

CSR REPORT 2013

Yamada Denki Co., Ltd.



Along with our management philosophy “Creation and Challenge” constantly for 40 years and with “Appreciation and Trust” over the 40 years

In April 2013, We celebrated our 40th anniversary.

Under “Creation and Challenge” and “Appreciation and Trust” as our management philosophy, We have constantly facilitated innovation for the sustainable growth and development of the company.

We express our most heartfelt thanks to all of the people who have supported us in the past 40-years and we are seriously committed to continuing our efforts to obtain trust from a greater number of people through our corporate activities and to making a contribution to all stakeholders and the society as a whole.

Management Philosophy

“Creation and Challenge”

With “Creation and Challenge” and “Appreciation and Trust,” we achieve the goal of being a strong company and further strengthen our corporate value on a concentrated companywide scale, for the sake of contributing to society.

Corporate Profile

Company name : Yamada Denki Co., Ltd.

Representatives : Noboru Yamada, President and CEO
Tadao Ichimiya, Vice President and COO

Headquarters address : 370-0841, 1-1, Sakae-cho,
Takasaki-shi, Gunma

Founded : April 1973

Organized : September 1983

Stated capital : 71 billion yen on a consolidated basis
(March 2013)

Total assets : 1138.3 billion yen on a consolidated basis
(March 2013)

Capital adequacy ratio : 46.8% on a consolidated basis
(March 2013)

Number of employees : 21,261 people on a consolidated
basis (March 2013)

Total outstanding shares : 96,648,974 shares (March 2013)

List of Group Companies (as of March 31, 2013)

Consolidated subsidiaries

Daikuma Co., Ltd.	Best Denki Co., Ltd.
Minami-Kyushu Yamada Denki Co., Ltd.	Best Credit Service Co., Ltd.
Okinawa Yamada Denki Co., Ltd.	J-Staff Co., Ltd.
C. I. C. Corporation	Best Service Co., Ltd.
Yamada Eco Solution Co., Ltd.	Best Financial Co., Ltd.
Inversenet Co., Ltd.	B.P.C. Co., Ltd.
KOUZIRO Co., Ltd.	Repair DEPOT Co., Ltd.
Cosmos Berry's Co., Ltd.	Kurokawa Denki Co., Ltd.
Matsuya Denki Co., Ltd.	B&B Co., Ltd.
Sato Musen Co., Ltd.	Housetec Holdings Inc.
Seidensha Corporation Limited	Housetec Inc.
Yamada Financial Co., Ltd.	Nikka Maintenance Co., Ltd.
Kyushu Tecc Land Co., Ltd.	Chubu Nikka Service Co., Ltd.
Project White Co., Ltd.	Kinki Nikka Service Co., Ltd.
Yamada SxL Home Co., Ltd.	Yamada Denki (Shenyang) Commercial Co., Ltd.
SxL Juko Co., Ltd.	Yamada Denki (China) Investment Co., Ltd.
Conglo Engineering Co., Ltd.	BEST DENKI MALAYSIA SDN.BHD
Ace Home Co., Ltd.	BEST DENKI (SINGAPORE) PTE.LTD
SxL Housing Co., Ltd.	PT. BESTDENKI INDONESIA

Major unconsolidated subsidiaries

Y-Just Co., Ltd.	Kimuraya Select Co., Ltd.
TES Co., Ltd.	Azuma Metal Co., Ltd.
Gunma Sogo-Setsubi Co., Ltd.	

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Editorial Policy

Containing details of the CSR activities undertaken by the Yamada Denki Group, this report aims to explain our initiatives concerning economy, society and environment to stakeholders for the purpose of promoting mutual communication and at further deepening our efforts in CSR activities.

We have published a CSR report once a year since fiscal 2008 and this is our sixth CSR report. Commemorating the 40th anniversary, Special Feature 1 looks back on Yamada Denki's history from the viewpoint of CSR, with focus placed on our passion for CSR through an interview with Vice President-Director. Special Feature 2 introduces an outline of the smart-house business, to which Yamada Denki intends to devote much energy from now on.

Regarding business performance, it is reported in the same manner as last year's CSR report, which was categorized based on the seven core subjects of ISO26000, and under the concept of Group CSR, the performance of both group companies and the performance of Yamada Denki, Co., Ltd. are newly indicated.

[Coverage] This report generally covers the entirety of the Yamada Denki Group, but some of the data show only the activities of Yamada Denki Co. Ltd.

[Period] Data are mainly for the period between April 1, 2012, and March 31, 2013, and some significant information available after April 2013 is additionally included.

[Issued date] June 2013

For preparing this report, “ISO26000:2010” and GRI's* “Sustainability Reporting Guidelines 2006” were referred to.

* GRI: Global Reporting Initiative – International organization established in 1997 for the purpose of creating global guidelines for reports on sustainability issued by companies

📍Inquiries

CSR Promotion Office, Yamada Denki, Co., Ltd.

370-0841, 1-1, Sakae-cho, Takasaki-shi, Gunma
TEL: 027 (345) 8181 (main) FAX: 027 (345) 8824

* SxL Corporation changed its name to Yamada SxL Home Co., Ltd. as of June 1.

* In the main text, “Co., Ltd.” is omitted.

We have actively engaged in CSR initiatives based on our management philosophy of “Creation and Challenge” and “Appreciation and Trust,” and will continue to fulfill social responsibility through our business.

山田 昇

Noboru Yamada
President and Chief Executive Officer
Yamada Denki Co., Ltd.

Commemorating the 40th Anniversary

Yamada Denki celebrated its 40th anniversary in 2013. Starting from a small electric goods store no bigger than eight-tsubo (around 26.4 square meters) run by a couple, Yamada Denki has grown to be a large corporate group, holding around 4,000 stores and 20,000 employees nationwide. This is the result of the warm-hearted support of customers and other stakeholders. I extend my deepest appreciation.



It was our second year of business when we set up one of the major pillars of our management philosophy, “Creation and Challenge.” Since then, we have constantly made innovative effort. However, as the company was becoming bigger and bigger, we strongly felt the importance of meeting the expectations of society, and we newly added “Appreciation and Trust” to our management philosophy in 2007. We will always appreciate and trust our customers and would like to be a corporate group appreciated and trusted by customers. With such management philosophy as the fundamental guideline for all our business activities, to satisfy diverse customers’ requests by making all-encompassing lifestyle proposals, we will pursue our business more widely and deeply, centering on the sale of home appliances.

Business Environment and Major Activities in Fiscal 2012

From fiscal 2011 to fiscal 2012, electric goods merchandisers experienced a sales decline for two years in a row, which was the greatest challenge in their history. There still is uncertainty in the future due to the end of special demand for TVs associated with the shift to digital terrestrial broadcasting.

Under such severe market environment, our sales decreased by 7.3% from the previous business term to 1.7014 trillion yen, and both operating profit and recurring profit significantly fell below the level of the previous business term. As the severe market environment and competition are expected to continue into the future, as one of the major countermeasures, Yamada Denki acquired Best Denki, which is based in the Kyushu area, as a subsidiary in December 2012 to significantly strengthen its sales network in western Japan. We place great expectations on Best Denki’s experienced human resources and know-how concerning management of small shops and

maintenance services, as well as on over 60 overseas stores mainly in Southeast Asia.

As our solution business to make lifestyle proposals beyond the bounds of home appliances, since 2011, the smart-house business has been in full-fledged operation. In February 2013, we commenced the sale of residential lots in “Smarnity*1 Town Itakura Toyodai-mae” located in Itakura-machi, Gunma, where many smart houses have been built. We will further expand our smart town business nationwide.

We believe that creating shared value (CSV), such as our smart-house business, which directly leads to social contribution, is the very responsibility we should fulfill as a leading company in the home appliance industry. We will proactively make proposals on smart houses with a flexible mindset from a downstream perspective, with regard to effective use of renewable energy, in light of the circumstances concerning power supply unique to Japan. Furthermore, we will continue our CSR-focused management, such as through promoting development of new customer services by integrating various contents of the Yamada Multi SNS services and our nationwide store network.

(*1) A composite word coined from the words, “smart,” “smile,” “amenity,” and “community”

Implementation of CSR Activities as a Leading Company

In fiscal 2012 as well, Yamada Denki continued to offer support for reconstruction from the Great East Japan Earthquake through various activities. In May, we held a Fukushima Fair at the event space “LABI Garden” on the first floor of LABI1 Takasaki to introduce specialty goods from Fukushima Prefecture. In December, Yamada Denki’s woman’s track and field team held an athletics class at Matsushima First Elementary School in Matsushima-machi, Miyagi and socialized with local children through enjoying sports. Furthermore, the Yamada Noboru Memorial Foundation started to work and adopted, as its first recipient for donations, personal computer classes organized and conducted by the Miyagi LPG Association for its member companies. We will continuously carry out activities, mainly in the fields of environmental preservation and contribution to local communities, including support for reconstruction from the Great East Japan Earthquake. We look forward to your continued support.



Yamada at a glance

Highlights of CSR Activities in Fiscal 2012

Fiscal 2012 was a year in which Yamada Denki group achieved further network expansion through acquisition of Best Denki as a subsidiary.

Yamada Denki's CSR activities continued with much effort put into support of recovery and reconstruction of earthquake-stricken areas.

In the meantime, we continuously promoted the smart-house business, following the previous year. We will continue to fulfill social responsibility through our business, maintaining the status as a well-beloved company.

Employee turnover

Male:
Decreased by **48%**
Female:
Decreased by **41%**
(compared with fiscal 2008)

Annual number of proposals made under the full-participation Improvement Proposal System

10,373 proposals
(fiscal 2012)

Number of stores equipped with stocks for emergency

237 stores
(as of the end of March 2013)

Number of stores where solar panels are installed

135 stores
(as of the end of March 2013)

Major Awards in Fiscal 2012

- Awarded by the Minister of Health, Labour and Welfare for cooperation in the Monthly Labor Survey
- Awarded by the Minister of Internal Affairs and Communications for cooperation in the 46th Lower House general election
- Vice President Tadao Ichimiya received a special achievement award from Nobeoka City, Miyazaki Prefecture.

Donations in Fiscal 2012

- Fiscal 2012 NHK Overseas Charity Drive: 6,652,721 yen
- Collecting donations for children's future by recollecting used ink cartridges: 13,577,340 yen

Yamada Denki

Group CSR Meeting held once a month

Expansion of smart-house business

Commencement of the sale of residential lots in "Smarnity Town Itakura Toyodai-mae" (February 2013)

CO₂ emissions across the group

20% Reduction
Per total floor area compared with fiscal 2007.

(As of March 31, 2013)

Number of stores directly operated by Yamada Denki Group

Yamada Denki	595
Minami-Kyushu Yamada Denki	4
Daikuma	39
Okinawa Yamada Denki	6
PRESSO Holdings	97
Kimuraya Select	6
Kyushu Tecc Land	29
Project White	6
Best Denki	166
Total	948

Number of overseas stores

Total of stores of Yamada Denki and Best Denki	32
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Number of franchise chain (FC) stores

Cosmos Berry's FC	3,154
Matsuya FC	36
Best Denki FC (incl. 35 overseas stores)	241
Total	3,431

Number of stores directly operated by Yamada Denki Group by prefecture

Hokkaido	57	Shiga	10
Aomori	9	Kyoto	13
Iwate	13	Osaka	35
Miyagi	14	Hyogo	36
Akita	13	Nara	6
Yamagata	14	Wakayama	4
Fukushima	13	Tottori	6
Ibaraki	19	Shimane	9
Tochigi	15	Okayama	19
Gunma	17	Hiroshima	18
Saitama	38	Yamaguchi	20
Chiba	37	Tokushima	9
Tokyo	51	Kagawa	14
Kanagawa	38	Ehime	9
Niigata	20	Kochi	10
Yamanashi	5	Fukuoka	77
Nagano	19	Saga	17
Toyama	13	Nagasaki	18
Ishikawa	9	Kumamoto	36
Fukui	8	Oita	24
Gifu	12	Miyazaki	20
Shizuoka	16	Kagoshima	19
Aichi	43	Okinawa	15
Mie	11	Total	948

The number of FC stores is not included.

Total number of Yamada Denki Group stores

4,411 stores

Network

40 Years Full of Appreciation and Trust Starting Point of Yamada Denki's CSR



History 1

Accumulation of “Appreciation and Trust”



Door-to-door visits to 10,000 houses, the origin of a customer-first policy

Before opening the “Yamada Denka Service,” present President Noboru Yamada visited a total of about 10,000 houses, –nearly 300 per day – around the store for pre-marketing.

When he commenced business as a community-based electric goods store affiliated to a single manufacturer, door-to-door sales was a common style of electric goods retailing business. By visiting customers’ houses, retailers ascertained their needs for electric goods and strengthened ties with customers through steady efforts to establish honest communication. The customer services that originated at the time of founding – directly visiting customers to explore their needs and trying to meet individual needs – are still maintained as the basis of Yamada Denki’s management policy even after 40 years have passed.



Periodic adjustment and cleaning services after the purchase of products, which we came up with in our door-to-door selling business

After starting business, our first CS activity for strengthening ties with customers was Periodic Cleaning Services after the Purchase of Color TVs. Vacuum-tube TVs of the day easily caught dust due to static electricity and required professional adjustment and periodic cleaning to maintain correct colors. Therefore, we periodically visited customers’ houses to provide maintenance services for electric goods. At that time, other retailers were not keen on such customer services, and our services were appreciated by many customers.

We pursued better customer services that were only possible for a community-based electric goods retailer engaging in door-to-door selling business and often visiting customers’ houses. The ties with customers we built on foot and with our gratitude to customers are the very starting point of Yamada Denki’s CSR.

History 2

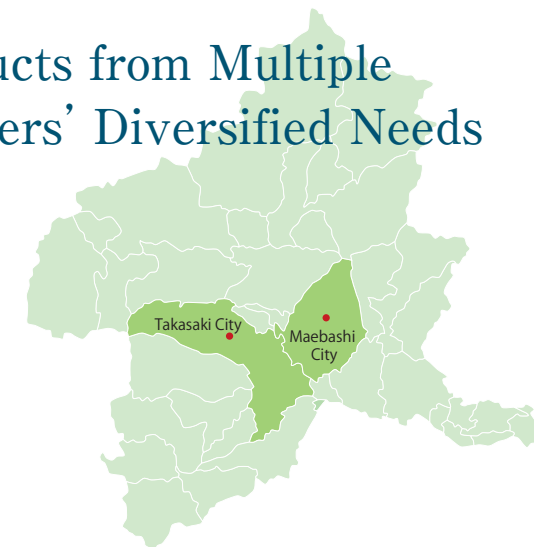
Shift to a Retailer Selling Products from Multiple Manufacturers to Meet Customers’ Diversified Needs



We need to have a diverse product range to have customers come to the shop

Ten years after the company’s foundation, the needs of the markets and customers changed drastically in accordance with the diversification of senses of values as Japanese society became richer and richer.

Accordingly, Yamada Denki changed its business style from a retailer affiliated to a single manufacturer to a retailer dealing with products from multiple manufacturers. In order to be successful in such business style, which depends on customers’ visits to stores, the key was to offer a wide range of products in a store larger than ordinary local electric goods stores to enable customers to make choices freely and to present attractive prices to encourage them to visit. Aware of the importance of such services, Yamada Denki thought that in order to be a company appreciated and selected by customers, it would be necessary to move on from its conventional door-to-door customer services based on its repair skills to an idea prioritizing the market first. It was around this time that Yamada Denki established its market-focused management policy.



Gratitude to manufacturers that have constantly developed products in response to customers’ needs

As we made a shift to a retailer dealing with products from multiple manufacturers, we lost access to the manufacturer to which we had been affiliated. Under such adverse circumstances, other home appliance manufacturers supported us.

Around the time when we thus changed our business style, the home appliance industry was in the midst of the greatest transformation, and electric appliances other than white goods, such as headphone stereo sets, laserdiscs, CDs, video decks, and other audio-visual equipment, became explosively popular. These were mainly goods that customers would purchase at stores and bring home by themselves and this helped our success as a retailer dealing with products from multiple manufacturers.

During the prolonged recession called the “lost 20 years” after the burst of the bubble economy, home appliance manufacturers have launched new products in response to consumers’ needs one after another, while stably providing existing high-quality products. Thanks to their efforts, home appliance retailers could achieve constant growth. We will never forget their kindness and will make further efforts to foster relations of trust with these manufacturers.

40-year history of Yamada Denki

Time of founding	Time of establishment	Time of development
73	81	89
74	82	90
78	83	91
85	86	92
87		

73 Periodic Cleaning Services after the Purchase of Color TVs started

74 Yamada Denki Service founded

78 Before foundation, Door-to-door Visits to 10,000 Houses implemented

78 Management philosophy “Creation and Challenge” established

78 Stores increased to five

81 Newspaper leaflets issued for the first time for clearance sale

81 Three branches closed and business integrated in the head office

82 Maebashi Chuo Store opened as a pioneering store selling products from multiple manufacturers

83 Yamada Denki Co. Ltd. established in Itzuka-machi, Takasaki City

85 Fukuoka Store, the first store outside of Gunma Prefecture, opened

86 POS system introduced in all storefront Gunma Prefecture, opened

87 Head office moved to Hiyo-shi-cho, Maebashi City

89 Over-the-counter stocks registered with the Tokyo Regional Association, Japan Securities Dealers Association (present JASDAQ)

90 Full-fledged sales of hardware and software of personal computers commenced

91 Joined the Nippon Electric Big-Stores Association (NEBA)

91 Magokoro Goodwill Campaign Promotion Office set up

92 Labor union formed

92 Automatic ordering system, EVAN System, introduced

Voice

Looking back on the time of starting up the business



Noboru Yamada
President and Chief Executive Officer

To be your company in the true sense

We set the management philosophy while the company was still a private company, because we started to hire employees. “Creation and Challenge” corresponded to our wish that all staff members would work with aspirations. It is often said that a company is its people, and I fully agree with that. Employees having aspirations is a crucial factor for their company to be worthy of society’s trust. I think a company’s management philosophy is its response to such employees, and I believe that the company must properly reward its employees who have made achievements in line with the management philosophy.



Tadao Ichimiya
Vice President and Chief Operating Officer

Atsuko Fukushima
Newscaster and essayist

Appreciation for the 40 Years and Social Contribution from Now On

Yamada Denki, which started as a community-based electric goods store doing business mainly through door-to-door sales, has grown in 40 years to be a company that has over 4,000 stores and over 20,000 employees nationwide in the entire group. Yamada Denki has changed its concept on social responsibility in accordance with the changes of its corporate size. How does Yamada Denki consider its social responsibility at present and how will it into the future? The following is the special interview with Vice President Tadao Ichimiya organized with Ms. Atsuko Fukushima, a famous newscaster and essayist, as the interviewer.

“Creation and Challenge” originated from on-the-spot decision making policy And “Appreciation and Trust”

Atsuko Fukushima (hereinafter Fukushima)—Yamada Denki has set up “Creation and Challenge” as its management philosophy since its foundation. Could you tell me the underlying concept anew, commemorating the 40th anniversary?

Vice President Ichimiya (hereinafter Ichimiya)—It has been 30 years since I joined the company. When I joined, President Yamada said that he would like to make Yamada Denki a company where all employees are happy to work. Reflecting on those words again, I truly agree that we would never be able to realize the other pillar of our management philosophy, “Appreciation and Trust,” unless we become a company appreciated by our own employees. We appreciate and trust our customers, and at the same time we are appreciated and trusted by our customers. In order to achieve this, ensuring employees’ happiness is a necessity. In order to make employees feel happy, we need to be a strong company, which means to be a company that generates profits and can return them to the employees and society. This is the core of our management philosophy. We need to continue creating new things and taking on challenges for that purpose.

Fukushima—There is no goal for achieving the management

philosophy, is there?

Ichimiya—Rather than our objective, “Creation and Challenge” is our means to be a strong company, whereas the psychological base underneath is “Appreciation and Trust.” All companies have their own management philosophies, and some may be similar to ours. But, we consider it significant to embody “Creation and Challenge” in our daily activities. Creation is not to imitate something but to make something from nothing. Challenge means to take action. When we proceeded to the new stage, shifting from a retailer affiliated to a single manufacturer to a retailer dealing with products from multiple manufacturers, we got caught in a backdraft. However, we were able to overcome such difficulties by trying hard to embody and implement our management philosophy “Creation and Challenge.” Each staff member finds problems in their daily duties, analyzes causes, makes a hypothesis for resolving them, takes action, and verifies the results. This repetition is what we call “Creation and Challenge.” This is the very history of Yamada Denki that I now actually feel after thirty years of service.

Fukushima—I think that an organizational climate that allows employees to realize the company’s management philosophy as its DNA must be the source of the growth of Yamada Denki. From where did this strength of your company in sharing the philosophy among all employees to take actions originate?

Ichimiya—I think it is our on-the-spot decision making policy. The

spot means stores for us. Keep an eye on stores and never overlook problems. I myself visit stores every weekend. I check the stores of competitors and stores of Yamada Denki. I think our biggest advantage is that we fully understand the on-the-spot conditions.

Create new business models from customer’s viewpoint

Fukushima—In parallel with the growth, Yamada Denki has expanded its product range, and now deals with various commodities in addition to home appliances, such as foodstuffs, cosmetics, sportswear, books, and sundry goods. Could you explain the developments and aims thereof?

Ichimiya—It may seem surprising, but diversification of our product range is an extension of our loyalty points system. We didn’t think there would be a point to having loyalty points that could only be used for home appliances. Home appliances are durable consumer goods whose prices are relatively high. Many consumers would be pleased if they could use their saved points more easily for goods



other than home appliances. We considered ideal ways to use saved points from the viewpoint of customers. After all, our wide product range, covering goods other than home appliances, also originated from our customer-first policy.

Fukushima—I see. I heard that Yamada Denki will commence new challenges this year, such as same-day delivery from stores via net sales.

Ichimiya—I believe that the real world and the virtual world can be merged. Usually, goods purchased via the Internet are delivered by a courier, but is that also OK with home appliances? We have raised the question of whether it is unnecessary to provide various additional services, such as installation and explanation of how to use appliances. We have a total of nearly 4,000 stores as a national chain. Taking advantage of such infrastructure, our staff members deliver goods to customers, install them, and explain how to use them. As we have a real store network, we can provide such services. The most important thing is good communication with customers. We provide customers with services combining the real world and the virtual world, which we consider to be one of the new business models in the home appliance industry. Internet services are solution services and we can fully utilize our store network. What we aim for is the enhancement of customer services.

Fukushima—That is an original business model only possible for a national chain, precisely featuring “Creation and Challenge.” Then, as a leading company among home appliance retailers, what do you think of your social responsibility?

Social responsibility as a leading company

Ichimiya—I think that, as a leading company, we must embody our CSR, which means to connect our daily business to CSR activities. In order to make contributions to society, a company needs to make

profits. Using such profits in CSR activities is one of the means for contribution, but I think we should also contribute to society through our business itself.

Fukushima—Yamada Denki is now proactively promoting smart-house business. Is that one example? It is a business to sell houses, but at the same time, disseminating smart houses will help resolve problems concerning energy and environment preservation.

Ichimiya—That’s right. Promoting smart-house business is of great significance.

Fukushima—While companies in various fields are now engaging in smart-house business, what are the characteristics unique to Yamada Denki?

Ichimiya—I think that housing manufacturers and home appliance manufacturers are engaging in the smart-house business from an upstream perspective, but our smart-house business is based on a downstream perspective. For example, the Home Energy Management System (HEMS) is drawing attention as a system to control smart home appliances, but many HEMSs developed by home appliance manufacturers can control only their own products. We consider that the HEMS must be able to control products of all manufacturers, because that would make them more convenient for customers. It is a quite natural conclusion. From such downstream perspective, we are engaging in the smart-house business. Our main business is the retail of home appliances, but when we seek further convenience for customers, we ultimately reach business dealing with houses as a whole. And through disseminating smart houses, we can fulfill our CSR as a result.

Fukushima—Unless CSR links to the main business of a company, continuity of CSR activities cannot be ensured. If a company cannot make profits, it will not make social contribution nor will it make efforts for resolving environmental problems, and so forth.

Ichimiya—We will contribute to society through our main business and also make profits, then utilize such profits to fulfill our CSR from a different angle. Creating such virtuous circle is important. It would be wonderful if we could really make it. Smart-house business has symbolic meaning in this sense.

Fukushima—I expect social contribution from Yamada Denki through its main business. Thank you very much.



Atsuko Fukushima: Profile

Graduated from the Faculty of Liberal Arts, Tsuda College. After working for Chubu-Nippon Broadcasting Co., Ltd., she became a freelancer in 1988 and has served as a newscaster for news and economy programs of NHK, TBS, and TV Tokyo, etc. She has interviewed over 500 business managers, such as for a feature interviewing corporate top managers in the weekly magazine “Sunday Mainichi.” She serves as an outside director for Hulic Co., Ltd., and had served as a management advisor for Panasonic Corporation for seven years. She has been active in lectures and forums themed on social problems, such as those concerning the environment and communications, in addition to economy.

Daily Life Itself Leads to Ecology

Nationwide Development of the "Smarnity Town" Project

In response to rising demand for environmental protection among people, Yamada Denki acquired a housing manufacturer, SxL Co., Ltd. in the autumn of 2011 and commenced a full-fledged smart-house (next-generation energy-conservation house) business.

One of the goals of Yamada Denki's smart-house business is the creation of "Smarnity Town," consisting solely of smart houses. Yamada Denki will further develop its "Smarnity Town" concept by making all-encompassing proposals on housing, the basis of people's lives, and helping individuals to build their own houses, with a view to creating a whole town, thereby contributing to the promotion of environmental measures through energy conservation based on advanced technology.

"Smarnity Town" that Yamada Denki envisages

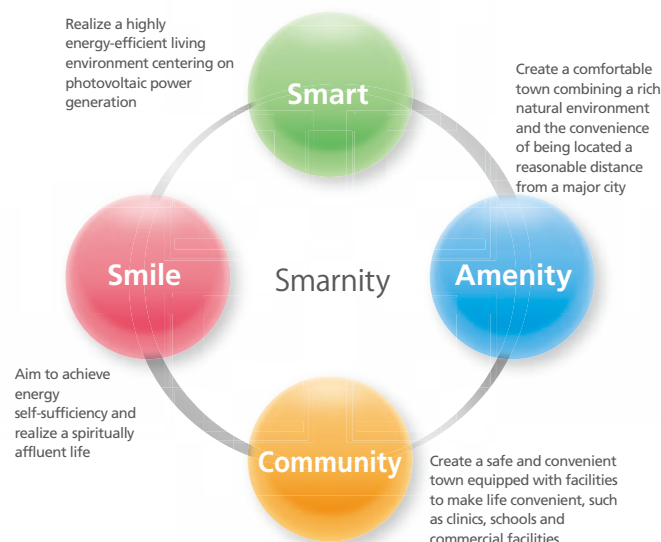
Yamada Denki named its smart town "Smarnity Town," infusing the meanings of smart, smile, amenity, and community.

We aim to offer a comfortable living environment by realizing "energy conservation, energy creation, and energy storage" through connecting the whole town with smart items.

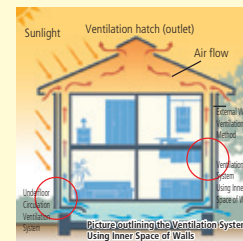
In fiscal 2012, we developed a pioneering smart town in Itakura-machi, Gunma. In fiscal 2013 onward, we will further develop it as a "Smarnity Town" concept to expand our smart-town business nationwide.

Contribute to creating a recycling-oriented society through providing long-life smart houses

Each process of building a house puts a large load on the environment. Considering the resources to be input upon building a new house and the waste to be generated from knocking it down, the introduction of long-life houses will significantly reduce environmental loads. Based on the know-how on housing accumulated over the years by SxL, our subsidiary, Yamada Denki has been promoting environment business aiming to create a recycling-oriented society by making long-life smart houses fully utilizing the power of nature.

House Building Fully Utilizing Nature YAMADA SxL HOME ヤマダ・エスバイエル ホーム

1 "Ventilation System Using Inner Space of Walls" which utilizes solar heat



Yamada Denki adopts the "Ventilation System Using Inner Space of Walls," which is an advanced technology to make an airway inside a wall and remove moisture from the underfloor space to the attic space by utilizing solar energy, and the "External Wall Ventilation Method," which is to make an air passage between a panel and an external wall for removing moisture accumulated there and in preparation for any infiltration of rainwater. Furthermore, by adopting the Underfloor Circulation Ventilation System applying patented VF packing, internal condensation will be curbed and the durability of houses will be drastically enhanced.

2 "SxL Method" – houses using wood



Yamada Denki provides strong houses that are resistant to earthquakes and other natural disasters, constructed using the SxL method (original technology of SxL). With their super-insulated structure superior in airtightness, we will realize a comfortable life that may also contribute to energy conservation. High-performance houses by SxL use high-quality timber produced under the management and protection of Weyerhaeuser, an international wood product supplier. (*Please see p.38 for details.)

Photovoltaic power generation system

HIT 233, a single crystal hybrid type

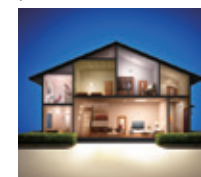
The HIT series with top level power generation capacity, featuring high output such as showing an increase in the peak output by around 10% even in summer heat



Installed directly on a roofing board (flat installation)

Full LED lighting

Colors and brightness can be selected in accordance with various life scenes. LED lights last as long as 20 years under the condition of being used 5.5 hours a day.



For a Japanese-style room

For a Western-style room

Full built-in air conditioning and ventilation system

We make proposals on housing space, centering on home appliances. This system saves space in rooms.



For a Japanese-style room

For a Western-style room

EcoCute

EcoCute reduces utility charges as it uses cheap nighttime power for boiling water.



Energy creation-storage linked system

By linking photovoltaic power generation and lithium-ion batteries, the system effectively utilizes power at normal time and even during a power outage.



Lithium-ion battery unit: 4.65kwh

Power station: 5.5kw

HEMS (Home Energy Management System)

- Visualization of energy
- Automatic control of power use in a house
- Create, store, and use electricity



3 modes of economy, environment, and power storage

Screen with penguin characters

Screen with bubbles

*Screens indicated here are examples.

POINT

Key points of smart house

Smart houses to create a Smarnity Town fully utilize information technology and efficiently control energy use therein by adopting HEMS to use the newest home appliances (energy conservation), photovoltaic power generation (energy creation), and batteries (energy storage). Power created by photovoltaic power generation is used for electrifying an entire home, as well as for LED lighting, electric vehicles, and other equipment and apparatuses, and all energy use is managed to be optimal with zero waste. Smart houses thus support residents' daily life, ensure a comfortable living environment, and are eco-friendly.

Energy conservation

An all-electric house is a house in which electricity is used for everything, such as for cooking, supplying hot water, cooling and heating. Basically, EcoCute, is introduced for supplying hot water with electricity by utilizing thermal energy in the air, and an IH cooking heater, is installed in the kitchen, which produces heat using magnetic force. They are very effective in reducing CO₂ emissions and utility charges.

Energy creation

By using a photovoltaic power generation system free of CO₂ emissions, smart houses achieve self-sufficiency with environmentally-friendly clean energy. Power generated can be applied in the house and sold to power companies if there is any power-surplus. The power providing electricity for an entire home can significantly reduce utility charges. Moreover, the system is operable even during a power outage in the event of a disaster, etc.

Energy storage

By linking photovoltaic power generation and lithium-ion batteries (an energy creation-storage linked system), power generated using the photovoltaic power generation can be utilized effectively in the daytime to create an environmentally-friendly lifestyle, and it can be stored and utilized for the whole day, and even be applied as emergency power in case of a disaster.

Stakeholder Engagement

Engagement with Stakeholders

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

We hope to strengthen our bond of "Appreciation and Trust" with stakeholders.



*For details, see each page cited.

Yamada Denki's Code of CSR Ethics

(established in June 2007)

1. Building up Trust

- To be a trusted company by conscientiously honoring any promises with customers and any engagements with business partners.
- To recognize our social responsibility and properly manage a variety of information in order to create reliable environments for our customers to enjoy shopping.
- To release appropriate and transparent financial statements based on the Financial Instruments and Exchange Act (also known as the J-SOX law).
- To retain stakeholders' confidence by disclosing corporate information in a timely and appropriate manner.
- To gain firm trust from society through solid outstanding management.

2. Ensuring the "Customer First" Approach

Based on the "customer first" approach, we master a high level of product knowledge and provide decent services. To ensure customer satisfaction and gain their support, we make efforts to provide products and services that meet customers' needs.

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

Yamada Denki always conducts fair transactions with business partners, giving consideration to both interests. 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 builds up a corporate culture, according to which employees respect each other's personality and characteristics and which banishes sexual and power harassment.

6. Making Efforts in Environment Protection

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 stores exist within the communities and require appreciation and support of the community members for their existence. We contribute to local culture by co-existing with local people.

Consultation Meeting with External Professionals and Academia on CSR-focused Management

Yamada Denki has held a quarterly consultation meeting with outside experts on CSR since fiscal 2007, and the latest one was the 22nd meeting. Proposals and instructions by experts are discussed internally and we try to implement relevant measures and achieve concrete outcomes as early as possible.



Major Agenda for Fiscal 2012

- CSR activities in general and future activities
- Management of compliance at stores in and outside of Japan
- Progress of the improvement of the working environment and fostering of female managers
- Current status of activities for improving CS
- Activities concerning environmental problems
- Current status of activities for the fourth logistics reform
- Activities concerning contribution to society and local communities
- A system to extend the retirement age to 65, etc.

Experts on CSR-focused Management



IIMURA Somuku
Lawyer



ISHII Haruo
Professor, Faculty of Business Administration, Toyo University



SUEYOSHI Takejiro
Special Advisor for Financial Initiatives, United Nations Environmental Programme



TAKARABE Seiichi
Economic journalist



TOKUHARA Tsukasa
President, FIC Co., Ltd.



FUKUYAMA Hiroyuki
Engineer (Management engineering/comprehensive technical supervision sector)

Economic Performance

We will endeavor to enhance our corporate value, through continuous efforts to further increase not only sales and share values but also the brand value of Yamada Denki and to develop good relationships with customers and business partners.

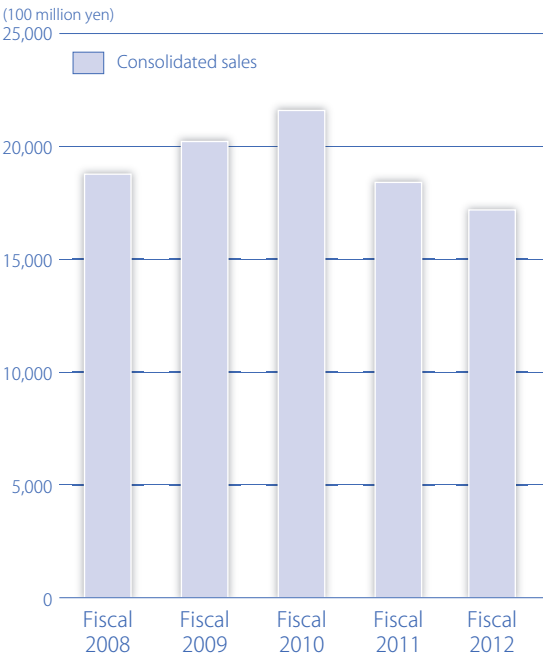


Earnings

In fiscal 2012, the home appliance industry faced the severest ever business environment due to a market slump caused by the termination of the eco-point system and by a backlash against the rush demand triggered by the transition to digital terrestrial broadcasting. Industry consolidation for survival was further accelerated.

In the fiscal year that ended in March 2013, Yamada Denki recorded consolidated sales of 1.7014 trillion yen, with an operating profit of 33.9 billion yen and a recurring profit of 47.9 billion yen. We will make further efforts to achieve the mid-to long-term goal.

■Year-to-year Changes in Sales (past five years)



■Consolidated Sales and Recurring Profit (past five years)

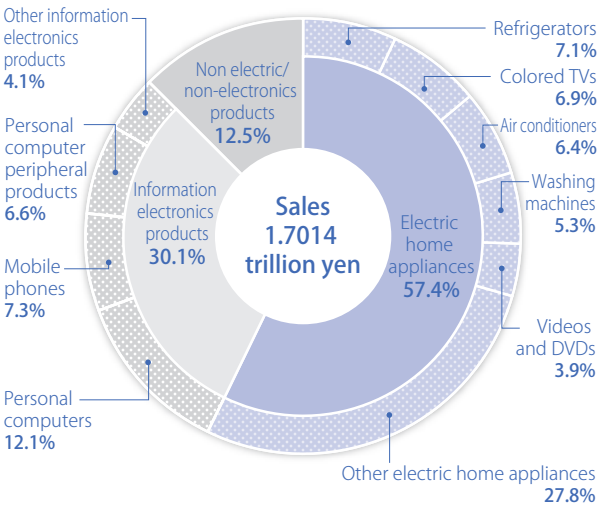
	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Consolidated sales	1,871,828	2,016,140	2,153,259	1,835,454	1,701,489
Recurring profit	64,604	101,586	137,847	102,225	47,906

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 corporates. In recent years, in addition to making proposals on energy conservation home appliances, we have been focusing on the smart house business, such as solar photovoltaic power generation systems, electric vehicles, and storage batteries. Moreover, to enhance 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-sales 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 57.4% of our sales, followed by 30.1% for information electronics products and 12.5% for non-electric/non-electronics products. The launch of new products partially activated the PC market and energy conservation home appliances, smartphones and tablet terminals sold relatively well, but sales of video-related products remained sluggish and there was still a significant slump in the home appliance market, due to a strong backlash against the rush demand. Under such circumstances, Yamada Denki will further strengthen its solution business, represented by the smart-house business and the environment-related business, while pursuing the possibility to expand its business scope widely and deeply, centering on the retail of home appliances.

■Sales by Product Category (Fiscal 2012)



Expansion of Solution Business

Yamada Denki has been promoting the solution business to enhance the convenience for customers through offering proposals with options of various electric home appliances (hardware) and accompanying services, rather than just selling products.

◆Full-fledged Smart-House Business

As a new initiative in its smart-house business, Yamada Denki, jointly with its subsidiary, Yamada SxL Home, developed an environment-conscious smart town, Smarnity Town, and completed the first one in Itakura-machi, Oura-gun, Gunma prefecture. At this Smarnity Town, where we commenced the sale of residential lots in February 2013, we are planning to introduce LED street lights and electric vehicle charging systems under cooperation from Gunma Prefecture and Itakura-machi, with the goal of developing a proposal-based town unique to Yamada Denki.

Furthermore, we are setting up a Total Smarnity Life Corner in our major stores to proactively make proposals concerning smart houses with a flexible mindset from a downstream perspective, while ascertaining wide-ranging customers' needs for new homes, renovation, and residential lots, etc.

◆Solution Business Targeting Corporations

In response to the Feed-in Tariff commenced in July 2012, demand has been increasing significantly in the photovoltaic power generation business and the industrial market has been expanding rapidly. Yamada Denki has developed a nationwide system integrally covering sales, designing, installation and after-sales service of photovoltaic power generation systems for industrial use, in addition to those for general houses, which enables us to recommend a system optimal for each customer from various options, from those for a mega solar power plant to a small scale power plant. Yamada Denki is actively presenting environmentally-friendly and managerially-advantageous solutions, through providing energy-saving systems that reduce utility charges and CO₂ emissions and make contribution to local communities.

◆Energy-efficient Home Appliances and Networked Home Appliances

Amid growing public awareness of power saving triggered by the Great East Japan Earthquake, Yamada Denki has been renovating sales floors of major stores to make all-encompassing proposals on energy-related products under the keywords, "energy conservation, energy creation, and energy storage."

With regard to smartphones and tablet PCs, we promote the provision of network solutions by connecting them with other home appliances, instead of selling such terminals alone.

Opening of New Stores

In fiscal 2012, Yamada Denki greatly expanded its store network both in Japan and overseas, such as by acquiring Best Denki, which has been operating community-based stores mainly in the Kyushu region, in December. In the meantime, the number of stores belonging to Yamada Denki's franchise chains, such as Cosmos Berry's, increased to 3,431, bringing the total number of Yamada Denki Group stores to 4,411 from 3,586 in the previous fiscal year. Regarding overseas markets, the total number of overseas stores of Yamada Denki Group reached 32, including those operated by Best Denki mainly in Southeast Asia.

■Number of Yamada Denki Group Stores

Store category	Store names	End of March 2011	End of March 2012	End of March 2013
Directly operated stores	LABI, Tecc Land, overseas stores, etc.	612	706	980
Franchise chain stores	Cosmos Berry's FC, Matsuya FC, Best Denki FC, etc.	2,118	2,880	3,431
Group total		2,730	3,586	4,411

*For details, please refer to p7.

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

	Calculation method, etc.	Fiscal 2010	Fiscal 2011	Fiscal 2012
Shareholders	Dividend payments to shareholders	7.15	7.15	5.65*
Employees and executives	Total of personnel costs and executive remuneration out of sales and general administrative expenses	88.719	90.917	101.373
Local communities	For information on local community-related activities, please refer to p.32-33.	—	—	—
Administrative authorities	Corporate income tax, resident tax, and business tax	63.70	36.65	15.71

* Figures for fiscal 2012 are those to be approved at general shareholders' meetings.



Governance and Compliance

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 enhance our corporate value and shareholder value by establishing a management organization that ensures quick decision-making concerning management affairs.



▲Study meeting on compliance at the commodity department

Corporate Governance

Yamada Denki realizes clarification of management responsibility and quick decision-making through weekly PDCA (plan-do-check-act) cycles under an organic and flexible structure consisting of the CSR Committee, 14 other committees and 61 subcommittees.

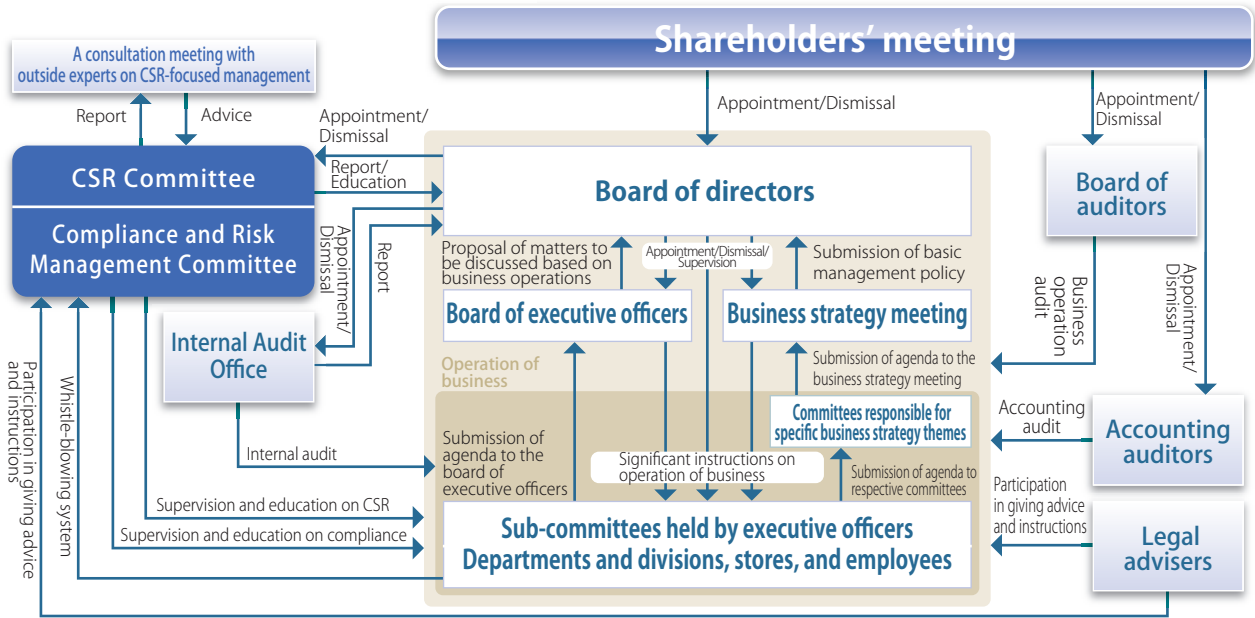
Status of Corporate Governance

Yamada Denki adopts an executive officer system that enables quick response to changes in the business environment. The system clearly separates the function of management decision-making supervision and business operation. The top management team is comprised of the President, Representative Director and CEO (chief executive officer), the Vice President, Representative Director and COO (chief operating officer), and the senior managing directors and executive officers. Under the top management team are various committees, with executive officers being in 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 our management policy while fully recognizing the significance of our 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. 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, as well as the business of the company as a whole.

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 manager and inventory review. 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.

Compliance

Recognizing compliance as a critical corporate management issue, Yamada Denki prepares and takes various measures and activities to thoroughly ensure it. We also hold study meetings for employees throughout the year.

Establishment of the Compliance Committee

To ensure company-wide awareness and practice of compliance, we have established the Compliance Committee, of 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 2012, the Compliance Committee discussed the following themes at its internal meetings. Additionally, the Compliance and Risk Management Committee, which discusses risk management as well, holds a meeting once a month.

Risk Management and Disaster Response

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

Based on the experience of the Great East Japan Earthquake, we introduced a new system utilizing mobile phones for confirming the safety of employees in the event of a disaster, and also newly added measures in preparation for a possible outbreak of super-flu, such as vaccinations for employees. Risk management manuals are thus reviewed and revised constantly so as to reflect various risks that actually occurred recently.

■Examples of the Themes Studied by the Compliance Committee

2012	Apr.	Discipline within the group and ensuring of thorough compliance
	May	Ensuring of thorough operational compliance
	Jun.	Activities for raising employees' awareness of compliance
	Jul.	Checking of the status of compliance in permits and approvals
	Aug.	Strengthening of the personal information protection system and awareness-raising activities
	Sep.	Strengthening of the system to ensure proper business activities
	Oct.	Development of an internal control system and holding of a study meeting on prevention of sexual harassment
	Nov.	Holding of a study meeting on the Act against Unjustifiable Premiums and Misleading Representations (misleading representations)
	Dec.	Holding of a study meeting on the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers
		Measures concerning the improvement of mental health
2013	Jan.	Holding of a study meeting on the Industrial Safety and Health Act
	Feb.	Implementation of measures concerning proper handling of personal information
	Mar.	Holding of a study meeting for ensuring fair trade

Holding of Group CSR Meeting

We hold a CSR Meeting once a month to extend CSR-focused management into the Yamada Denki Group based on "Appreciation and Trust," so as to contribute to the resolution of environmental problems and social problems through our business throughout the group.

We are committed to promoting our CSR-focused management, not only in terms of business management but also in terms of customer satisfaction, environment, labor, and compliance, while sharing the management philosophy and CSR policies among the entirety of the group, with the goal of enhancing the overall credibility of the Yamada Denki Group.

Housetec Inc.

Initiatives by Group Companies

Self-check based on the CSR guidebook

Prioritizing compliance in the management, the Housetec Group published a Housetec Group CSR Guidebook and delivered it to each employee to ensure full understanding of compliance.

To increase the awareness of compliance, each employee is requested to conduct a self-check once a year according to the Housetec Group CSR Guidebook.



Best Denki Co., Ltd., Azuma Metal Co., Ltd., C. I. C. Corporation, and Project White Co., Ltd.

Development of risk management systems and disaster control manuals, etc.

Some of the group companies establish and develop their own manuals to prepare against natural disasters and social risks. Best Denki has set up a Disaster Control Manual and a Super-flu Response Manual to stipulate basic matters concerning its risk management system and the operation thereof. Azuma Metal has prepared the Disaster Manual in response to natural disasters, while

Project White has prepared the Disaster Response Manual to make it a rule to prepare an in-house emergency communication network and deal with situations in cooperation with local communities in the event of a disaster. C.I.C. also promoted the preparation of a risk management manual in fiscal 2012.

Pursuit of Improving Customer Satisfaction

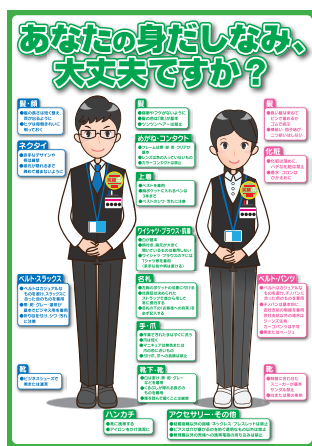
We are constantly pursuing management based on the “customer first” approach, endeavoring to provide customers with services that can satisfy them fully, not only at stores but also throughout the whole period they continue to use the products they purchased at our stores.

▲Training sessions at partner companies

Consistent Efforts to Improve Customer Satisfaction (CS)

In addition to selling 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 after-sales service such as product delivery, installation and repair, from the stage in which they use the products onward.

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, during product delivery, and in after-sales service. Furthermore, we put posters in eyeshot of employees to remind them to be careful about their appearance.

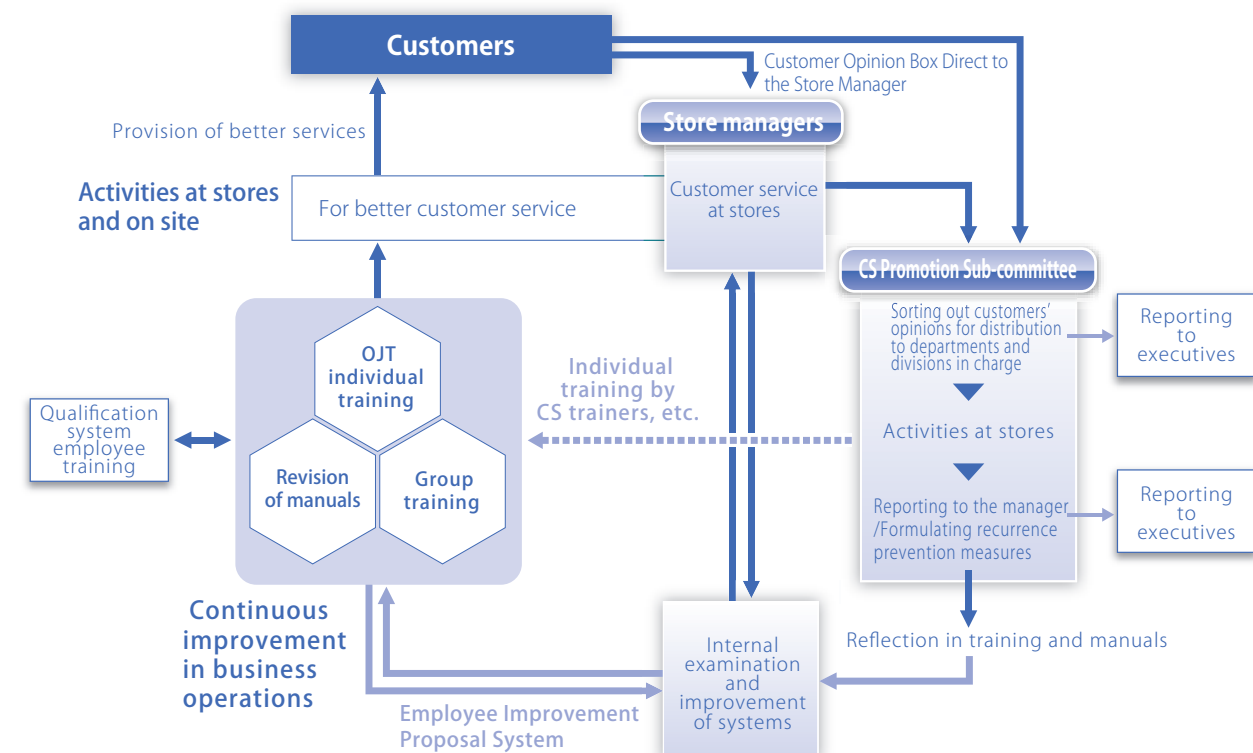


Employee Training and System Development for Improving CS

Each staff member's high-quality customer service skills are indispensable for satisfying customers in shopping at Yamada Denki. Yamada Denki promotes employee training to foster staff who can make proposals on lifestyle through home appliances. We provide employee training covering multiple fields, such as role-playing training by CS trainers, group training and CSR training at the “Sosei Juku” training center. Furthermore, we have introduced various systems that would contribute to improving CS with the synergy of employee training, including support for fostering female managers, the internal qualification system for enhancing employees' skills concerning business manners and product knowledge, and the improvement proposal system to adopt employees' ideas from an on-site perspective.



■Systems for Enhancing Customer Satisfaction (CS) and Employee Education (Conceptual Diagram)



Creation of a Customer Service Slogan

Yamada Denki has been promoting standardization of customer services so as to ensure friendly attendance at all stores. As one of the concrete measures, we have created customer service slogans common to all group stores since fiscal 2011 with the aim of offering services from the viewpoint of customers. In fiscal 2012, we worked to instill the awareness that losing one customer results in losing ten customers, under the slogan “Be sure to serve all customers kindly” consecutively from the previous fiscal year. Furthermore, we specified the three principles for kind customer services so that newly joined employees can also understand the meaning of the slogan.

Customer Service Slogan

Be sure to serve all customers kindly.

<Losing one customer would result in losing ten customers.>

Three principles for kind customer services

- Greet customers brightly.**
 - Greet customers with a smile, making eye contact.
- Do not make customers wait.**
 - Do not make customers wait at the register or for any services.
- Keep your word and do not tell a lie.**
 - You may lose customers' trust.

Commencement of Staff Delivery Service

Yamada Denki has been making strong efforts to promote Internet sales, in addition to store sales. The Staff Delivery Service, which we commenced in March 2013, is a service in which our staff members nationwide directly deliver products purchased via our Internet mail-order site, Yamada WEB.com. If a customer orders a product via that site by 15:00 and the nearest store has one in stock, a staff member from the relevant store makes same-day delivery of it to the customer.

This service fully utilizes Yamada Denki's store network and is marked by speedy and careful responses compared with conventional Internet mail-order services. Delivery by staff members will offer our customers a greater sense of security.



Efforts to Protect Personal Information of Customers Involving Business Partners

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 based thereon. 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 2012, 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.

Enhancing In-store POP under the Improvement Proposal System

Yamada Denki prepares the Improvement Proposal System under which each staff member is encouraged to make proposals from an on-site viewpoint, with a view to realizing “Company-wide Participation in Management,” so as to ensure better performance in daily duties and the overall corporate management. In fiscal 2012, various proposals on in-store POP, which are expected to further improve customer satisfaction, were made by store staff members and many new POP signs were adopted.

■Example of POP easy for customers to understand



Encouraging the Acquisition of Qualification as Certified Electric Home Appliance Advisors

Yamada Denki tries to increase employees' expert knowledge so that they can provide customers with proper advice on selecting electric home appliances. In order to enable them to provide advice based on various factors, such as customers' needs with regard to product functions, their purpose of use, usage frequency, place of installation, as well as their preferences, we encourage employees to obtain qualification so as to be a certified electric home appliance advisor, and the number of qualified employees has been increasing.

In fiscal 2012, there were more than 350 employees with the qualification in each category of electric home appliances.

■Number of Certified Electric Home Appliance Advisors

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Audio Visual information home electronics	434	441	406
Daily life home appliances	368	361	367
General electric home appliances	389	432	478

Efforts to Reflect Customers' Opinions in Management and Services

Yamada Denki has a system under which store managers deal with customers' inquiries, opinions, and requests responsibly by themselves.

◆Improving the System of the Customer Opinion Box Direct to the Store Manager

As a way to reflect customer opinions in management and services, we install a customer opinion box direct to the store manager at each store to encourage customers to write down their opinions and requests and put them into the box. Formerly, we dealt with customers' opinions one by one, but since fiscal 2011 we changed the method and posted responses to all of the opinions received from customers on each store's bulletin board.

Through this method, we came to notice overlooked problems and issues and were able to improve our services promptly. We also received favorable comments from customers who can read all the opinions and requests and our responses thereto.

◆Promptly Reflecting Customers' Opinions in Manuals and Employee Training

All inquiries from customers made by phone or mail are also classified and tabulated by item and fed back to each store, as in the case of opinions and requests collected through the system of the customer opinion box direct to the store manager. We also constantly check whether what has been pointed out by customers has been reflected properly in customer service manuals.

Customers' opinions are totaled each week and are discussed at a meeting of the CS Promotion Subcommittee, which is held once a week, and then are promptly reflected in customer service manuals and employee training.

◆Promptly Sharing Awareness through Information Communication Meetings

Efforts are made to share awareness among the employees of each store through information communication meetings held every morning and by TV conferences held every week with representatives of each store.

Furthermore, in order to confirm whether information is fully shared among all employees, we make phone calls or direct visits to each store after meetings and conferences.

◆Pursuing Customer Satisfaction at the Product Delivery, Installation and Repair

The status of in-store efforts can be directly managed under Yamada Denki through employees and managers, but regarding delivery, installation, repair and other after-sales services, the performance of the business partners will affect the evaluation of the services of Yamada Denki.

Therefore, in order to ensure the same evaluation as for our in-store efforts, 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 for the enhancement of services and business manners.

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.

Matsuya Denki Co., Ltd., Seidensha Corporation Limited, Kimuraya Select Co., Ltd., and Yamada Eco Solution Co., Ltd. = Initiatives by Group Companies

Sharing customer opinions and standardization of opinion collection

Matsuya Denki and Seidensha also adopt the same system of the customer opinion box direct to the store manager as the one adopted in Yamada Denki stores to collect customer opinions. Kimuraya Select has been promoting customer opinions with Yamada Denki, supposing that customers may submit their opinions on and requests to Kimuraya Select to the head office of Yamada Denki, as it has become widely known that the company joined the Yamada Denki Group.

Yamada Eco Solution engages in collection and tabulation of customer opinions submitted at each Yamada Denki store, and provides the collected information (appreciations and suggestions, etc.) to share among the group companies and cooperative companies.

According to customers' suggestions, the relevant staff in charge should make improvements or provide guidance promptly.

Best Denki Co., Ltd.

Magokoro (warm-hearted) service report

Every month, Best Denki conducts a questionnaire survey using return postcards with 5,000 customers, mainly in western Japan, for the purpose of improving after-sales services. Based on the results of the survey analysis, the company issues a monthly Magokoro service report, and compiles them for employee training to improve customer satisfaction.



Best Denki Co., Ltd. and TES Co., Ltd.

Acquisition of the Privacy Mark

Best Denki set achievement of thorough compliance and further efforts for proper management of personal information as its fiscal 2012 targets. Best Denki and its subsidiaries, J-Staff and Best Financial, acquired the Privacy Mark, which certifies that the relevant organization properly handles personal information.

TES acquired the Privacy Mark in fiscal 2008. The company appoints a personal information protection manager, obliges

executives to receive education as Privacy Mark auditors, holds seminars on consignment agreements, and works to disseminate measures to prevent the leakage of personal information. Furthermore, the company provides training to new recruits and other employees regularly once a year to deepen their understanding of the protection of personal information.

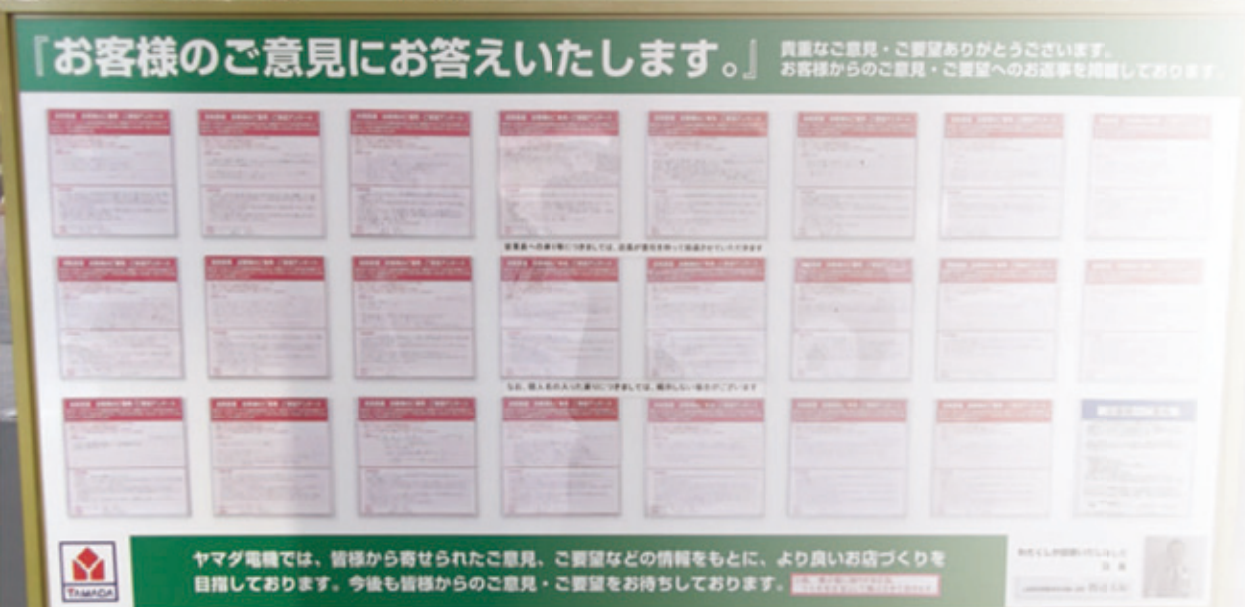
Group companies

Support for employees' acquisition of various qualifications relating to their business

Group companies proactively offer support to their employees for the acquisition of various qualifications in accordance with their business. Housetec has established the Rules concerning Assistance and Reward for Acquiring Qualifications and grants subsidies for examination fees for around 70 qualifications necessary for business

operation and daily duties, as well as for expenses for purchasing necessary textbooks and drill books and transportation fees to the test sites. When employees successfully acquire qualifications, the company grants rewards therefor. Other group companies also offer support for employees' acquisition of qualifications as follows.

Company name	Qualifications
Best Denki	Certified Electric Home Appliance Advisor, Certified Electric Home Appliance Engineer
Yamada SxL Home	Architect, Real-estate Transaction Specialist
Matsuya Denki	Certified Electric Home Appliance Advisor
TES	Certified Electric Home Appliance Advisor, Certified Electric Home Appliance Engineer, Second Class Electric Work Specialist, Refrigerant Recovery Specialist, Gas Welding Technician
Yamada Eco Solution	Certified Electric Home Appliance Advisor, Second Class Electric Work Specialist
Project White	Microsoft Certified Technology Specialist
Inversenet	Test for Specialists in Reuse and Recycling of IT Equipment
Azuma Metal	Pollution Prevention Manager, Qualifications relating to heavy equipment and refrigerant recovery, etc.
Kimuraya Select	Registered Pharmacy



Relationship with Shareholders and Investors

Yamada Denki considers it our own mission to contribute to society by maintaining sustainable growth and increasing our corporate value. Moreover, it is essential to gain the understanding of our shareholders and develop mutual trust. Yamada Denki is endeavoring to make active communications by disclosing information in a timely and appropriate manner.

Timely and Appropriate Disclosure of Business and Financial Information

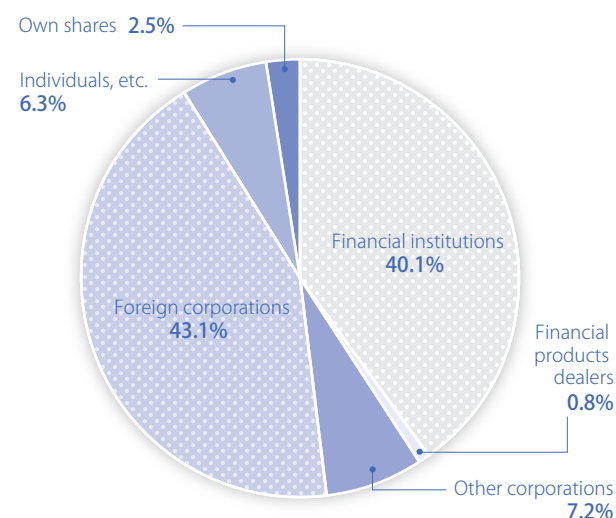
Yamada Denki has disclosed IR information, such as earnings data and press releases, as well as monthly IR summary information, on our website to shareholders and investors, thereby endeavoring to deepen their understanding of the company.

As the percentage of foreign corporations and other foreign investors has been increasing among Yamada Denki's overall shareholders, we have a number of opportunities to explain our business performance and management policy from the global perspective. We explain our business strategies and CSR activities at meetings with investors and analysts held more than 200 times annually.

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

For information concerning our efforts for supporting victims of various disasters in and outside Japan, please refer to our web site. Some information is also available in various sections of this CSR report.

■Shareholding Ratio (as of March 2013)



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

■Number of Meetings with Investors, etc.

Fiscal Year	Number of meetings
Fiscal 2010	216
Fiscal 2011	237
Fiscal 2012	211

■Briefing for Individual Investors

Fiscal Year	Venue	Number of participants
September 2010	Tokyo	569
September 2011	Nagoya	423
September 2012	Tokyo	508

Basic Policy for Distribution of Profits

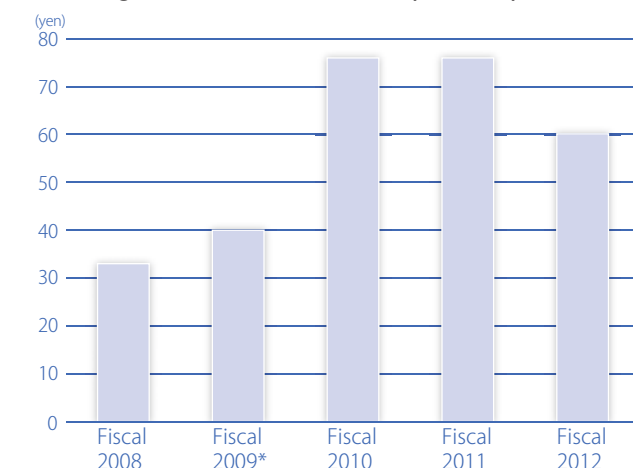
Regarding the appropriation of profits, our primary policy is to pay dividends to shareholders in a stable and consistent manner. At the same time, Yamada Denki also considers it essential to build up internal reserves in order to enhance our business foundation and achieve stable growth in the changing 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 ends March 31 2013, we plan to pay annual per-share ordinary dividends of 60 yen.



■Changes in Per-share Dividends (past five years)



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

Future Management Policy

Although white goods, mainly energy conservation home appliances, are selling well, the demand for other items such as video-related products has been sluggish due to strong backlash against the rush demand triggered by various policy measures. The market environment is expected to remain severe for some time to come.

◆Measures to break the expected sluggishness of the home appliance market

- We will take advantage of our nationwide service network and strengthen collaboration with our subsidiaries, Yamada SxL Home and Housetec Holdings. We will introduce a Total Smarnity Life Corner in around 190 major stores to proactively make proposals concerning smart houses with a flexible mindset from a downstream perspective, while collecting wide-ranging customers' needs for new homes, renovation (from small renovations to large-scale renovations), and residential lots, etc., thereby further exploring a new market.
- As power problems are significant in Japan in the medium- and long-term, our mission as a distributor is to proactively make proposals on energy conservation home appliances. We will also make efforts to expand our market by promoting sales of smartphones and tablet terminals.
- We will amplify our efforts to distinguish ourselves from other companies through actively developing internet-related business and other solution business, and at the same time will be devoted to customer satisfaction by making the best use of our store network.
- We will expand our stores in new unexplored areas in accordance with respective market sizes and reinforce our service network through a highly potential unique national chain for the purpose of meeting customers' needs.



Cooperation with Business Partners

Yamada Denki aims to achieve co-existence and co-prosperity with manufacturers and other business partners based on fair business practices by maintaining sound and transparent relationships and establishing long-term relationships of trust that are beneficial to both of us.



▲Business negotiation with a business partner

Basic Concept on Fair Business Transactions

In October 2011, Yamada Denki disclosed its Sourcing Policy to business partners and has placed even and fair business transactions as a major pillar of its CSR-focused management.

Yamada Denki has transactions with various business partners, including domestic major electric appliance manufacturers and daily commodity manufacturers, as well as wholesalers. Many domestic electric appliance manufacturers, in particular, have excellent expertise concerning CSR and a larger number of them have conducted advanced efforts compared with those in other industries. Yamada Denki aims to build sound partnerships with business partners based on the respective knowledge on each side, while mutually deepening understanding of their respective CSR activities and sharing information on corporate social responsibility.

Toward Fair and Sustainable Business Transactions

◆Observance of the Code of CSR Ethics

In Article 4 of the Code of CSR Ethics, which was established in June 2007, Yamada Denki clearly indicates its commitment and basic policy to always conduct fair transactions. Based on such laws as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, we have endeavored to ensure fair transactions with business partners. 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.

◆Holding of a Study Meeting on Compliance

Mainly targeting employees working in the commodity department, who often have contact directly with business partners, we hold a study meeting on compliance every month. At the study meeting, we confirm what acts falls outside the scope of fair transactions based on case studies of past violations of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, etc.

Yamada Denki's Sourcing Policy (established in October 2011)

Towards our sustainable society, Yamada Denki proceeds with business transactions with companies running their entire value chain businesses based on the following policies.

- ① Comply with all domestic laws and international rules based on the corporate ethics.
- ② Comply with laws and regulations related to the environment, and continuously facilitate environmentally-sustainable efforts to reduce the environmental burden.
- ③ Respect individual personality and human rights, comply with social and environmental requirements, and sustain fair and sustainable business.

◆Implementation of the First CSR Questionnaire Survey

Since fiscal 2010, Yamada Denki has been making efforts based on ISO26000. ISO26000 places importance on efforts for compliance covering the entirety of the value chain. In fiscal 2012, Yamada Denki carried out its first CSR questionnaire survey, targeting major business partners and all group companies, to ascertain how they are making concrete efforts for ensuring compliance, with the aim of promoting social compliance, environmental compliance, and compliance in governance over the whole lifecycle of products that customers purchase at Yamada Denki. Questionnaires are prepared in reference to ISO26000 and the Global Social Compliance Program (GSCP), which is an international program aiming to continuously improve labor and environmental conditions throughout the supply chain.

The first CSR questionnaire survey revealed that each company has been positively making efforts for customer-related issues, such as the management of customer information, but that efforts for corporate governance, such as requesting supplies to carry out CSR activities, have been relatively weak.

Yamada Denki is committed to further promoting CSR activities covering the entirety of its supply chain.

Overview of the First CSR Questionnaire Survey

- Targets: All group companies
Major business partners
- Survey period: Group companies: April — June, 2012
Major business partners: April — May, 2012
- Response rate: Group companies: 100%
Major business partners: 80%

Respect of People's Diversification

Yamada Denki attempts to cultivate a corporate culture where every person's personality and characteristics are respected irrespective of their gender, age, or physical differences.

We also try to make our stores convenient to all customers.



▲Wheelchairs prepared at the store entrance

Approach to Respect Human Rights

In Article 5 of the Code of CSR Ethics, which was established in June 2007, Yamada Denki clearly states as its basic approach concerning human rights that it aims to be a company in which employees respect each other's personality and characteristics and which banishes sexual and power harassment. The Code of CSR Ethics is cited in textbooks used in the training for new recruits so that these ideas are thoroughly shared among all employees as indispensable awareness as members of the company.

Group companies also share Yamada Denki's business attitude based on respect for human rights, clearly stating their business attitude to respect human rights in their code of conduct.

Regular Implementation of Employee Training

At weekly CSR Committee meetings and training and study sessions targeting managerial staff, themes concerning sexual and power harassment are taken up regularly to direct those managerial staff to take the initiative to create workplaces free from any and all harassment.

This approach of having managerial staff take the initiative is shared among all group companies and the opportunities of such training and study sessions and board meetings are utilized to first raise the awareness of senior staff members.

Utilization of the Whistle-blowing System

Yamada Denki adopts the whistle-blowing system for receiving reports from inside and outside the company. This is an in-house system established mainly for the purpose of compliance, but any reports concerning human rights or discrimination are also accepted. The contents of reports are submitted at weekly CSR Committee meetings for discussion on countermeasures.



Best Denki Co., Ltd.

To create a harmonious society where all people can express their ability and personality

B.P.C. Co., Ltd. (head office in Fukuoka City, Fukuoka) is a group company of Best Denki which was established in 1993 due to Best Denki's necessity to fulfill social responsibility and contribute to local communities in a way commensurate with its business expansion. B.P.C. is the first third-sector company in the distribution industry that hires many highly disabled persons (a special subsidiary company). Under the concept of normalization, the company gives due consideration in hiring disabled and elderly people, aiming to have disabled persons enjoy vocational life as independent members of society with their intention and ability.

In collaboration with Best Denki and other local companies, Fukuoka Prefecture, and Fukuoka City, B.P.C. runs business by receiving orders for general commercial printed matter, such as catalogs and leaflets, mainly outsourced by Best Denki. As of March 1, 2013, the company has 30 employees, out of which 24 are disabled persons, and they are engaged in duties relating to printing business.



Initiatives by Group Companies

Growth Together 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. Our efforts for employee training, capability development, and improvement of the working environment follow.



▲Training of candidates for female managers

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 2013, the average age of employees was 32.6 years old and the average employment term was 7.4 years.

Moreover, we are promoting the re-employment of contract workers as regular workers by harmonizing with the internal qualification system, the employment of people with disabilities, and the re-employment of elderly workers. The employment rate of people with disabilities has been higher than the legal standard since January 2009. Regarding the employment of elderly persons, we are making adjustments to meet the revised Act on Stabilization of Employment of Elderly Persons enforced in April 2013 that stipulates the obligation to continue employing all employees who wish to work until the age of 65.

■Number of Employees

		Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of managers	Men	3,508	3,430	3,232
	Women	90	91	67
	Total	3,598	3,521	3,299
Number of employees		10,012	10,298	10,699
Average number of temporary employees		9,135	9,179	9,018
Number of employees with disabilities		431	404	411

*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	314	Three months	Once
Training of new floor chiefs	158	Three days	7 times
Training of store managers	388	Four days	16 times
Training of female managers	87	Three days	5 times
Training of candidates for managers	41	Three days	Once
New store training	228	Three days	20 times

Toward a Better Working Environment

To improve the working environment so as to enable employees to work with good conditions, Yamada Denki considers it important to provide workplaces under the concept of "work-life balance."

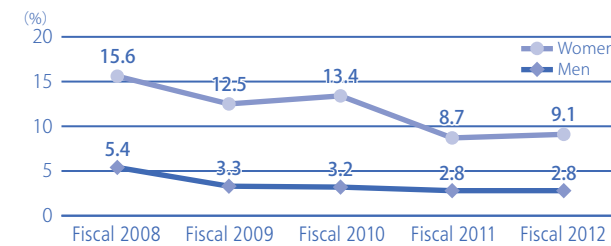
Under our child-care and nursing-care support systems, we allow expanded pre-childbirth leave (two weeks more than the legally prescribed minimum) and expanded childcare leave (until the child reaches three years of age), and have introduced systems to provide support for employees who have returned 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 depending on their major lifetime events, such as that the needs for child care or nursing care for their families are to be met.

Furthermore, in order to enhance the health and safety environment at workplaces, we set a health and safety committee at each store to have them respectively discuss issues on occupational health and safety, which are presented by the headquarters every month. As a result, the job leaving rate has been in the single digits since fiscal 2011.

■Number of Employees Taking Special Leave

		Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of employees taking childcare leave	Total	59	80	128	169	164
	Male employees	4	5	5	5	2
Number of employees taking nursing care leave		3	8	3	5	8
Number of employees on short working hours		42	87	57	82	112
Rate of employees receiving medical checkup		95.1%	95.2%	94.2%	95.0%	94.3%

■Changes in Job Leaving Rates (employees)



*Number of employees at Yamada Denki on a non-consolidated basis

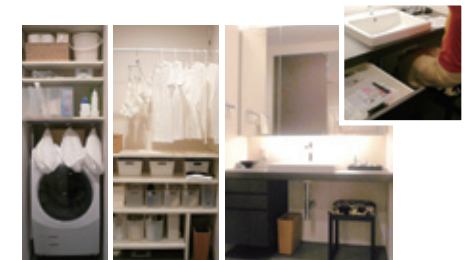
Yamada SxL Home Co., Ltd.

Development of products reflecting women's opinions

In order to promote the development of products reflecting women's opinions, Yamada SxL Home encourages active opinion exchanges among various women staff, irrespective of their department, age, or whether they have children or not.

In 2012, the fourth original product, a lavatory space named "Biraku Senmen Shuno," was developed. Under the concept of "an ideal lavatory space that makes housework easier and increases women's

motivation," they focused on the problem that the conventional lavatory space usually has an area of around only two tatami mats but functions as a space for washing, doing the laundry, and taking off clothes to take a bath. They separated this into a public zone (space for washing) and a private zone (space for doing the laundry and other housework and taking off clothes to take a bath) and realized a functional lavatory space.



Voice: Opinions of responsible staff



Women staff members belonging to various departments gather and exchange opinions and then we actually make proposals to customers based on such opinions and have been able to succeed in receiving positive responses from them. Customers and branch staff in charge of sales and design, etc. also give us advice and suggestions. In this workflow, we feel that the initial proposals have been improved each time we gather and exchange opinions. I feel glad to participate in this activity beyond departments as I can have chances to meet various people inside and outside of the company and share opinions.

Ayako Abe
Kyoto branch Designer
(Leader of the Team Promoting Women Staff Activities)



I now consider my opinion to be more significant because I found that others also feel the same. New ideas have been generated in the course of discussions among members and many unexpected proposals were made. I feel that these would have been impossible if we had only stuck to our daily duties. I recognize the significance of developing products from women's viewpoint.

Michiyo Hayashi
Design Technology Management Department
Product Development Section
(Leader of the Product Development Reflecting Women's Opinions)

Declaration of "Ikumen" Supporter

Yamada SxL Home registered as an "Ikumen" supporter in July 2011, in favor of the purport of the Ministry of Health, Labour and Welfare's "Ikumen" Project aiming to encourage fathers to become more involved in childrearing.



Best Denki Co., Ltd.

"My Stage Leave System" and "Short Working-hour System"

The My Stage Leave System is targeted at employees in service for one year or longer and allows them to take long leave regardless of their reasons. As one of the measures to promote work-life balance, the company introduced the system in 2003. This is considered as a period of absence, and employees can take leave of up to 24 months in total, though not paid. So far, 11 employees have used this system for such purposes as participating in Japan Overseas Cooperation Volunteers, learning a foreign language overseas, and childrearing.

The Short Working-hour System offers two options, i.e., shortening working hours per day to six hours and reducing prescribed working days per month to 18 days. This system targets employees who need more support than statutory childcare leave or reduction of working hours, and can be used as many times as desired for up to one year each time.

Inversenet Co., Ltd. and Yamada Eco Solution Co., Ltd.

Appointment of non-regular employees as full-time employees

Inversenet appoints part timers and other non-regular employees as full-time employees as necessary, considering individuals' capacity and aspirations. Yamada Eco Solution also tries

to appoint non-regular employees, mainly temporary staff, as full-time employees proactively upon confirming their intention.

Coexistence with Local Communities

Retail companies are required to operate within the local communities in which they are located and to contribute to the growth thereof, while obtaining people's understanding and support.

As a community member, Yamada Denki continuously makes efforts to develop good relationships with local people and communities and to win their trust.

Yamada Denki's Social Contribution

To grow together with local communities under the basic policy, Yamada Denki has actively made social contribution, by promoting information transmission and offering support for activities useful for local communities. The Yamada Noboru Memorial Foundation established in February 2012 has also promoted original social contribution activities.

Efforts for Regional Development

Yamada Denki has been engaged in various activities to help regional development, such as those concerning measures against disasters and crime-prevention measures, dissemination of recyclable energy, and proactive cooperation with the local economy.

◆Selected as a company to cooperate in the LED Road Lighting Demonstration by Gunma Prefecture

Yamada Denki applied for the open recruitment of companies participating in the LED Road Lighting Demonstration by Takasaki River and National Highway Office, Gunma Prefecture, and Maebashi City, and was selected as a company to join the demonstration.

This project aims to verify the effectiveness and reliability of LED road lighting by installing LED lights for a total of 3km in areas around the center of Maebashi City and checking the technical performance and assessing road users' impressions.

Yamada Denki will continue to involve itself in such demonstrations positively, while keeping in mind that contributing to the development of safe and secure local communities is our social responsibility.

◆Participation in the Takasaki Commercial City Exhibition, Fall 2012

In October 2012, the Takasaki Commercial City Exhibition, Fall 2012, was held in collaboration among large stores and shopping districts in the center of Takasaki City, Gunma Prefecture. Agreeing with the purpose of revitalizing the downtown and invigorating the city center, Yamada Denki participated in this Exhibition.

At the opening ceremony, enjoyable performances were given in the Takasaki Marching Festival and five large stores in downtown Takasaki (Suzuran, Takasaki Takashimaya, Takasaki VIVER, Takasaki Montres, and Yamada Denki LABI1 Takasaki store) organized a lottery in which people collected stamps to enter. The Exhibition attracted many visitors and was a success as a significant event for stimulating the local economy in Takasaki. Yamada Denki will further offer cooperation in revitalizing local economies in collaboration with other companies and individual stores, as a member of the local community.



▲Ceremony for the full-operation of LED road lighting in Maebashi City

◆Cooperation for the "Safe and Secure Town Development" campaign organized by the Gunma Prefecture Disaster Prevention Association

The "Safe and Secure Town Development" campaign is a PR activity organized by the Gunma Prefecture Disaster Prevention Association for disseminating regional information on disaster prevention and traffic safety to residents. Yamada Denki has been offering cooperation for this activity since 2010 and has been helping PR activities, by such means as making proposals at the event space on the first floor of the LABI1 Takasaki store and showing police-related commercial films on the large outdoor screen installed in the headquarters building. In FY2012, Yamada Denki received a letter of appreciation from the Gunma Prefecture Disaster Prevention Association for the cooperation.



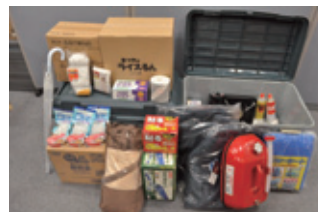
◆Fukushima Fair to support reconstruction from the Great East Japan Earthquake

In May 2012, we held a Fukushima Fair at the event spaces "LABI Garden" on the first floor and "LABI Gate" on the fourth floor of LABI1 Takasaki to support the economic recovery of Fukushima Prefecture, which was damaged severely by the Great East Japan Earthquake. On the day, fried chicken, pan-fried noodles, etc. using specialty goods from Fukushima were served at booths and a class for painting china was held. The fair attracted many people.

In order for Fukushima Prefecture to achieve a true recovery, restoration of economy and employment is indispensable. Yamada Denki will continue helping PR activities to increase consumer recognition and consumption of products from Fukushima Prefecture and will actively offer cooperation for holding events, etc.

◆Stock of necessities in preparation for large-scale disasters

Based on the lessons learned from the Great East Japan Earthquake, some Yamada Denki stores started to stock daily necessities, such as preserved food, bedding, portable toilets, and towels, and medical supplies, such as adhesive tapes, antiseptic solution, and bandages, in preparation for large-scale disasters. We stock extra necessities, considering that we will deliver these not only to employees but also to general passersby who have lost the means to return home.



Yamada SxL Home Co., Ltd.

Initiatives by Group Companies

Yamaguchi Industry-Government-Academia Regular Meeting

Since April 2011, Yamada SxL Home Group has regularly held an industry-government-academia meeting at the Yamaguchi Plant of SxL Juko to have discussions from various perspectives.

The Economy and Industry Departments of Yamaguchi City and Ube City, and local major companies, also join the meeting as

observers, and the meeting has expanded to community-based activities. In fiscal 2012, the company strengthened interchanges with Yamaguchi University and implemented an internship for its students.

Invitation of local students to a housing exhibition

Yamada SxL Home invites local students and holds excursions to a housing exhibition, as part of the support measures for fostering the next generation. In July 2012, students studying in the architecture course of Osaka Imamiya Technology High School (Osaka City, Osaka) visited SxL Namba Housing exhibition. The company organizes excursions in accordance with the respective needs of schools and students.



Best Denki Co., Ltd.

Contributing to fostering the next generation in local communities through offering workplace experience

Best Denki conducts work-study programs to offer workplace experience to local junior and senior high school students, by giving them opportunities to experience assistant work at home appliance stores. In fiscal 2012, a total of 150 applications enabled 441 students (including schools in the miscellaneous category) to

experience work, such as displaying goods and packing, at Best Denki stores and to learn how to greet and serve customers and other business manners. Students who participated in the program commented that they could understand the difficulty of work through experiencing jobs they had not known about before.

Having registered as a "Baby Station" aiming to be friendly stores for families with small children

"Baby Station" is a system being promoted by Fukuoka Prefecture to register friendly facilities for families with small children, such as those that have spaces for feeding, or for changing diapers, with the aim of developing a local environment where such families feel willing to go out. Best Denki registered four stores in Fukuoka City and three stores in Kitakyushu City as Baby Stations. The company installed spaces for changing diapers in these stores and spaces for feeding in some of them and the relevant staff are trying to keep their stores hygienic and clean.



Inversenet Co., Ltd.

Inversenet Green Project

Inversenet considers that support for ensuring certain income is indispensable to enable people with disabilities to become truly independent. Therefore, the company commenced the Inversenet Green Project in fiscal 2006 to entrust people with disabilities with the scrapping of keyboards, taking advantage of its business of recycling home appliances and personal computers.

At present, the scope of such work expanded to the scrapping of routers and CD drives, and scrapping of around 14,000 items is entrusted every month. The company receives comments from the staff of welfare institutions, pointing out the significance of those with disabilities being able to enjoy working and to appreciate the income they earned on their own.

Activities to support reconstruction by the Yamada Noboru Memorial Foundation

The Yamada Noboru Memorial Foundation was established by President-Director Yamada Noboru and Yamada Denki in February 2012 for the purpose of offering support for reconstruction from the Great East Japan Earthquake and conducting environment-related projects and human development projects to achieve a sustainable society in the future. In fiscal 2012, the foundation adopted, as its first recipient for donations, personal computer classes organized and conducted by the Miyagi LPG Association for its member companies to help their acquisition of technology to establish a website. This aims to reconstruct the business of operators in disaster-afflicted areas through the utilization of IT and thereby revitalize the areas as a whole. The foundation will offer continuous support for this activity.



Harmonization with Global Environment

Yamada Denki considers that coexistence with the global environment is the basis of sustainable growth of our society and economy.

In line with this understanding, Yamada Denki actively engages in efforts for environmental protection through its main business, trying to reduce environmental load in its business operations.



▲Shift to LED lighting (LABI Shinjuku Nishiguchi store)

Environmental Management

In August 2010, Yamada Denki established its Environmental Policy that indicates the company's basic stance concerning environmental activities, and has been making efforts, while keeping in mind this Environmental Policy and ISO14001 certification as its concrete code of conduct.

Major Activities in Fiscal 2012

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

In fiscal 2012, we promoted full-fledged smart-house business continuously from fiscal 2011, trying to mitigate environmental impact on society as a whole through our business.

Thanks to collaboration between C.I.C. Corporation and Azuma

Metal Co., Ltd, which we acquired as a subsidiary in April, we were able to realize a one-stop system for recycling and reuse of home appliances and personal computers. As a result, we could achieve significant performance with regard to the promotion of reuse of home appliances, by 151.1% above the targeted value set for fiscal 2012.

Based on ISO14001 which we obtained for Takasaki headquarters, we are making proactive efforts to reduce environmental impact in stores and the efforts are assessed quantitatively against the target. The progress is reported at the CSR Committee meeting held every week and is disclosed as a monthly report on our website. We further develop these activities by seeking the opinions of outside experts at a quarterly consultation meeting with outside experts on CSR.

Major Activities and Status of Achievement in Fiscal 2012

Major activities		Goal	Achievement rate (results)	Status of achievement
Reduction of the environmental impact through core business	Promotion of reuse of electric home appliances	Number of appliances purchased: 44,500 units	151.1% (67,248 units)	◎
	Promotion of reuse of personal computers (PCs)	Number of PCs sold: 480,000 units	104.5% (501,647 units)	○
Reduction of the environmental impact through business activities	Promotion of power-saving campaign by the headquarters	Power consumption reduction to 90% or less of the FY2009 level	110.4%	○
	CO ₂ emission reduction through introduction of demand controllers	CO ₂ emission reduction to 92% or less of the FY2009 level	104.4%	○
	CO ₂ emission reduction through the introduction of green power	CO ₂ emission reduction to 8,100 tons or less	109.2% (7,414.7t)	○
	Promotion of environmentally-sustainable store design	Promoted by each region		○
	Promotion of idling-stop (vehicles used for distribution)	Implementation rate of 98% or higher	102.0%	○
	Promotion of idling stop (vehicles used for delivery and installation)	Implementation rate of 98% or higher	100.8%	○

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.

Cooperating with Customers for Environmental Sustainability

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

Promoting Product Reuse and Recycling

In order to realize a shift to a recycling-oriented society and reduce environmental impact, Yamada Denki is promoting the reuse and recycling of used electric home appliances through its business by establishing reuse and recycling systems together with group companies.

Realization of a One-stop System for Recycling and Reuse of Home Appliances and Personal Computers

In the recycling and reuse business of home appliances and personal computers, we have realized a one-stop system, covering from the sale of products to recycling and reuse, within the group companies. At Yamada Denki stores, products are sold and repurchased when unused, then collected and sorted out for reuse handled by C.I.C. Corporation and Inversenet Co., Ltd, and for recycling handled by Azuma Metal Co. Ltd.

After classification, unnecessary goods for reuse are delivered to the Recycle Shop Sairaku-kan via C.I.C. Corporation to be sold as second-hand products, while those for recycling are processed at Azuma Metal Co., Ltd to become raw materials for manufacturers. This recycling flow of products has been built and facilitates our contribution to creating a recycling-oriented society through our group-wide initiative.

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

In fiscal 2012, we handled around 67,000 units of electric home appliances (TVs, refrigerators, washing machines and driers) and around 501,000 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 C.I.C., a group company. Meanwhile, we provide a personal computer reuse and recycling service together with Inversenet.

Toward Spread of Environmentally-Sustainable Products

In order to promote society-wide efforts to reduce the environmental impact, we actively provide environmentally-sustainable products and services, such as smart houses and electric home appliances focusing on energy conservation, energy creation and energy storage.

Promoting Sale of Environmentally-Sustainable Products

In fiscal 2012, due to a decline in sales of TVs and other electric home appliances, CO₂ emissions reduced through replacement purchases of energy-efficient products were 21,689 tons annually, down by 83.3% from the previous year.

In addition to promoting the sale of energy-efficient electric home appliances, Yamada Denki will aim to realize CO₂ reductions at households as a whole by strengthening proposals concerning smart houses that include household energy management using solar photovoltaic power generation systems and electric vehicles.

CO₂ Emission Reduction Effect of Replacement Purchase of Energy-efficient Electric Home Appliances (estimated by Yamada Denki)

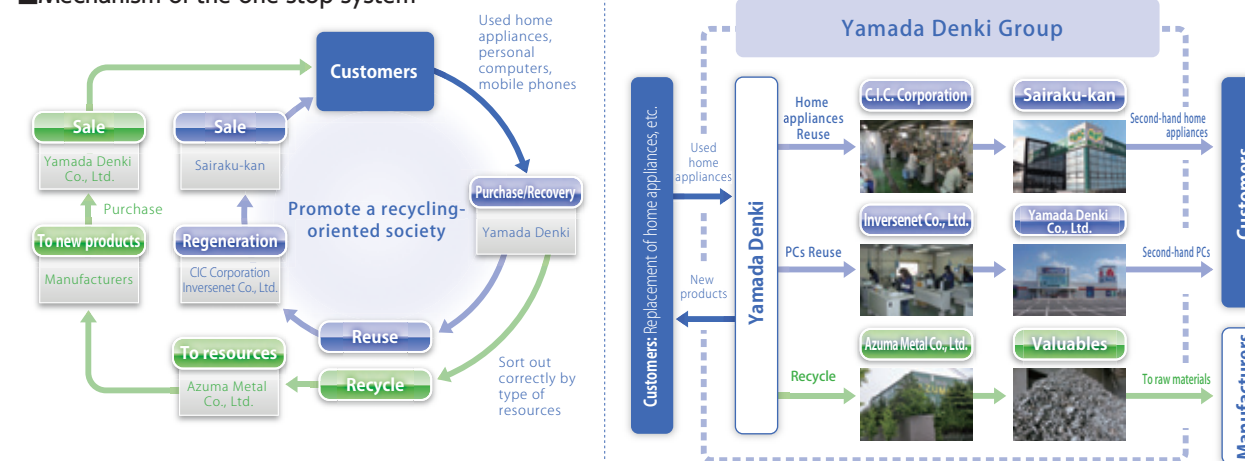
(Unit: t-CO₂)

Home appliances	Fiscal 2010	Fiscal 2011	Fiscal 2012
Air conditioners	18,120	3,585	3,106
Refrigerators	12,490	12,430	15,550
TVs	24,140	10,003	3,033
Total	54,750	26,018	21,689

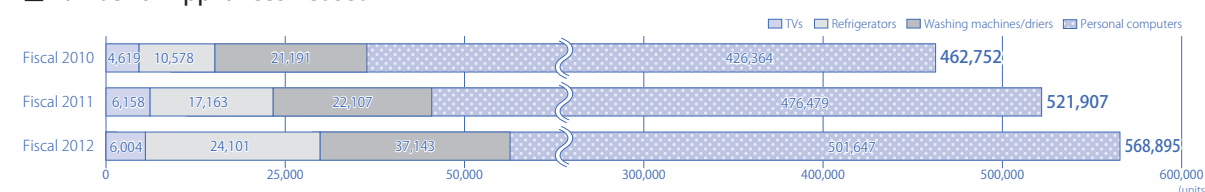
[Method of estimating the CO₂ emission reduction effect]

We estimated the CO₂ 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.

Mechanism of the one-stop system



Number of Appliances Reused



Reducing Environmental Footprint in Business Activities

Yamada Denki is promoting activities to reduce CO₂ 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 in light of our business expansion.

Environmental Activities Concerning Stores and Distribution

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

Energy Saving at Stores

◆Reducing CO₂ emissions through introduction of demand controllers

We introduced demand controllers for the purpose of encouraging energy-saving efforts at stores through the comparison of CO₂ emissions at each store and the analysis of power consumption by equipment and by time zone. In fiscal 2012, we increased the number of stores equipped with demand controllers to 372.

◆Energy conservation through reviewing the use of vending machines

When installing new machines, Yamada Denki has been promoting energy-efficient vending machines. Specifically, we (i) turn off the lights of vending machines for employees, (ii) replace old machines of high power consumption with new machines, and (iii) increase energy-efficient machines applying heat pump technology (CFC-free). Through these measures we are working to reduce CO₂ emissions.



▲Energy-efficient vending machines (LAB1 Takasaki)

◆Power saving using light reflectors

In fiscal 2011, we introduced highly-efficient light reflectors in stores, with which we make adjustments to maintain brightness with a smaller quantity of light for the purpose of saving power.

Joint Distribution for Reducing CO₂ emissions

Since 2010, Yamada Denki has been participating in the demonstration of a joint distribution Platform for reducing environmental impact, which has been carried out in the Kyushu area by 20 public and private bodies, including administrative organs, distributors, and home appliance retailers, etc. Through this initiative, load efficiency per vehicle was enhanced and the number of used vehicles was reduced, resulting in reduction of CO₂ emissions by 201.0t in total from October 2011 to March 2013. When goods were distributed jointly, there was around a 47.0% decrease.

Reducing CO₂ Emissions through Environmental Education

Excellent activities for reducing CO₂ emissions being conducted at each store are shared among staff members in charge of water and energy use at each store through Information Communication Meetings. At the meetings, we try to encourage each store's efforts by providing information on a comparative review of electric consumption by each element at each store as well as activities related to ISO14001. We also try to raise employees' awareness about CO₂ emissions by asking questions related to ISO14001 in examination tests for the certification of qualifications for both store staff and 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 2012, 89 stores have adopted green power, bringing the total volume of green power used by Yamada Denki to approximately 13.21 million kWh. Since July 2008, all electricity used at the headquarters in Takasaki has been changed to green power. Yamada Denki has been selected as an excellent partner in the Green Energy Partnership initiative for its contributions to the promotion of the diffusion of green power. Furthermore, Yamada Denki has been awarded the Green Energy Partnership Prize for Excellence for three consecutive years from fiscal 2009 to fiscal 2011, for its large purchase amount in each year.

◆Introducing solar photovoltaic power generation systems

Starting from the introduction of solar photovoltaic power generation systems on the roof of the Takasaki headquarters in March 2009, Yamada Denki has proactively promoted the introduction of such systems to existing stores, such as the New Tomioka store (on March 15, 2013) and PC & Multimedia-kan (in April 2013). At present, solar panels are installed in 135 stores.

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Number of stores introducing demand controllers (cumulative total)	320	371	372
Number of energy-efficient machines based on heat pump technology (cumulative total)	738	915	1,855
Number of ecologically-friendly cars (natural gas/electric vehicles)	47	48	66*
Volume of green power introduced (10,000 kWh)	15,943,520	12,580,208	13,216,944
Volume of solar power-derived electricity introduced (kWh)	18,674.75	17,786.47	18,407.55
Installation of toilet water-saving devices and human-presence sensors	56	164	165

*We have introduced electric vehicles since fiscal 2012.

Distribution and Delivery Measures

With our business partners, such as consigners and cooperative companies, we have tried to ensure idling stop during distribution and delivery in order to promote environmental activities in these fields. In fiscal 2012, the implementation rate maintained a high level, exceeding 99%.

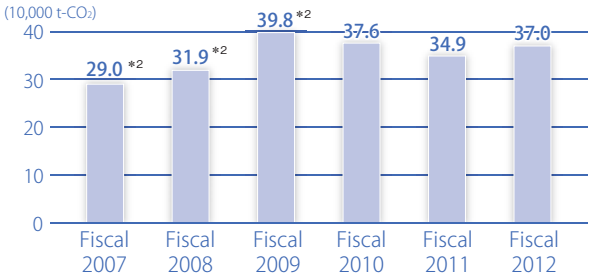
Direct Environmental Impact of Business Activities

We aim to reduce environmental impact on a group basis. Thus, we are standardizing operational activities and are gradually expanding the scope of activities.

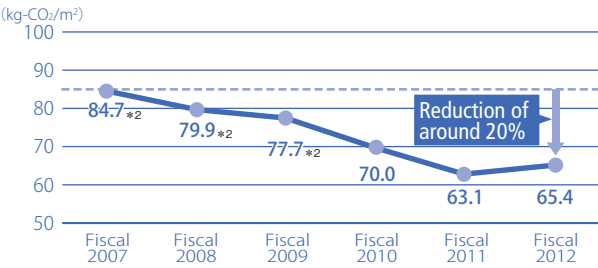
CO₂ Emissions from Use of Electricity

Yamada Denki has continuously tried to reduce CO₂ emissions from business activities. In fiscal 2012, we made our utmost efforts in energy conservation activities, in addition to power saving which we have been promoting in our daily duties since the Great East Japan Earthquake. As a result, we could reduce CO₂ emissions per total floor area by around 20% compared with fiscal 2007.

■CO₂ Emissions from the Use of Electricity*1



■CO₂ Emissions per Floor Area



*1 CO₂ 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 0.561 [kg-CO₂/kWh] was used for the years to fiscal 2009.
*2 CO₂ emissions from the use of electricity, the amount of CO₂ emissions per floor area: For the years to fiscal 2007, we made calculation for seven companies out of those included in other group companies in the table below at right. For fiscal 2008, we made calculation for eight companies, and for fiscal 2009, for 13 companies out of the same.
* 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 and garbage bags, abolishing coating of paper bags, and eliminating stickers and center cores of receipt roles.

■Purchase Amount of Paper, etc.

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Shopping bags made of paper (t)	561.2	483.2	348.7
Shopping bags made of polyethylene (t)	561.0	515.7	442.5
Receipts (t)	269.5	243.8	223.1
Insertions (10 million sheets)	180.5	186.7	174.4

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

Waste

We properly dispose of waste from stores and used electric home appliances recollected from customers that are not subject to the Act on Recycling of Specified Kinds of Home Appliances in accordance with relevant laws. Since fiscal 2011, we have strengthened our efforts for 3R (reduce, reuse, and recycle), aiming to use resources more effectively. The number of stores subject to resource management has increased, and the amount of waste has decreased significantly from fiscal 2010.

■Amount of Disposed Industrial Waste

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Amount of disposed industrial waste (t)	69,386	34,878	34,180
Number of stores subject to resource management	496	597	711

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

■Amount of Disposed General Waste

	Fiscal 2010	Fiscal 2011	Fiscal 2012
Amount of disposed general waste (t)	48,000	42,192	40,100
Number of stores subject to resource management	496	597	711

*Waste that is not subject to the Act on Recycling of Specified Kinds of Home Appliances
*Regarding the past years, too, the scope of data covered was expanded.

Use of Water

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

■Scope of Environmental Data for Fiscal 2012

	CO ₂ emissions from the use of electricity	Purchase amount of paper, etc.	Amount of disposed waste
Yamada Denki Co., Ltd.	○	○	○
Daikuma Co., Ltd.	○	○	○
Minami-Kyushu Yamada Denki Co., Ltd.	○	○	○
Okinawa Yamada Denki Co., Ltd.	○	○	○
Other group companies	*3	—	Kyushu Tecc Land Co., Ltd.

*3 Cosmos Berry's Co., Ltd.; Seidensha Corporation Limited; C. I. C. Corporation; Yamada Eco Solution Co., Ltd.; Inversenet Co., Ltd.; Kyushu Tecc Land Co., Ltd.; Matsuya Denki Co., Ltd.; Project White Co., Ltd.; KOUZIRO Co., Ltd.; Yamada SxL Home Co., Ltd.; Azuma Metal Co., Ltd.; Gunma Sogo-Setsubi Co., Ltd.; Best Denki Co., Ltd.; TES Co., Ltd.; and Kimuraya Select Co., Ltd.



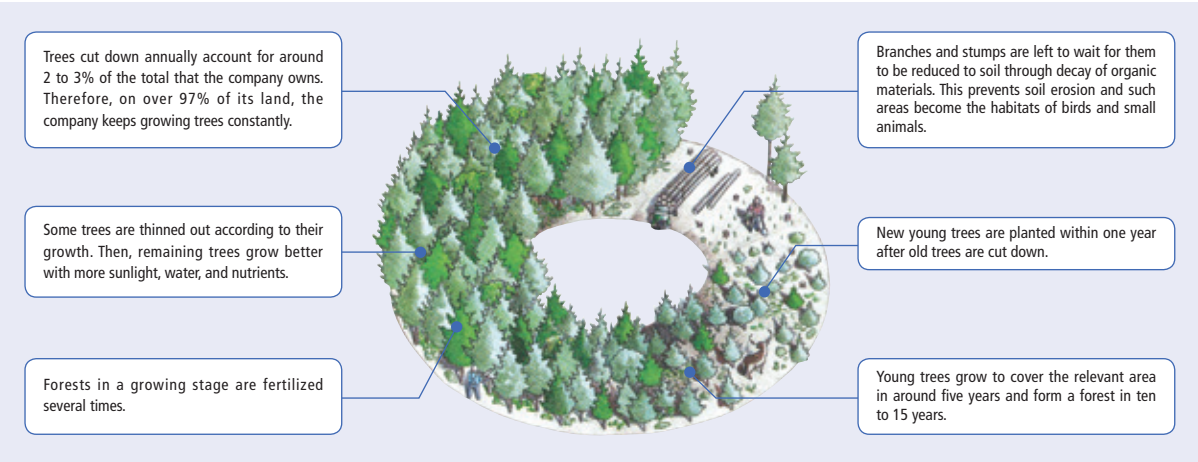
Yamada SxL Home Co., Ltd.

Initiatives by Group Companies

Forest management and planned logging by Weyerhaeuser

In partnership with a US company, Weyerhaeuser, which engages in business to maintain the forestry cycle under a controlled forest plan, Yamada SxL Home works to keep good balance between preservation of rich forest resources and production of high-quality timber, while ensuring stable material procurement and at the same time giving due consideration to tree planting and management of trees, as well as to protection of the

habitats of wild animals. Weyerhaeuser continues planting 200,000 young trees every day but cuts down only 2 to 3% of the forests it owns every year and plants new young trees within 12 months thereafter. In this manner, the company contributes to curbing global warming. Yamada SxL Home only uses timber that the company produces from trees 80 to 100 years old.



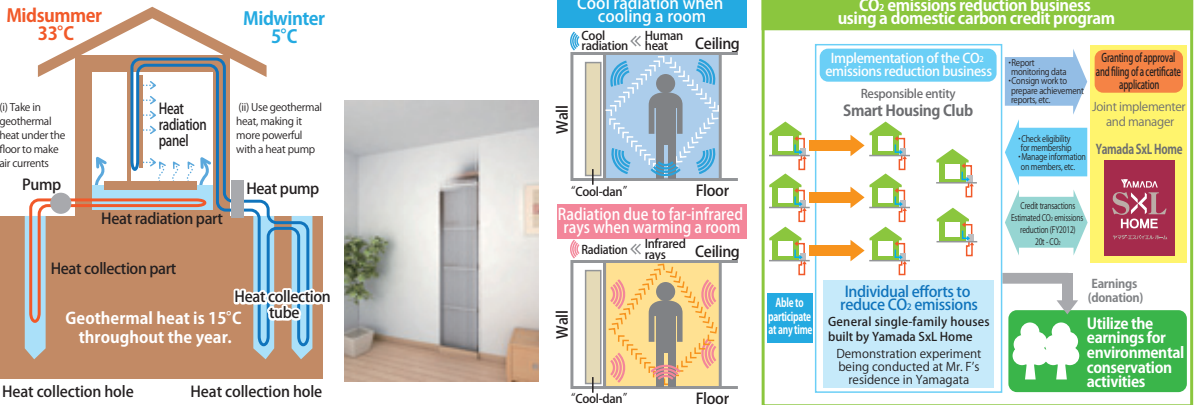
Dissemination of the use of earth thermal

Yamada SxL Home works to proactively promote the use of earth thermal as one option of renewable energy. Specifically, the company is developing a geothermal heat pump radiation air conditioning system and underfloor geothermal heat utilization system, and participates in domestic carbon credit business under the geothermal snow melting system.

Yamada SxL Home made a plan for CO₂ emissions reduction business using a domestic carbon credit program, under which credits are given for reductions of CO₂ emissions at smart houses that introduce the geothermal snow melting system for the first

time in the industry, and in November 2012, the company obtained approval for the plan as a joint implementer and manager.

This is a business where customers who adopted the geothermal snow melting system join the “Smart Housing Club” on a voluntary basis, and the company compiles and tabulates data for CO₂ emissions reductions reported from club members, and reports them to the Domestic Credit Certification Committee. After examination, Yamada SxL Home carries out credit transactions by receiving certification of domestic credits and responsibly utilizes the earnings for environmental conservation activities.



Underfloor Geothermal Heat Utilization System and Geothermal Utilization Heat Pump System (Heat Radiation Panel)

Subsidies for ecologically-friendly cars

Yamada SxL Home has a system for sales staff to use their private cars for business and a total of around 290 privately-owned cars are used for business at present.

The company introduced a system to grant subsidies for replacing these cars with ecologically-friendly cars in May 2012. By granting monthly subsidies of 5,000 yen to sales staff members who

use fuel-efficient cars (10.15 mode: at least 25km/l or JC08 mode: at least 20km/l), the company intends to encourage them to replace their cars with environmentally-friendly fuel-efficient cars.

Y-Just Co., Ltd.

Initiatives by Group Companies

Support for local governments in energy saving by using LED crime prevention lights

In fiscal 2012, Y-Just commenced support services to replace crime prevention lights and street lights managed by local governments with LED lights and thereby reduce energy cost and CO₂ emissions.

By replacing existing crime prevention lights and street lights with LED lights, power consumption can be reduced significantly,

while maintaining the same brightness. CO₂ emissions are also reduced, and the reduction in power consumption decreases electricity charges, offsetting the initial cost and running cost. The support services thus contribute to local governments’ financial soundness.

Azuma Metal Co., Ltd. and C. I. C. Corporation

Acquisition of ISO14001 and establishment of the environmental policy

Azuma Metal obtained ISO14001 certification in February 2006, and has been carrying out various environmental activities in line with the environmental policy it established based on the ISO14001 environmental management system.

C.I.C. established its own environmental policy in June 2010 in advance and obtained ISO14001 certification six months later in January 2011.

Azuma Metal Co., Ltd.

Collection and detoxification of CFCs, which are global greenhouse gases

Taking advantage of its know-how to detoxify CFCs, cooling agents released during scrapping vending machines, Azuma Metal operates services to collect CFCs from home air conditioners and coolers for business use and resolve and detoxify them. The company uses an arc plasma apparatus to destroy CFCs and maintains a 99.99% destruction efficiency, higher than the statutory level.

The company measures and compares the amounts of collected CFCs before and after destruction and issues the quantity of CFCs it destroyed as a certificate. Surely ensuring the destruction and detoxification of CFCs has come to be recognized as a very significant social responsibility for companies and individuals that own buildings to be demolished. Azuma Metal will make further efforts to respond to such expectations and will contribute to environmental preservation by conducting complete destruction processing.

Procedures for collecting and detoxifying CFCs

- Collect CFCs in a cylinder using a CFC collector at a customer’s building
- After sealing, measure the amount. Transport to Azuma Metal in a state of hermetic sealing
- Transfer CFCs from the cylinder to the apparatus to destroy CFCs
 - Separate oil and CFCs using a separator
 - Resolve CFCs by arc plasma method
 - Make fluorite by having resolved CFCs absorb in lime
 - Consign the fluorite to recyclers to recycle it for base course materials, etc.



Hold recycling classes for elementary school kids and open the plants to local residents

Once or twice a month, Azuma Metal holds classes in the elementary schools near its business offices, aiming to introduce recycling experience to children. By making art works out of scraps of iron, copper and aluminum, etc. brought by lecturers, and being taught about the origins and recycling processes of these scraps, children have a good understanding of reclamation and recycling. In general, these classes are appreciated and praised by many guardians and school teachers.

Furthermore, as a responsibility for a company that recycles metal products and incinerates waste, the company opens its plants regularly to local residents to explain the environmental activities being conducted there and the status of operation of the incinerators.



Introduction of electric vehicles and natural gas vehicles

In order to reduce CO₂ emissions more efficiently, Azuma Metal promotes replacement of company cars and heavy machines with ecologically-friendly ones and introduces electric vehicles. Metal collection vehicles and forklifts run on natural gas and some electric forklifts are also being used. The company thus promotes energy conversion to reduce CO₂ emissions.



To be a leading company also in terms of CSR

Firstly, please accept my sincerest congratulations on Yamada Denki's 40th anniversary. Starting from a small electric goods store no bigger than eight-tsubo run by the president and his wife in 1973, Yamada Denki has grown to be one of the largest home appliance merchandisers in the world, holding around 20,000 employees. Looking back on this success story, I renewed my understanding of "Creation and Challenge" and "Appreciation and Trust," the management philosophy proposed by the president. No business will succeed unless the company well balances innovative approaches to better products and services with cooperation and coexistence with consumers, employees, society and the environment as a whole. These are the very basis of CSR-focused management which directly contributes to Yamada Denki's success.

Yamada Denki's CSR-focused management has been steadily progressing in two fields as reported here. First is the steady development of a system to promote CSR-focused management. Yamada Denki has further enhanced its base to pursue customer satisfaction and ensure stakeholder engagement such as through fully utilizing CSR meetings with external professionals and strengthening corporate governance. And what we should not forget is its efforts to be a trustworthy and proud company for the employees and society.

Second is the further integration of the company's CSR activities and its main business. One of the examples is the Smarnity Town Project promoting comprehensive efforts against environmental

problems. This is a new business model different from conventional ones. This project makes it possible to significantly increase positive effects on the environment by offering services as a total system, as seen in the business of Yamada SxL Home, beyond the bounds of home appliances, and further covering the whole town. Global warming and other global issues have become so serious that comprehensive efforts are needed. We have less time to resolve them. I hope Yamada Denki will further expand such new business models required in the 21st century by taking advantage of its comprehensive strength.

Lately, business environments have become worse, for both home and other business. It is very difficult to maintain and develop CSR-focused management under such circumstances. However, the top management of Yamada Denki has clearly presented the answer. As the president says, it is our responsibility to make contributions for society through CSV (creating shared value). Furthermore, the vice president states that CSR as a leading company is to contribute to society through our business itself. They are walking in perfect unison.

"Creation and Challenge" and "Appreciation and Trust" represent the management philosophy that has led Yamada Denki so far. If Yamada Denki further strengthens its CSR-focused management that satisfies the requirements of modern society under these two pillars in the coming 40 years, it will surely be a true leading company unsurpassed by any competitors.



Mr. SUEYOSHI Takejiro

Special Advisor for Financial Initiatives, United Nations Environmental Programme (born on January 3, 1945)

Apr. 1967 Entered Mitsubishi Bank
Jun. 1994 Director of Mitsubishi Bank, New York Branch manager
Apr. 1996 President of Bank of Tokyo-Mitsubishi UFJ Trust Company (NY)
Jun. 1998 Vice-president of Nikko Asset Management
Jul. 2003 Special Advisor for Financial Initiatives, United Nations Environmental Programme (at present)

While engaging in UNEP FI, is a member of the Central Environment Council and other councils, an advisor for Kawasaki City and Kagoshima City, and a part-time instructor at the Graduate School of the University of Tokyo, as well as assuming the position of an external executive of a company

Actively providing lectures, publishing books, and expressing comments in newspapers and on TV shows concerning environmental problems and corporate social responsibility

Books/ "Nihon Shinsei (Regeneration of Japan)" (Hokuseido)

"Carbon Risk" (co-authored, Hokuseido)

"Yugai Rensa (Chain of Harm)" (Gentosha)

"Saishin CSR Jijo (Latest CSR Status)" (Taibundo)

"Chikyu Ondanka Kogi (Lecture on Global Warming)" (Toyo Keizai)

"Green New Deal" (editor, Kankyo Shinbun)

"Guriin Keizai Saizensen (Front Line of Green Energy)" (co-authored, Iwanami Shinsho)

Introduction of Media Reporting CSR Information

In order to provide information on corporate social responsibility (CSR), Yamada Denki publishes an annual "CSR REPORT" in June every year, and also provides real-time information related to its economic aspects and social aspects, as well as its environmental conservation activities, as a monthly report on its Website.

CSR REPORT (booklet)

The CSR REPORT (booklet) shows the company's CSR activities (economic, social and environmental aspects) for the whole year from April of the previous year to March of the relevant year. The report contains special features every year, closing up different initiatives, and opinions of third parties concerning activities of the company. The 2012 version newly adopts a composition referring to ISO26000.

The CSR REPORT, including the past versions, can be downloaded in the form of PDF files from the Website.



CSR Information Page on the Website

URL <http://www.yamada-denki.jp/csr/index.html>

The Website (<http://www.yamada-denki.jp/csr/index.html>) introduces the company's philosophy and system concerning CSR, such as the basic approach to CSR, Code of CSR Ethics, and Sourcing Policy, and major activities that the company has been carrying out continuously for years.

- ©Major CSR information available on the Website
- Top Commitment
 - Code of CSR Ethics
 - Consultation meeting with external professionals and academia on CSR-focused management
 - Monthly CSR activities
 - Environmental activities
 - Social activities
 - Compliance



IR Information Page on the Website

URL <http://www.yamada-denki.jp/ir/index.html>

The Website (<http://www.yamada-denki.jp/ir/index.html>) on IR information discloses various types of information on the company's economic aspects in general. Major management data can be browsed on the Website and brief announcement of financial results, financial statements and other documents can be downloaded in the form of PDF files.

- ©Major IR information available on the Website
- Brief announcement of financial results
 - Major press releases
 - Various data
 - Information on share prices
 - Financial statements, etc.
 - IR DATA (English)
 - Monthly IR Information



Monthly CSR Activities on the Website

URL <http://www.yamada-denki.jp/csr/monthly/index.html>

The Website (<http://www.yamada-denki.jp/csr/monthly/index.html>) on monthly CSR activities introduces the latest major activities by month on a real-time basis. In addition to monthly topics on major CSR activities, data on on-going efforts are shown in the four categories of "customer satisfaction (CS)," "environmental activities," "labor environment," and "compliance."



Monthly IR Information on the Website

URL <http://www.yamada-denki.jp/ir/monthly.html>

From the Website (<http://www.yamada-denki.jp/ir/monthly.html>) on monthly IR information, past monthly IR information can be downloaded in the form of PDF files.

