



We use FSC® certified papers and vegetable oil ink for our group csr report



We will continue our efforts toward “Creation and Challenge” for the purpose of creating new value that we can share with society.

With “Creation and Challenge” and “Appreciation and Trust” as our management philosophy, we have constantly conducted innovation for the growth of the company and the development of a sustainable social environment. We will further endeavor to maximize the synergy effect among the Yamada Denki Group and continue introducing new value to society, aiming to achieve growth as a corporate group together with society.

Management Philosophy

“Creation and Challenge”

With “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 2014)
Total assets : 1196.2 billion yen on a
consolidated basis
(March 2014)
Capital adequacy ratio : 44.2% on a consolidated
basis (March 2014)
Number of employees : 21,138 people (March 2014)
Total outstanding shares : 966,489,740 shares
(March 2014)

List of Group Companies (as of March 31, 2014)

Consolidated subsidiaries

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.
Cosmos Berry's Co., Ltd.	Repair DEPOT Co., Ltd.
Matsuya Denki Co., Ltd.	Kurokawa Denki Co., Ltd.
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.	BEST DENKI INDONESIA
Best Denki Co., Ltd.	

Major unconsolidated subsidiaries

Y-Just Co., Ltd.	Kimuraya Select Co., Ltd.
TES Co., Ltd.	Azuma Metal Co., Ltd.
Gunma Sogo-Setsubi Co., Ltd.	Yamada Wood House 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 seventh CSR report. The Special Feature introduces our activities in pursuing better products and services for providing new value to our customers under our customer-first policy, as well as our efforts to complete the whole circulation process from the sale of products to the reuse and recycling thereof responsibly within the Yamada Denki Group.

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.

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[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, 2013, and March 31, 2014, and some significant information available after April 2014 is additionally included.

[Issued date] June 2014

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

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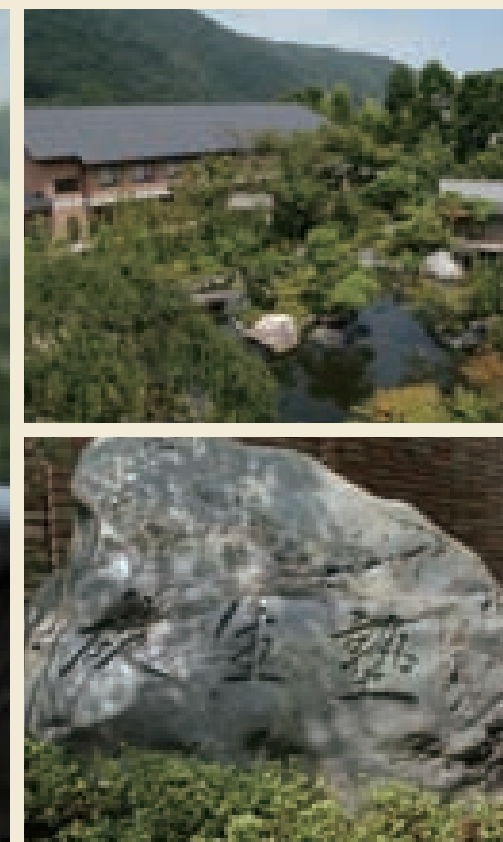
Yamada Denki Aims to be a Company Achieving Growth Together with Society by Enhancing Social Value through CSR-focused Management.



Noboru Yamada

Yamada Denki Co., Ltd.

President-Director, Representative Director, and CEO



Business Environment Surrounding Yamada Denki

Since the previous fiscal year, corporate performance has been improving and personal consumption has been gaining momentum as a sense of expectation for economic recovery has boosted share prices and accelerated the yen's depreciation as a result of the positive atmosphere felt after winning the right to host the Tokyo Olympic Games.

In the home appliances market, energy-saving refrigerators and air conditioners have sold well, partly due to Japan's current electricity situation in which the slump in demand, caused by the termination of the eco-point system and the rush demand for video-related products triggered by the transition to digital terrestrial broadcasting, has shown signs of recovery.

Towards the end of March 2014, there was a last minute demand beyond our expectation prior to the first consumption tax hike in 17 years. However, a backlash has been observed since April and consumption is expected to be unstable in all business segments, not limited to the home appliance retail business.

In such business environment, we will ascertain the needs of society as early as possible and promote our solution business while expanding and deepening the scope focusing on the sale of home appliances. The needs include countermeasures against an aging society with a falling birth rate and enhancement of convenience through integration of the Internet and the store network, for the purpose of realizing a society that can achieve sustainable growth.

Provision of Better Services for Improving Customer Satisfaction

In our core business, home appliance retailing we are carrying out scrap and build and selective opening of stores in new areas to strengthen our network so as to provide services close to customers with the aim of promoting management based on the customer-first policy as a specialist electrical goods merchandiser.

Yamada Denki has built a management system that enables us to offer a wide range of the latest and most advanced home appliances at reasonable prices to satisfy customers. We will continue our efforts to further improve our services and satisfy customers.

Contribution to the Solution of Social Problems through Business by Ascertaining Changes in Society

As a specialist electrical goods merchandiser, Yamada Denki is promoting the smart-house business as an environment-conscious initiative.

Our subsidiaries, Yamada SxL Home Co., Ltd., Housetec Inc. and Yamada Wood House Co., Ltd. have been exercising in-group collaboration and Total Smarnity Life Corner booths were established in 168 major stores nationwide (as of March 31, 2014), where we can provide one-stop services offering proposals based on a downstream perspective, totally covering housing renovations and construction of new houses as well as the installation of a solar photovoltaic power generation system, the HEMS system and energy-saving home appliances.

To achieve a recycling-oriented society where the environmental load is reduced, we have built a one-stop system, extending from the sale of products to recycling and reuse, within the group companies. We are promoting a recycling-oriented business to responsibly collect the good we have sold and reuse or recycle them.

Creation of Shared Value through Continually Demonstrating Innovation

Yamada Denki considers the present as the third start-up period. After the commencement of our business, the time when we changed ourselves from a community-based general shop to a mass merchandiser was an epoch that can be described as the second start-up period.

Under the management policy, "Creation and Challenge" and "Appreciation and Trust," Yamada Denki has continually demonstrated innovation for achieving sustainable corporate growth. We will continue our efforts to build a relationship of trust with the local community and other diverse stakeholders, and promote CSR-focused management by making the most of synergy among the Yamada Denki Group, aiming to grow together with society by enhancing social value.



Yamada at a glance

Highlights of CSR Activities in Fiscal 2013

Fiscal 2013 was a year in which Yamada Denki established Yamada Wood House Co., Ltd. and increased Total Smarnity Life Corner booths, and thus promoted the smart-house business from a downstream perspective that is unique to an electric goods merchandiser. Yamada Denki thus covers large-scale to small-scale housing renovations and construction of new houses, as well as the provision of information on residential land and building of model houses in the premises of the stores.

Furthermore, we developed products in response to customer needs and opinions as a part of our customer satisfaction services.

We will continue to fulfill social responsibility through our business and maintain the status as a well-beloved company.

Employee turnover

Male: Decreased by **38%**

Female: Decreased by **29%**
(compared with fiscal 2008)

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

10,361 proposals
(fiscal 2013)

Number of stores equipped with stocks for emergency

247 stores
(as of the end of March 2014)

Number of stores where solar panels are installed

167 stores
(as of the end of March 2014)

Yamada Denki

Group CSR Meeting held once a month

Establishment of Total Smarnity Life Corner booths

168 stores
(as of the end of March 2014)

CO₂ emissions across the group

approximately **18.7%** reduction
Per total floor area compared with fiscal 2007

Major Awards in Fiscal 2013

- Won the Award for Outstanding Organizations at the “Photo Masters/Examination on Practical Knowledge on Photographs and Cameras” hosted by the International Cultural College Foundation

Donations in Fiscal 2013

- Fiscal 2013 NHK Overseas Charity Drive: 4,576,068 yen
- Collecting donations for children's future by recollecting used ink cartridges: 14,648,370 yen

Network

Total number of Yamada Denki Group stores

4,401 stores

(As of March 31, 2014)

Number of stores directly operated by the Yamada Denki Group

Yamada Denki	664
Minami-Kyushu Yamada Denki	4
Okinawa Yamada Denki	7
Matsuya Denki	89
Seidensha	7
Kimuraya Select	6
Kyushu Tecc Land	30
Project White	6
Best Denki	147
Total	960

Number of FC stores in Japan

Cosmos Berry's FC	3,135
Matsuya Denki FC	35
Best Denki FC	198
Total	3,368

Number of overseas stores

Overseas stores (of which 42 are FC stores)	73
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Number of stores directly operated by the Yamada Denki Group by prefecture

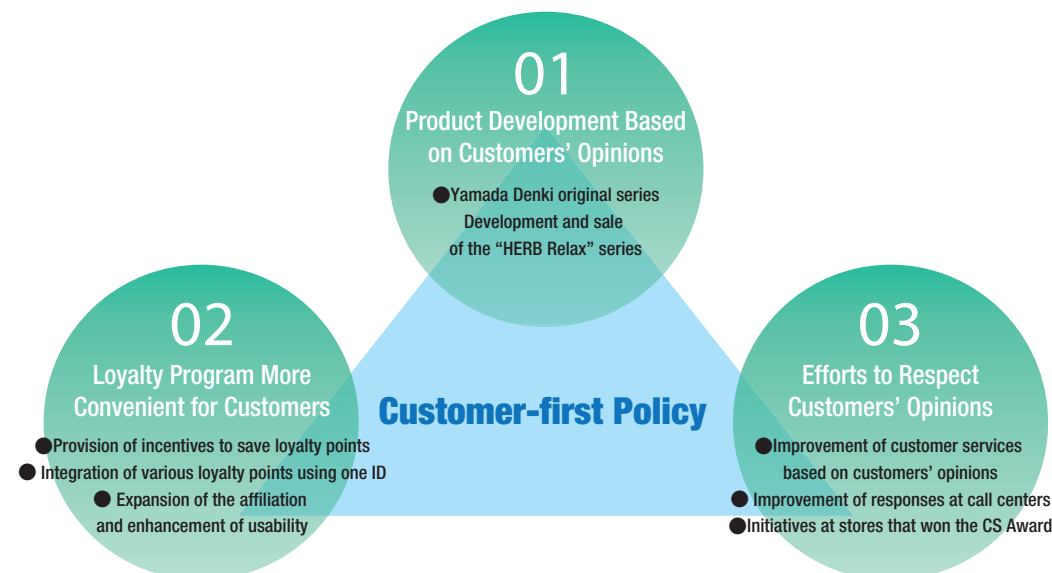
Hokkaido	52	Shiga	11
Aomori	11	Kyoto	14
Iwate	14	Osaka	37
Miyagi	18	Hyogo	33
Akita	13	Nara	8
Yamagata	12	Wakayama	7
Fukushima	14	Tottori	5
Ibaraki	24	Shimane	7
Tochigi	17	Okayama	19
Gunma	19	Hiroshima	16
Saitama	38	Yamaguchi	17
Chiba	38	Tokushima	9
Tokyo	53	Kagawa	15
Kanagawa	39	Ehime	9
Niigata	20	Kochi	10
Yamanashi	4	Fukuoka	79
Nagano	20	Saga	17
Toyama	13	Nagasaki	16
Ishikawa	9	Kumamoto	33
Fukui	7	Oita	23
Gifu	11	Miyazaki	21
Shizuoka	16	Kagoshima	20
Aichi	45	Okinawa	16
Mie	11	Total	960

*The number of FC stores is not included.

Special Feature 1

Pursuit of Greater Customer Satisfaction by Providing Total Service Solutions

Under the management philosophy, "Creation and Challenge" and "Appreciation and Trust," Yamada Denki endeavors to create new solutions to please customers with the sale of home appliances as its core business. Our vision of customer satisfaction is not limited to the quality of the services at stores. We will pursue the true customer satisfaction that always remains one step ahead by further improving our conventional business model so that customers can continue to feel satisfied throughout the period extending from the time they consider buying any home appliances due to changes in their lifestyles to the time they dispose of the goods or services after using them.



Case 01

Product Development Based on Customers' Opinions

The 21st Century-style Product Development Unique to Yamada Denki Development of the "HERB Relax" Series

Yamada Denki has added a new role as a manufacturer, in addition to its original function as a distributor.

Under our unique manufacturing and distribution system characterized as "direct marketing & direct factory," we pursue the whole process from product development to marketing on our own, while listening to diverse requests from customers so as to further enhance customer satisfaction.

Basic Concept is "Products with Functions Preferred by Customers"

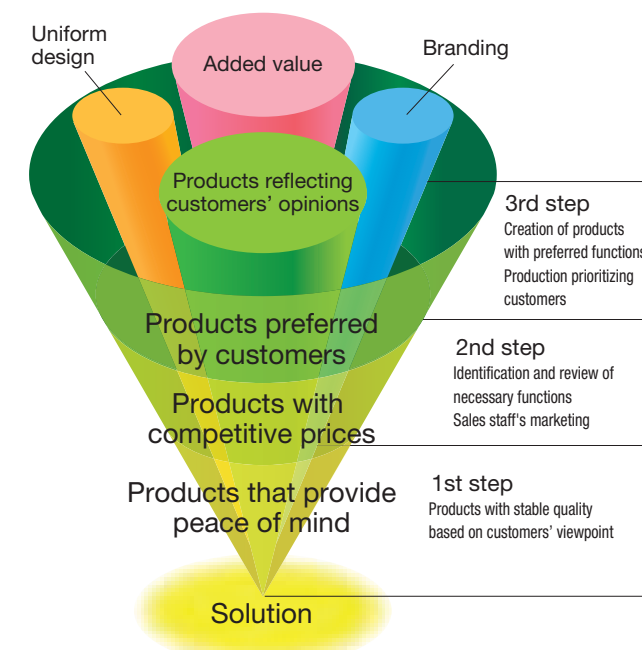
The "HERB Relax" series aim to achieve functions preferred by customers from their viewpoint, not to achieve high functionality based on the manufacturers' convenience. Products of major manufacturers are apt to be too fashionable or have too many functions unnecessary for daily use due to desire to achieve differentiation from competing products.

However, Yamada Denki can make products based on functions actually needed by customers that we learn from ordinary communications with customers. The "HERB Relax" series was born from our passionate desire to sell home appliances that are easy to use and are preferred by customers rather than being convenient for manufacturers or sellers.





The "HERB Relax" Series will be Further Improved Based on Customers' Opinions

The first series we launched in 2013 were developed by sales staff working at Yamada Denki's stores, based on customers' opinions they had accumulated in their daily communications with customers. However, we do not think that we have really achieved our goal of producing products preferred by all customers. So we will install special opinion boxes for the "HERB Relax" series at all stores to collect opinions of customers who bought or considered buying any of the "HERB Relax" series and reflect requests for additional functions or other opinions thus collected in our future product development. We will make constant efforts to improve the "HERB Relax" series by continuously reflecting customers' opinions.

Vision of the "HERB Relax" Series First Home Appliances Originally Developed by a Merchandiser



HERB Relax Major Products and Their Characteristics

	HERB Relax Hair Dryer <ul style="list-style-type: none"> ● Triple minus ion dryer to reduce damage ● Large air flow: 1.3m³/minute ● Convenient alteration switch (hot/cool) ● Hair care mode that does not damage hair
	HERB Relax Curling Iron <ul style="list-style-type: none"> ● Tourmaline ceramic coating ● Hairstyling with less unevenness due to double heaters (direct heater and storage heater) ● Touch sensitive temperature adjustment easy to handle and confirm (100-180℃)
	HERB Relax Kettle <ul style="list-style-type: none"> ● Structure to prevent leakage in the event of overturning ● Tilted handle for easy water pouring ● Stainless inner vessel and wide opening easy to clean
	HERB Relax Toaster <ul style="list-style-type: none"> ● Four-staged heating power ● The highest power of 900W ● Wide inside
	HERB Relax Iron <ul style="list-style-type: none"> ● Convenient 2.5m-long cord ● Easy continuous steaming Tank capacity of around 200ml ● Base coated with titanium and fluorine that ensures smooth ironing

Case 02

Loyalty Program More Convenient for Customers

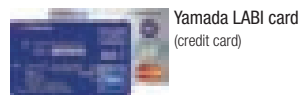
Enhancement of Value and Convenience of Yamada Loyalty Points

From “just saving loyalty points” to “having fun by saving loyalty points.” Yamada Denki constantly makes efforts to enhance the value and convenience of its loyalty program through having customers enjoy saving loyalty points, providing them with options to exchange their points for something other than home appliances, and expanding the program affiliation

Convenience in Saving Loyalty Points

Enhancement of Appeal and Value of Yamada Loyalty Points

Types of Yamada Loyalty Points



1 Various Means of Saving Points

Customers can enjoy saving Yamada Loyalty Points in various scenes of their daily lives when they shop or use services at around 760 Yamada Denki stores nationwide such as LABI stores and Tecc Land stores, through YAMADA WEB COM, Yamada Mall or other online sales sites, or at wide-ranging partner companies.

2 Extra Fun in Saving Points

The store-visit point program for customers with a Keitai de Anshin membership was improved in 2013 and they can now enjoy the Yamada Game when they play the slot machines upon visiting a store. According to game scores, they can acquire Yamada Loyalty Points and a coupon which can be used online.

Convenience in Using Loyalty Points

Presentation of How to Have Fun by Using Yamada Loyalty Points

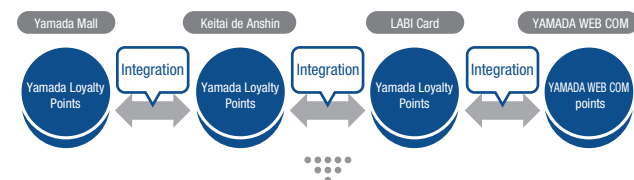
Generally, conventional loyalty point programs of home appliances retailers offered customers a discount on their next purchase. Yamada Denki was early in introducing a system to offer customers options to exchange their saved points with goods other than home appliances, such as daily necessities and foodstuffs, thereby attempting to enhance convenience from the viewpoint of customers. We are planning to further enable customers to use their saved points even for goods and services that we do not offer at our stores, and will also make it possible for customers to receive benefits by using contents of the Yamada Multi SNS services through any of the partner companies. In this manner, we would like to present how to have fun by fully utilizing Yamada Loyalty Points.

1 Integration of Various Loyalty Points Using One ID

In 2013, we integrated loyalty points (LABI card, Keitai de Anshin program, and YAMADA WEB COM) other than those for the ordinary loyalty point card. Through undergoing procedures for integrating LABI card points, customers can integrate all points they have saved under respective point programs.

Yamada Loyalty Points can be Integrated

Through undergoing integration procedures, customers can integrate points they have saved under four point programs.



2 Exchangeable with Something Other than Home Appliances

Saved points may be used for daily necessities and foodstuffs, other than home appliances dealt with at stores, and may also be exchanged with a game, video, or other contents provided by the Yamada Multi SNS services. Customers can use their saved points for diverse goods and services beyond the scope of home appliances retailers.



Utilization of Loyalty Points within the Yamada Denki Group



Expanding Affiliation of the Yamada Denki Loyalty Point Program



There are many other partner companies and available services. Please refer to Yamada Denki's website for details.

<http://www.yamada-denki.jp/point/>

Case 03

Efforts to Respect Customers' Opinions

Improvement of Responses at Stores and Call Centers

Yamada Denki has been making constant efforts to have staff members at stores and call centers respect customers' opinions so as to ensure that customers can receive services comfortably.

Improvement of Responses at Call Centers



We provide various types of training to improve responses at call centers.

Trainees first learn good manners appropriate for an operator of Yamada Denki and then receive training for acquiring specialized knowledge required in their respective departments such as training concerning LABI stores, ensuring customers' peace of mind, repair dispatch, long-term warranties, and home appliances-related laws. For example, in the training for the LABI Call Center, personal guidance is provided by setting concrete goals so that trainees can acquire knowledge equivalent to that of a general store clerk and can properly respond to diverse inquiries from customers, including those concerning the outline of stores, such as the access to and the capacity and charges of parking lots, and questions on various products sold at stores.

Furthermore, in order to respect customers' opinions, the headquarters and stores are making collaborative efforts to further improve our services.

Efforts to Reflect Customers' Opinions in Store Operation

Yamada Denki has been attempting to collect customers' opinions and requests through the customer-store manager questionnaire system, as well as from phone calls, mails and letters, with the aim of reflecting customers' opinions to improve store operation. For example, we used to use the term “documents to prove the status” in the documents that we requested customers to present at the time of making a contract or applying for services. But there was an opinion that the documents would be for proof of one's identity not for proof of one's status. Therefore, we changed the term to “documents to confirm the identity.”



TOPICS

Received the Grand Prize of the FY2013 CS Award for the Home Appliance Mass Retailer Sector

Yamada Denki's CS Efforts were Highly Evaluated Externally

Yamada Denki received the grand prize of the FY2013 CS Award for the Home Appliance Mass Retailer Sector hosted by Mediaflap Inc. This Award evaluates stores in terms of their accessibility, cleanliness, and pleasant customer services, etc. based on online questionnaires and undercover surveys. Yamada Denki was highly evaluated for its services at the register and communications with customers.



Voice —Comment of a Staff Member of an Excellent Store—

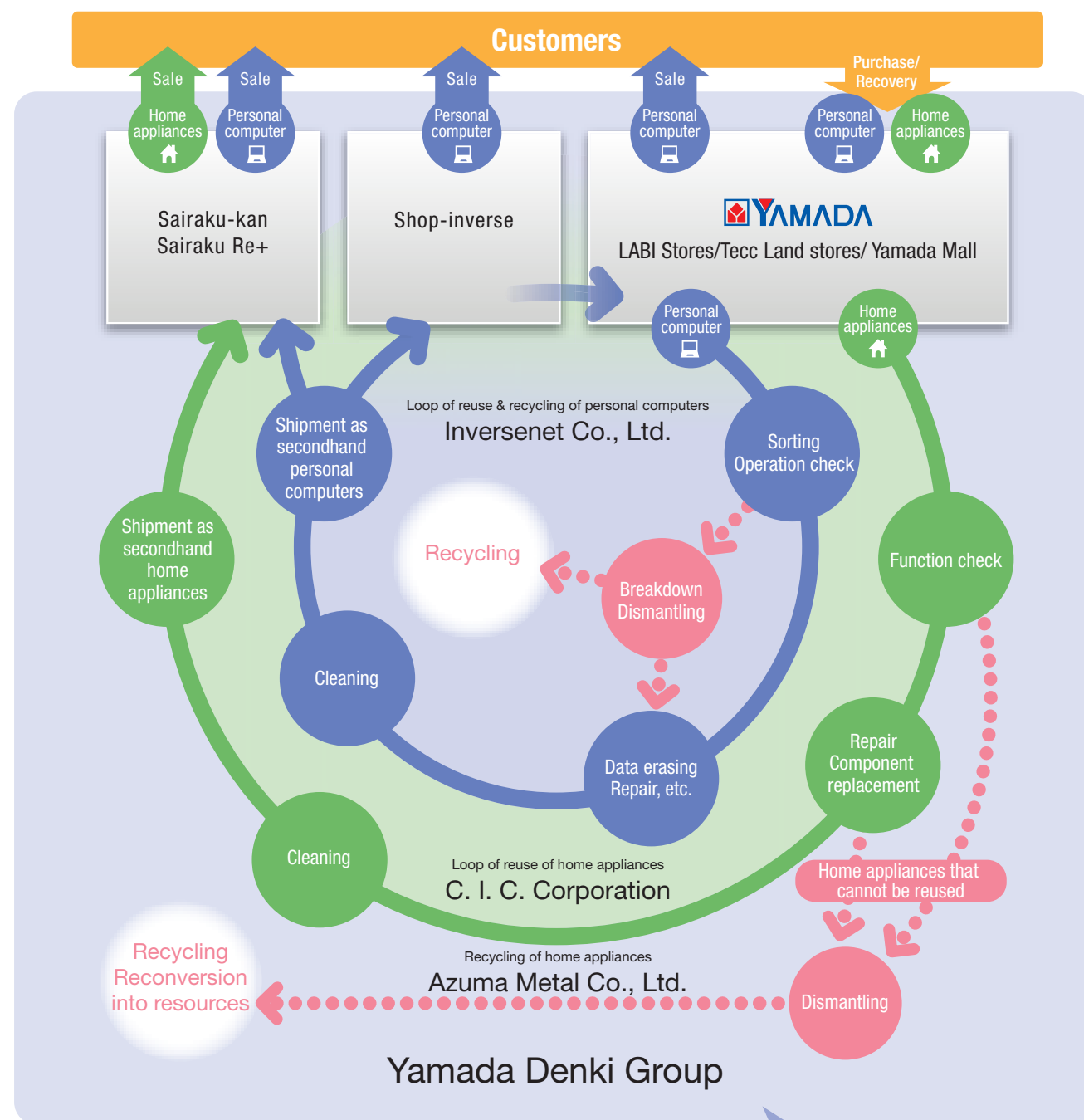
I think that we were awarded as a result of our daily practice of faithfully pursuing basic customer services as a member of Yamada Denki. We try to develop customer-friendly sales floors and always be polite and cheerful to customers. I feel very happy if people appreciated our high awareness of everything for customers from cleaning to shelf stacking. I would like to make further efforts to keep all staff proud of this award.

Hiroyuki Morimoto, PC Floor Chief, Yamada Tecc Land Kitamoto Store

Special Feature 2

Loop of Reuse & Recycling Completed within the Yamada Denki Group

In order to effectively utilize limited resources and hand down precious nature to the next generation, Yamada Denki has actively promoted reuse and recycling of home appliances and personal computers. By completing the whole system of reuse and recycling among the Yamada Denki Group, we can fulfill our responsibility from the sale of products for reuse and recycling thereof to their final disposition. Furthermore, we have various advantages such as being able to establish a traceability system for secondhand goods by introducing common product codes and enhance our reuse and recycling technologies by making the most of synergy effect among the Yamada Denki Group.



Point



High-quality management is conducted among the Yamada Denki Group, from purchase and collection to reuse and recycling, by the use of common product codes.

Reuse of Home Appliances

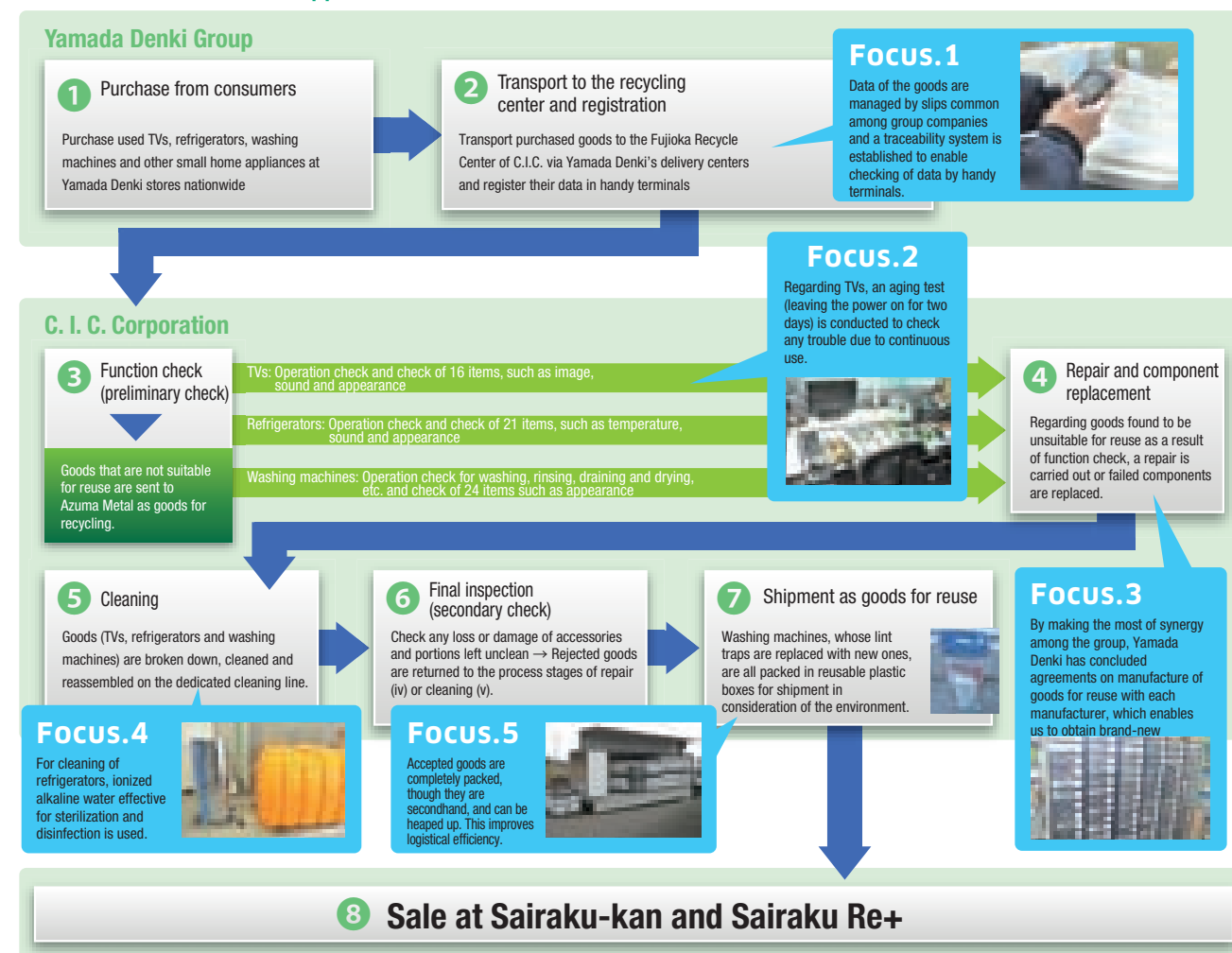


Provision of Goods for Reuse in Response to Consumers' Needs and from Environmental Considerations

Used small home appliances and four items subject to the Act on Recycling of Specified Kinds of Home Appliances are renewed as goods for reuse at the Fujioka Recycle Center of C.I.C., one of the group companies. By providing used home appliances again to the market as goods for reuse, the company contributes to reducing the amount of waste and at the same time satisfies the need of some consumers who do not necessarily require brand-new products. The company's business thus leads to social contribution both in terms of environmental considerations and solution of a consumer problem.

Also in the process of manufacturing goods for reuse, the company pays the utmost attention to the environment and strictly controls the pH of cleaning water to avoid water and soil contamination in the surrounding area. Packaging materials (cardboard boxes, bubble wrap, etc.) used for transporting used products from Yamada Denki to C.I.C. are all sorted out and recycled.

Flow of Reuse of Home Appliances



Reuse of Home Appliances in Fiscal 2013
(Mar. 1, 2013 to Feb. 28, 2014)

	Number of sold
Liquid crystal TVs	4,956 units
Refrigerators	22,258 units
Washing machines	29,332 units
Small home appliances	6,026 units
Grand total	62,572 units

Voice —Comment of a Staff Member—



Making secondhand goods look like brand-new ones increase their value. Therefore, we do cleaning especially carefully. We hold regular meetings with Yamada Denki concerning quality, safety and productivity, etc., thereby attempting to maintain high quality levels as a member of the Yamada Denki Group.

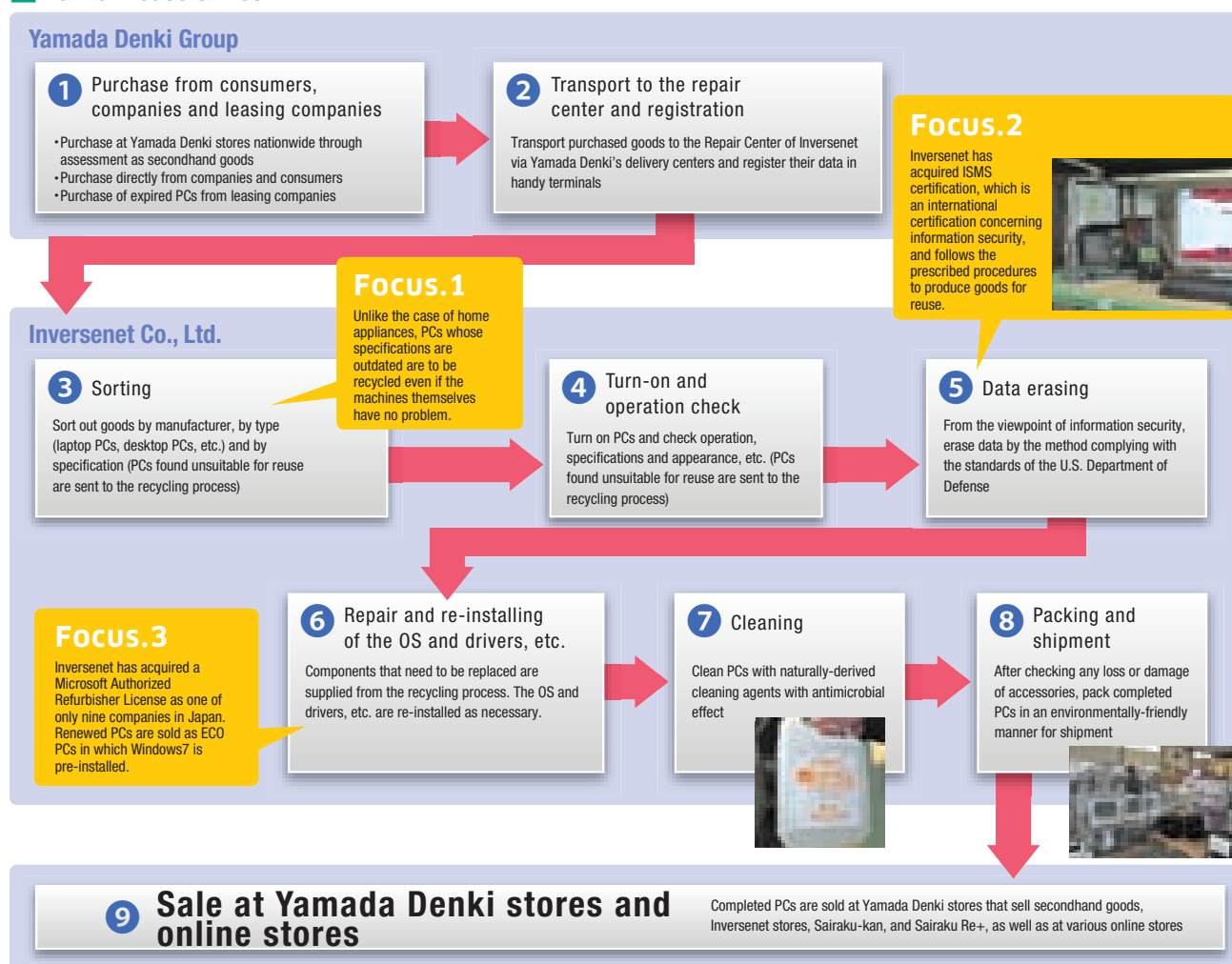
Kazuyuki Nakamura,
Director of the Fujioka Recycle Center, C. I. C. Corporation



Provision of Goods for Reuse in Response to Consumers' Needs and from Environmental Considerations

The entire process of renewing or recycling (those unsuitable for reuse; material recycling) used personal computers that Yamada Denki purchased from customers is conducted at a group company, Inversenet. Specifications of personal computers are improved much faster than other home appliances and it is often the case that the latest application cannot be used even if machines themselves have no problem. Thus, there is a different type of hurdle to overcome for the reuse of personal computers. Through processes of internationally certified data erasing, pre-install of the authentic Windows OS, and environmentally-friendly cleaning, the Yamada Denki Group renews used personal computers as high-value goods for reuse. As processes for reuse and recycling are conducted within the same company, dismantled components can also be reused, and the ratio of final waste disposed is less than 1%. The Yamada Denki Group's reuse business concerning personal computers is highly eco-friendly.

Flow of Reuse of PCs



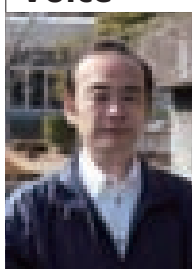
Reuse and Recycling of Used PCs (Mar. 1, 2013 to Feb. 28, 2014)

Type of goods	Upon arrival		Reuse			Final waste
	Number (1000 units)	Weight (t)	Number (1000 units)	Weight (t)	Reuse ratio*	
Laptop PCs	196	588	193	579	98.59%	0.8
Desktop PCs	213	1,917	188	1,692	88.09%	14.6
Liquid crystal displays	112	560	111	555	99.86%	0.2

*PCs that cannot be reused are also recycled and properly handled within the Yamada Denki Group.

Annual Reduction of CO₂ Emissions (PC Reuse Business)
FY2013: 46,389.59 t

Voice —Comment of a Staff Member—



Yamada Denki stores take trade-ins upon customers' renewal of PCs and also assess and purchase used PCs for the purpose of reselling them as secondhand PCs. Trade-ins are often old and are not always suitable for reuse, but PCs we purchased after assessment are all reused under our responsibility.

Shigeo Takatsudo,
Director of the Tochigi Repair Center, Production Management Department, Inversenet Co., Ltd.



High Recycling Ratio Achieved with Highly Accurate Sorting Technology

Home appliances that are found unsuitable for reuse at C.I.C. are transported to the recycling plant of Azuma Metal and are broken down and sorted by material as recycled goods (resources and materials). They are purchased as valuables by refining companies, etc. and are made into new products. PCs unsuitable for reuse are sent to the recycling process within Inversenet and are broken down and sorted out into those to be reused as components and those to be further broken down as recycled materials.

In both cases, through highly accurate sorting, even components unsuitable for reuse are recycled as materials, and this contributes to effective use of resources. Discarded home appliances and PCs are called an "urban mine" as they contain rare metals, though in small amounts. Yamada Denki also contributes to Japanese economy by recycling such resources.

Major Point of Recycling of Home Appliances

Highly Accurate Sorting by Breaking Down Products All by Hand

- Break down each product by hand based on full understanding of the characteristics thereof and sort them out into iron and respective non-ferrous materials
- Increased efficiency of breakdown process through standardization of work based on a manual
- Screen those sorted out as waste again by hand to extract valuables

Breakdown of a Washing Machine

Parts broken down	Materials to be recycled (ratio by weight)
Part where iron is used	Iron (42%)
Wiring	Copper (3%)
Aluminum	Aluminum (1%)
Base, motor, etc.	Mixture of iron and non-ferrous metals (17%) (▶ Screen it again to extract valuables)
Plastic parts	Other valuables (30%)
Brine, rubber, etc.	Waste (7%) (▶ Screen it again to extract valuables)



▲ Recycle line at Azuma Metal Gunma Plant

Amount Handled and Recycling Ratio by Commodity

Commodity	Amount handled (units)	Statutory standard for recycling	Achievement in Fiscal 2013
Liquid crystal TVs	1,200	50% or more	95%
Refrigerators	6,500	60% or more	85%
Washing machines	6,800	65% or more	93%

*Recycling ratio (weight of recycled parts / Total weight of collected home appliances)

*Amount handled refers to the amount of home appliances unsuitable for reuse that were purchased and recycled.

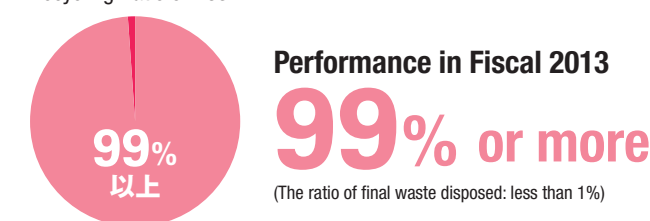
Major Point of Recycling of Personal Computers

Make Judgment for Each Component Concerning Whether it can be Reused or should be Recycled

- Sort out hard disks, DVD drives, memories, etc. that can be reused as components
 - ▶ These are used for repair in the reuse process or are sold as junk at component shops
- Sort out by material into iron, plastic, base, cables, etc.
- Packaging materials, buffer materials, stretch films, etc. are also recycled as thermal energy



Recycling Ratio of PCs



Voice —Comment of a Staff Member—



The strengths of Azuma Metal are that we can even incinerate final waste that cannot be recycled within the company and that we can also decompose chlorofluorocarbons produced from air conditioners within the company into non-greenhouse gases. This makes it possible to complete a loop of reuse and recycling within the Yamada Denki Group.

Masaki Onizuka,
Recycling Division Director, Azuma Metal Co., Ltd.

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 26th meeting. Proposals and instructions by experts are discussed internally and we try to implement relevant measures and achieve concrete outcomes as early as possible. In order to further promote CSR-focused management, we will continue our efforts faithfully in each field of compliance, customer satisfaction, environment and labor, while referring to their valuable advice.



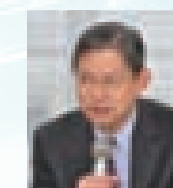
Experts on CSR-focused Management



IIMURA Somuku
Lawyer



ISHII Haruo
Professor, Faculty of
Business Administration,
Toyo University



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



TOKUHIRA Tsukasa
President, FIC Co., Ltd.



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

Major Agenda for Fiscal 2013

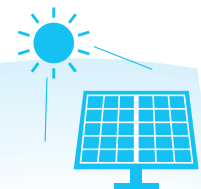
- Compliance
- Labor
- Enhancement of customer satisfaction
- Environment
- Overseas business strategies
- Personnel strategies
- CSR-focused management strategies
- Basic management strategies
- Information management strategies

Yamada Denki Group Keeping Pace with Society

Management Philosophy

“Creation and Challenge”

With “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.



Renewable Energy Promotion Business

Achieve a low-carbon society

Through the environmentally-friendly solar photovoltaic power generation-related business, the Yamada Denki Group disseminates and promotes the use of renewable energy and contributes to the achievement of a low-carbon society where people coexist with nature.



Smart-house Business

Preserve the global environment with energy-saving houses

Through the smart-house business led by Yamada SxL Home which provides next-generation houses under the keywords, “energy conservation, energy creation, and energy storage,” the Yamada Denki Group contributes to the sustainable development of society and preservation of the global environment.

Help customers improve their lives

Home Appliances Retailing Business

Through the home appliances retailing business, the Yamada Denki Group provides high quality products and diversified services, thereby enhancing convenience and helping customers nationwide improve their lives.



Reuse and Recycling Business of Home Appliances and PCs

Achieve a recycling-oriented society

The Yamada Denki Group realized a one-stop system for reuse and recycling of home appliances and PCs and is contributing to achieving a recycling-oriented society through its reuse and recycling business of home appliances and PCs.



Specialty Store Retailer of Private Label Apparel (SPA) Business

Manufacturing from the viewpoint of customers

Making the most of functions and know how as a home appliance mass retailer, we develop products that reflect customers’ opinions, aiming to make products with functions preferred by customers.

In its management philosophy, Yamada Denki clearly declares its commitment to social contribution. In order to help achieving a sustainable society, we will continue our business activities while placing importance on CSR as an important managerial issue.

Yamada Denki has been promoting group-wide efforts for solving environmental and other social problems through its renewable energy promotion business that introduces solar photovoltaic power generation systems and disseminates the use of renewable energy, and through its smart-house business that provides next-generation energy-saving houses. Furthermore, it has established a cycle starting from the sale of home appliances to their reuse and recycling and extending to the resale of goods that have been renewed within the Yamada Denki Group. Yamada Denki has successfully balanced its business and CSR by making the most of synergy among its group and actively promoting its solution business, centering on its core business, i.e., home appliances retailing business, but not limited to the scope thereof.

We will continue our efforts to respond to opinions and requests from diverse stakeholders through our business and will promote CSR-focused management, aiming to create new value that we can share with society and continue growing as a corporate group together with society.

Creation of Shared Value by Making the Most of Synergy among the Yamada Denki Group

Corporate Group that Continues Growing Together with Society



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.



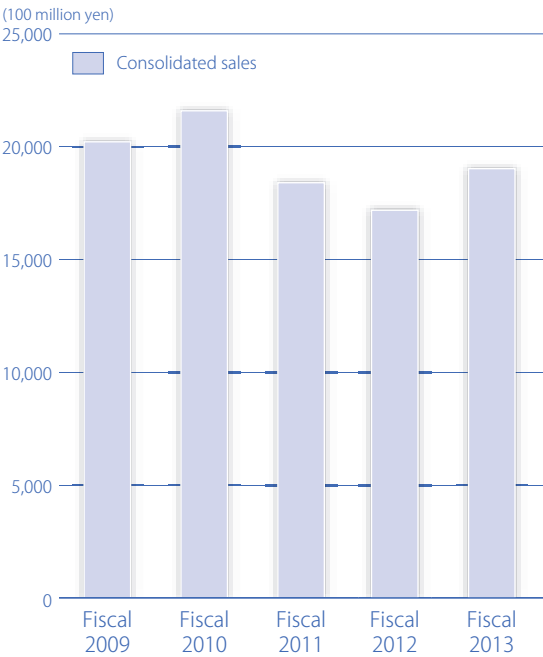
▲LABI1 Japan Flagship Store Ikebukuro

Earnings

In fiscal 2013, the home appliance market grew significantly thanks to spillover effects of the government's positive economic policy packages and changes in the business environment, such as favorable sales of energy-saving home appliances triggered by the summer heat and the electric rate hike as well as the rush demand prior to the consumption tax hike in April.

In the fiscal year that ended in March 2014, Yamada Denki recorded consolidated sales of 1.8939 trillion yen, with an operating profit of 34.2 billion yen and a recurring profit of 50.1 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 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Consolidated sales	2,016,140	2,153,259	1,835,454	1,701,489	1,893,971
Recurring profit	101,586	137,847	102,225	47,906	50,187

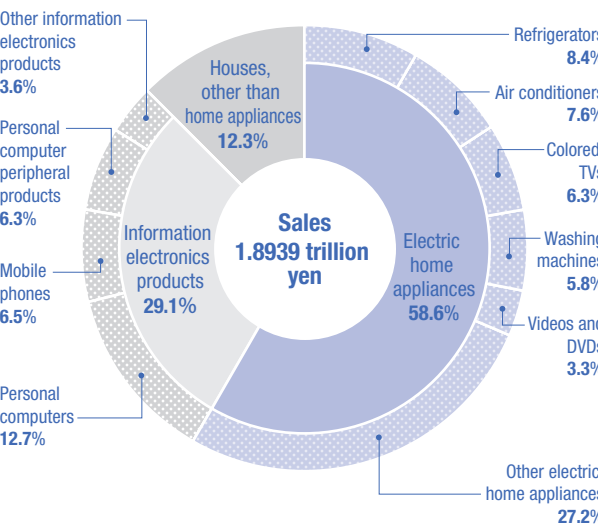
Products and Services Provided by Yamada Denki and Sales by Product Category

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-saving 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 58.6% of our sales, followed by 29.1% for information electronics products and 12.3% for non-electric/non-electronics products. Thanks to the summer heat, the electric rate hike, and the rush demand prior to the consumption tax hike, sales of high performance energy-saving large household appliances were steady and stable. Sales of video-related products seemed to have bottomed out in the summer of 2013, while sales of PCs increased significantly due to strong demand for renewal in response to the termination of support for Windows XP. The market change has been very rapid.

Under such circumstances, the Yamada Denki Group will endeavor to strengthen mutual collaboration and proactively develop its solution business, represented by the smart-house business and the environmental business.

■Sales by Product Category (Fiscal 2013)



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.

Cultivation of New Housing-related Markets

In the housing-related business, our subsidiaries, Yamada SxL Home, Housetec, and Yamada Wood House (established in November 2013) have been exercising in-group collaboration, under which Total Smarnity Life Corner booths were established in 168 major stores nationwide. We have provided one-stop services offering proposals based on a downstream perspective, totally covering housing renovations and construction of new houses as well as the installation of a solar photovoltaic power generation system, HEMS system and energy-saving home appliances.

Furthermore, as a new means to sell houses, we started experience-based model house exhibitions at stores' parking lots. We built model houses at Tecc Land New Kobe Tarumi Head Store (Hyogo) and Tecc Land Kasukabe Head Store (Saitama) in March 2014. In this manner, we try to cultivate new markets based on a downstream perspective, which is only possible for a home appliance mass retailer like us that is close to customers.

Promotion of Reuse and Recycling Business of Home Appliances and PCs

The Yamada Denki Group realized a one-stop system for reuse and recycling of home appliances for the purpose of reducing environmental impact.

We collect home appliances that were sold at Yamada Denki stores but are no longer used, and then renew and resell them as reuse goods after the processes of cleaning, breakdown, inspections, etc., or recycle them responsibly, in collaboration with our subsidiaries, C.I.C., Azuma Metal, and Inversenet. Through this business, we are contributing to achieving a recycling-oriented society.

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 making contribution to local communities.

Opening of New Stores

In fiscal 2013, with the aim of advancing to a new stage of store development, we implemented scrap and build to better respond to changes in the market, in addition to opening new stores.

The number of stores as of the end of the term was 991 (directly operated stores: 665; Best Denki stores: 177; other consolidated subsidiaries: 149) and the total number of stores including unconsolidated subsidiaries and FC stores was 4,401. In foreign countries, we promoted the building of the supply chains of our subsidiary, Best Denki.

■Number of Yamada Denki Group Stores

Store category	Store names	End of March 2012	End of March 2013	End of March 2014
Directly operated stores	LABI, Tecc Land, overseas stores, etc.	706	980	991
Franchise chain stores	Cosmos Berry's FC, Matsuya Denki FC, Best Denki FC, etc.	2,880	3,431	3,410
Group total		3,586	4,411	4,401

*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 (billion yen)

	Calculation method, etc.	Fiscal 2011	Fiscal 2012	Fiscal 2013
Shareholders	Dividend payments to shareholders	7.15	5.65	5.36*
Employees and executives	Total of personnel costs and executive remuneration out of sales and general administrative expenses	90.917	101.373	116.04
Local communities	For information on local community-related activities, please refer to p.34-35.	—	—	—
Administrative authorities	Corporate income tax, resident tax, and business tax	36.65	15.71	22.26

*Figures for fiscal 2013 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.

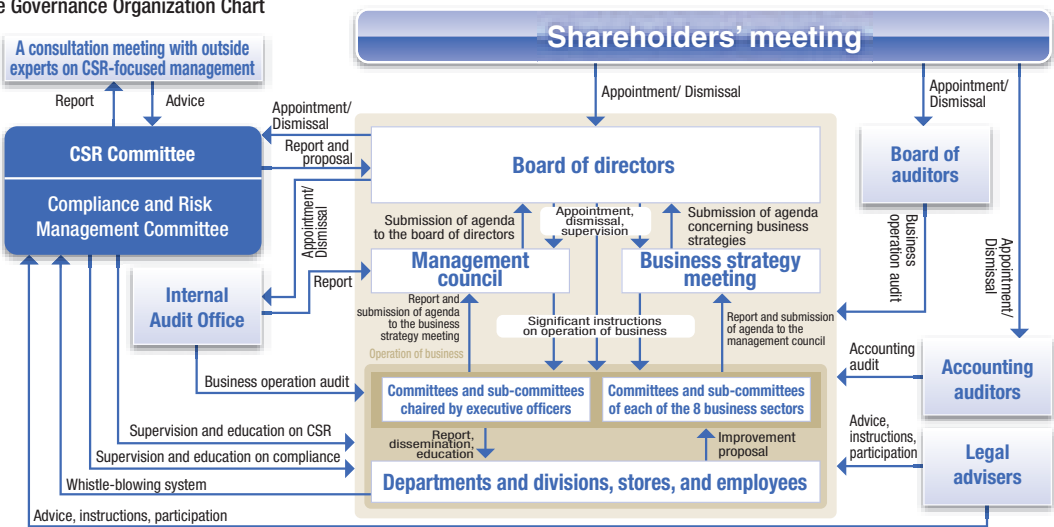
Adoption and Implementation of CSR-focused Management

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 month 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 consisting of 16 directors holds a regular meeting once a month and extraordinary board meetings as needed, where important matters are discussed, the business performances are reported, and necessary actions are taken promptly. One external director and two external auditors also participate in the meetings.

Management Council

The Management council holds a meeting every week in principle, excluding weeks when a board meeting is held. Management issues and the execution of business of each executive officer are reported and necessary actions are taken promptly.

Internal Audit Office

In order to improve internal audits, four internal audits directly under the president are appointed and they conduct routine audits, supervise inventory review and do internal checks, etc. Auditors and an auditing firm exchange information and actively cooperate with each other and conduct audits in order to check whether corporate activities are conducted in an appropriate and efficient manner.

Strengthening of the Governance System of the Group

The Yamada Denki Group has established a total governance system centering on Yamada Denki. Yamada Denki dispatches directors and auditors to group companies as necessary and manages and supervises the entirety of the group by requiring monthly business reports on sales, balances, and finances, as well as weekly reports on business activities and compliance, and conducting regular internal audits. Yamada Denki also concludes basic affiliation agreements with each of the group companies.

Compliance

Recognizing compliance as a critical corporate management issue, Yamada Denki endeavors to thoroughly ensure it. We also hold study meetings and carry out awareness raising activities for employees throughout the year.

Compliance Committee Meeting Held Once a Week

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 2013, 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.

■Examples of the Themes Studied by the Compliance Committee

2013	April	Development of the information security system
	May	Strengthening of the information management system; A lecture on trademarks; A study meeting on compliance by the advisory law firm
	June	A study meeting on the Unfair Competition Prevention Act; A study meeting on the Patent Act
	July	A study meeting on the Act against Unjustifiable Premiums and Misleading Representations; A study meeting on the Copyright Act
	August	A study meeting on the Consumer Contract Act; A study meeting on the Copyright Act
	September	Revision of the Consumption Tax Act; Revision of the Stamp Tax Act
	October	A study meeting on the observation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade; A study meeting on the prevention of power harassment
	November	A study meeting on the observation of the Act against Unjustifiable Premiums and Misleading Representations; A study meeting on the prevention of sexual harassment
	December	A study meeting on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade; A study meeting for taking measures for mental health
	2014 January	A study meeting on the Act against Unjustifiable Premiums and Misleading Representations; A study meeting on the Act on Special Provisions Concerning Consumer Trial Procedures
2014	February	A study meeting on the Act against Unjustifiable Premiums and Misleading Representations; A study meeting on the Act on Special Measures Concerning Shifting of the Consumption Tax; A study meeting on the Specified Commercial Transaction Act
	March	A study meeting on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors; A study meeting on the Labor Standards Act

Building of the management System Well Prepared for Various Risks

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.

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.

Initiatives by Group Companies

Best Denki Co., Ltd.

Regular Holding of CSR Secretariat Meetings

Under its corporate philosophy “to expand happiness worldwide by creating value in response to societal demands,” Best Denki has been promoting its CSR activities, focusing on four themes, i.e., “promotion of environmental protection,” “pursuit of customer satisfaction,” “contribution to local communities,” and

“compliance.” Every month, the company holds a meeting of the CSR Secretariat, which consists of 17 members selected from relevant departments and from its affiliated companies, and encourages them to continue their CSR efforts, while confirming progress of activities under these four themes.

Yamada SxL Home, Co., Ltd.

Basic Idea concerning Corporate Governance

Yamada SxL Home considers that the improvement of corporate governance is an important managerial issue and has been making efforts for strengthening the system therefor. The company decreased the number of directors to enable the board of directors to make managerial decisions promptly and property so as to ensure appropriate and flexible responses to severe business environment. The company also improved its management council

so that it can promote various measures and resolve problems smoothly, while endeavoring to speed up managerial execution and strengthen communications. Furthermore, it intends to enhance its audit function regarding the execution of duties, thereby securing the transparency of and trust in corporate management and the building of a robust governance system.

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.



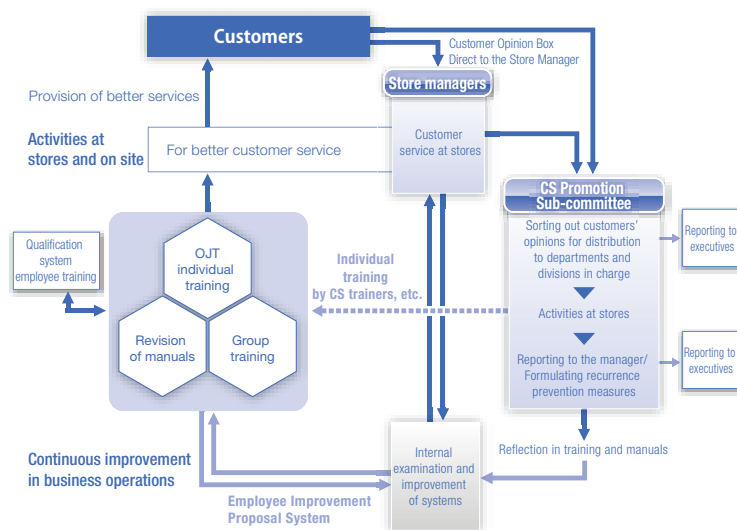
▲ Training sessions at partner companies

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.

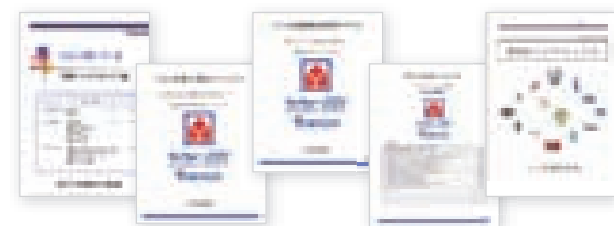
To maintain high quality services, we will continue employee training programs and also consistent reviews of customer satisfaction. We will make improvements in response to customers' opinions at stores, during product delivery, and in after-sales service. Furthermore, we put posters in eyeshot of employees to remind them to be careful about their appearance.

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



Fostering of Staff who can Make Proposals on Lifestyle through Home Appliances

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 onsite perspective.



Increase of Employees' Motivation by Holding Competitions

As one of the means of fostering staff who can make proposals on lifestyle through home appliances, Yamada Denki holds various competitions to discover excellent staff and share their know how among all employees.

In February 2014, we held the First National Competition of Customer Services Concerning Housing Renovation Using a Tablet Computer at Yamada Denki's headquarters in Takasaki. This is a competition on skills to wait on customers by using a tablet computer at a Total Smarnity Life Corner booth. By granting awards to excellent staff, we try to increase all employees' motivation to pursue customer satisfaction.



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 2013, 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.

Pi-Chiku Park, a Portal Site for Utilizing Customers' Reviews

Pi-Chiku Park is a portal site to collect reviews of customers after using goods they purchased at Yamada Denki stores, and based on such collected reviews, to provide effective information to other customers who are considering purchasing the relevant goods. Only customers who purchased goods can post their reviews on this site, and Yamada Denki mobile members can share their reviews freely with other members and can make inquiries on any worries and questions concerning goods.



Staff Delivery Service, Integrating Real Stores and a Network

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.



* The photo is for illustrative purposes only.

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 2013, 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.



Promotion of 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 2013, various proposals expected to further improve customer satisfaction were made by store staff members and many new proposals were adopted.

■ Example of Indications 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 2013, there were more than 370 employees with the qualification in each category of electric home appliances.

Number of Certified Electric Home Appliance Advisors

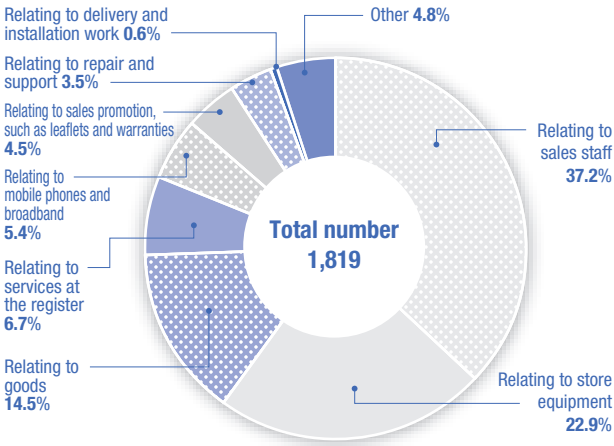
	Fiscal 2011	Fiscal 2012	Fiscal 2013
Audio Visual information home electronics	441	406	383
Daily life home appliances	361	367	372
General electric home appliances	432	478	537

Efforts to Reflect Customers' Opinions in Management and Services

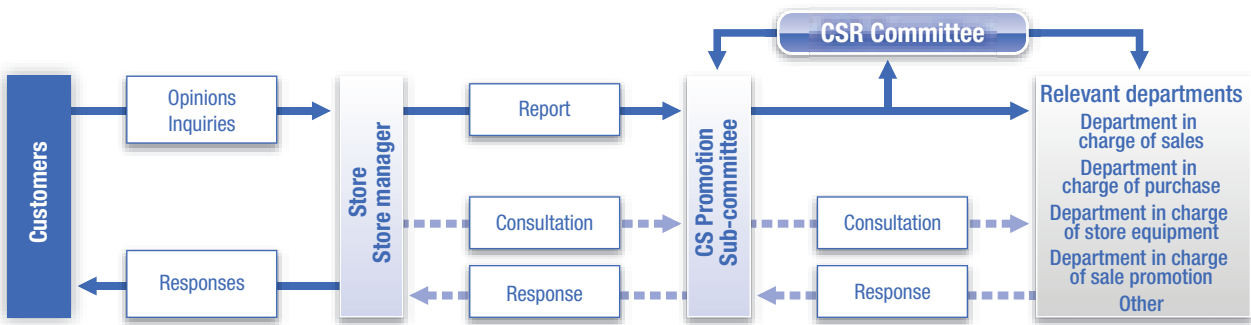
Prompt Response to Customers' Opinions with the Customer-Store Manager Questionnaires

As a system to reflect customers' opinions in management and services, we have the customer-store manager questionnaire system and ask customers to write down their opinions and requests and put them into a box installed at each store. Store managers read all inquiries, opinions and requests from customers and reply to them responsibly. 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.

Details of the Customer-Store Manager Questionnaires for 2013 (Jan. to Dec.)



Flow of Responses to Customers under the Customer-Store Manager Questionnaire System



Holding of CS Meetings on Product Delivery, Installation and Repair

In order to pursue customer satisfaction throughout the product lifecycle, Yamada Denki strengthens collaboration with its partner companies in charge of product delivery, installation and repair, and holds training sessions for improving their services and manners over 100 times a year. Every year, Yamada Denki holds a regular CS meeting with the participation of the representatives of the 20 major partner companies in charge of product delivery and installation. At this meeting, we confirm each company's current status and concrete efforts for improving CS, and our staff point out problems and give them guidance for improvements. We also extract problems for each location, each area and each staff member based on customer-store manager questionnaires and make tailored proposals for improvements to the extent possible. Similar meetings are also held for each sales area.

Introduction of Training to Certify CS Managers

In order to standardize CS activities in product delivery and installation, Yamada Denki requests its partner companies to receive its original "Training to Certify CS Managers." This is a system to certify responsible officials who provide persons in charge at respective companies with guidance on the standards that Yamada Denki specifies with regard to CS, manners, operations, etc. in relation to product delivery and installation. A training session consists of educational training, group discussions and a written test. Under this system, Yamada Denki certifies CS managers of its partner companies, with the aim of maintaining their CS levels equivalent to those of the staff of Yamada Denki.

Matsuya Denki Co., Ltd., Seidensha Corporation Limited and Kimuraya Select Co., Ltd.

Sharing Customers' 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 customers' opinions. Kimuraya Select has been trying to share customers' 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. Matsuya Denki opened a Customer Hotline on its website, which enables customers to make inquiries either by phone or by e-mail.

Yamada Eco Solution Co., Ltd.

Establishment of Customer Center and Education and Training that Reflect Customers' Opinions

Yamada Eco Solution established a customer center exclusively for product delivery and installation and is engaging in collection and tabulation of customer opinions submitted at each Yamada Denki store. Submitted opinions are fully utilized in education and training for delivery/installation staff and in employee training at Yamada Denki, and information is shared among the entirety of the Yamada Denki Group. Based on the "customer first" approach, thorough etiquette training is provided to delivery/installation staff to instruct them to pay attention to their appearance, project an image of cleanliness and be careful of their language so that they can provide high quality services equivalent to the level of those offered at stores to customers as members of Yamada Denki.

Major Content of the Training

- Basic training concerning greetings and etiquette
- Educational training concerning installation skills and compliance
- Training to support the acquisition of the qualification of electrical work specialist
- Training concerning ID for solar photovoltaic power generation system installation

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 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 also 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.

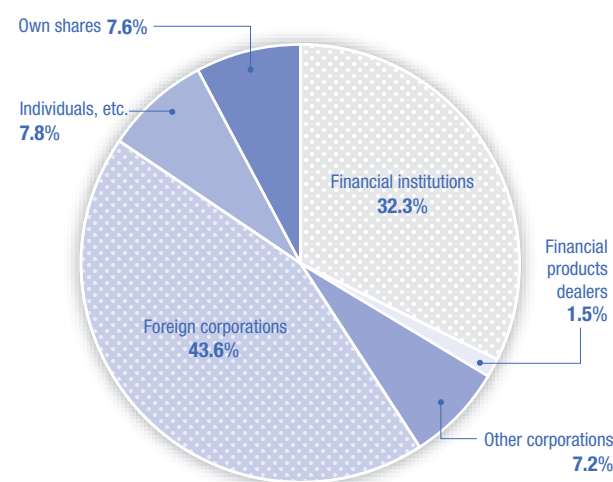
Timely and Appropriate Disclosure of Business and Financial Information

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.

■ Shareholding Ratio (as of March 2014)



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

■ Number of Meetings with Investors, etc.

	Number of meetings
Fiscal 2011	237
Fiscal 2012	211
Fiscal 2013	222

■ Briefing for Individual Investors

	Venue	Number of participants
September 2011	Nagoya	423
September 2012	Tokyo	508
September 2013	Tokyo	394

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 2014, we plan to pay annual per-share ordinary dividends of 6 yen.



Split of Shares and Alteration of the Number of Shares per Unit

In accordance with the Action Plan for the Consolidation of Trading Units announced by Japanese stock exchanges on November 27, 2007, Yamada Denki decided to split shares held by shareholders listed or recorded in the final shareholder registry as of September 30, 2013 at a ratio of 10 to 1, and altered the number of shares per unit from 10 to 100.

This split of shares and alteration of the number of shares per unit do not cause any actual change to investment units (or any substantial change to dividends or the shareholder special benefit plan).

Acquisition of Own Shares

Yamada Denki acquired own shares based on its articles of incorporation with the aim of enabling flexible capital policy in response to changes in the business environment and increasing shareholder return through improving capital efficiency.

1. Resolutions at the Board of Directors Meeting on October 15, 2013

- (1) Type of shares to be acquired: Common shares
- (2) Total number of shares that may be acquired: 60,000,000 shares (upper limit)
[Percentage of the total number of issued shares (excl. own shares): 6.37%]
- (3) Total acquisition cost: 15,000,000,000 yen (upper limit)
- (4) Period: From Oct. 16 to Dec. 20, 2013

2. Total number of own shares acquired based on the resolutions above (as of Dec. 17, 2013)

- (1) Total number of shares acquired: 48,027,200 shares
- (2) Total acquisition cost: 14,999,977,688 yen

Future Management Policy

The market environment surrounding the Yamada Denki Group shows a sign of moderate recovery but is expected to remain severe as temporal and reactionary declines have been observed in domestic demand after the consumption tax hike and there are also concerns over the world economy, such as the slowed growth of emerging countries and political uncertainties in Europe.

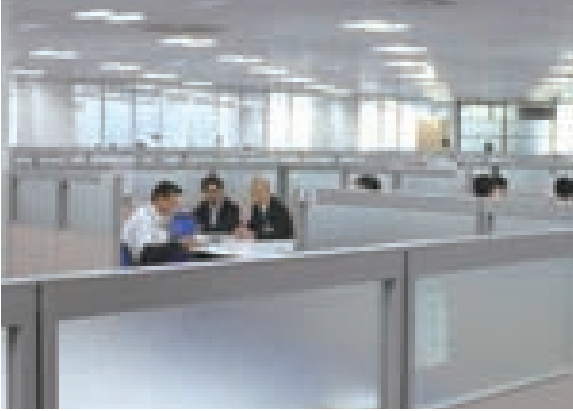
Measures to Break the Expected Sluggishness of the Home Appliance Market

- We will amplify our efforts to distinguish ourselves from other companies through actively developing various types of solution business and pursuing their potential, while expanding and deepening the scope of our business centering on the sale of home appliances.
In the housing-related business, as one of the above activities, we have established Total Smarnity Life Corner booths in our stores and will further strengthen inter-group collaboration among Yamada SxL Home, Housetec, and Yamada Wood House to cultivate new markets based on a downstream perspective.
- We will endeavor to enhance efficiency of managerial resources among group companies, improve the balance sheet and strengthen management bases so that we can make responses speedily and flexibly in the distribution industry, where drastic changes are expected to continue into the future.
- Yamada Denki has a store network that can meet any of the diverse needs of customers, consisting of various types of stores from urban stores and large suburban stores to community-based small stores. Making the most of such advantage, we will strengthen bases for sustainable growth. In addition to the improvement of stores through scrap and build and renovation, we will open new stores in prospective areas and thereby strengthen and enhance our store network to increase and maintain market shares.
- Against the background of the coming aging society with a falling birth rate, we will also continue our efforts for human resource development by preparing various education programs and providing training for increasing sales and improving customer satisfaction and by training female managerial staff.



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

Implementation of the Second 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. Since fiscal 2012, Yamada Denki has carried out a 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 results of the second CSR questionnaire survey showed a slight improvement as a whole, compared to the results of the first survey. According to the survey, it was revealed that each company has been positively making efforts for customer-related issues, but that efforts for corporate governance have been relatively weak.

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

Overview of the Second CSR Questionnaire Survey

- Targets: All group companies
Major business partners
- Survey period: Group companies:
April — May, 2013
Major business partners:
May — July, 2013
- Response rate: Group companies: 100%
Major business partners: 75%

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.



▲Project Y
Poster to urge efforts for preventing bullying

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.

Prevention of Harassment

At monthly 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.

Participation in "Project Y", an Initiative to Prevent Bullying

"Project Y" is an initiative organized by the Human Rights Promotion Center to raise people's awareness to create a society without bullying. Based on the Act on the Promotion of Bullying Prevention Measures enacted in 2013, this project aims to request society to prevent and detect bullying at an early stage and make proper responses. Yamada Denki also participates in this project and offers cooperation by posting awareness-raising posters at stores to promote the prevention of bullying and widely provide information on telephone counseling services.

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 monthly CSR Committee meetings for discussion on countermeasures.



Initiatives by Group Companies

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.



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.

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 2014, the average age of employees was 33.4 years old and the average employment term was 8.1 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 2011	Fiscal 2012	Fiscal 2013
Number of managers	Men	3,423	3,207	3,171
	Women	94	68	70
	Total	3,517	3,275	3,241
Number of employees		10,298	10,699	11,460
Average number of temporary employees		9,179	9,018	9,573
Number of employees with disabilities		404	411	449

*The above figures represent the number of employees at Yamada Denki on a nonconsolidated 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.

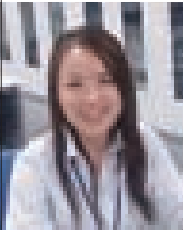
■Overview of Training Programs

	Number of participants	Period	Frequency
Training of new floor chiefs	35	3 days	3 times
Training of store managers	229	4 days	8 times
Training of female managers	15	3 days	Once
Training for new area managers	11	2 days	3 times
New store training	184	3 days	8 times



▲Training session

Voice —Comment of a female managerial official—



Maiko Agatsuma,
SMD, White Goods and
Seasonal Goods
Department, Business
Headquarters, Yamada
Denki

Eight and half years have passed since I entered Yamada Denki. I started work as a sales clerk and got various chances to increase my experience, working as managerial staff at a LABI store and at a store in China. The commodity department where I now work is in charge of purchase of commodities, development of sales floors, and negotiations with business partners and I am required to assume even larger responsibilities. I am trying hard to make comfortable sales floors for store staff and considering means for better activities and events for sales promotion. Any duties contain pleasure as well as difficulties in performing them, but Yamada Denki is a company that gives you a chance if you are willing to accept challenges.

Promotion of Work-Life Balance

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. These efforts have worked to enhance employees' satisfaction.



■Number of Employees Taking Special Leave

		Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Number of employees taking childcare leave	Total	80	128	169	164	201
	Male employees	5	5	5	2	4
Number of employees taking nursing care leave		8	3	5	8	4
Number of employees on short working hours		87	57	82	112	100
Rate of employees receiving medical checkup		95.2%	94.2%	95.0%	94.3%	94.0%

Management-Labor Cooperation through Company-wide Participation in Management

In order to promote labor-management dialogues, labor management consultation is held once a month. The management side presents managerial indices, such as sales, to the labor union, and both sides discuss managerial issues and problems based thereon. The labor union presents its journals and newspapers and makes activity reports.

As a concrete system to promote company-wide participation, Yamada Denki introduced the improvement proposal system in September 2007, under which employees in various positions consider the company's business challenges from their standpoint, respectively, and make proposals for resolving them.

Mental and Physical Health Management

Yamada Denki tries to raise employees' awareness of their mental and physical health management and gives guidance so as to ensure that all employees can fully exercise their capacity in performing their respective duties.

We started telephone counseling services with the cooperation of medical institutions to enable employees to freely get counseling on their mental health. Furthermore, we provide supervising personnel with life care education by an industrial doctor to have them acquire correct knowledge on mental health and learn proper responses in the event their subordinates have any mental problems.

Regarding employees' physical health, we conduct regular health checkups to reduce adult diseases risks and provide specific health guidance based on the results thereof.

Initiatives by Group Companies

Yamada SxL Home Co., Ltd.

Support for Employees' Career Development

Yamada SxL Home has established a system to have employees report their career plans once a year and has developed an environment under which they can give their preference concerning job types and work locations and can freely express their opinions on their family circumstances and the improvement of their duties and working conditions.

The company has also introduced a fixed work location system under which an employee who cannot move due to his/her family

circumstances may make a report to that effect and select a job based in a limited geographical area and the company gives due consideration when considering him/her for a transfer requiring relocation.

In fiscal 2010, the company added columns to ask about employees' satisfaction in the career plan sheet and has tried to further improve the workplace by analyzing employees' feelings and motivation for work, and the working climate, etc. from various viewpoints.

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.

Award System for Employees

Best Denki has various systems to award excellent stores and offices with large annual sales, individuals who achieved top levels of sales, and stores and individuals that made excellent improvement proposals, thereby increasing employees' motivation and encouraging their efforts for career development.



▲Kurume Minami store



▲Haebaru store

Details of the Awards

- **Special President Award (for groups)**
Award stores, corporate operation divisions, BS offices and affiliated companies whose performances were superior
- **Best Sales Award (for individuals)**
Award individual who achieved top levels of sales (male employees-home appliances and PCs; corporate operation division employees; female employees; junior employees)
- **Improvement Proposal Award**
Best proposal award for individuals (three individuals); Proposal award for stores (top three stores); Point getter award (top five individuals with high annual points and individuals who got 200 points or more)

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 fulltime 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.

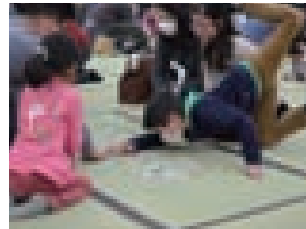
As a community member, Yamada Denki continuously makes efforts to develop good relationships with local people and communities and to win their trust.

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.

1st Yamada Denki Jomo Karuta Family Competition

In February 2014, the 1st Yamada Denki Jomo Karuta Family Competition was held at the event space, LABI Gate, on the fourth floor of LABI1 Takasaki store. Jomo Karuta is a traditional card game of Gunma Prefecture, which is the place of establishment of Yamada Denki. This competition aims to deepen people's knowledge on notable sites, historic sites, industries, culture and prominent figures of Gunma, thereby fostering affection for hometowns and tightening family ties. In the competition, 120 parents and children of 40 teams gathered from all over the prefecture and staged exciting games.



"Fureai running school" by Yamada Denki's woman's track and field team

In December 2013, "Fureai" running school by Yamada Denki's woman's track and field team was held at Sugayadai Elementary School in Rifu-cho (Miyagi-gun, Miyagi Prefecture). Yamada Denki holds this running school for the purpose of supporting reconstruction from the Great East Japan Earthquake through providing opportunities for athletic activities. With the participation of 141 sixth grade elementary school students, all track and field team members played tag and participated in various events, such as the 1000-meter race, transmitting to children the joy of running.



▲Joshu Shogi Festival (7th Yamada Denki Children's Shogi Competition)

The 5th Fire Fest in LABI1 Takasaki

In September 2013, Yamada Denki held the 5th Fire Fest, an event to learn about disaster prevention, at an event space, LABI Garden, at LABI1 Takasaki store. We hold the Fire Fest every year, with the aim of providing customers with an opportunity to experience a disaster preventive event while enjoying time with their family. In the 5th Fire Fest in FY2013, firefighters gave demonstrations and provided instruction on water extinguisher use and how to provide first aid and prepared an earthquake simulation car that enabled people experience earthquakes. Furthermore, the fire department staff and children performed songs, dances and a play for raising people's awareness of disaster prevention.



Summer Vocational Experience Event for Children

In July 2013, Yamada Denki held the "Waku-work Kids Park," an event to allow children to experience ten types of occupations, at two venues, LABI Gate and LABI Garden, at LABI1 Takasaki store. We prepared equipment actually used on site in each occupation, such as that used by firefighters and carpenters or at TV stations and radio stations, so that children would be able to obtain a real-life experience of those occupations. The participating children seemed to enjoy experiencing various occupations.

A Soccer Training Session for Elementary School Children and a Lecture on AED Handling

In June 2013, we invited a former national soccer team member and a former J-League player to hold a soccer training session for elementary school children and a lecture on AED handling at the soccer ground of Maebashi Ikuei High School in Shimano-machi, Takasaki City, Gunma Prefecture. Elementary school children and their guardians (around 150 in total) participated in the event and spent a fruitful day, observing skills of top players and learning how to use the life-saving AED in the event of an accident during sports activities.



Yamada SxL Home Co., Ltd.

Fostering of Smart-House Engineers through Academic-Industrial Alliance

Yamada SxL Home and Katayanagi Institute, which operates the Nihon Kogakuin College (Kamata and Hachioji campuses), are promoting comprehensive collaboration for disseminating smart houses, covering human resource development, R&D, and sale of smart houses, by building and utilizing a laboratory smart house.

In August 2013, the laboratory smart house was built in the Hachioji campus of the college, where students can acquire the latest smart-house technologies concerning energy system mechanisms, control systems, etc. mainly in the fields of architecture, interior design and electronics. Yamada SxL Home and Katayanagi Institute will deepen cooperation comprehensively for further disseminating smart houses and fostering engineers who will lead the next generation.

Major Content

- Fostering of adaptable human resources through lectures utilizing the laboratory smart house
- Fostering of solar photovoltaic power generation system installers
- Experiment and demonstration of smart-house related technologies
- Education of employees of Yamada SxL Home
- Utilization of the laboratory as a showroom for general users
- Employment assistance to students of Nihon Kogakuin College



Cooperation in a Foreign Business School's Plant Tour

Offering cooperation to an Indian business school, Welingkar Institute of Management Development & Research, for its Japan study tour in 2013, Yamada SxL Home invited them to its Tsukuba plant.

This tour is conducted every year for the purpose of visiting Japanese companies' manufacturing plants and deepening understanding of Japanese industry and corporate management. This time, Yamada SxL Home introduced Yamada Denki Group's quality control and production processes based on the customer-first policy, hoping that this plant tour would be of some assistance to the technological development of the manufacturing industry in India.



Azuma Metal Co., Ltd.

Holding of Recycling Classes for Elementary School Kids and Opening of the Plants to Local Residents

Around once 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

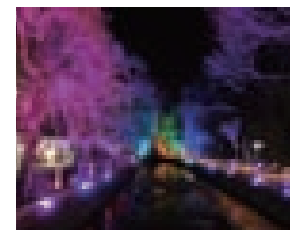
classes are appreciated and praised by many guardians and school teachers.

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.

Y-Just Co., Ltd.

Cooperation in the "Maebashi Illumination & Lighting-up at Hirosegawa River"

Maebashi City, Gunma Prefecture carries out a project to jointly (among the private sector) increase the appeal of the town by illuminating and lighting up the areas around the Sakutaro Bridge over Hirosegawa River, aiming to vitalize the city center. As a Gunma-based company engaging in telecommunication-related works, Y-Just joins in this project as a corporate sponsor and helps the secretariat of the Gunma Illumination Promotion Group

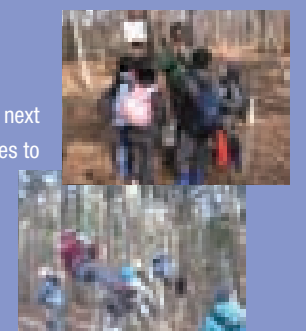


General incorporated foundation The Yamada Noboru Memorial Foundation

Holding of Wilderness Experience Day Trip

The Yamada Noboru Memorial Foundation has carried out nature activities for children who will lead the next generation as a continuing project, with the aim of assisting their sound growth by giving them opportunities to experience nature and cultivate their sensitivity.

In fiscal 2013, 18 children were invited from children's institutions in Gunma. The day trip was held at the Akagi Nature Park in Shibukawa City on December 22. The weather was bad with light snow, but the children enjoyed treeing and nature observation, etc. and showed behaviors and smiles different from those they ordinarily show. The foundation will continue these activities, while examining the effects on children who participated in the activities.



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.



▲Roof gardening

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 2013

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 2013, we promoted full-fledged smart-house business continuously from the previous fiscal year, trying to mitigate environmental impact on society as a whole through our business.

Since fiscal 2012, we have also been promoting recycling and reuse of home appliances and personal computers, which became possible thanks to collaboration between C.I.C., Azuma Metal and Inversenet.

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 month and is disclosed as a monthly report on our website.

We report these activities at a quarterly consultation meeting with outside experts on CSR and further develop the content thereof by seeking the opinions of outside experts.

■Major Activities and Status of Achievement in Fiscal 2013

Major activities		Goal for Fiscal 2013	Achievement
Reduction of the environmental impact through core business	Reuse of home appliances (TVs, refrigerators, washing machines and driers)	68,030 units	56,182 units
	Promotion of reuse of air conditions	15,650 units	10,978 units
	Promotion of reuse of PCs	544,400 units	535,250 units
	Recycling of ink cartridges	2,540,000 pieces	2,385,138 pieces
Reduction of the environmental impact through business activities	CO ₂ emission reduction through the introduction of demand controllers* ¹	4,456t	1,335t
	CO ₂ emission reduction through the introduction of green power* ¹	7,121t	7,244t
	CO ₂ emission reduction through the introduction of solar photovoltaic power generation (LABI1 Takasaki and LABI Senri)* ²	5,572t	5,549t
	Power generated by solar photovoltaic power generation system installed on store roofs	26,037,555 kWh	23,027,550 kWh

*1 CO₂ emission coefficient: 0.55kg-CO₂/kWh; The CO₂ conversion value of the reduction in emissions through the introduction of demand controllers compared with fiscal 2012.
*2 Calculated using the coefficient of 314.5g-CO₂/kWh based on estimated annual power generation in representative areas

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.

Reduction of the Environmental Impact throughout the Product Lifecycle

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.

Promotion of Reuse and Recycling among the Yamada Denki Group

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.

Reuse of Home Appliances and PCs

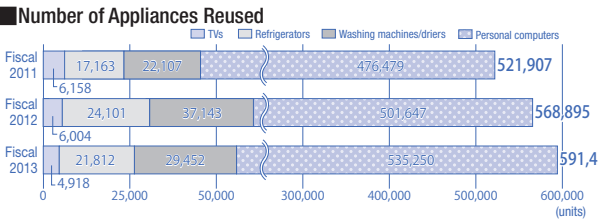
Yamada Denki Group started the reuse business concerning electric home appliances in 2001, and the reuse and recycling businesses concerning personal computers in 2007.

In fiscal 2013, we handled around 56,000 units of electric home appliances (TVs, refrigerators, washing machines and driers) and around 535,000 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.

⇒ Flows of reuse and recycling are detailed in Special Feature 2 (p.12-p.15).

Inversenet has acquired a Microsoft Authorized Refurbisher License as one of only nine companies in Japan. Renewed PCs are sold as ECO

PCs. Under the Microsoft Authorized Refurbisher (MAR) program, Microsoft provides authorized licenses of Windows OS to secondhand PCs. Windows7 is pre-installed in these secondhand PCs. Customers do not need to purchase an OS package separately and can acquire an authentic Windows license at an lower price with peace of mind. Furthermore, this also contributes to the reduction of waste.



Recycling of Ink Cartridges and Mobile Phones

Yamada Denki is promoting recycling by installing ink cartridge recollection boxes in its stores. We make donations to the Japan NGO Center for International Cooperation and the Foundation for Orphans from Automobile Accidents using funds obtained through the recollection of cartridges. The fund supports medical care, environmental protection, and the education of children orphaned by car accidents. In fiscal 2013,



we recollected around 2.38 million cartridges and donated 14,648,370 yen.

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

■Number of Collected Ink Cartridges and Mobile Phones (unit: units)

Type	Fiscal 2011	Fiscal 2012	Fiscal 2013
Ink cartridges	2,402,791	2,529,594	2,385,138
Used mobile phones*	22,551	14,748	11,735

* Collection of used mobile phones started in December 2008.

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 2013, CO₂ emissions reduced through replacement purchases of energy-efficient products were only 28,183 tons annually, down by 129.9% 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 2011	Fiscal 2012	Fiscal 2013
Air conditioners	3,585	3,106	2,360
Refrigerators	12,430	15,550	22,470
TVs	10,003	3,033	3,353
Total	26,018	21,689	28,183

* Only covering replacement purchases
* TVs: Compare average annual power consumption of 32-inch liquid-crystal TVs between a 2006 year model and a 2012 year model
Refrigerators: Compare average annual power consumption of 401L to 450L refrigerators between a 2001 year model and a 2011 year model
Air conditioners: Compare average annual power consumption of wall-hanging air conditioners with 2.8 kW-class cooling capacity (representative energy-saving models) between a 2002 year model and a 2012 year model
* All calculated based on catalogue information concerning energy efficiency performance
* CO₂ emission coefficient: 0.55kg-CO₂/kWh

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

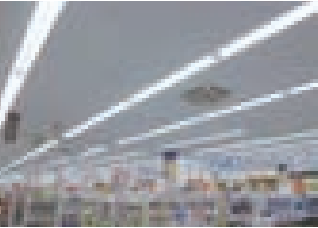
We introduced demand controllers for the purpose of encouraging energy-saving efforts at stores through the comparison of CO₂ emissions at each store and the analysis of power consumption by equipment and by time zone. In fiscal 2013, we increased the number of stores equipped with demand controllers to 419.

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.

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 284.9t in total from October 2011 to March 2014. When goods were distributed jointly, there was around a 43.2% decrease.

Reducing CO₂ Emissions through Environmental Education

We also try to raise employees' awareness by asking questions related to the environment 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 2013, 86 stores have adopted green power, bringing the total volume of green power used by Yamada Denki to approximately 13.17 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 new stores, such as the Tecc Land Oizumi (opened in August 2013) and NEW Zama store (opened in November 2013). At present, solar panels are installed in 167 stores.



Environmental Activities at Stores

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Number of stores introducing demand controllers (cumulative total)	371	372	419
Number of energy-efficient machines based on heat pump technology (cumulative total)	915	1,855	2,113
Number of ecologically-friendly cars (natural gas/electric vehicles)	48	66*	48
Volume of green power introduced (kWh)	12,580,208	13,216,944	13,171,980
Number of stores using green power	90	89	86
Volume of solar power-derived electricity introduced (kWh)	17,786	18,407	17,644

*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 2013, the implementation rate maintained a high level, exceeding 99%.

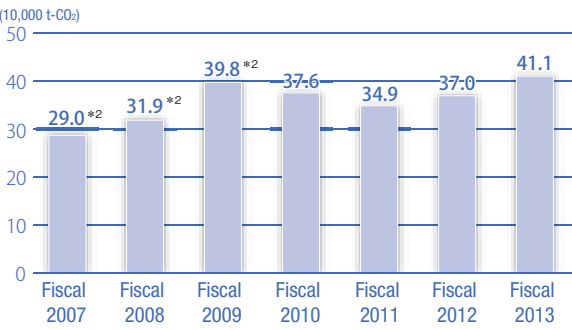
Direct Environmental Impact of Business Activities

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

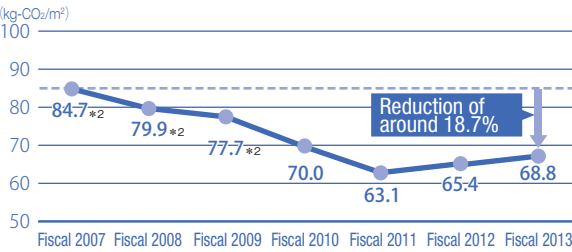
CO₂ Emissions from Use of Electricity

Yamada Denki has continuously tried to reduce CO₂ emissions from business activities. In fiscal 2013, although there were negative factors such as the summer heat and heavy snow, we made our utmost efforts in energy conservation activities. As a result, we could reduce CO₂ emissions per total floor area by around 18.7% 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 2011	Fiscal 2012	Fiscal 2013
Shopping bags made of paper (t)	483.2	348.7	455.5
Shopping bags made of polyethylene (t)	515.7	442.5	496.3
Receipts (t)	243.8	223.1	303.2
Insertions (10 million sheets)	186.7	174.4	168.6

*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. We continued strengthening our efforts for 3R (reduce, reuse, and recycle) also in fiscal 2013, aiming to use resources more effectively.

Amount of Disposed Industrial Waste

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Amount of disposed industrial waste (t)	34,878	34,180	39,300
Number of stores subject to resource management	597	711	785

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

Amount of Disposed General Waste

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Amount of disposed general waste (t)	42,192	40,100	45,000
Number of stores subject to resource management	597	711	785

* 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 2013

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

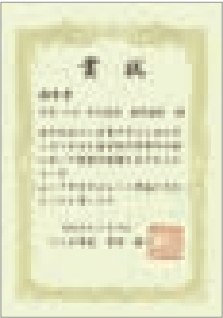
*3 Seidensha Corporation Limited; Kyushu Tecc Land Co., Ltd.; C. I. C. Corporation; Inversenet Co., Ltd.; Cosmos Berry's Co., Ltd.; Yamada Eco Solution Co., Ltd.; Matsuya Denki Co., Ltd.; Project White Co., Ltd.; Yamada SxL Home Co., Ltd.; Azuma Metal Co., Ltd.; Gunma Sogo-Setsubi Co., Ltd.; Best Denki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

Yamada SxL Home Co., Ltd.

Green Curtain

Yamada SxL Home makes green curtain in its plants and some exhibition sites to restrain the increase in room temperature by shielding windows from sunshine. Green curtain is one of the effective energy-saving tools and the transpiration of plants is expected to cool down the surroundings.

Tsukuba plant joined the Tsukuba Eco Style Supporters in June 2012. In the Tsukuba City Green Curtain Competition, the plant received the effort prize in the business sector of the growing section in November 2012, and won the prize of excellence in November 2013.



Enhancement of Durability of Houses

Yamada SxL Home is promoting the enhancement of durability of houses using the systematic technology, Long Owner Program (LOOP), which was adopted in the leading project for developing long-life excellent houses

Characteristics of the LOOP

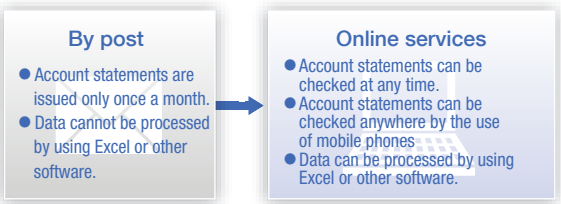
- (i) Semi-permanent sustainable mechanism using natural energy
Adoption of the "Ventilation System Using Inner Space of Walls," which is an original technology to make an airway inside a wall to allow the passage of dry sub-floor air, keep the wood of the building frame dry and prevent internal condensation
- (ii) Visualization of parts that may deteriorate in the future
Development and utilization of the technology to reflect various conditions of the building separately in the design of in-wall ventilation panels and the evaluation system to visualize the moisture content of wood to facilitate countermeasures at the design phase
- (iii) Enhancement of durability of parts that may deteriorate in the future
Adoption of a dry cell and damp-proof panel that enable effective measures against dampness at parts most vulnerable to dampness and decrease factors that increase the moisture content
- (iv) Inspection of parts that may deteriorate in the future
Adoption of Lupe, an inspection opening that facilitate inspection (measurement of moisture content) of the inside of the building frame

Yamada Financial Co., Ltd.

Reduction of Paper Consumption by Computerizing Account Statements

Yamada Financial computerizes credit card account statements instead of mailing them. Through this, the company tries to reduce paper consumption and thereby reduce CO₂ emissions.

Merits of Computerization



Best Denki Co., Ltd.

Participation in Collection and Recycling of Plastic across Industries

Best Denki participated in the PLA-PLUS Project, which was carried out from November 2013 to March 2014 by the Ministry of the Environment and Japan Environment Planning with the aim of promoting collection of plastic for recycling across industries. This was a demonstration to encourage companies to collaborate across

industries to create a system of recycling plastic products by delivering bags to consumers and asking for their cooperation.

Best Denki installed collection boxes in its Kurume head store and Fukuoka store and asked customers to bring in unnecessary plastic products they had at home.

Azuma Metal Co., Ltd.

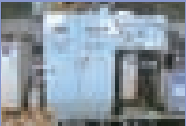
Collection and Detoxification of CFCs and Issuance of Certificates

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

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



Introduction of Solar Photovoltaic Power Generation System at Saitama Plant

In 2013, Azuma Metal introduced a solar photovoltaic power generation system at Saitama plant, following the head office plant. The total power generated at the two plants is equivalent to around 4,400 liters of oil, and has the effect of reducing the environmental impact equivalent to the amount of CO₂ absorbed annually by 966 cedar trees in a year.

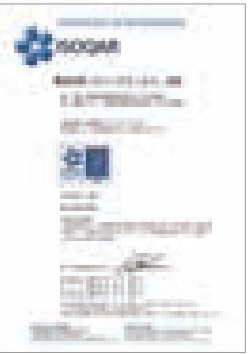
The introduced solar photovoltaic power generation system is equipped with power storage device, and can power light fixtures and communication equipment for two or three days even in the event of a blackout due to suspension of the power supply in an emergency. Thus, the system not only contributes to environmental protection but also functions as a disaster countermeasure.



C. I. C. Corporation

Establishment of the Environmental Policy and Acquisition of ISO14001

C.I.C. established its environmental policy in June 2010 in advance and obtained ISO 14001 certification in January 2011. The company is actively engaging in research of new technologies in order to contribute to the creation of a rich and dynamic social economy and a recycling-oriented society and is carrying out various activities for protecting the global environment.



Certification	ISO14001:2004
Certificate Number	8967
Initial registration	January 19, 2011
Revision: September	September 10, 2013
Coverage	· Clerical work and business activities by the head office concerning industrial waste and general waste collection/transportation/disposal business · Clerical work and business activities by the head office concerning the reuse business of home appliances and operation of recycling shops (Sairakan and Sairaku Re+)

Certified as a Gunma Standard Business Operator

On June 12, 2013, C.I.C. was certified as a Gunma Standard (GS) Business Operator. This is a system in which Gunma Prefecture certifies and announces a business operator who develops an environmental management system under which it makes plans for continuously reducing greenhouse gas emissions, implements them, checks them and reviews and takes actions (Plan-Do-Check-Action cycle) and operates such system in an organized manner.

C.I.C. makes efforts in roughly two ways, i.e., energy conservation and reduction of waste. The company also tries to disseminate its environmental policy widely to all employees and raise their awareness through education and does cleaning activities around the company facilities for beautifying the areas.



Create Social Value Together with Customers

I read through this year's CSR report from global viewpoints, focusing on the following two points.

Firstly, the point is the issue of global warming. This March, the UN Intergovernmental Panel on Climate Change (IPCC) was held for the first time in Japan, in Yokohama. The IPCC is a panel consisting of scientists from across the world and provides scientific knowledge on global warming to decision-makers of 195 countries worldwide. The report compiled for the first time in seven years delivered a stark warning, stating that "Damage of global warming has spread worldwide, and if left unaddressed, will bring about drought, floods, heat waves, sea level rises, crises in water supply and production of food, leading to a significant impact on the daily lives and health of human beings, and may deprive them of their lives. Many other organisms are also endangered."

In the meantime, the international community plans to decide the emission reduction framework for 2020 onward covering all countries at the UN Conference of the Parties (COP21) to be held in Paris in December 2015. In order to limit the rise of the average temperature to 2 °C or less, the global reduction target must be very large (the IPCC requires a 40 to 70% reduction from the level of 2010 by 2050).

The second point is the creation of social value. As you know, society's inspection of companies is becoming increasingly severe. Formerly, only the growth of sales and earnings was emphasized in corporate management and companies were even tempted to use any means for increasing profits. However, due to realization that such earnings supremacy would damage the environment and society in exchange for the prosperity of companies, a new corporate philosophy emerged, placing priority on the society and environment rather than on earnings, being aware of the responsibility of companies as entities with the capacity to solve social problems.

In other words, the proper corporate management that a company should adopt is to try to resolve social problems and enhance the value of the society as a whole in the process of enhancing its corporate value. Balancing corporate value and social value is the corporate strategy required in the 21st century.

Integrating these two points, companies will be required to contribute to the creation of social value through resolving the issue of global warming. This should be the very basis of corporate management into the future. Reading this report from such perspective, I am impressed with the large potential of the Yamada Denki Group. First of all, Yamada Denki has a power to line up an overwhelming volume of environmentally-friendly commodities and deliver them to customers by the use of its nationwide store network. Furthermore, the synergy effects of the entirety of the group are strong and enormous, which enable the provision of total solution services comprehensively combining various commodities and services.

Japan promised a 6% reduction of greenhouse gas emissions from the level of 1990 during the first period of the Kyoto Protocol (2008 to 2012), and achieved an 8.4% reduction, significantly beyond said target. However, the total reduction of 9.8% resulted from CO₂ absorption by forests and reduction in foreign countries, while the total domestic emissions increased by 1.4% partly due to the effect of the Great East Japan Earthquake.

In light of this, reduction of greenhouse gas emissions is the issue for which the whole nation needs to make efforts. Commodities dealt with in the Yamada Denki Group generally consume power. Therefore, people are interested in and have high expectations for measures taken by the Yamada Denki Group, which has endeavored to sell more energy-saving products, further enhance efficiency of logistics and promote one-stop reuse and recycling business.

Needless to say, the business environment surrounding the Yamada Denki Group is changing rapidly, including changes in consumers' lifestyles and the liberalization of the electricity market and other energy reforms. Under such a severe environment, the Yamada Denki Group has maintained its status as the industry leader and is achieving business recovery with excellent management efforts led by the president. It is my hope that Yamada Denki will continue developing its main business while creating new value that can be shared with society and will continue to grow as a corporate group together with society.



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 realtime 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.

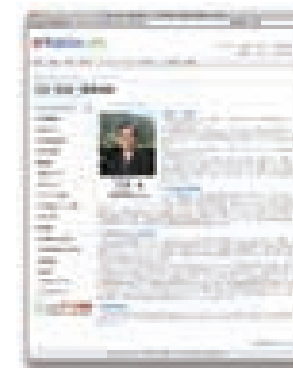


CSR Information Page on the Website

<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

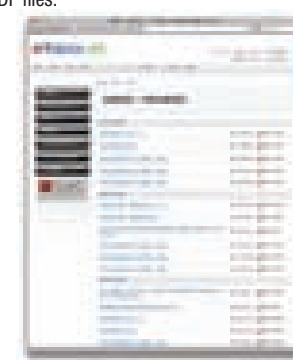


IR Information Page on the Website

<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.

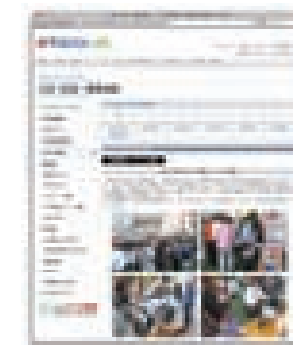
- ◎Major IR information available on the Website
- Brief announcement of financial results
- Major press releases
- Various data
- Information on share prices
- Financial statements, etc.
- IR DATA (English)
- Monthly IR Information



Monthly CSR Activities on the Website

<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

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

From the Website on monthly IR information, monthly IR information for the past five years can be downloaded in the form of PDF files.

