Social Contribution

As part of its corporate citizenship, Yamada Denki actively engages in community activities, including cash and non-cash donations, participation in local programs, and communication support, as well as other philanthropic activities.

#### ■ Donations

In fiscal 2010, Yamada Denki made donations as follows:

Donation target	Donation type	Total amount of donations from Yamada Denki Group (including from employees)	Funds raised from customers
Outbreak of foot-and-mouth disease in Miyazaki Prefecture	Cash donation	¥100 million	¥1.44 million of the amount indicated on the left
Great East Japan Earthquake and volcanic eruptions of Mt. Shinmoe	Cash donation	¥430 million	¥14.86 million of the amount indicated on the left
	Donations of daily life goods worth around ¥40 million	—	—

\*The figures concerning the Great East Japan Earthquake and the volcanic eruptions of Mt. Shinmoe are as of March 31, 2011.

#### ■ Social Contribution Activities by Executives and Employees

We participate in various activities and support events related to culture, education, sports and the environment, and other educational programs. In addition to the participation of executives and employees in the following events, executives also made speeches about Yamada Denki's management and business at Toyo University (1), Gunma National College of Technology (2) and Kanto Daiichi High School. We also organize and sponsor various events to raise awareness about and increase interest in environmental protection. Our track and field team actively participates in competitions and sports promotion events both in Japan and abroad (3).

	Events	Descriptions
Culture/ education	6th Gunma University for Children (LABI1 Takasaki) (August 2010)	This is a learning experience program organized for children by Gunma University in the summer holiday season. In 2010, around 1,000 children participated in this program, held at Yamada Denki's LABI1 Takasaki store.
Culture/ education	1st Yamada Denki Children's Shogi Competition (4) (January 2011)	This event, mainly for elementary and junior high school children, was held as part of the Joshi Shogi Festival (sponsored by the Joshi Shogi Festival Organizing Committee and co-sponsored by the Japan Shogi Association) that was held at Yamada Denki's LABI1 Takasaki store.
Environment	E-KIZUNA Summit Forum in Saitama (5) (April 2010)	In this event, which is to promote the use of electric vehicles, the national and local governments, as well as companies participated. Yamada Denki, as the representative of the retail industry, explained its environmental activities.
Environment/ education	1st Yamada Denki Photo Contest 2010 Summer (6) (August 2010)	As an event to promote the protection of the natural environment, culture and arts, this photo contest was held with the nature of Akagi Nature Park as its theme, attracting 825 entries.
Environment/ education	Takasaki City Global Citizens' Day (7) (October 2010)	Yamada Denki participated in this annual environmental event, organized by Takasaki City, and was commended for its activities to reduce the environmental burden.

## Yamada Denki Continues to Support Post-earthquake Restoration and Reconstruction.

### Support for Recovery from Disaster

As a member of local communities affected by natural disasters and other emergencies, Yamada Denki continues to support post-disaster restoration and reconstruction. In the case of the outbreak of foot-and-mouth disease in Miyazaki Prefecture, we organized an at-store fund-raising activity and donated a total of ¥100 million, including donations from Yamada Denki Group, to Miyazaki Prefecture in order to support the recovery of livestock farmers and the resumption of practical training in livestock farming at agricultural high schools and universities (8).

#### Major Support Activities regarding the Great East Japan Earthquake, etc.

Regarding the Great East Japan Earthquake, we provided goods out of its store inventories to victims in the disaster areas immediately after the earthquake. In addition, we organized supporting systems around the country and sent items that were needed in the disaster areas. To customers who were unable to return home on the day of the earthquake, we provided store floor space as a temporary shelter. As of the end of April 2011, we were engaging in the following support activities.

- Provision of goods in grant aid to the disaster areas:  
¥40 million yen's worth of goods, including beverages, foods, diapers and toilet paper.
- Donations:  
¥430 million in donations from Yamada Denki Group to the Japanese Red Cross Society.

\*The above figures include donations related to volcanic eruptions of Mt. Shinmoe.

- 1 Speech at Toyo University
- 2 Speech at Gunma National College of Technology
- 3 Empress's Cup the 29th Inter-Prefectural Women's Ekiden
- 4 1st YAMADA Denki Children's Shogi Competition
- 5 E-KIZUNA Summit Forum in Saitama
- 6 1st Yamada Denki Photo Contest 2010 Summer
- 7 Global Citizens' Day
- 8 Donations of funds raised through at-store fund-raising for recovery from the damage done by the outbreak of foot-and-mouth disease in Miyazaki
- 9 Donations for the recovery from a major earthquake in China  
Received the Medal with Dark Blue Ribbon
- 10 Participation in initial fire-fighting activity  
Received a letter of appreciation





The sale of energy-efficient electric home appliances is equivalent to reducing CO<sub>2</sub> emissions by around **54,750 tons** annually.

# Cooperating with Customers for Environmental Sustainability

Yamada Denki facilitates environmentally-sustainable efforts by customers and society-wide efforts to reduce the environmental burden through its businesses by supporting household energy conservation and creation through the sale of energy-efficient electric home appliances and solar power generation systems, and also by establishing systems to recycle and reuse used electric home appliances.

# Environmental Activities

Protecting the sustainable environment is the basis of our economic and social development around the world. Along with this understanding, Yamada Denki engages in environmental activities to reduce the environmental impact from business operations and proposes active solutions to protect the environment through our businesses.

### Yamada Denki's Environmental Policy

Established in August 2010

<<Code of Conduct>>

- 1.We comply with laws and regulations related to the environment and operate businesses with regard to our responsibility of global environmental protection and mitigation of environmental impact.
- 2.We identify the environmental impact of all of its business activities and make consistent efforts to reduce environmental impact and to prevent pollution.
- 3.Through our core businesses, we promote services and the sale of products that contribute to global environmental protection as a whole society.
- 4.Through environmental education, we let each individual voluntarily act for the better environment on their own responsibility.
- 5.Having partnerships with our customers and local communities, we promote activities for environmental protection and actively disclose information.

## Environmental Policy and Overview of Environmental Activities

In our business operation, mainly sales of electric home appliance products, we view environmental issues as an important agenda and promotes the sales of products with energy saving and better environmental performance, as well as services and reuse of the electric products.

In order to reduce the environmental impact due to the expansion of its business operations, Yamada Denki actively engages in energy-saving and resource-saving activities while standardizing efforts at respective stores and business offices.

To promote such activities in a systematic manner as part of our management system, we established the Environmental Policy in August 2010 and acquired ISO140001 certification for the headquarters in January 2011.

## Major Activities and Status of Achievement in Fiscal 2010

In fiscal 2010, Yamada Denki acquired ISO14001 certification for the headquarters in Takasaki. We started the sale of electric vehicles as part of our core business, and we also launched new initiatives related to our business activities, such as promoting the environmentally-sustainable store designs and the idling stop initiative regarding distribution and delivery. Major activities and this year's results are as shown in the table below.

In fiscal 2010, we use quantitative target management for environmental activities, as we did in the previous year. The status of progress is reported every week to our CSR Committee, which is directly overseen by the president, and is disclosed to the public on a monthly basis. In addition, we develop our activities along with discussions with outside experts at quarterly consultation meetings with outside experts on CSR-focused management.

### Major Activities and Status of Achievement in Fiscal 2010

Major Activities		Goal	Implementation	Status of achievement
Reduction of the environmental burden through core business	Promotion of reuse of electric home appliances	Number of appliances purchased: 35,000 units	Number of appliances purchased: 36,388 units	○
	Promotion of reuse of personal computers (PCs)	Number of PCs sold: 358,091 units	Number of PCs sold: 426,364 units	○
	Sales of electric vehicles	Early introduction of sales of electric vehicles	Started in December 2010 (Kanagawa and Saitama Prefectures, etc.)	○
Reduction of the environmental burden in business activities	CO <sub>2</sub> emission reduction through introduction of demand controllers	CO <sub>2</sub> emission reduction to 95% or less of the previous year's level	CO <sub>2</sub> emission reduction to 97.3% of the previous year's level	Not achieved
	CO <sub>2</sub> emission reduction through the introduction of green power	CO <sub>2</sub> emission reduction to 9,000 tons or less	CO <sub>2</sub> emission reduction to 8,996.8 tons	○
	Promotion of environmentally-sustainable store design	Active adoption of energy-saving design and equipment	Adopted energy-saving design starting with a store that opened in August 2010	○
	Promotion of idling-stop (vehicles used for distribution)	Implementation rate of 80% or higher	Implementation rate at 99.6%	○
	Promotion of idling stop (vehicles used for delivery and installation)	Implementation rate of 80% or higher	Implementation rate at 99.9%	○

\*We set a goal for the reduction of CO<sub>2</sub> emissions at stores to be made through the introduction of green power.

## Toward Spread of Environmentally-Sustainable Products

We actively provide environmentally-sustainable products in order to promote society-wide efforts to reduce the environmental burden.

### Promoting Sale of Environmentally-Sustainable Products

Due to the eco-point system for electric home appliances, customers' needs for energy-efficient electric home appliances and the sales of such appliances are growing. In fiscal 2010, replacement purchases of energy-efficient air conditioners, refrigerators and TVs had the effect of reducing CO<sub>2</sub> emissions by around 54,750 tons annually, 58% more than in the previous year.

In addition to promoting the sale of energy-efficient electric home appliances, Yamada Denki is facilitating environmentally-sustainable efforts at households by making proposals for creating Smart Houses that realize household energy management using solar power generation systems and electric vehicles.

### CO<sub>2</sub> emission reduction effect of replacement purchase of energy-efficient electric home appliances (estimated by Yamada Denki\*)

(Unit: t-CO<sub>2</sub>)

Product type	Fiscal 2009	Fiscal 2010
Air conditioners	12,930	18,120
Refrigerators	10,100	12,490
TVs	11,530	24,140
Total	34,560	54,750

[Method of estimating the CO<sub>2</sub> emission reduction effect]  
We estimated the CO<sub>2</sub> emission reduction effect regarding air conditioners, refrigerators, and TVs sold by Yamada Denki to replace existing appliances based on catalogue information concerning energy efficiency performance.  
The CO<sub>2</sub> emission coefficient is based on data collected through the government's system of requiring the calculation, reporting and disclosure of domestic emissions of greenhouse gases.



### Starting Sale of Electric Vehicles

In December 2010, we started selling electric vehicles in 17 stores in Tokyo and Kanagawa and Saitama Prefectures. An electric vehicle, if used in combination with an all-electric house and a solar power generation system, could further enhance benefits for users. An electric vehicle may also serve as a large-capacity storage battery for a household. In March 2011, we established Yamada Denki Smart House Sales Co., Ltd., through which we can provide one-stop services and further propose more efficient energy use toward a low-carbon society.

## Promoting Product Reuse and Recycling

In order to realize a shift to a recycling-oriented society and reduce the environmental burden, it is important to take post-use environmental protection measures concerning products. We are promoting the reuse and recycling of used electric home appliances through its business by establishing reuse and recycling systems together with group companies.

### Reuse of Electric Home Appliances and Personal Computers (PCs)

Yamada Denki Group started the reuse business concerning electric home appliances in 2001, and the reuse and recycling businesses concerning PCs in 2007.

In fiscal 2010, we handled around 36,000 units of electric home appliances (TVs, refrigerators, washing machines and driers) and around 426,000 units of PCs in the reuse business.

In order to enable customers to reuse used electric home appliances without worries, we have established original systems for cleaning used appliances and checking their functions together with CIC Co., Ltd, a group company. Meanwhile, we provide a personal computer reuse and recycling service together with Inversenet Inc.

\*For details concerning the reuse business, please refer to the Special Feature in the CSR Report 2008.

### Number of appliances reused

(Unit: units)

	Fiscal 2008	Fiscal 2009	Fiscal 2010
TVs	13,485	11,457	4,619
Refrigerators	16,675	7,723	10,578
Washing machines/driers	18,295	10,456	21,191
Personal computers	397,655	373,455	426,364
Total	446,110	403,091	462,752

### Promoting Recycling

Yamada Denki is promoting recycling by installing ink cartridge recollection boxes in its stores. We make donations to the Japan NGO Center for International Cooperation and the Foundation for Orphans from Automobile Accidents using funds obtained through the recollection of cartridges. The fund supports medical care, environmental protection, and the education of children orphaned by car accidents. In fiscal 2010, we recollected around 2.49 million cartridges and donated approximately ¥14.6 million.

We also recollect mobile phones with the support of Inversenet Inc.

### Number of recollected ink cartridges and mobile phones

(Unit: units)

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Ink cartridges	2,575,665	2,732,351	2,491,548
Mobile phones*	10,559	146,267	26,762

\*Recollection of used mobile phones started in December 2008

# Reducing Environmental Footprint in Business Activities

Yamada Denki is promoting activities to reduce CO<sub>2</sub> emissions and environmental impact from its stores and during the distribution of products. We plan to expand our target stores and the scope step by step.

## Environmental Activities Concerning Stores and Distribution

To reduce environmental impact from our operational activities, we have been actively conducting measurements of energy saving at stores, renewable energy use, etc. In January 2011, we obtained ISO14001 environmental management system certification for the headquarters in Takasaki.

### Energy Saving at Stores

#### ■ Reducing CO<sub>2</sub> Emissions through Introduction of Demand Controllers

By using demand controllers, CO<sub>2</sub> emissions are reviewed at the store level and stores' performance levels are compared by analyzing electricity consumption by equipment and by time zone. This is useful for the further reduction of energy use at each store. In fiscal 2010, we increased the number of stores equipped with demand controllers to 320 from 305 in the previous year.

#### ■ Promoting Sustainable Store Design

We have also started more sustainable new store designs. At the Isahaya store, which opened in August 2010, we introduced an environmentally-sustainable design by incorporating exterior walls with improved heat insulation performance and energy-efficient air conditioning equipment. We will continue to adopt energy-saving designs and equipment at our stores.

#### ■ Expanding the Introduction of Energy-efficient Vending Machines

Since March 2007, we have been replacing existing vending machines with energy-efficient machines based on heat pump technology. The number of energy-efficient vending machines installed at Yamada Denki stores increased to 605 from 475 in the previous year.

## Reducing CO<sub>2</sub> Emissions through Environmental Education

To promote CO<sub>2</sub> emission reduction at the overall store level through each individual store, Yamada Denki holds a weekly video conference for members responsible for water, heating and lighting at each store. At the conference, we share information on a comparative review of electric consumption by each element at each store as well as activities related to ISO14001. We also raise employees' awareness about CO<sub>2</sub> emission by including questions related to ISO14001 in examination tests for the certification of qualifications for store staff and for headquarters staff.

## Introducing Renewable Energy at Stores

#### ■ Continued Use of Green Power

We have continued to use green power generated by renewable energy. In fiscal 2010, 89 stores used green power, bringing the total volume of green power used by Yamada Denki to approximately 16 million kWh. Since July 2008, all electricity used at the headquarters in Takasaki has been green power. In July 2010, Yamada Denki was awarded the excellent partner prize in the Green Energy Partnership initiative, for the second year in a row, for its contributions to the promotion of the diffusion of green power.

#### ■ Introducing a Solar Power Generation System

In February 2011, we introduced a high speed charger for electric vehicles and a solar power generation system at Tecc Land Yokohama Izumi. Since March 2009, we have been operating a solar power generation system on the roof of the building of the headquarters in Takasaki.

## Distribution and Delivery Measures

With our business partners, we ensure idling stop during distribution and delivery. In fiscal 2010, the implementation rate exceeded 99%.



	Fiscal 2008	Fiscal 2009	Fiscal 2010
Number of stores introducing demand controllers (cumulative total)	275	305	320
Number of energy-efficient vending machines (cumulative total)	327	475	605
Volume of green power introduced (10,000 kWh)	1,230	1,607	1,594
Volume of solar power-derived electricity introduced (kWh)	—	17,799	18,675

We Obtained **ISO14001** Certification for the Headquarters in Takasaki.

# CO<sub>2</sub> Emissions per Floor Area in Fiscal 2010 were Reduced by Around 22% Compared with Fiscal 2006.

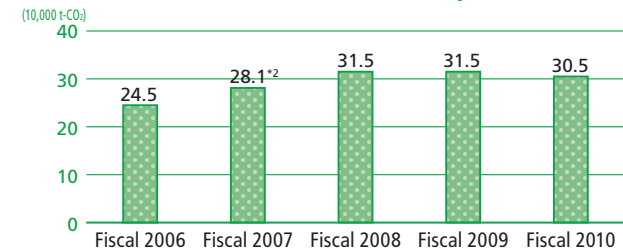
## Direct Environmental Impact of Business Activities

We want to reduce the environmental impact on a group basis. Thus, operational activities are standardized and the scope of activities is gradually expanded.

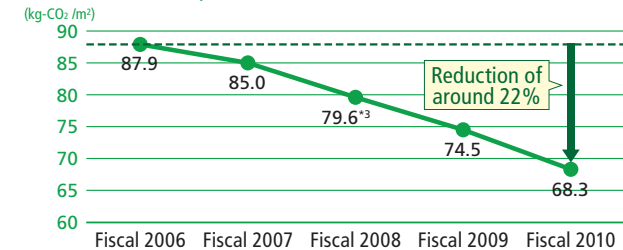
#### ■ CO<sub>2</sub> Emissions from Use of Electricity

Yamada Denki set the target of CO<sub>2</sub> emission reduction per floor area by 5% compared with fiscal 2006 by 2010. As a result of a large number of demand controllers being installed and continuous energy-saving activities being carried out by employees, we have achieved a reduction of around 22% in fiscal 2010 compared with fiscal 2006. We will continue to promote activities to improve the energy efficiency at stores in order to mitigate an increase in the volume of energy use resulting from the expansion of our network of stores.

#### ■ CO<sub>2</sub> emissions from the use of electricity \*1



#### ■ CO<sub>2</sub> emissions per floor area



\*1 CO<sub>2</sub> emission coefficient: Our calculation used the emission coefficient (substitute value) used in the government's system of requiring the calculation, reporting and disclosure of domestic emissions of greenhouse gases. The coefficient of 0.555[kg-CO<sub>2</sub>/kWh] was used for the years to fiscal 2009, and the coefficient of 0.561[kg-CO<sub>2</sub>/kWh] was used for fiscal 2010.

\*2 Amount of CO<sub>2</sub> emissions: For the years to fiscal 2007, we made calculation for only four companies – Yamada Denki, Daikuma, Minami-Kyushu Yamada Denki and Okinawa Yamada Denki.

\*3 Amount of CO<sub>2</sub> emissions per floor area: For the years to fiscal 2008, we made calculation for only four companies – Yamada Denki, Daikuma, Minami-Kyushu Yamada Denki and Okinawa Yamada Denki.

\*Regarding the past years, too, the scope of data covered was expanded.

#### ■ Use of Resources

Yamada Denki manages the quantitative environmental impacts of major materials used in retail business, such as shopping bags, receipts, and newspaper insertions.

While the amount of necessary resources is increasing due to an expansion of sales, we strive to conserve resources by reducing the sheet thickness of polyethylene shopping bags, garbage bags and supplies made of paper, as well as by using environmental bubble wraps and abolishing stickers.

#### ■ Purchase amount of paper, etc.

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Shopping bags made of paper (t)	543.6	542.8	561.2
Shopping bags made of polyethylene (t)	492.0	592.4	561.0
Receipts (t)	329.6	274.3	269.5
Insertions (10 million sheets)	276.4	205.8	180.5

#### ■ Waste

We properly dispose of waste from stores and used electric home appliances recollected from customers that are not subject to the Electric Home Appliances Recycling Act (Act on Recycling of Specified Kinds of Home Appliances) in accordance with relevant laws. Although the amount of disposed waste has been increasing since fiscal 2009 due to an increase of stores and an increase of waste recollected from customers associated with replacement purchase, we try to reuse and recycle such waste for productive use, by making contracts with companies with a high performance rate of recycling for used products.

#### ■ Amount of disposed industrial waste

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Amount of disposed industrial waste (t)	31,924	57,822	69,386
Number of stores subject to resource management	324	466	496

\*Regarding the past years, too, the scope of data covered was expanded.

#### ■ Use of Water

From the perspective of energy conservation, we strive to conserve water used for toilets by installing toilet water-saving devices and human-presence sensors.

#### ■ Scope of environmental data indicated in this report

	CO <sub>2</sub> emissions from use of electricity	Purchase amount of paper, etc.	Amount of disposed waste
Yamada Denki Co., Ltd.	○	○	○
Daikuma Co., Ltd.*4	○	○	○
Minami-Kyushu Yamada Denki Co., Ltd	○	○	○
Okinawa Yamada Denki Co., Ltd.	○	○	○
Other group companies	Seidensya Co. Ltd. Kyushu Tecc Land Co., Ltd. CIC Co., Ltd. Inversenet Co., Ltd. Cosmos Berry's Co., Ltd.	—	Kyushu Tecc Land Co., Ltd

\*4 The scope of data for the previous year; including data concerning Kansai Yamada Denki Co., Ltd. and Chugoku/Shikoku Tecc Land Co., Ltd. (because these companies were merged with Daikuma in fiscal 2010).



Cross-Reference with GRI Guideline

This cross-reference is based on our interpretation of the GRI Sustainability Reporting Guideline 2006 and information available on our web site and the CSR Report 2011.

Item	Indicator	Page(s)
Strategy and Profile		
1 Strategy and Analysis		
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	4-5
1.2	Description of key impacts, risks, and opportunities.	4-5
2 Organizational Profile		
2.1	Name of the organization.	2
2.2	Primary brands, products, and/or services.	2, 20-21
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	2
2.4	Location of organization's headquarters.	2
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	2
2.6	Nature of ownership and legal form.	2
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	16-17, 20-21
2.8	Scale of the reporting organization, including: ● Number of employees; ● Net sales (for private sector organizations) or net revenues (for public sector organizations); ● Total capitalization broken down in terms of debt and equity (for private sector organizations); and ● Quantity of products or services provided.	2, 20-21, 28-29
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: ● The location of, or changes in operations, including facility openings, closings, and expansions; and ● Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	16-17, 20-21, 24-25
2.10	Awards received in the reporting period.	8-9, 30-31, 34
3 Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	3
3.2	Date of most recent previous report (if any).	3
3.3	Reporting cycle (annual, biennial, etc.)	3
3.4	Contact point for questions regarding the report or its contents.	2
Report Scope and Boundary		
3.5	Process for defining report content, including: ● Determining materiality; ● Prioritizing topics within the report; and ● Identifying stakeholders the organization expects to use the report.	4-5, 8-9, 16-17
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	3
3.7	State any specific limitations on the scope or boundary of the report.	3, 34-35
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	34-35
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	34-35
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report.	36
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	37
4 Governance, Commitments, and Engagement		
Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	18
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	18
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	18
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	18, 28-29
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	18, 20-21
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	18
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	4-5, 27, 32
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	18, 32
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	18, 32
Stakeholder Engagement		
4.14	List of stakeholder groups engaged by the organization.	16-17
4.15	Basis for identification and selection of stakeholders with whom to engage.	16-17
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	18-35
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	18-35

Item	Indicator	Page(s)
5 Management Approach and Performance Indicators		
Economic		
Management Approach		20-21, 27
Aspect: Economic performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	20-21
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	4-5, 12-15, 33
Aspect: Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	30-31
Environmental		
Management Approach		12-15, 27, 32-35
Aspect Materials		
EN1	Materials used by weight or volume.	34-35
EN2	Percentage of materials used that are recycled input materials.	34-35
Aspect: Energy		
EN3	Direct energy consumption by primary energy source.	34-35
EN4	Indirect energy consumption by primary source.	34-35
EN5	Energy saved due to conservation and efficiency improvements.	34-35
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	12-15, 33
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	12-15, 33
Aspect: Water		
EN8	Total water withdrawal by source.	34-35
Aspect: Biodiversity		
EN16	Total direct and indirect greenhouse gas emissions by weight.	34-35
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	34-35
EN22	Total weight of waste by type and disposal method.	34-35
Aspect: Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	12-15, 32-33
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	32-33, 34-35
Aspect: Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	34-35
Labor Practices and Decent Work (Fair Working Conditions)		
Management Approach		10-11, 27, 28-29
Aspect: Employment		
LA1	Total workforce by employment type, employment contract, and region.	28-29
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	28-29
Aspect: Labor/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements.	28-29
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	28-29
Aspect: Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and provide advice on occupational health and safety programs.	28-29
Aspect: Training and Education		
LA10	Average hours of training per year per employee by employee category.	28-29
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	10-11, 28-29
LA12	Percentage of employees receiving regular performance and career development reviews.	28-29
Aspect: Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	28-29
Human Rights		
Management Approach		27-29
Aspect: Investment and Procurement Practices		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	28-29
Society		
Management Approach		27, 30-31
Product Responsibility		
Management Approach		20-21, 22-23, 27
Aspect: Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	22-23
Aspect: Product and Service Labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	22-23
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	22-23
Aspect: Marketing Communication		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	19, 22-23

An Expert's Opinion

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After Reading the CSR Report 2011

The composition of this CSR report is based on the GRI (Global Reporting Initiative) guideline, and it maintains consistency with the past three CSR reports. The report covers the company's governance, compliance, and economic, social and environmental aspects. I am writing this opinion based on this CSR report, as a participant on the discussions at Yamada Denki's quarterly consultation meetings with outside experts on CSR-focused management.

Perspective of Yamada Denki's CSR-Focused Management

In the Top Commitment section of the previous year's CSR report, Yamada Denki stated that, "From the medium-term perspective, we will continue CSR-focused management while always thinking about the society of three years from now." Through this report, I will highlight the major activities in 2010. Regarding economic performance, which is the basis of the corporate management, Yamada Denki achieved the record high sales and profit in fiscal 2010. Regarding the environmental aspects, Yamada Denki adopted an environmental policy along with receiving ISO14001 (environmental management system) certification for its headquarters in Takasaki. As for the social aspects, the company continued several measurements to improve working environments by having an external research institution conduct a customer satisfaction survey, as well as by carrying out the second annual employee satisfaction survey. Yamada Denki also actively worked for community support activities, including making donations and providing goods in grant aid in response to the outbreak of foot-and-mouth disease and the Great East Japan Earthquake. I hope that Yamada Denki will evolve its CSR-focused management with a medium- to long-term perspective.

Highlights of This Year's Activities

First, I would like to give high marks to the acquisition of the ISO14001 (environmental management system) certification for the headquarters in Takasaki. This has clarified Yamada Denki's environmental policy and will lay the foundation for the company to conduct full-fledged environmental management in accordance with international standards. Yamada Denki is actively engaging in environmental activities, and the results have appeared in various indicators. The company has mostly achieved its goals for the sale of energy-efficient electric home appliances and the reduction of CO2 emissions from its business activities.

Second, I would like to mention Yamada Denki's customer and employee-focused activities in order to achieve high customer satisfactions as well as employee satisfaction. A comprehensive customer satisfaction survey commissioned to an

outside research organization has clarified the future direction. While Yamada Denki provides great services with a high level of customer satisfaction regarding price and convenience, there is room for improvement regarding customer service at stores and at the time of product delivery. Yamada Denki has made steady improvement with regard to human resource development and the working environment in ways that reflect the results of employee satisfaction surveys, and I also appreciate the fact that the number of female leaders and managers has increased substantially, as we see the rate of increase in female managers exceeding the rate of increase in male managers.

Third, I would like to point to the opening of a store in Shenyang in the Chinese province of Liaoning, which is Yamada Denki's first overseas store. This store was opened on schedule through the efforts of Chinese managers who had a good experience at Yamada Denki's stores in Japan, in addition to the Chinese employees who joined the company last year and did well in training at Yamada Denki's stores after graduating universities in Japan. I hope that Yamada Denki will build a solid management foundation based on its focus on the frontlines of operation and take advantage of its store management know-how to succeeding stores.

Requests concerning Future Activities

There are great opportunities as well as challenging risks for the company in expanding retail networks to overseas markets. Therefore, it is essential to develop a solid supply chain network with a global perspective. I hope that Yamada Denki will proactively learn from the activities of global companies in Japan and abroad, and establish a good system that can minimize risks. I would like Yamada Denki to initiate CSR management based on ISO26000 (CSR-related guidance) in order to achieve sustainable growth as a global company.

I also hope that in addition to the sale of energy-efficient and environmentally-sustainable products, Yamada Denki will invest more business resources in the total solution business, mainly through Yamada Denki Smart House Sales Co., Ltd., which was established in March 2011, and will provide "energy saving, energy generation and energy storage" systems by expanding energy-saving proposals involving solar power generation, electric vehicles and whole house design as a great mix of service and product packages, which could greatly contribute to a sustainable society.

I would like to propose that Yamada Denki steadily continues its CSR-focused management by improving its economic performance and actively engaging in community support activities as a member of each local community.