



# CSR REPORT 2015

Yamada Denki Group CSR REPORT 2015



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

For achieving sustainable growth, we will further endeavor to maximize the synergy effect among the Yamada Denki Group, while considering the present as the third start-up period, we will continue social and environmental contributions through our business and efforts to enhance our corporate value.

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## 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 companywide scale, for the sake of contributing to society.

## Corporate Profile

Company name :	Yamada Denki Co., Ltd.
Representatives :	YAMADA Noboru, President and CEO ICHIMIYA Tadao, Vice President and COO
Headquarters address :	370-0841, 1-1, Sakae-cho, Takasaki-City, Gunma
Founded :	April 1973
Organized :	September 1983
Stated capital :	71 billion yen on a consolidated basis (March 2015)
Total assets :	1,122.4 billion yen on a consolidated basis (March 2015)
Capital adequacy ratio :	43.2% on a consolidated basis (March 2015)
Number of employees :	20,405 people (March 2015)
Total outstanding shares :	966,489,740 shares (March 2015)

## Editorial Policy

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

We have published a CSR report once a year since fiscal 2008 and this is our eighth CSR report. This report features the conversation about management between President Yamada and Mr. Tsukasa Tokuhira, the first external director of Yamada Denki, in order to explain the commitment and strength of the company as it begins its third start-up period. Furthermore, this report introduces Yamada Denki’s multifaceted efforts for reducing environmental loads, activities to achieve zero emission, and “Daily Life Support Services” that effectively combine the superiority of online shopping and real stores, while positioning the latter as a base.

Regarding business performance, data on major efforts by Yamada Denki, Co., Ltd. and those by group companies are categorized and indicated in accordance with the seven core subjects of ISO26000 under the concept of Group CSR.

## List of Group Companies (as of March 31, 2015)

### Consolidated subsidiaries

Minami-Kyushu Yamada Denki Co., Ltd.	Best Denki Co., Ltd.
Okinawa Yamada Denki Co., Ltd.	Best Credit Service Co., Ltd.
C. I. C. Corporation	J-Staff Co., Ltd.
Yamada Eco Solution Co., Ltd.	Best Service Co., Ltd.
Inversenet Co., Ltd.	Best Financial Co., Ltd.
Cosmos Berry’s Co., Ltd.	B.P.C. Co., Ltd.
Matsuya Denki Co., Ltd.	Repair DEPOT Co., Ltd.
Seidensha Corporation Limited	Kurokawa Denki Co., Ltd.
Yamada Financial Co., Ltd.	Housetec Inc.
Kyushu Tecc Land Co., Ltd.	Nikka Maintenance Co., Ltd.
Project White Co., Ltd.	Chubu 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. PT.
SxL Housing Co., Ltd.	BESTDENKI INDONESIA

### Major unconsolidated subsidiaries

Y-Just Co., Ltd.	Kimuraya Select Co., Ltd.
TES Co., Ltd.	Azuma Metal Co., Ltd.
Gunma Sogo-Setsubi Co., Ltd.	Yamada Wood House Co., Ltd. Established

**[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, 2014, and March 31, 2015, and some significant information available after April 2015 is additionally included.

**[Issued date]** June 2015  
“ISO26000:2010” was the reference resource for preparing this report. This report includes the data concerning the Standard Disclosures as specified in the Sustainability Reporting Guidelines (GRI).

\* 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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TEL: 027 (345) 8181 (main) FAX: 027 (345) 8824



# Respond to Customers' Trust with Gratitude and Continually Demonstrated Innovation for the Third Start-up Period

Since its foundation in 1973, Yamada Denki has been operating its business under the management philosophy "Creation and Challenge." Starting from a small local electric goods store, Yamada Denki developed to a retailer dealing with products from multiple manufacturers, and then to a mass merchandiser. During this second start-up period, the company expanded nationwide and achieved turnover of 1 trillion yen in 2005 for the first time as a specialist electrical goods merchandiser in Japan. In order to promote CSR-focused management as a leading company, the phrase "Appreciation and Trust" was added as an element of the management philosophy in 2007. How will the Yamada Denki Group make a new start for the third start-up period in light of the latest social trends? In order to find out the answer, we organized a conversation between President Yamada and Mr. Tsukasa Tokuhira, the first external director of Yamada Denki.

Yamada Denki Co., Ltd.  
President-Director,  
Representative Director and CEO

**YAMADA**  
**Noboru**



External director

**TOKUHIRA**  
**Tsukasa**



**Top Commitment**



## The Importance of Connecting with Customers

**TOKUHIRA Tsukasa (hereinafter Tokuhira):** How many customers does Yamada Denki have at present?

**YAMADA Noboru (hereinafter Yamada):** The number of domestic members is approximately more than 28 million. At Maebashi, where Yamada Denki was founded, our relationship with customers has continued over 40 years. Some of the customers have a grandchild working for Yamada Denki or a son serving as a store manager. At local stores, a number of customers have their own familiar sales clerks from whom they are willing to purchase goods.

**Tokuhira:** The number of members has almost reached one-quarter of the total population of Japan. I once visited Tecc Land Maebashi Store, and met customers saying "Three generations of my family have been customers of Yamada Denki" or "I have known the president since when he was visiting house to house to sell goods." Not only the large number of stores but also such strong ties with customers are the characteristics of Yamada Denki.

**Yamada:** Thankfully, people of Gunma strongly support us as a local company. Customers' words like "Thank you for your community-based social contribution!" encourage us greatly.

I also feel grateful that many people appreciate the activities of the

Yamada Noboru Memorial Foundation, which was reorganized as a public interest incorporated foundation on September 1, 2014.

**Tokuhira:** Yamada Denki also holds various indoor and outdoor events for children.

**Yamada:** We hold such events as "Jomo Karuta Family Competition," "Fire Fest," an event to learn about disaster prevention, "Waku-Waku Work Kids Park" for vocational experience, and many children came and enjoyed them. Additionally, there were sports events for elementary school kids, such as Fureai running school by Yamada Denki's women's track and field team, and cultural events like the Yamada Denki Photo Contest limited to photographing sites in local areas. Through these events, we have deepened our relationship with customers. In particular, at LABI1 Takasaki Store, events are held almost every week with participation of local residents and administrative organs.

**Tokuhira:** I saw a dance competition held the other day. The venue was crowded with children and their parents. All participants were enjoying the event and the store was full of smiles. Furthermore, as a leader of the industry, Yamada Denki positions CSR as a significant management challenge and has promoted relevant measures and activities. As measures for fulfilling CSR, the company pays attention both to customer satisfaction (CS) and employee satisfaction (ES), doesn't it?

**Yamada:** The home appliance industry has become a large industry with total sales of 8 trillion yen. As a leading company in this field, we established the Code of CSR Ethics and started consultation meetings with external experts on CSR activities in 2007 with the aim of promoting CSR-focused management. The CSR Committee holds a meeting once a month to confirm the progress of each theme. We have also held a CSR meeting with group companies every month since 2013.

**Tokuhira:** Would you please tell me about the utilization of female employees?

**Yamada:** The female workforce is indispensable for further growth into the future, and we have been promoting appointment of female workers. We have also been endeavoring to foster female managers and set up a dedicated department. In consideration of employees' work-life balance, we have tried to reduce overtime work and diversify working shifts, thereby increasing workers' discretion to flexibly decide their working hours. We are committed to developing our corporate culture to respect employees' diversity.

## Continually Demonstrated Innovation in the Third Start-up Period

**Tokuhira:** What is your prediction for the home appliance industry up to 2020?

**Yamada:** The home appliance industry had seen constant growth until quite recently. However, the sales have been slow at around 80% of the peak level, after a temporary demand boost thanks to the transition to digital terrestrial broadcasting and the eco-point system. Furthermore, partly due to the tax increase, we have been experiencing an unprecedented market shrinkage over these three years. The impact was much larger for companies holding a large number of stores, like Yamada Denki. It is indispensable for us to make a structural reform in response to changes in the society as a whole such as the declining birth rate and the aging of society, the population decrease, and the development of the Internet society. Therefore, we are now steadily taking measures towards the future, not just only to seek near-term business results.

**Tokuhira:** I believe that Yamada Denki, which has various types of stores nationwide, such as urban LABI stores and suburban Tecc Land stores, will be able to take diverse measures. There is a growing demand from foreign tourists, and there are opportunities to achieve growth towards the Olympic Games to be held in Tokyo five years later.

**Yamada:** We are now at the third start-up period. This is the crucial point after our second start-up period during which we developed from an electric goods store affiliated with a single manufacturer to a mass merchandiser. We must continually demonstrate innovation under the management philosophy "Creation and Challenge" which we have followed since our foundation.

**Tokuhira:** Specifically, in what fields are you going to promote innovation?

**Yamada:** For example, we are focusing on the smart house and renovation businesses, development of SPA<sup>\*1</sup> products, and Daily Life Support Services. All of these will surely be the basis for a sustainable growth into the future.

**Tokuhira:** The number of products of HERB Relax<sup>\*1</sup> series is steadily increasing. Right?

**Yamada:** SPA products mainly cover consumable goods and small home appliances, i.e., niche fields that home appliance manufacturers do not focus on. We develop goods from the customers' viewpoint, in ways such as omitting unnecessary functions and trying to further enhance energy efficiency. Irons and driers we have developed are highly evaluated by the customers due to their simplicity and reasonable prices.

**Tokuhira:** Some stores have model houses in the premises and model rooms inside the buildings. This improves customer convenience by enabling customers to choose a house and home appliances at the same time.

**Yamada:** Focusing on the affinity between houses and home appliances, we opened model house exhibitions in parking lots of six stores (as of the end of March 2015). Customers visiting those stores can look at model houses outside and then choose detailed specifications in model rooms inside the stores. Those model houses are not general ones but experience-based smart houses with various equipment and home appliances integrally exhibited. Such unprecedented services were made possible by combining the strength of our two subsidiaries, Yamada SxL Home Co., Ltd. and Yamada Wood House Co., Ltd.

**Tokuhira:** Appropriately for a home appliance retailer, the HEMS<sup>\*2</sup> is installed in all model houses. These houses are reliable in terms of energy efficiency in particular, as they are Yamada Denki brand.

<sup>\*1</sup> SPA, HERB Relax

Abbreviation of "Specialty store retailer of Private label Apparel"; Yamada Denki develops its original brand "HERB Relax" series as the SPA business, integrally covering marketing, planning, development and retailing. The company develops and sells original home appliances with only necessary functions that are simple and easy to handle, based on customers' opinions regularly heard at stores.

<sup>\*2</sup> HEMS

Abbreviation of "Home Energy Management System"; A mechanism to network home appliances and enable integral control of household energy consumption





**Yamada:** A smart house is an energy efficient house, but seen from a different viewpoint, it can be said that we can offer the entirety of comfortable living space by selling a smart house. While cutting power consumption by using LED lighting and other energy efficient home appliances and through the use of the HEMS, required energy that can be generated from sunlight. This may be the best solution we can provide for environmental conservation.

**Tokuhiro:** Yamada Denki has long been contributing to the reduction of CO<sub>2</sub> through selling energy efficient goods, conducting reuse and recycling business, and installing photovoltaic units on store roofs. You are going to further contribute to environmental conservation by making general houses into smart houses.

**Yamada:** Yes. Solar panels are installed in nearly 100% of smart houses provided by Yamada Wood House Co., Ltd. and in nearly 50% of those by Yamada SxL Home Co., Ltd. Networked home appliances generate new value, and in particular, the HEMS, which links a house and the home appliances therein, is a technology to enhance energy efficiency and communications and thereby improve the home environment as a whole. The utilization of ICT in such smart houses may realize home-based health monitoring of persons who have difficulty in visiting hospitals.

**Tokuhiro:** Promotion of reuse of home appliances is also one of the services in response to an aging society, satisfying needs of customers who do not necessarily want new products.

**Yamada:** We have created a comprehensive flow within our group companies, extending from the sale to recycling and reuse of home appliances and PCs. We take responsibility over the entirety of the life cycle of all home appliances, by means such as renewing still usable home appliances as goods for reuse and reprocessing unrenusable ones into resources, and have been engaging in solution businesses aiming to achieve zero emission. Smart house business is one of our efforts for achieving zero emission.

## Significant Potential of Store Network

**Tokuhiro:** Daily Life Support Services would be welcomed by many customers, of course including elderly people. Yamada Denki, which has a nationwide store network, already has a strong basis for offering services in response to social changes such as the declining

birth rate and the aging of society, population decrease, and development of the Internet society. Proximity provides customers with peace of mind. At the time of the Great East Japan Earthquake, the existence of nearby Yamada Denki stores selling batteries and other necessities reassured local residents.

**Yamada:** Internet society enables shopping at home, while having a large number of stores may pose a business risk, but there are many things that are only possible by having real stores. Customers may want to directly check and compare consumable goods and periphery items, and air conditioners, refrigerators or other home appliances that need to be set up, which are not suitable for online shopping. While taking advantage of our strength of having a large number of stores, we will enhance our lineups and services. This is our basic concept of developing sales floors and customer services. We would like to create our own business model of fully utilizing the store network as a tool, while ensuring profitability, and stably continue our social contribution.

**Tokuhiro:** Backed by the credibility of Yamada Denki, customers can order goods online with peace of mind, and it is convenient as goods are actually delivered from the nearby store. As many of the Yamada Denki stores are deeply rooted in local communities, customers may feel more reassured. Online shopping has widely proliferated and become popular worldwide, but the advantage of real stores is being reevaluated in Japan due to its small land area.

**Yamada:** I believe that real stores and the Internet will be further integrated into the future. We will take advantage of our strength of having a nationwide store network. Renovating and continuing to utilize existing stores will lead to the reduction of loss of resources and energy. I hope our initiatives including those for achieving zero emission will contribute to changing society as a whole into a sustainable one. We are committed to continuing our efforts for “Creation and Challenge” in order to play a role in achieving a better society.

### TOKUHIRA Tsukasa: Profile

Born in Akita in 1954; Graduated from the Faculty of Commerce, Chuo University; Became independent as a consultant specializing in distribution and marketing strategies in 1987 after serving as the head instructor for the sales efficiency promotion headquarters of a consulting firm; Serving as the representative director of Cross, Co., Ltd., an e-learning company for home appliance manufacturers and home appliance mass merchandisers; Also serving as an external director of Yamada Denki since 2014



# Comments of Experts on CSR-focused Management

**IIMURA Somuku**  
Lawyer



Since I became a member of this consultation meeting, I have come to know of many good initiatives of Yamada Denki, but unfortunately, such initiatives are not widely known to the general public. Public relations activities have become more and more important, as seen in the trends of other companies. Additionally, good communications are the key in group management. In order to ensure compliance, it is necessary to strengthen and maintain a system wherein both good and bad information is surely reported up to the top management. Due to having a significant number of registered members, it is also very important for Yamada Denki to pay due attention to the protection of personal information.

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



It is highly likely that the reduction of CO<sub>2</sub> emissions will be further required internationally. Yamada Denki has been endeavoring internally to save energy by such means as adopting energy efficient lighting systems in stores and reducing CO<sub>2</sub> emissions from its original products and services, and this attitude synchronizes with such macro trends. Enhancement of efficiency of logistics, recycling of home appliances, renovation of houses, etc. all relate to environmental friendliness. By getting involved in all processes from power generation to recycling, Yamada Denki will be able to provide total solutions. If the company continues to seek solutions to social problems through its business while aiming to achieve zero emission, its growth will lead to enhancing the value of the society as a whole.

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



As the priority of its CSR-focused management, Yamada Denki has continuously been making efforts for improving customer satisfaction (CS), and the achievement in this field is reported at each meeting. Online sales have been expanding rapidly, but strengthening of store services is extremely important. It is necessary to improve satisfaction levels of customers visiting stores or receiving services such as installation of purchased goods or after-sales services. One of the inconveniences for customers visiting stores is that they have to wait in line at cash registers. I would like Yamada Denki to realize shopping without waiting by utilizing IT and to further improve customer satisfaction.

Yamada Denki has held a quarterly consultation meeting with outside experts on CSR since fiscal 2007. 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.

**ISHII Haruo**  
Professor, Faculty of Business Administration, Toyo University



Mr. Tokuhiro, a member of this consultation meeting, was appointed as an external director as part of Yamada Denki's efforts for openness, and this will surely lead to the improvement of corporate value. How about positioning CSR as the core of the company's management strategy and, for example, setting up a project team to support and protect the entirety of the daily living needs of local customers? The adoption of a commendation system to award employees having especially contributed to CS or ES would strengthen solidarity among employees of group companies and generate a synergistic effect of group management. I have high expectations for the Yamada Noboru Memorial Foundation, which was reorganized as a public interest incorporated foundation, for its excellent social contribution.

**TOKUHIRA Tsukasa**  
Representative Director, Cross, Co., Ltd.



There is a Yamada Denki store within a ten minute drive almost everywhere in Japan and 50 to 60 thousand items are always available there. In the event of an earthquake, logistics networks may be cut off and stores may function as warehouses. At the time of the Great East Japan Earthquake on March 11, 2011, Yamada Denki stores supplied batteries and other necessities to local people. Having a large number of stores, Yamada Denki has also contributed to ensuring employment in local communities. Its network consisting of more than 10,000 stores has value in that sense. Furthermore, Yamada Denki has a large number of members and has maintained the relationship of trust with many customers. It is important for the company to cherish and foster such relationships.



The above are the examples of comments made by excerpts at the meetings.



# Basic Principle of Yamada Denki Group's CSR

## Management Philosophy

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

In our management philosophy, we clearly declare our 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.

We have actively engaged in CSR activities centering on five themes: compliance, working environment, environment protection, customer satisfaction, and employee satisfaction, activities are being promoted to achieve goals set up for each of these five themes. Yamada Denki has tried to broaden and deepen its business potential, with the sale of home appliances as its core, while continually demonstrating innovation under our management philosophy. We have thus contributed to enhancing customer convenience and preserving the global environment, while conducting business by making the most of the synergy among our group and creating new value.

We will continue our company-wide efforts in response to various problems and customers' opinions and requests in order to create new value that we can share with the society. We will further promote CSR activities, keeping the need to show appreciation to and maintain the trust of our stakeholders in mind, with the aim of being a corporate group continuing to grow together with the society.

### Environment protection

We are **contributing to the creation of a sustainable society**, based on low-carbon and recycling in harmony with the global environment, through our business activities, trying to reduce CO<sub>2</sub> emissions in stores and logistic networks and by selling energy efficient home appliances, providing energy efficient houses, and promoting reuse and recycling of home appliances and PCs.



### Working environment

We are endeavoring to develop a working environment where **work-life balance** can be achieved so that each of the employees engaging in diverse initiatives of Yamada Denki will be able to work actively.



### Compliance

We aim to be **a corporate group trusted by the society** through strictly observing laws and regulations and carrying out business activities based on the corporate ethics.



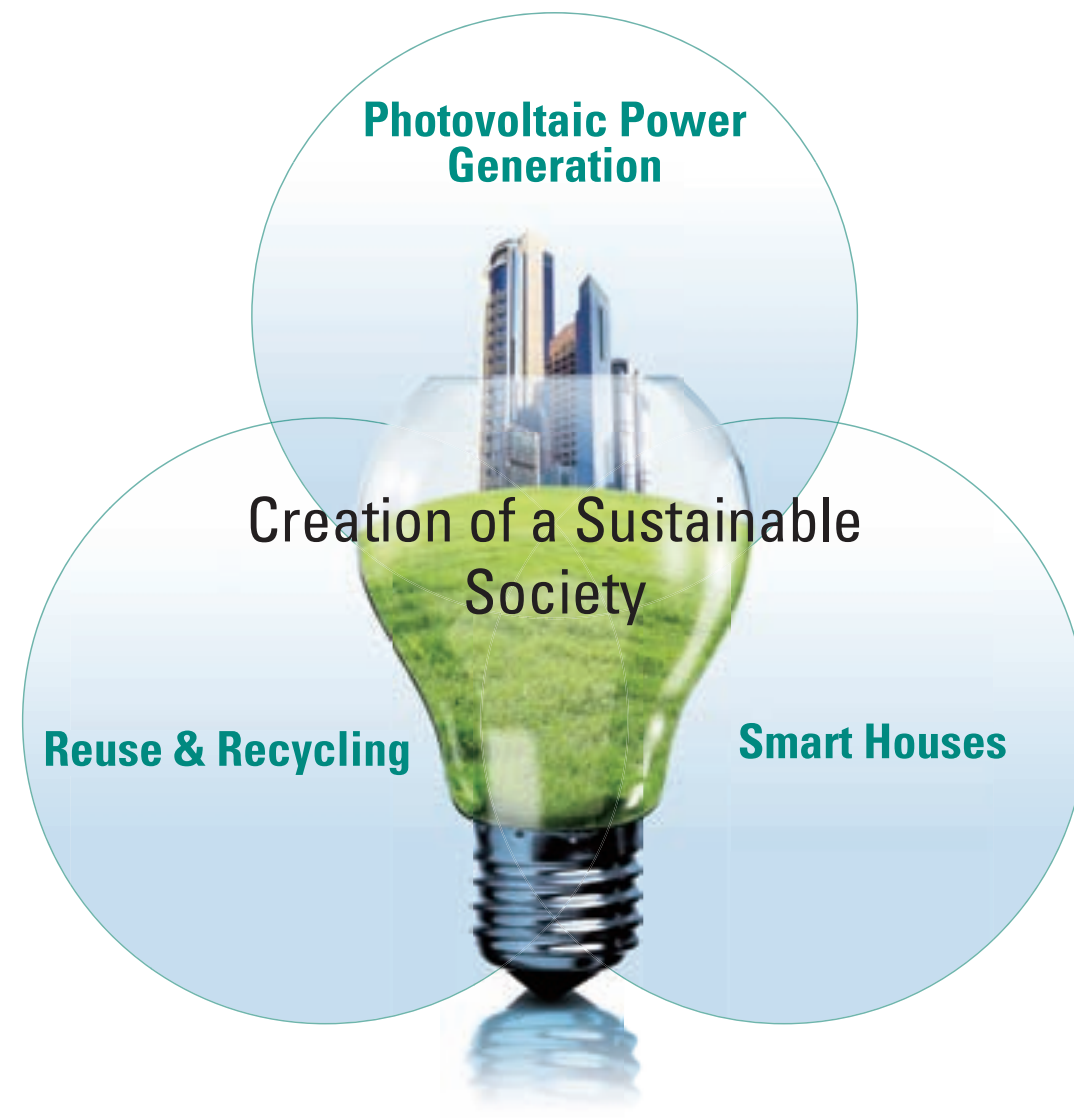
### Customer Satisfaction

We are making various **efforts based on the customer first approach** such as improving customer services and store lineups in response to customers' opinions, offering community-based services, and developing original products from the customers' viewpoint.



# Aiming to Create a Sustainable Society

## Z E R O E M I S S I O N



Yamada Denki has been making group-wide efforts for promoting its solution business, such as selling energy efficient home appliances, taking various energy saving measures at stores, promoting and disseminating mechanisms to utilize renewable energy: including photovoltaic power generation systems, providing energy efficient houses, and carrying out reuse and recycling business of home appliances and PCs. In this manner, we are contributing to building a sustainable social environment through our multifaceted business activities.

At the UN Intergovernmental Panel on Climate Change (IPCC), which was held in March 2014 for the first time in Japan, the future risks of global warming were recognized anew. How to respond to environmental issues is an urgent challenge for each company. Yamada Denki considers that coexistence with the Earth's environment is the very basis of sustainable growth, and has been actively making efforts for achieving zero emission for realizing a low-carbon, recycling-oriented society through its business activities.



### Contributing to Realizing a Low-carbon Society through Renewable Energy Promotion Business

In response to the commencement of the Feed-in Tariff system in 2012, Yamada Denki started and has promoted the photovoltaic power generation system-related business as a solution business. We commenced the photovoltaic power generation business, and have been installing solar panels on our store roofs and actively promoting the introduction of photovoltaic power generation systems to general houses in collaboration with Yamada SxL Home Co., Ltd. and Yamada Wood House Co., Ltd., etc. As group-wide efforts, we have been disseminating and promoting the use of renewable energy, thereby contributing to the achievement of a low-carbon society where people coexist with nature.



### Circulating Resources in the Mechanism of Reuse and Recycling

In collaboration among C.I.C. Corporation, Inversenet Co., Ltd., and Azuma Metal Co., Ltd. within the Yamada Denki Group, an integrated flow was developed and a one-stop system for reuse and recycling of home appliances and PCs was realized. In order to effectively utilize limited resources and hand down precious nature to the next generation, the Yamada Denki Group fulfills its responsibility from the sale of products for reuse and recycling thereof at Yamada outlet stores and Sairaku-kan to their final disposition. We are making the most of the synergy among the group to satisfy two significant requirements, i.e., ensuring environmental friendliness and meeting customer needs.



### Preserving the Global Environment with Energy Efficient Houses

The Yamada Denki Group as a whole has been promoting the smart house business to provide next-generation houses under the keywords, "energy conservation, energy creation, and energy storage," by taking advantage of the synergy effect among group companies, namely, Yamada SxL Home Co., Ltd., Yamada Wood House Co., Ltd., and Housetec Inc. Yamada Denki's smart houses, which are developed with leading-edge technologies, efficiently control energy consumption by adopting HEMS and by introducing energy efficient home appliances (energy conservation), photovoltaic power generation (energy creation), and storage batteries (energy storage). Power created by photovoltaic power generation is used for electrifying an entire home, as well as for LED lighting, electric vehicles, and other equipment and apparatuses, and all energy use is optimally managed with zero waste. Smart houses thus support customers' rich and comfortable lives, and at the same time contribute to preserving the global environment.

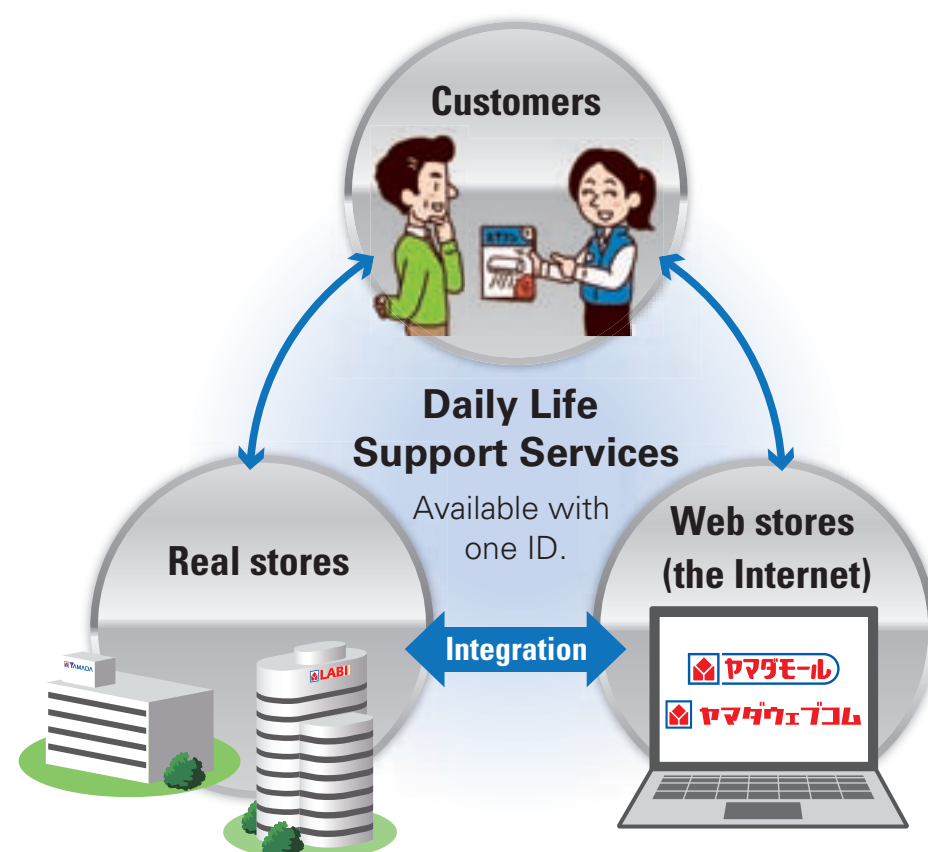




# Provision of Diverse Services to Support Better Life

## S U P P O R T & S E R V I C E

### Services Unique to Yamada Denki



Yamada Denki has the strength of having a nationwide store network and a large number of customers. We are trying to combine such network and our online services to make it possible to offer convenient services to all customers. One of such challenges is to build a cross-sectional mechanism on both our online sites, "YAMADA WEB COM" and "Yamada Mall," and our real stores to provide multiple shopping channels with the aim of enhancing convenience of customers who cannot visit real stores due to various reasons.

We will further develop and provide other helpful goods and services in response to customers' opinions and requests.

The Yamada Denki Group boasts its store network consisting of over 10,000 stores and its foundation for diverse businesses and services not limited to dealing with home appliances. Various services that we are providing are unique ones only possible with such strength of Yamada Denki. In order to respond to social changes such as the declining birth rate and the aging of society, population decrease, and development of the Internet society, we will further improve our conventional business model and pursue true customer satisfaction.

### Keep a Close Eye on Customers' Daily Lives

We provide services for making daily shopping more convenient with the aim of supporting customers' daily lives.

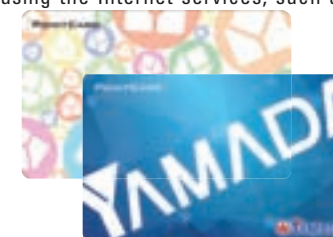
#### Purchase Online, Receive at a Real Store

Customers can receive goods they purchased at our online shop at any store of their choice. This service can be utilized flexibly at customers' convenience by enabling a business person to order goods online at night during his/her business trip and later receive them at a store on the way to work.



#### Integration of Various Loyalty Point Systems

In October 2014, the Yamada Loyalty Point Card was renewed from the conventional rewritable type to a bar-coded type. Loyalty points can be saved both when using the Internet services, such as YAMADA WEB COM, or a mobile phone service, "Keitai de Anshin," and when shopping at stores using a LABI card.



\* When intending to use your points for purchasing goods on the Yamada Mall or YAMADA WEB COM, you need to transfer your points to the "Keitai de Anshin" service.

#### Increase of Lineup of Food and Everyday Commodities

We are renovating our stores in various areas to ensure that customers can purchase everyday commodities at any time. We will enhance convenience with an extensive product range including food and sundries, in addition to home appliances.



#### Improvement of Delivery Services

We commenced an express delivery service on a trial basis to deliver goods to customers in a hurry due to various circumstances. Fully utilizing Yamada Denki's logistics networks, we can realize delivery in four hours as the shortest waiting time after receiving an order.

### Improvement of Customer Convenience Daily Life Support Services

Only targeting premium members, Daily Life Support Services offer full support for their daily lives by way of utilizing ICT and Yamada Denki's store network covering the entire nation from Hokkaido to Okinawa.



# 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.

We have deepened our relationship with local people through our nationwide store network. Local communities are the very basis of the Yamada Denki Group. We will strive to ensure co-existence with local communities as a good corporate citizen and increase the relationship of trust.

- Regional development: p.30-31
- Activities for making donations: p.15,30,33
- Various volunteer activities: p.30-31

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

- Consultation meeting with external professionals and academia on CSR-focused management: p.7



Yamada Denki is pursuing management based on the “customer first” approach. The Group as a whole shares goals to achieve customer satisfaction by making utmost efforts to carefully listen to customers’ opinions and to constantly enhance services through adequate employee training.

- Customer services at stores of the group companies: p.20-23
- Customer opinion box direct to the store manager: p.22
- Certified electric home appliance advisors: p.22, 23

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

- Yamada Denki’s sourcing policy: p.26
- Questionnaire survey with business partners: p.26

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

- Investors’ meeting: p.24
- Briefings for individual investors: p.24

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

- Human resource policy: p.28
- Employee training and seminars: p.28,29
- Safety and Health Committee: p.28
- Improvement proposal system: p.21,29
- Whistle-blowing system: p.27

\*For the details, see each page cited.

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

### 1. Building up Trust

- ① To be a trusted company by conscientiously honoring any promises with customers and any engagements with business partners.
- ② To recognize our social responsibility and properly manage a variety of information in order to create reliable environments for our customers to enjoy shopping.
- ③ To release appropriate and transparent financial statements based on the Financial Instruments and Exchange Act (also known as the J-SOX law).
- ④ To retain stakeholders’ confidence by disclosing corporate information in a timely and appropriate manner.
- ⑤ 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 engage 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.

## The Yamada Noboru Memorial Foundation

In February 2012, the Founder and President and CEO, Yamada Noboru, and Yamada Denki Co., Ltd. established the Yamada Noboru Memorial Foundation, with gratitude for the continued support and patronage of customers. In September 2014, two years after its establishment, the Foundation was reorganized as a public interest incorporated foundation and made a new start. It has been carrying out various activities for contributing to local communities such as helping sound development of children and road safety improvement and providing assistance after disasters.



### Activities in Fiscal 2014

#### Wilderness Experience Trips

The Foundation held wilderness experience trips four times at the Akagi Nature Park in Shibukawa City, Gunma, inviting children of the prefecture. Under instruction by skilled instructors, children enjoyed observing animals living patterns and climbing trees and experiencing the woods from different points of view.

#### Traffic Accident Prevention Activities

The Foundation assists the introduction of drive recorders to vehicles for picking up kindergarten kids and high school students in Gunma and tries to raise awareness for safe driving. It also offers support for safer local communities by providing local people opportunities to learn about small incidents that may lead to a big accident, as well as measures to prevent respective accidents.

In fiscal 2014, the Foundation donated 116 drive recorders in total to schools, kindergartens, children’s institutions, schools for special educational needs and other institutions.





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.

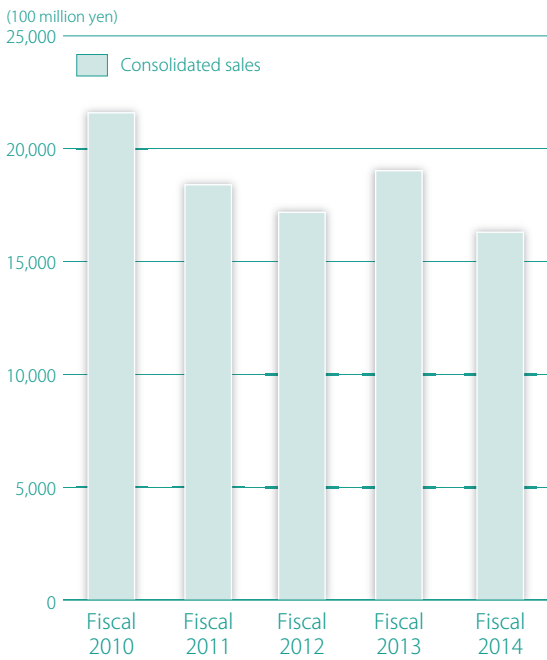


▲ LABI Amenity & TAXFREE Shimbashi Ginza-guchi Store

Earnings

In fiscal 2014, thanks in part to the weak yen led by monetary easing policy, etc., the Japanese economy as a whole showed a moderate recovery, but the home appliance industry has continued to face a severe business environment due to various factors, such as a backlash against the rush demand triggered by the consumption tax increase in April 2014 and pessimistic consumer sentiments against the price uptrend due to the weak yen. Under such circumstances, Yamada Denki's consolidated sales for fiscal 2014 amounted to 1.6643 trillion yen, with an operating profit of 19.9 billion yen and a recurring profit of 35.5 billion yen.

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



■ Consolidated Sales and Recurring Profit (past five years) (million yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Consolidated sales	2,153,259	1,835,454	1,701,489	1,893,971	1,664,370
Consolidated recurring profit	137,847	102,225	47,906	50,187	35,537

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

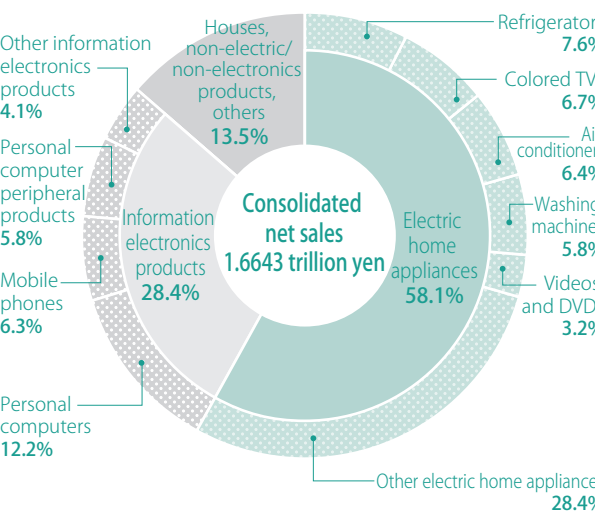
Yamada Denki sells a variety of electric home appliances and information electronics products to individuals and corporates.

In order to enhance store attractiveness and meet customers' needs, we sell a wide array of products, from energy efficient home appliances to daily goods. Recently, we actively develop and sell new products from the customers' viewpoint as the SPA business, and also focus on housing business such as the sale of smart houses and installation of photovoltaic power generation systems. 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 58.1% of our sales, followed by 28.4% for information electronics products and 13.5% for houses, non-electric/non-electronics products, and others.

The social environment has been changing significantly, with the progress of the aging of society with a falling birth rate and the spread of Internet sales, but even 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 2014)



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.

Development of Smart House/Renovation Businesses for Cultivating New Markets and Linking to the Coming Generations

In the housing-related business, Yamada SxL Home, Yamada Wood House, and Housetec have been exercising in-group collaboration, under which Total Smarnity Life Corner booths (renovation corner booths) and experience-based model rooms have been established in stores and model houses have been constructed in parking lots of stores. When selling houses, we have provided one-stop services offering proposals, totally covering renovations of houses including the equipment therein and construction of new smart houses, as well as the development of household communications infrastructure suitable for the Internet society. Installation of energy efficient home appliances and photovoltaic power generation systems will also contribute to environmental conservation and enhancement of the comfort of customers' daily lives. Therefore, we are actively promoting this and making proposals on houses and home appliances, which have mutual affinity, at the same time, thereby attempting to further enhance customer convenience.

Promotion of Reuse and Recycling Business of Home Appliances and PCs

In collaboration among C.I.C. Corporation, Azuma Metal Co., Ltd., and Inversenet Co., Ltd. within the Yamada Denki Group, the business to reuse and recycle home appliances and PCs has been promoted. Home appliances that are no longer used are collected and then renewed and resold as goods for reuse after the processes of cleaning, breakdown, inspections, etc., or are recycled as resources. In March 2015, five outlet/reuse stores operated by Yamada Denki were opened where second-hand clothes and other non-electric/non-electronics products are sold in collaboration with C.I.C., in addition to floor samples and other home appliances for reuse. In this manner, we are trying hard to satisfy customers' needs and are contributing to circulation of limited resources.

Development of SPA Products

Yamada Denki has been developing its original brand, "HERB Relax" series, as the SPA business, integrally covering marketing, planning, development and retailing. Under the basic concept, "Products with Functions Preferred by Customers," new products are being developed from the customers' viewpoint, such as limiting them to only necessary functions or further improving energy efficiency. As of the end of March 2015, there are a total of 144 new products mainly in categories of consumable goods and small home appliances.

Opening of New Stores

Having established a national chain covering all 47 prefectures, Yamada Denki has been continuing its efforts to further advance its store network and improve services as a specialist mass merchandiser while responding to various social needs.

The number of stores as of the end of fiscal 2014 was 1,023 (directly operated stores: 688; Best Denki stores: 182; other consolidated subsidiaries: 146; and unconsolidated subsidiaries: 7) and the total number of stores including FC stores was 11,471.

■ Number of Yamada Denki Group Stores

Store category	Store names	End of March 2013	End of March 2014	End of March 2015
Directly operated stores	LABI, Tecc Land, overseas stores, etc.	980	991	1,023
Franchise chain stores	Cosmos Berry's FC, Matsuya Denki FC, Best Denki FC, etc.	3,431	3,410	10,448
Group total		4,411	4,401	11,471*

\* Due to changes in the calculation method for franchise chain stores, the total number of stores increased significantly compared with the number as of the end of March 2015.

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 2012	Fiscal 2013	Fiscal 2014
Shareholders	Dividend payments to shareholders	56.5	53.6	45.2*
Employees and executives	Total of personnel costs and executive remuneration out of sales and general administrative expenses	1013.7	1160.4	1120.2
Local communities	For information on local community-related activities, please refer to p.30-31.	—	—	—
Administrative authorities	Corporate income tax, resident tax, and business tax	157.1	222.6	139.2

\* Figures for fiscal 2014 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, other committees and subcommittees.

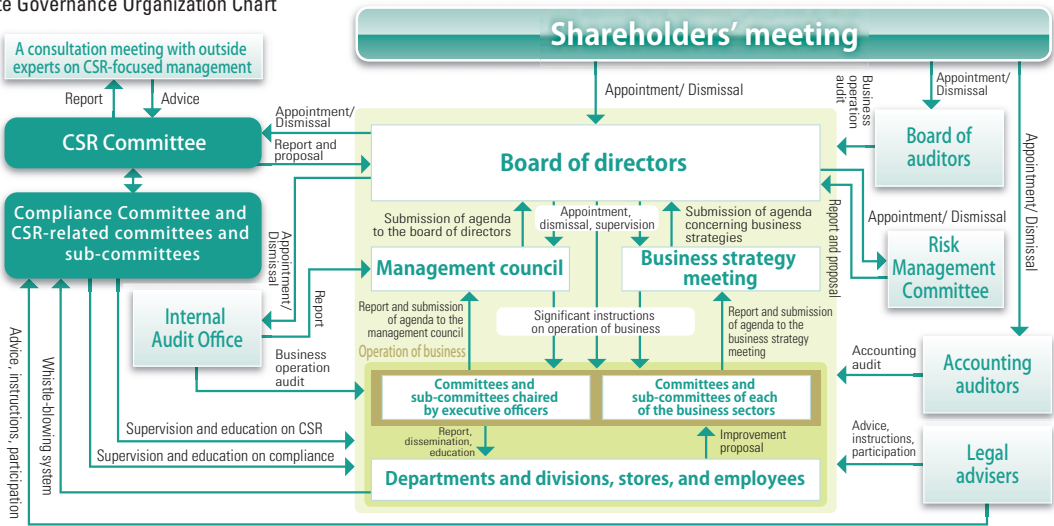
Adoption and Implementation of CSR-focused Management

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 (including one external director) 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. In addition to one external director, two external auditors 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, five 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.

(as of March 31, 2015)

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 countermeasures and remediation, and if necessary, takes actions for improvement. In fiscal 2014, 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

2014	April	Measures to prevent power harassment
	May	A study meeting on regulations on installment sales
	June/July	Thorough compliance related to miscellaneous approvals and permissions
	August/September	Strengthening of the system for compliance related to labor affairs
	October	Strengthening of the information security system
	November	Strengthening of the system for compliance related to tax affairs
2015	December	A study meeting on the Act against Unjustifiable Premiums and Misleading Representations
	January/February	A study meeting on the Act against Unjustifiable Premiums and Misleading Representations and the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors

Building of the Management System Well Prepared for Various Risks

Yamada Denki has developed a risk management system to avoid, control and mitigate risk and 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 the 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

**Azuma Metal Co., Ltd.**

**Study Meetings on Compliance Held with Participation of All Employees**

In order to ensure thorough compliance, Azuma Metal holds study meetings for all employees. At the meetings, employees learn the details of labor-related laws and laws on the processing and cleaning of the waste they handle in their duties. Additionally, the status of compliance is reported twice a month and shared among employees, thereby raising their awareness of compliance.

**Yamada Financial Co., Ltd.**

**Study Meetings on Compliance Held Regularly**

Since August 2014, Yamada Financial has held study meetings on compliance regularly. The company has made positive efforts for raising employees' awareness of compliance in their duties and specifying matters to be implemented for ensuring compliance, through activities such as inviting lecturers from outside to hold training sessions for all employees.

■ Examples of the Themes for Training Sessions

- Laws related to the handling of credit cards
- Money Lending Business Act
- Installment Sales Act
- Personal Information Protection Act
- Responses to anti-social forces, etc.



# Pursuit of Improving Customer Satisfaction

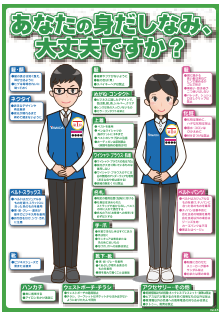
We are constantly pursuing management based on the “customer first” approach, endeavoring to provide customers with services that can satisfy them fully, not only at stores but also throughout the whole period they continue to use the products they purchased at our stores.



▲Training sessions for partner companies

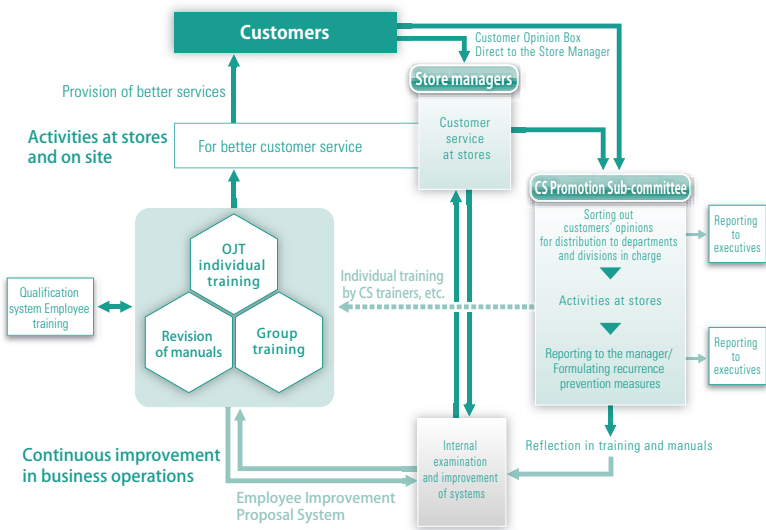
## Consistent Efforts to Improve Customer Satisfaction (CS)

In addition to selling electric home appliance at reasonable prices, we provide useful services to satisfy customers while 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 January 2015, we held the Second 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 2014, 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.

## Products with Functions Preferred by Customers, “HERB Relax” Series, Developed from Customers’ Viewpoint

The “HERB Relax” series is Yamada Denki’s original brand and Yamada Denki integrally manages it from development to retailing under the basic concept, “Products with Functions Preferred by Customers.” As a result of such efforts as developing new products differentiated from those of competitors in terms of their functions and prices, establishing a dedicated call center, and raising awareness of the employees, the number of products increased significantly in fiscal 2014. Now, the “HERB Relax” series has 52 types of home appliances and 92 types of consumer electronics products (as of the end of March 2015). When considering outsourcing mass production of any new product to a plant in China, where products of this series are mainly produced, we supervise the production process by using a list of 60 check items on purchasing, receipt, quality, and warehouse management. We will further develop the system to collect customers’ opinions, and strive to employ our originality to develop better products and enhance customer satisfaction.



## 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 to conduct our business operations establish a management system similar to our system by appointing managers in charge of personal information and information security.

In fiscal 2014, 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 2014, 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



## Voice



KOBAYASHI Miwako

Home Appliances Promotion Sub-committee Director, SPA Business Promotion Division, Yamada Denki Co., Ltd.

At first, we focused our efforts on releasing products of the “HERB Relax” series, but now that we have a certain product range, our focus has shifted to designing and developing further highly original products. In particular, the handy cleaner and pop-up toaster we developed have been highly evaluated for their functions and design and recorded the top sales among respective product categories of Yamada Denki. Recently, we have developed and launched a dish drier that can efficiently utilize night-time power. Needless to say, we are trying hard to increase sales, but what motivates us is the feeling of being a help to customers through developing new products from their viewpoint.



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 2014, the number of qualified employees exceeded 1,600.

Number of Certified Electric Home Appliance Advisors

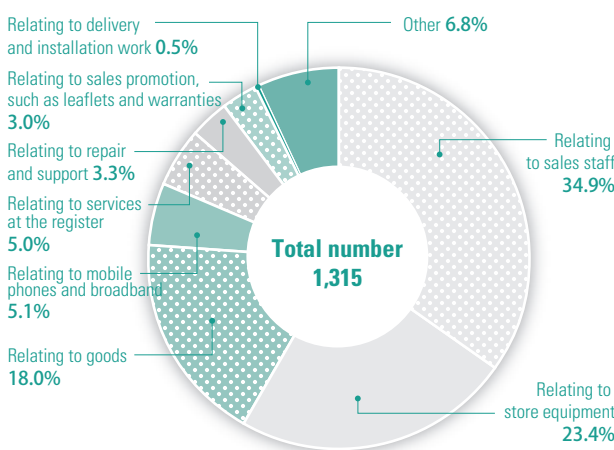
	Fiscal 2012	Fiscal 2013	Fiscal 2014
Audio visual information home electronics	406	383	566
Daily life home appliances	367	372	398
General electric home appliances	478	537	685

Efforts to Reflect Customers' Opinions in Management and Services

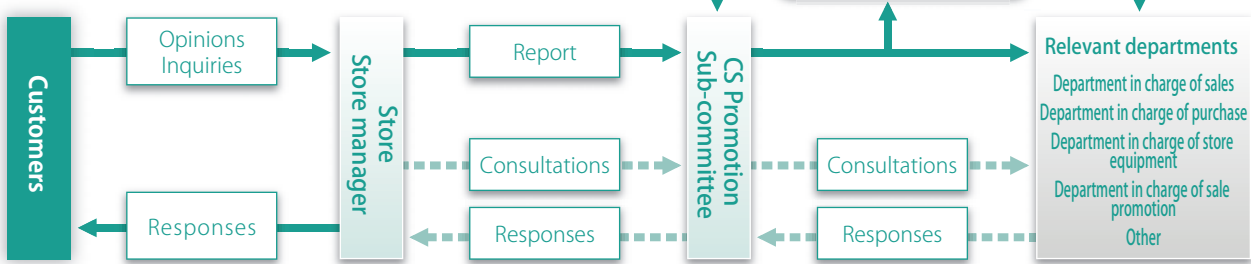
Prompt Response to Customers' Opinions with the Customer-Store Manager Questionnaires

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 2014 (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.

Initiatives by Group Companies

Yamada SxL Home Co., Ltd.

Training Presentation Using CG

Yamada SxL Home has introduced an original CAD system to help customers understand their plans concretely. In order to ensure that employees can fully utilize CG and offer better proposals to customers, the company provides ability based training, targeting design department staff, sales department staff, and receptionists at exhibition sites. Trainees can select menus depending on their desired skills, including such offerings as basic courses for beginners such as new recruits and mid-career employees, or advanced courses for experienced staff who want to acquire even better presentation skills.



Best Denki Co., Ltd.

Enhancement of Customer Satisfaction through Brushing up Employees' Skills

The Best Denki Group improved the content of training sessions with the aim of brushing up employees' skills for achieving better customer satisfaction. Throughout fiscal 2014, training was provided to all employees, including part-timers, non-regular staff, contract employees and full-time employees. Training sessions for improving customer service skills, those for improving management skills of store managers, those for brushing up skills of female staff, and those for strengthening sales skills targeting corporate customers are for staff directly serving customers and managerial staff, and aim to improve and standardize their skills of serving customers at stores and to enhance their sales capabilities as well as customer satisfaction by strengthening the leadership skills of managerial staff. Technical training sessions on renovations and those on products also aim to enhance customer satisfaction from these two aspects.



Matsuya Denki Co., Ltd.

Provision of Services to Satisfy Customers' Minds

Matsuya Denki attempts to make proposals from the customers' viewpoint, thereby achieving better customer satisfaction. As a locally-based, specialized merchandiser, Matsuya Denki endeavors to serve customers and assist them under its philosophy, "cherish good products" and "cherish warm-heartedness." Through its home communication staff (HCS) activities wherein staff members visit customers to take orders,

and its practices such as setting up goods and providing detailed explanations upon delivery, and sending thank you notes to customers who purchased goods or making phone calls to ask how they use the goods they purchased, the company not only sells goods but also seeks to provide customers psychological satisfaction.

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.

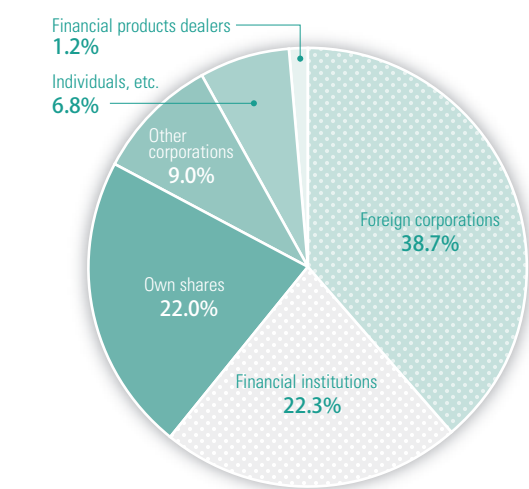
## Timely and Appropriate Disclosure of Business and Financial Information

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 foreign ownership has been rather high, 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 180 times annually in Japan and overseas.

We hold a once-a-year briefing session specifically for investors. The session has been held for 12 consecutive years in a different major city of Japan, 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 2015)



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

■ Number of Meetings with Investors, etc.

	Number of meetings
Fiscal 2012	211
Fiscal 2013	222
Fiscal 2014	186*

\* Due to the issuance of Euro-Yen CB to be matured in 2019, contact with investors was significantly limited for nearly two months. Therefore, the number of meetings decreased.

■ Briefing for Individual Investors

	Venue	Number of participants
September 2012	Tokyo	508
September 2013	Tokyo	394
September 2014	Tokyo	415

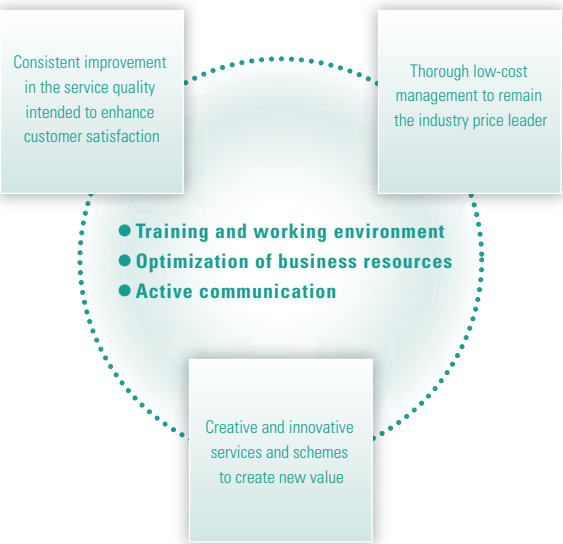
## Basic Policy for Distribution of Profits

Regarding the appropriation of profits, our primary policy is to pay dividends to shareholders in a stable and consistent manner.

Yamada Denki considers it essential to build up internal reserves in order to achieve stable growth through enhancing future corporate value and strengthening the management base and also to increase and maintain market share in the industry, while improving the efficiency of capital with the aim of sustainably heightening its value into the future. We set the goal of a consolidated payout ratio of at least 30% and decide the amount of dividends in consideration of financial conditions and business performance of the relevant term.

Yamada Denki will utilize the internal reserves in an effective manner for its sustainable growth, for strengthening various solution businesses to broaden and deepen its business range, with the aim of responding to the rapidly changing environment of the distribution market, including the declining birth rate and the aging of society, population decrease, and development of the Internet society, and for improving the efficiency of existing stores and their network, enhancing and maintaining competitiveness, securing working staff, and strengthening financial structure, as well as for distributing profits to various stakeholders.

We will endeavor to secure dividends continuously based on stable growth in profits.



## Improvement of the Shareholder Special Benefit Plan

Yamada Denki has established a shareholder special benefit plan in appreciation for the support of existing shareholders and with the aim of enhancing the advantage of investing in its shares and increasing long-term shareholders. The plan offers benefits in two ways, i.e., depending on the number of shares held and on the length of period of holding shares. Complimentary tickets are provided twice a year to shareholders as of the end of March and the end of September.

## Prospects

### Japanese Economy

The Japanese economy is expected to maintain a moderate upward trend in fiscal 2015 as the consumption environment is stable as seen in the improvement of corporate performance and the accompanying improvement in the employment situation and increases in individuals' disposable income and household income, backed by expectations of continued economic recovery thanks to "Abenomics", and as observed in the expansion of inbound demand (for foreign tourists visiting Japan) and outbound demand (for Japanese people going abroad on business or for leisure)

### Home Appliances Distribution Market

The home appliances distribution market, to which the Yamada Denki Group belongs, is expected to be steady thanks to strong demand for renewal backed by expectations of economic recovery and the end of a reaction to the rush demand triggered by the consumption tax increase.

As future challenges, it is necessary to respond to the rapidly changing environment of the distribution market, including the declining birth rate and the aging of society, population decrease, and development of the Internet society.

### Yamada Denki's Efforts

Under such market environment, Yamada Denki will endeavor to further enhance corporate value by shifting the focus from quantity to quality, while continuing its efforts for improving efficiency of its store network in developing a national chain of home appliance mass merchandizers in consideration of intensifying competition among its group companies and with other companies due to the shrinking of the market. We will also take the initiative in ensuring compliance as a leading company in the home appliance distribution industry in cooperation with other companies, and will carry out various structural reforms as follows from a mid- and long-term perspective in response to changes in social needs such as the declining birth rate and the aging of society, and population decrease in the future:

- (i) Development of Daily Life Support Services;
- (ii) Promotion of solution businesses relating to smart houses and renovation;
- (iii) Promotion of solution businesses relating to the environment (from purchase of used goods to reuse and recycling thereof);
- (iv) Promotion of development of stores based on the new store concept;
- (v) Promotion of development of products of the HERB Relax series as an SPA business;
- (vi) Promotion of reform of the personnel system;

As a leading company in the home appliance distribution industry, we will continue our efforts to build a relationship of trust with 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.



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 fall 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 Third 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 purchased. 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 third CSR questionnaire survey showed a steady increase in the implementation rate both in business partners and group companies and the Yamada Denki’s Sourcing Policy is thus becoming deeply rooted.

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

Overview of the Third CSR Questionnaire Survey

- Targets: All group companies  
Major business partners
- Survey period: Group companies:  
End of June — Mid July 2014  
Major business partners:  
End of June — Early August 2014
- Response rate: Group companies: 100%  
Major business partners: 81.3%

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.

Promotion of CSR Activities throughout the Supply Chain

Yamada Denki manages the entirety of the supply chain in all processes of its original brand, HERB Relax series, starting from the purchase of materials to the production, distribution and sale of products. Based on its Sourcing Policy, Yamada Denki carried out a CSR questionnaire survey, including items relating to the respect for human rights and industrial health and safety, in March 2015, targeting all companies to which it outsources the production of its SPA products. Yamada Denki will continue surveys and maintain communications with business partners, thereby trying to raise the level of CSR activities throughout the supply chain on an ongoing basis.

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.



Consideration towards Customers

Yamada Denki stores have tried to make floors barrier-free so that all customers from young children to elderly people can enjoy shopping with peace of mind. Multiple-storied new stores have elevators or escalators and entrances are basically designed to be flat so that customers can enter stores from all entrances without being bothered with level differences. Even at old stores that are not barrier-free, efforts are being made for improving accessibility such as by laying sheets to eliminate level differences.

Furthermore, various types of other barrier-free equipment are being installed in stores, such as universal design bathrooms that can be easily used by those in wheelchairs, Braille blocks and Braille information boards for those with impaired vision, and nursing rooms for those with babies.



Parking space for a vehicle with a silver mark



Efforts for eliminating gaps



Preparing wheelchairs at store entrance



# Growth Together with Employees

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

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



▲ Training session

## 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 2015, the average age of employees was 34.5 years old and the average employment term was 9.1 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 2012	Fiscal 2013	Fiscal 2014
Number of managers	Men	3,207	3,171	3,097
	Women	68	70	65
	Total	3,275	3,241	3,162
Number of employees		10,699	11,460	10,895
Average number of temporary employees		9,018	9,573	8,935
Number of employees with disabilities		411	449	423

\*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 twice 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 for new recruits	271	Three months	Once
Training for new floor chiefs	55	Three days	Twice
Training for store managers	402	Three days	11 times
Training for new area managers	11	One day	Once
New store training	90	Three days	10 times
Training on renovation	51	Three days	Twice

## 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 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 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Number of employees taking childcare leave	Total	128	169	164	201	204
	Male employees	5	5	2	4	6
Number of employees taking nursing care leave		3	5	8	4	7
Number of employees on short working hours		57	82	112	100	152
Rate of employees receiving medical checkup		94.2%	95.0%	94.3%	94.0%	95.1%

## 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 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.

#### Product Development Based on Opinions of Female Staff

Yamada SxL Home has promoted product development based on diverse opinions of female staff irrespective of their affiliation or age. In fiscal 2014, based on requests from staff engaging in sales, specifications and variations of kitchen storage equipment were improved. These improvements, which were highly evaluated by customers, were included as standard in new products and have been adopted in ready-built houses for sale, and their sales are thus steadily increasing. The company is committed to making further efforts to propose improvements for enhancing functions of housing equipment and improving customer convenience.



### Best Denki Co., Ltd.

#### Commenced a Committee to Promote Activities of Female Staff for Achieving Diversity Management

The company established the Committee to Promote Activities of Female Staff consisting of 19 members, mainly female managerial staff of stores, the headquarters, and affiliated companies. The Committee meeting covers all group companies and aims to develop working conditions under which female staff in different life stages can all exercise their skills, thereby contributing to the growth of the company as a whole. Once every two months, members gather and discuss problems that hinder comfortable working conditions for female staff and make proposals to the company.



#### Commendation System for Encouraging and Motivating Employees to Improve Their Careers

Best Denki has the commendation system to grant the Special President Awards to stores and offices having recorded excellent annual sales, the Best Sales Awards to individuals with superior sales records, and the Improvement Proposal Awards to stores and individuals that have made excellent improvement proposals. Through such system, the company has tried to encourage and motivate its employees to improve their careers.



### Housetec Inc.

#### Educational Support by Veterans to Younger Staff

Housetec holds training sessions where veterans hand down their experience and skills to younger staff. Lectures for the acquisition of basic technologies and knowledge on 17 themes are provided on 36 occasions annually for the purpose of improving the design expertise of younger staff and enhancing product quality. Practice drills using actual design drawings and other practical training are of a significant help for younger staff in acquiring basic technologies. In this manner, Housetec will continue making efforts to enhance product quality.





## 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 track and field team

## 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.

### Goto City Track and Field Class by Yamada Denki's Women's Track and Field Team

In April 2014, Yamada Denki's women's track and field team held the Goto City Track and Field Class at the Goto City Central Park Athletics Stadium (Goto City, Nagasaki Prefecture) with the participation of around 100 people, including junior high school and high school students and adult runners. This class was organized as the track and field team has had camp training in Goto City every year. Team manager Morikawa and team members introduced various exercises to participants, explained the importance of adopting practices best suited to oneself, and conveyed a fun to run.

The Yamada Denki's women's track and field team placed the third in the 34th All Japan Industrial Women's Ekiden Race in December 2014.



### German Junior Sports Club Visited Takasaki Headquarters

In August 2014, 10 members of the Judo team of the German Junior Sports Club visited the headquarters and had a tour in the headquarters and LABI 1 Takasaki store.

As a part of the simultaneous exchange program between Japan and Germany organized by the Japan Junior Sports Clubs Association, etc., this visit was realized in response to requests from Gunma prefecture and Takasaki City, which served as secretariat of the program. This aimed to deepen friendship and good will between the two countries through the exchange of members and instructors of Japanese and German junior sports clubs and contribute to the growth of junior sports.



### Donation of a PC and a Monitor, etc. to the Republic of Palau

In July 2014, Yamada Denki donated computers and monitors, etc. to the Republic of Palau and held a presentation ceremony at the Takasaki headquarters.

Since the president of the Republic of Palau and his delegation visited the headquarters and LABI1 Takasaki in 2013, Yamada Denki has deepened relations with the country and decided this donation in response to the request from the president's wife for the purpose of improving the educational environment in Palau as it is on its way to development and for supporting the development of conditions for IT education. In August, we visited the set, met the president's wife, and had exchanges with the students.



### Health Seminar by the Advisor of the Women's Track and Field Team

In October 2014, Advisor Isohata of the Yamada Denki's women's track and field team held a health seminar titled "Method for Daily Life to Remain Healthy Until 100 Years Old!" and provided a special lecture titled "Memories of the Hakone Ekiden Race" at the Takasaki City Cultural Hall (Takasaki City, Gunma Prefecture). Advisor Isohata told the importance of making efforts by setting a goal for everything based on his own experience, and explained in the seminar that doing simple exercises in daily life will prevent adult diseases.



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

In November 2014, 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 (Shimano-machi, Takasaki City, Gunma Prefecture). Elementary school children and their guardians (around 200 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.



## Initiatives by Group Companies

### Cosmos Berry's Co., Ltd.

#### Revitalization of Local Communities by Having Mass Merchandisers and Local Stores Exist in Harmony

In order to realize the coexistence of mass merchandisers and local stores, Cosmos Berry's has tried to share Yamada Denki's unique mechanisms and know-how of store management among local franchisers spreading nationwide. Through such efforts, the company has come to benefit from economies of scale, which could not have been achieved solely by a single local store. The company has thus contributed to the revitalization of local communities while trying to create stores helpful to local people by taking advantage of the relationship of trust with customers it has developed through locally-based sales activities and quick footwork enabling flexible responses. The company proactively offers proposals so that such win-win relationship can also be established in various other business models.



### Yamada SxL Home Co., Ltd.

#### Provision of Practical Vocational Education at a Vocational School

As part of the Practical Vocational Program, which is accredited by the Ministry of Education, Culture, Sports, Science and Technology with the aim of providing students of vocational schools with practical vocational education in collaboration between schools and companies, Yamada SxL Home provided a collaboration class, targeting around 300 students belonging to the Architecture Department and Architectural Design Research Department of the Technology College of the Nihon Kogakuin. In the class, lectures were provided on wide-ranging practical themes, including the current trends of the housing industry such as energy-free houses and renovations, what is necessary for working in the housing industry, and what types of personnel are required. The class was filled with excited students.



#### Participation in a Project Commissioned by the Ministry of Education, Culture, Sports, Science and Technology

Yamada SxL Home has been participating in the project commissioned by the Ministry of Education, Culture, Sports, Science and Technology titled "Strategic Promotional Program for Cultivation of Core Professionals in Targeted Growth Fields." The company has endeavored to develop human resources and industries by participating in the "project to develop programs for cultivating core professionals in the social infrastructure development field," which aims to build a new learning system for cultivating next-generation engineers, and the

"industry-government-academia consortium and job category project," which aims to cultivate highly skilled personnel in collaboration between educational institutions and the industry and to support continuing education for adults and women, etc.

### Azuma Metal Co., Ltd.

#### A Class on the Environment at the National Museum of Nature and Science

In November 2014, Azuma Metal held a class on the environment and recycling at the science navigation corner in the National Museum of Nature and Science (Taito-ku, Tokyo). With the aim of having children learn about recycling of their familiar articles and gain an understanding of occupations in the environmental and recycling-related industries, the company prepared quizzes and videos on recycling of metal and home appliances and participants created art works of unique figures using scraps. Children seemed to enjoy the class, saying, "What is it?," "I didn't know that!," or "Funny shapes, aren't they?"





# 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.



▲Cleaning of goods for reuse

## 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 2014

In our business operation, we view environmental issues as an important agenda and promote the sale of products and the provision of services that have energy-saving functions and good environmental performance, and also promote the reuse and recycling business of electric products.

In fiscal 2014, as our initiatives for the reduction of environmental loads through our business, we continued to promote the smart house business and the reuse and recycling business of home appliances and PCs, which was realized under the collaboration among our group

companies (C.I.C., Azuma Metal, and Inversenet). Furthermore, We use quantitative target management for environmental activities in each store based on ISO14001 environmental management system certification obtained for the Takasaki headquarters, and endeavors to reduce environmental loads. The progress is reported at the CSR Committee meeting held every month and is disclosed as a monthly report on our website. In addition we develop our activities along with discussions with outside experts at quarterly consultation meetings on CSR-focused management.

### Major Activities and Status of Achievement in Fiscal 2014

Major activities		Goal for Fiscal 2014	Achievement
Reduction of the environmental impact through core business	Reuse of home appliances (TVs, refrigerators, washing machines and driers)	56,045 units	133,418 units
	Reuse of air conditioners	6,151 units	3,802 units
	Reuse of PCs	535,300units	534,433 units
	CO <sub>2</sub> emission reduction through the collection, recycling of used ink cartridges, and sale of refilled ink cartridges	CO <sub>2</sub> emission reduction: 47,366.2t	47,303.6t
	CO <sub>2</sub> emission reduction through the collection, recycling of used ink cartridges, and sale of refilled ink cartridges	1,665,000 pieces	1,416,636 pieces
	CO <sub>2</sub> emission reduction through the collection, recycling of used ink cartridges, and sale of refilled ink cartridges	CO <sub>2</sub> emission reduction: 125.6t	107.1t
Reduction of the environmental loads through business activities	CO <sub>2</sub> emission reduction through the sale of products for electrified houses	Photovoltaic power generation: 384.7t	Photovoltaic power generation: 149.1t
	CO <sub>2</sub> emission reduction through the sale of products for electrified houses	EcoCute: 209.9t	EcoCute: 117.5t
	CO <sub>2</sub> emission reduction at stores where demand controllers are installed <sup>*1</sup>	95% or lower from the fiscal 2013 level	10,086.1t
	CO <sub>2</sub> emission reduction at stores where demand controllers are installed <sup>*1</sup>	CO <sub>2</sub> emission reduction: 11,040.6t	
	Volume of green power introduced (headquarters building) <sup>*1</sup>	95% or lower from the fiscal 2013 level	5,824.3t
	Volume of green power introduced (headquarters building) <sup>*1</sup>	CO <sub>2</sub> emission reduction: 5,569.7t	
	Volume of green power introduced (excluding headquarters) <sup>*1</sup>	95% or lower from the fiscal 2013 level	1,208.7t
	Volume of green power introduced (excluding headquarters) <sup>*1</sup>	CO <sub>2</sub> emission reduction: 1,312.7t	
	CO <sub>2</sub> emission reduction by photovoltaic power generation (Takasaki and Sehri) <sup>*2</sup>	5,644t	6,512t
	Power generated by photovoltaic power generation system installed on store roofs	36,195.639kWh	39,926,148kWh

<sup>\*1</sup> CO<sub>2</sub> emission coefficient: 0.55kg-CO<sub>2</sub>/kWh

<sup>\*2</sup> Calculated using the coefficient of 314.5g-CO<sub>2</sub>/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 our 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 society-wide efforts to protect the global environment.
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 environmental impact by supporting households efforts for energy conservation, energy creation and energy storage through the sale of energy-efficient electric home appliances and photovoltaic power generation systems, and also by establishing systems to recycle and reuse used electric home appliances.

### Promoting Product 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

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

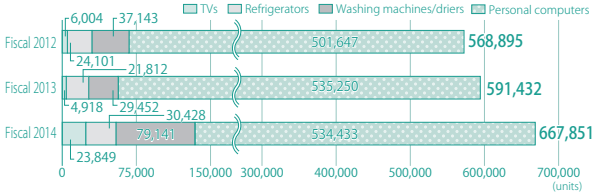
In fiscal 2014, we handled around 133,000 units of electric home appliances (TVs, refrigerators, washing machines and driers) and around 534,000 units of PCs in the reuse business. In order to enable customers to reuse used electric home appliances without worries, we have established original systems 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.

The 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 2014, we handled around 133,000 units of electric home

appliances (TVs, refrigerators, washing machines and driers) and around 534,000 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.

#### Number of Appliances Reused



### Recycling of Ink Cartridges and Mobile Phones

Yamada Denki is promoting recycling by installing ink cartridge recollection boxes in each store. 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 2014, we recollected around 1.41 million cartridges



and donated 9,063,040 yen.

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

#### Number of Collected Ink Cartridges and Mobile Phones (units)

Type	Fiscal 2012	Fiscal 2013	Fiscal 2014
Ink cartridges	2,529,594	2,385,138	1,416,636
Used mobile phones	14,748	11,735	8,939

### 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 2014, annual CO<sub>2</sub> emissions reduced through replacement purchases of energy-efficient products were 17,944 tons.

In addition to promoting the sale of energy-efficient electric home appliances, Yamada Denki will aim to realize CO<sub>2</sub> reductions at households as a whole by strengthening proposals concerning smart houses that include household energy management using photovoltaic power generation systems and electric vehicles.

#### CO<sub>2</sub> Emission Reduction Effect of Replacement Purchase of Energy-efficient Electric Home Appliances (estimated by Yamada Denki)

Home appliances	Fiscal 2012	Fiscal 2013	Fiscal 2014
Air conditioners	3,105	2,359	2,556
Refrigerators	15,550	22,469	13,164
TVs	3,033	3,352	2,224
Total	21,688	28,181	17,944

<sup>\*</sup> Only covering replacement purchases

<sup>\*</sup> TVs: Compare average annual power consumption of 32V-type liquid-crystal TVs between a 2006 year model and a 2013 year model  
Refrigerators: Compare average annual power consumption of 401L to 450L refrigerators between a 2002 year model and a 2012 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

<sup>\*</sup> All calculated based on catalogue information concerning energy efficiency performance  
<sup>\*</sup> CO<sub>2</sub> emission coefficient: 0.55kg-CO<sub>2</sub>/kWh

# Reducing Environmental Footprint in Business Activities

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

We introduced demand controllers for the purpose of encouraging energy-saving efforts at stores through the comparison of CO<sub>2</sub> emissions at each store and the analysis of power consumption by equipment and by time zone. In fiscal 2014, we increased the number of stores equipped with demand controllers to 409.

#### 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 CO<sub>2</sub> emissions.

#### Shift to LED lighting

Since the latter term of 2013, Yamada Denki has been changing store lighting to LED lights. As of the end of March 2015, LED lighting has been adopted in 426 stores.



### Joint Distribution for Reducing CO<sub>2</sub> 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 CO<sub>2</sub> emissions by 334.0t in total from October 2011 to March 2015. When goods were distributed jointly, there was around a 41% decrease.

### Reducing CO<sub>2</sub> 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 2014, 84 stores have adopted green power, bringing the total volume of green power used by Yamada Denki to approximately 12.81 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.

#### Introducing photovoltaic power generation systems

Starting from the introduction of 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, including the Oamishirasato store (opened in July 2014) and the Kamigori store (opened in August 2014). As of the end of March 2015, solar panels are installed in 175 stores.



#### Environmental Activities at Stores

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Number of stores introducing demand controllers (cumulative total)	372	419	409
Number of energy-efficient machines based on heat pump technology (cumulative total)	1,855	2,113	2,135
Number of ecologically-friendly cars (natural gas/electric vehicles)	66*	48	35
Volume of green power introduced (kWh)	13,216,944	13,171,980	12,813,230
Number of stores using green power	89	86	84
Volume of solar power-derived electricity introduced (kWh)	18,407	17,644	20,706

\*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 2014, the implementation rate maintained a high level, exceeding 99%.

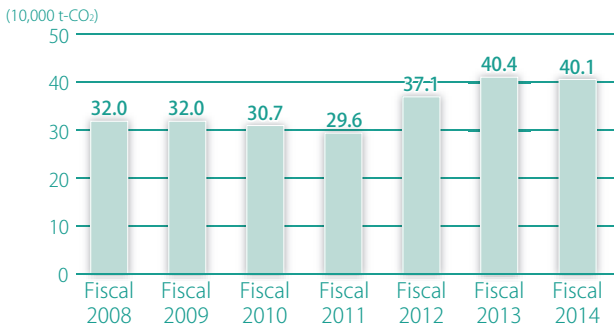
## Direct Environmental Impact of Business Activities

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

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

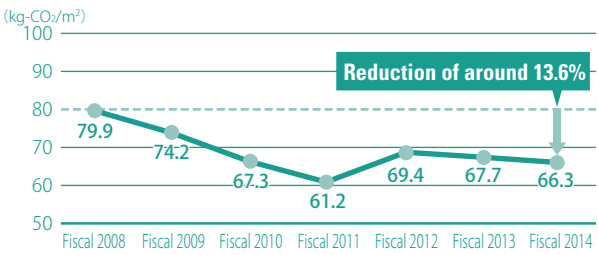
Yamada Denki has continuously tried to reduce CO<sub>2</sub> emissions from business activities. In fiscal 2014, although there were negative factors such as the summer heat and heavy snow, we made our utmost efforts in energy conservation activities. As a result, we could reduce CO<sub>2</sub> emissions per total floor area by around 13.6% compared with fiscal 2008.

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



\* CO<sub>2</sub> emission coefficient: Our calculation used the emission coefficient used in the government's system of requiring the calculation, reporting and disclosure of domestic emissions of greenhouse gases (0.551[kg-CO<sub>2</sub>/kWh]). The coefficient of 0.561[kg-CO<sub>2</sub>/kWh] was used for the years to fiscal 2009.

#### CO<sub>2</sub> Emissions per Floor Area



### 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 2012	Fiscal 2013	Fiscal 2014
Shopping bags made of paper (t)	348.7	455.5	421.4
Shopping bags made of polyethylene (t)	442.5	496.3	400.6
Receipts (t)	223.1	303.2	261.2
Insertions (10 million sheets)	174.4	168.6	166.7

### 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 2014, aiming to use resources more effectively.

#### Amount of Disposed Industrial Waste

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Amount of disposed industrial waste (t)	34,180	39,300	33,405
Number of stores subject to resource management	711	785	819

#### Amount of Disposed General Waste

	Fiscal 2012	Fiscal 2013	Fiscal 2014
Amount of disposed general waste (t)	40,100	45,000	39,600
Number of stores subject to resource management	711	785	819

\* Waste that is not subject to the Act on Recycling of Specified Kinds of Home Appliances

### Scope of Environmental Data for Fiscal 2014

	CO <sub>2</sub> emissions from the use of electricity	CO <sub>2</sub> emissions per floor area	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	*	*	—	○

\*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.  
The scope of environmental data for past fiscal years differs by year due to elimination and consolidation of group companies.





Yamada SxL Home Co., Ltd. , Yamada Wood House Co., Ltd.

Promotion of the Dissemination of Photovoltaic Power Generation Systems

Yamada SxL Home and Yamada Wood House have been proactively promoting the dissemination of photovoltaic power generation systems for general houses.

In fiscal 2014, Yamada SxL Home installed photovoltaic power generation systems in 457 newly constructed houses and 1,339 renovated houses. The total number of systems installed increased significantly by 261% from the previous year. In fiscal 2015, the company will further promote the dissemination of photovoltaic power generation systems by actively making proposals to customers concerning net zero energy houses upon constructing new houses and installation of photovoltaic power generation systems upon renovating houses.

Yamada Wood House has prepared a system to enable installation of solar panels on almost all houses, except for cases where there are constraints due to sunshine conditions or other legal constraints, and has promoted aggressive sales activities. Through such efforts, the company has made positive contributions to the environment and the installation of monitors in houses has worked to make people living therein more conscious of power conservation.



Yamada SxL Home Co., Ltd.

Wood Use in Consideration of Conservation of Forestry Ecosystems

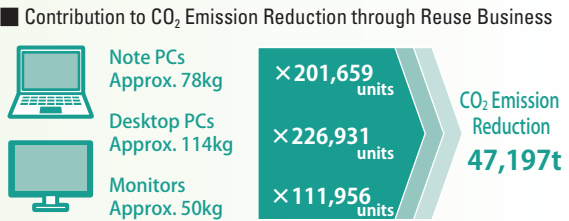
In order to conserve the global environment and sustainably develop forests, Yamada SxL Home has endeavored to secure the legality of wood it uses for structural members and establish a traceability system. In fiscal 2014 as in the previous fiscal year, such efforts were made for structural members for the SxL method (method using wooden adhesive panels), which accounts for 89% of its housing business. All wood the company imports from North America is certified under the forest certification system and other imported materials are with legal certificates issued by the Japan Lumber Importers' Association. Using only legal wood thus certified, the company gives due consideration to the conservation of forests and forestry ecosystems.



Inversenet Co., Ltd.

CO<sub>2</sub> Emission Reduction through Reuse Business

Inversenet engages in renewing or recycling used personal computers that Yamada Denki purchased from customers. In fiscal 2014, the number of notebook PCs renewed was 201,659, that of desktop PCs renewed was 226,931, and that of liquid crystal monitors renewed was 111,956, with the effect of CO<sub>2</sub> emissions per unit being as follows: notebook PC: 78kgCO<sub>2</sub>; desktop PC: 114kgCO<sub>2</sub>; liquid crystal monitor: 50kgCO<sub>2</sub>. The total reduction amounted to 47,197t.



\* Based on values of CO<sub>2</sub> emission reduction as evaluated by the RITEA (C-004 (2013-2014) issue)

Best Denki Co., Ltd.

Participation in the PLA-PLUS Project

Best Denki participated in the PLA-PLUS Project, a demonstration project to collect product plastic at stores for recycling, which was organized by the Ministry of the Environment. The campaign was carried out from February 6 to March 6, 2015, with the participation of 130 companies and organizations, aiming to collect used plastic products from consumers at stores and build a mechanism of recycling of product plastic. Best Denki installed collection boxes at the Fukuoka main store and Kokuraminami store and asked customers for cooperation.



C. I. C. Corporation

Proceed with Local Communities; Environment Beautification Activities

C.I.C. belongs to the Gunma Environment Resource Preservation Association (Takasaki branch) and has carried out environment beautification activities together with local people. The company has actively engaged in the activities of "Creation of Beautiful Hometown, Gunma" promoted by Gunma Prefecture, and a total of 235 employees participated in cleaning activities during the Autumn Cleanup Campaign during the months of September and October, making efforts to raise people's awareness in order to prevent illegal dumping of garbage and decrease the amount of garbage, as well as calling for cooperation in cultivating plants and planting trees. The company will continue to play an active role in local environmental activities as a member of the community.

Housetec Inc.

Efforts for Reducing Waste

The Housetec Group has positively endeavored to reduce the amount of waste and recycle waste products. In fiscal 2014, the company achieved its goal by having reduced waste to 48% of the fiscal 2000 level as a result of shifting to resource-saving products, enhancing yield ratios, reducing defective products, turning over goods at a high rate, and increasing trucks' capacity fulfillment. The company also achieved the goal of a recycling rate\* of 98%. The company will further strengthen collaboration within the group by sharing information such as initiatives at each of the manufacturing departments for further reduction of waste and improvement of the recycling rate.

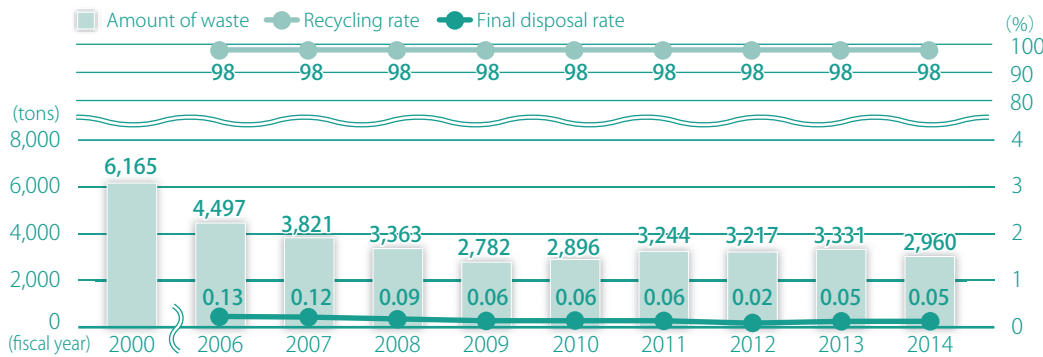
\* Recycling rate = Amount recycled / Total amount of waste

Reduction of Final Waste Volume – Continued Efforts for Achieving Zero Emission

The Housetec Group has been carrying out zero emission activities for reducing final waste volume (final disposal rate\* of 1% or less and final waste volume of less than 5 tons annually). All manufacturing departments have already achieved the goal, but further efforts will be continued.

\* Final disposal rate = The amount of waste finally disposed of / Total amount of waste

■ Changes in the Amount of Waste, Recycling Rate and Final Disposal Rate



Azuma Metal Co., Ltd.

Environment Classes Deeply Rooted in Local Communities

In fiscal 2014, the company visited local elementary schools and junior high schools and provided open classes with the aim of having children and students (i) learn about recycling of their familiar articles while having fun and (ii) gain an understanding of occupations in the environmental and recycling-related industries. In order to have them enjoy learning about 3R (reduce, reuse, recycle), quizzes and videos are used and participants experienced sorting of garbage in the first half and then created art works with scraps on drawing paper in the latter half of the classes.

The company received good feedback from teachers and guardians that children and students could learn about recycling from their own points of view.



## Expert's Opinion

# The Third Start-up for Paving a Road to a Sustainable Society

The year 2015 is said to be the most significant year after the World War II because the COP21 is to be held in Paris in December and the global framework for the reduction of CO<sub>2</sub> emissions, the major cause of global warming, is expected to be established. Countermeasures against global warming are urgently needed and the most famous initiative so far is the Kyoto Protocol signed in 1997 in Kyoto. However, this protocol was rather limited with the participation of less than 40 countries including Japan. The coming agreement to be signed in Paris is expected to establish the first full-fledged framework in human history for dealing with this issue, involving countries all over the world. In other words, 2015 is the year wherein we will witness the signing of an extremely significant international agreement that will decide the future course of the whole world in the first half of the 21st century.

Looking at the Yamada Denki Group CSR Report 2015 released in such a significant year, we can find various descriptions here and there suggesting that people of the group have a high level of interest in the issue of global warming. Squarely setting the goal of zero emission and clearly indicating its mission to create a sustainable society, Yamada Denki's initiative is a timely one. Under such a noble goal, the company is making concrete efforts such as by promoting photovoltaic power generation system-related business, while having realized a one-stop system for reuse and recycling of home appliances and PCs. The most significant factor is the fact that the company is shifting its focus from only dealing with goods to providing solutions to various problems on a total basis. The smart house business is a prime example of such efforts of Yamada Denki, as it attempts to enhance household energy efficiency dramatically through the use of the HEMS.

When talking about corporate social responsibility, one is apt to imagine doing something helpful for society as a sideline. However, for a company trying to develop its business by providing goods or services, the very first step for fulfilling CSR is to satisfy customers through its main business. In other words, brushing up its main business and thereby improving customer satisfaction is the start line for its CSR. In this sense, the Yamada Denki Group seems to place a particularly strong emphasis on the enhancement of customer satisfaction. While putting a great deal of effort in its major business, such as the development of the HERB Relax series as "Products with Functions Preferred by

Customers," Yamada Denki has been strengthening employee education indispensable for improving customer satisfaction. Such approach from the customers' viewpoint is very agreeable.

I would like to cite the comment of President Yamada shown at the beginning of the CSR report. Looking back on the first start-up period, during which Yamada Denki, which started business as a small local electric goods store in 1973, achieved a significant growth as a retailer dealing with products from multiple manufacturers, and the second start-up period, during which it grew to be the top mass merchandiser achieving turnover of 1 trillion yen in 2005, President Yamada considers the company to now be at the turning point to begin the third start-up period in the circumstances where the management environment is becoming harsher due to rapid changes in social structures. He expresses his commitment to proactively facing this difficult time with the management philosophy, "Creation and Challenge," which he set up upon foundation of Yamada Denki. This is his strong will as a founder to turn the table or transform challenges into opportunities.

Generally speaking, when the management environment worsens, a company is apt to become less willing to fulfil CSR or take measures for environmental conservation. However, it is no longer permissible for any company to become inwardly-focused for its business recovery. Under all circumstances, a company must not forget about the environment or the CSR it is to fulfil. Rather, prioritizing environmental friendliness and CSR is a worldwide trend and is a way to overcome difficulties more effectively and sustainably.

I hope that the Yamada Denki Group, a pioneer of the business model of a home appliance mass merchandiser in Japan, adopts this worldwide trend. It is timely that the phrase "Appreciation and Trust" was added as an element of the management philosophy in 2007. I believe that the Yamada Denki Group, which considers the trust of customers and society to be of the highest importance, will be able to solve problems that society encounters and achieve better business performance at the same time. It is my hope that the Yamada Denki Group exercises its leadership to create a new business model of a home appliance mass merchandiser suited to the 21st century and contribute to the revitalization of the Japanese economy as a whole through improving the quality of consumers' daily lives.

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

# Introduction of Media Reporting CSR Information

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

## CSR REPORT (booklet)

The CSR REPORT (booklet) shows the company's CSR activities (economic, social and environmental aspects) for the whole year from April of the previous year to March of the relevant year. The report contains special features every year, providing close ups on 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 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
- Monthly CSR activities
- Environmental activities
- Social activities
- Compliance



## IR Information Page on the Website

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

The Website 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 announcements 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 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 five categories of "customer satisfaction (CS)," "environmental activities," "labor environment," "compliance," and "employee satisfaction."



## 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.

