

SG HOLDINGS GROUP  
Sustainability Report 2008



みんなで止めよう温暖化

[SGホールディングス] チーム・マイナス6%

# Sustainability Report 2008

## Table of Contents

- 1 ..... Top Message
- 4 ..... Outline of SG Holdings Group
- 6 ..... **Feature**  
**Value chain of SG Holdings Group**
- 10 ..... Domestic business structure of SG Holdings Group
- 12 ..... Overseas operating bases of SG Holdings Group
- 14 ..... About SG Holdings Group
- 16 ..... CSR system of SG Holdings Group
- 18 ..... **Safety campaign report**  
Effort on Eco Safety Drive  
Effort on safety with vehicle management  
Looking to a safe society
- 26 ..... **Environmental campaign report**  
Effort against global warming  
Environmental measure by improving transport efficiency  
Effective utilization of resources  
Looking to a Zero Waste society  
SG Holdings Group's environmental activities  
Coexistence with nature  
Effort on environmental enlightenment  
Building a framework to promote environmental activities
- 42 ..... **Relationship with society**  
To our customers  
With our employees  
With local communities
- 55 ..... Business data of SG Holdings Group
- 56 ..... The third-party warranty report  
(Climate Savers Program)  
The third-party opinion
- 58 ..... What we are delivering

## Editorial policy and scope of report

### Editorial policy

1. To make this report readable for broad stakeholders, we tried to make this report as comprehensible as possible, accompanying with simple and plain explanation.
2. We consulted the Environmental Reporting Guideline 2007, published by the Ministry of the Environment.
3. The performance figures are taken from the statistics of fiscal year 2007. (Some of the activities reported here are to be implemented in fiscal year 2008.)
4. According to the situations relating to the activities, only the covered periods are shown when it is impossible to report the performance figures.

### Period covered in this report

March 21, 2007 to March 20, 2008.

### Organizations covered in this report

Focusing mainly on the achievements of Sagawa Express Co., Ltd., the activities of the group companies and the foundations of SG Holdings Group are mentioned.

### Other means to provide information

This report can be downloaded from the SG Holdings Group's website: <<http://www.sg-hldgs.co.jp/>>.

## Corporate profile of SG Holdings Co., Ltd.

SG Holdings Co., Ltd. was founded as a pure holding company for the Sagawa Express group and other related companies.

SG Holdings has the business strategy planning and managing function over the whole group and each company within the group concentrates on business operations. This management structure allows swift decision making and exploitation of the synergy effect of the group, responding to the ever changing demands from our society.

Trade name:	SG Holdings Co., Ltd.
Date of founding:	March 21, 2006
Description of business:	The business strategy planning and managing for the whole group and pertaining businesses.
Location:	68 Tsunoda-cho, kamitoba, Minami-ku, Kyoto, Japan
President:	Eiichi Kuriwada
Capital:	11,383,000,000 Yen
Accounting date:	March 20



## Top Message

The core business of SG Holdings Group is physical distribution which is closely associated with industry and daily life. We should be aware that, as a transport company, we are part of a social infrastructure and we wish to contribute to society through our service in which we deliver the customers' valuable parcels as if they were our own. At the same time, because the transport service is deeply linked with traffic safety and environmental concerns of society, the safety and environment are essential elements of our group's CSR. Our CSR activities center on efforts in safety and protecting the environment with the aim of becoming a company to be chosen by all stakeholders.

SG Holdings Co., Ltd.  
Chairman and President

栗和田 栄一  
Eiichi Kuriwada

**Our mid-term management plan, SgH First Stage Plan, takes the first step for the next fifty years.**

Sagawa Express Co., Ltd., the core company of SG Holdings Group, marked its 50th anniversary in March 2007. In the year that kicked off the next fifty years, we reaffirmed 'Hikyaku no kokoro' (the spirit of express messenger), with which we started the business, and took the first step toward the evolution and transformation of ourselves while looking to the future.

A specific effort for that was setting up the SgH First Stage Plan which targeted the construction and enhancement of the business platform for each group company. This is the basis of our group's management vision for the next ten years and we made a solid start in its first year. The logistics business which we put up as the second pillar of our business is also developing well.

SG Holdings Group is trying to evolve the idea of 3PL (Third Party Logistics) and promoting the coherence of domestic and international distribution as well as enhancing our position as the experts of accessible distribution. Behind these steps, there is our will to pursue the customer creed which is fundamental

in our group's business and to give our full attention to each customer. 3PL means continuous improvement of logistics through data management, quality control and state-of-the-art infrastructure, etc. We will continue to work toward providing service that maximizes our customer's convenience.

**Effort on environmental protection activities, as the responsibility of a distribution company.**

No distribution company can avoid the risks in traffic safety and the issues concerning the environment. It is our group's social responsibility to be aware of these facts and make an effort to assure safety and protect our environment. As the reduction of CO<sub>2</sub> emissions is especially important, we are promoting 'Modal Shift' which means a shift from trucks to railways or ships because the latter have a smaller impact on the environment. For example, we shifted 10% of total traffic volume in the busiest Tokyo - Osaka route to Super Rail Cargo, which contributed a considerable reduction in CO<sub>2</sub> emissions.

Global environmental issues are a major theme for



the distribution industry today. But individual efforts of each company will have only limited impact. In order to achieve the goals at the national or global level, we think that raising awareness and the activities of each consumer will be essential. Considering the fact that the central or local government-led environmental activities that involve both business firms and consumers are required, we regularly hold Stakeholders Dialogues to facilitate a conversation with society.

**Unprecedented customer participation services are the fruits of conversation with society.**

Our new services, Courier Eco-point Scheme and Hikyaku Courier with CO<sub>2</sub> Emission Rights, are created to make a social contribution in alliance with our customers. Courier Eco-point Scheme is an experimental service in which we encourage awareness-raising on the reduction of redelivery, using a point collecting scheme. In Hikyaku Courier with CO<sub>2</sub> Emission Rights, we ask customers to pay a portion of the cost for buying the CO<sub>2</sub> emission rights and, after adding the same amount to it, Sagawa Express transfers the purchased emission rights to the Japanese Government for free. This is the first such service scheme in the logistics industry in Japan. These new services are born out of the process of trial and error to find out what we can do to answer to a customer's voice that says "I am interested in environment protection, but I don't know how to contribute to it," which we heard in the communication with them.

**The policy of "bringing out a person who is cutting a conspicuous figure" and the corporate attitude of self evolution and transformation.**

To obtain trust and understanding from society, we laid down the Corporate Philosophy and Conduct Charter to govern our general business operations. In March 2008, we also established and executed a Code of Ethics and Conduct for all company members to be aware of the corporate philosophy and observe it, which completed our business compliance structure flow. Holding up the policy of "bringing out a person who is cutting a conspicuous figure" that I have always insisted upon since I became President in 1992, we will try to enhance a unifying force within the group companies. We will also try to establish a challenging and unafraid-of-change corporate attitude, a free and vigorous corporate culture and strict business compliance. And we will continue to make efforts on the evolution and transformation of the company, aiming for coexistence and harmony with society through the sensible and responsible conduct of all board members and employees of our group companies. However advanced the systems and technologies for distribution may be, the fundamentals of distribution come down to human relationships. Therefore, human resources, and the families who support our employees, are the most valuable assets for us.

Especially with environmental activities, we need understanding and cooperation from every employee. Putting more emphasis on communication within the companies and with employees' families, we wish to spread the idea of SG Holdings Group's CSR activities that address safety and the environment.



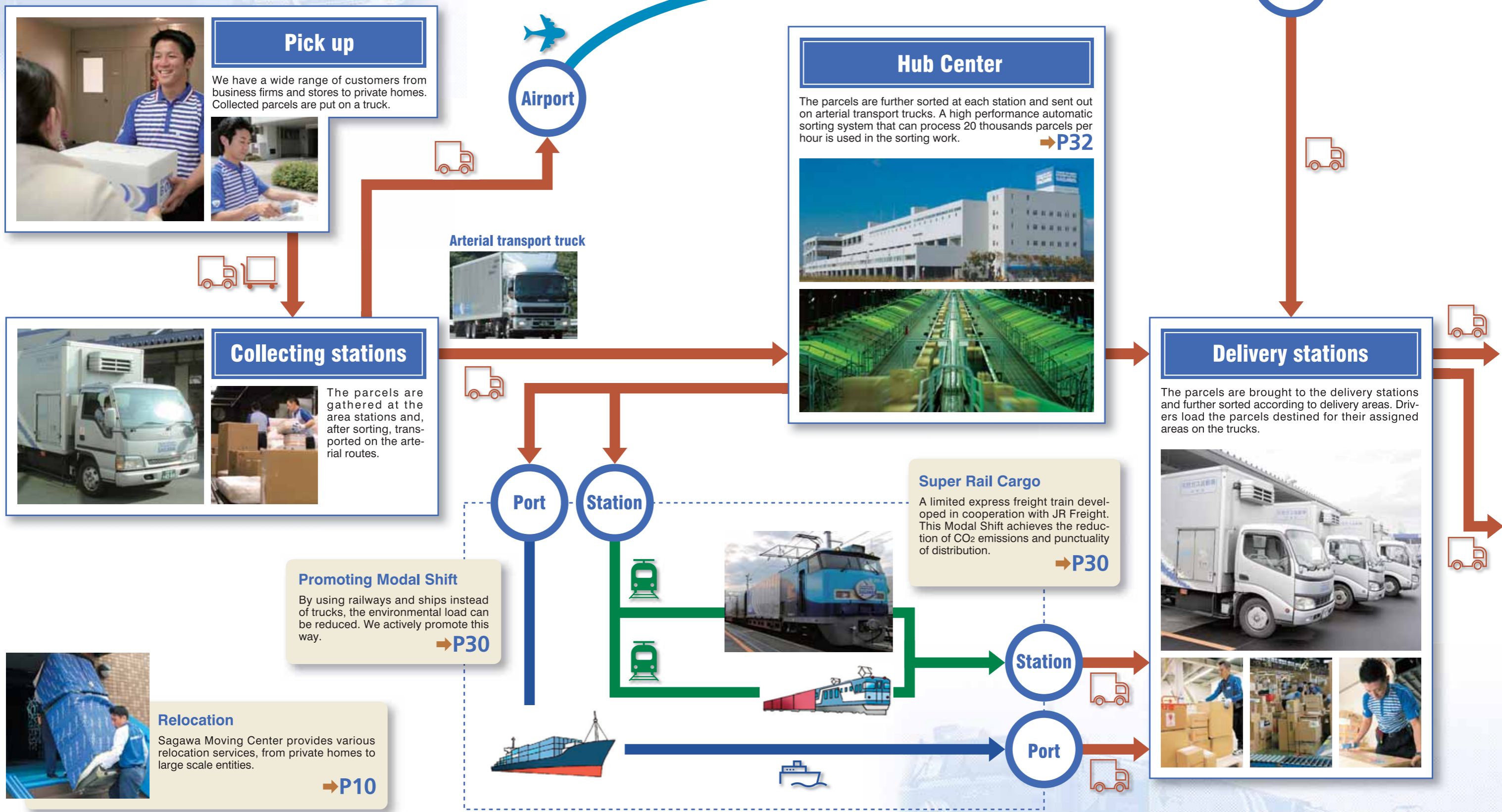
Keeping in touch with stakeholders, SG Holdings Group aims to be a social contributing business group through various businesses in the courier business and other transport relating businesses.

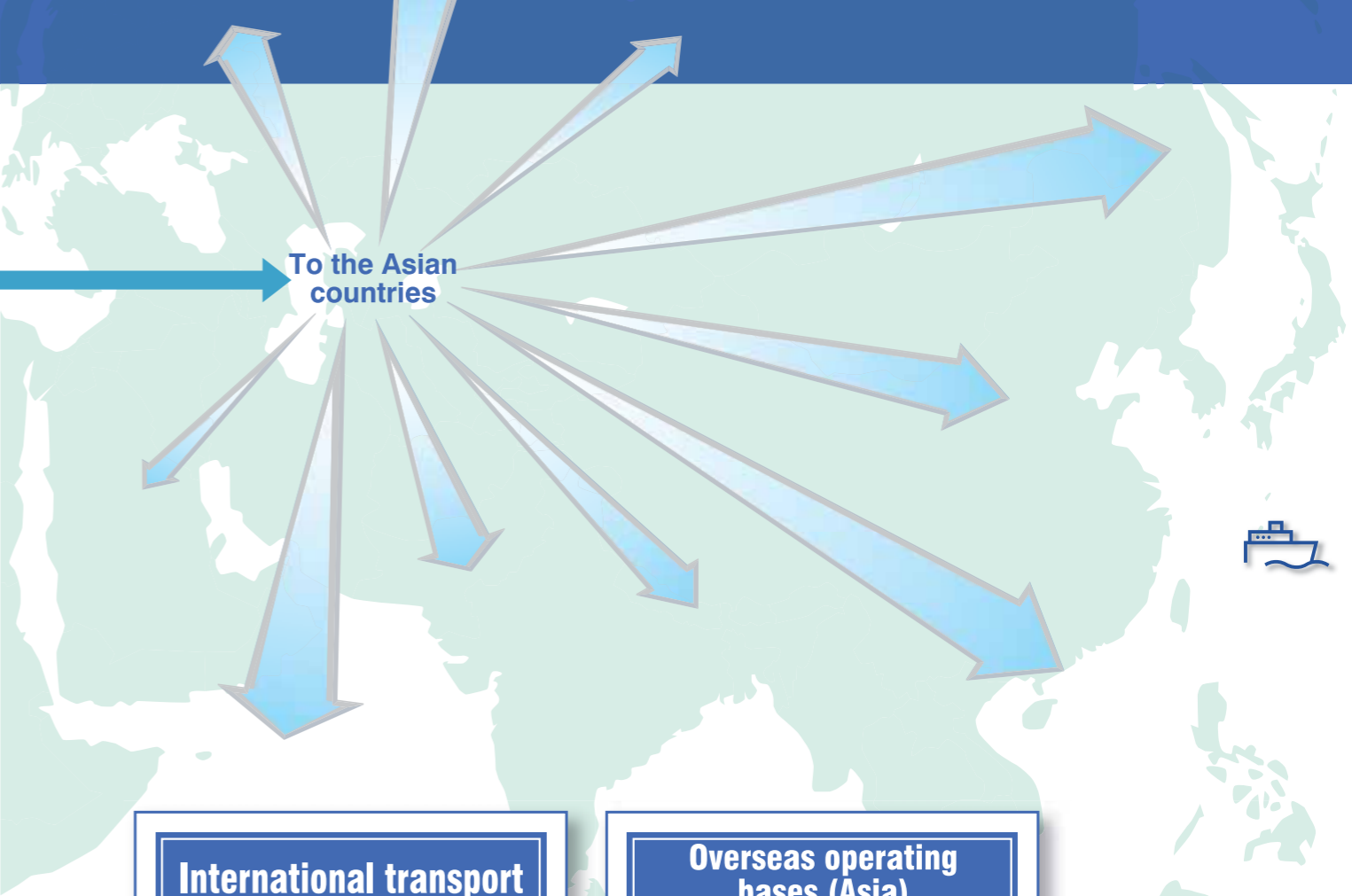


Next Field...



Utilizing all available resources of the **SGH** Group, we carefully transport each customer's parcels with 'Hikyaku no Kokoro' (the spirit of express messenger) but also state-of-the-art distribution systems.





~ Comprehensive functions of our group achieve "careful transport." ~



**Tracking of parcels**  
Sagawa Computer System operates a parcel tracking system in which all parcels can be located any time. The company is the think tank of our group in the information system area. →P11



**Ensuring safety through vehicle maintenance**  
Sagawa Galaxy Motors takes charge of maintenance of trucks that are indispensable for the transport business, as well as the fabrication of their bodies (truck beds). →P11

**Supporting customers with comprehensive services.**  
Sagawa Advance operates in the areas of insurance, facility management and personnel service, etc. and supports our customers' business operations with comprehensive services. →P11

**International transport**

**To the countries around the world**  
Through a global network with reliable partners around the world, we operate an international courier service and other international transport related businesses. Our international courier service 'sgx' provides door to door courier service in more than two hundred countries and regions all over the world. →P12



**Overseas operating bases (Asia)**

We are expanding our network of international group companies in China and other Asian countries whose economies are rapidly growing. The companies operate various businesses related to international courier and international transport. →P12



**Transport to countries around the world**

Sagawa Global Logistics handles international freighting and domestic air freighting, as well as customs clearance for international freight. The company enhances the solutions covering the entire spectrum of international physical distribution. →P10

**Delivery destination**

The parcel arrives at the delivery destination at the appointed time.



**Service center**

In busy commercial and business areas, we utilize small-scale local depots and refrain from the use of transport vehicles as an attempt to reduce the environmental load. →P32



**Processing credit-card transactions on the spot**  
Sagawa Financial makes it possible for the customer to "pay by credit-card at the front door." The company also handles the bank transfer of the payment collected by e-collect and credit-card transactions. →P10

# Domestic Business Structure of SG Holdings Group

Our domestic business structure around Sagawa Express ensures security and reliability for our customers.

## Business summaries of domestic group companies

### SAGAWA EXPRESS CO.,LTD.

Sagawa Express, the core company of SG Holdings Group, is enhancing and expanding its courier service business, as well as providing total solutions for physical distribution in liaison with other group companies. Its handling volume of parcels per day is usually 4.5 million and it exceeds 6 million at its busiest period but each and every parcel is transported swiftly, surely and carefully. Because the distribution business cannot avoid having a direct impact on the environment, Sagawa Express actively makes efforts on the preservation of our environment. Operating as a business with 'Hikyaku' in the modern world which carries parcels with its heart and soul, Sagawa Express will continue to provide optimal service that is to be appreciated by our customers, aiming to become the first choice of society.



### SAGAWA GLOBAL LOGISTICS CO.,LTD.

Sagawa Global Logistics supports our customers' business by means of the global logistics service, exploiting our domestic and international network. By flexibly combining accumulated know-how on logistics and our global network, the company improves and expands its solutions of domestic and international physical distribution through our business networks in Asia, the ASEAN region, North America and Europe.

Sagawa Global Logistics aims to answer the requests of all customers who consider logistics an important factor of their business strategies and to keep evolving with such customers to be able to contribute to them and all of society.



### SAGAWA MOVING CENTER CO.,LTD.

With 16 branches and 1,700 affiliates throughout Japan, Sagawa Moving Center takes on relocating transport services, arrangement of chartered transport vehicles and transport of special goods or art objects which are not the specialty of Sagawa Express, seven-days-a-week and around-the-clock. The company is honored by a recommendation as an excellent business firm for the handling of Electric Appliance Recycling Tickets. Sagawa Moving Center will make every effort to provide optimal service that is to be appreciated by our customers, through suggesting the best possible distribution framework for each customer's needs, such as the development of individually customized transport systems, for example.



### SAGAWA FINANCIAL CO.,LTD.

Sagawa Financial provides various financial services of which 'e-collect,' SG Holdings payment on delivery service, is the core.

The 'e-collect' service started in 2000 and has been well-received by the consumers, as it added options for payment, i.e. they could pay not only by cash but also by credit card or debit card. Coupled with expansion of mail order markets, the transaction volume of 'e-collect' has grown very steadily both in the number of transactions and the total amount of payment (the record of fiscal year 2007: 1,100 billion yen).

In addition, the company started an internet payment service to provide a comprehensive payment agency service including cash on delivery payment. With these services, Sagawa Financial is able to answer the payment collection needs of many e-commerce businesses, including mail order business operations which have already been using 'e-collect,' with the full range transaction services.



### SAGAWA ADVANCE CO.,LTD.

As a comprehensive service company in the SG Holdings Group, Sagawa Advance offers various services including insurance agency, travel agency, facility management, merchandise development and personnel service and delivers steady and strong results in every area.

In August 2007, the company founded a subsidiary company, SG Mobile Support Co., Ltd., which develops infrastructure of mobile communication base stations, in order to be ready for the rapid progress of IT in our society. In addition, the company commenced a mail order business, 'Cattocotto,' in April 2008 to answer the needs of all customers.

As the name 'Advance' (meaning moving forward or progress) says, Sagawa Advance will strive to meet the challenge of new markets and businesses with the spirit and corporate culture of enterprise.



### SAGAWA COMPUTER SYSTEM CO.,LTD.

Sagawa Computer Systems takes up the consulting, construction, operation and administration of information systems within SG Holdings Group, while it has also served as 'a think tank of information strategy' to provide customer-oriented systems and solutions with the correct understanding of customers needs and the managerial and strategic point of view. The company has a proven track record in all tasks involving the introduction of IT into various business systems from the planning to operation it utilizes the accumulated technologies and know-how to answer to each customer's need for improvement of business operations with IT. Sagawa Computer Systems will continue to provide practical solutions in a wide range of fields, beyond the field of distribution business, looking to fulfill our customer's satisfaction.



### SAGAWA GALAXY MOTORS CO.,LTD.

Sagawa Galaxy Motors operates a total vehicle business which includes the inspection and maintenance of vehicles owned by not only SG Holdings group companies but general users, the sales of new and second-hand cars and the fabrication of truck bodies, utilizing the broad experience and know-how of road vehicles to answer the needs of customers. The company's nationwide network constitutes 15 designated inspection factories, 6 certified maintenance factories and 2 body fabrication shops throughout Japan. As an example of the environmental activities of Sagawa Galaxy Motors in the vehicle business, the environment friendly truck body, ECO-body, was developed with the global environment in mind and more than 6,000 units in total have been put into service.



- SG Mobile Support Co., Ltd.
- SG Realty Co., Ltd.
- Nouvelle Golf Club Co., Ltd.
- Sagawa Forestry Co., Ltd.

#### Foundations

- Sagawa Foreign Students' Scholarship Foundation
- Sagawa International Economic Cooperation Foundation
- Sagawa Cancer Research Promotion Foundation
- Sagawa Art Museum Foundation

#### Auxiliary organizations

- SG Holdings Group Health Insurance Association
- SG Holdings Group Corporate Pension Fund

# Overseas Operating Bases of SG Holdings Group

In the dynamically changing Asia region, we apply the know-how accumulated in Japan to support the construction of physical distribution infrastructures in Asia region.

## International courier business between China and Japan

China is 26 times larger than Japan in land area. Our Chinese business partner, China Courier Service Corporation, has a pickup and delivery network throughout that vast country.

In December 2006, Sagawa Global Express (former name for Sagawa Global Logistics) concluded a business partnership agreement with China Courier Service Corporation

which is now the Chinese Postal Service-owned courier company, to strengthen our international courier service and started to handle the international courier business from China to Japan. At the same time, we are a trial courier service from Japan to China with the Sagawa brand name at several cities including Shanghai and steadily laying the groundwork for the service.



## SG Holdings group's overseas subsidiaries

<p><b>1</b> Tianjin Poly-Sagawa International Trading Co., Ltd.</p> <p>The main businesses are trading and forwarding*1. The company also operates warehousing business at its own bonded warehouse which mainly stores metal components and automobiles.</p>	<p><b>7</b> Sagawa Express International Taiwan Corp.</p> <p>The main businesses are shipping storage, marine transport and courier service. They also run a small-lot pick up and delivery service operation with their own trucks in the Taipei area.</p>	<p><b>11</b> Sagawa Global Logistics (Malaysia) Sdn. Bhd.</p> <p>The main business is forwarding. The company is run by local staff only and provides community-based services.</p>
<p><b>2</b> Shanghai Dazhong Sagawa Logistics Co., Ltd.</p> <p>The main business is the courier service in the city of Shanghai. Many of the parcels they handle are mail order goods so they also provide the payment for delivery service.</p>	<p><b>8</b> Sagawa Express Philippines, Inc.</p> <p>Comprehensive and integrated transport including delivery by trucks is their main business. The company has the ability to handle extremely heavy cargo, such as building materials for Japanese ODA activities.</p>	<p><b>12</b> Sagawa Express Singapore, Pte. Ltd.</p> <p>The main businesses are forwarding and courier service. Since October 2007, they have operated the pick up and delivery on their own.</p>
<p><b>3</b> Shanghai Poly-Sagawa Logistics Co., Ltd.</p> <p>The main businesses are courier*2, forwarding and 3PL*3 that is customized to each customer's needs.</p>	<p><b>9</b> Sagawa Express Vietnam</p> <p>The company provides integrated transport service from forwarding to delivery by trucks. They also have their own bonded warehouse and operate a distributive processing business.</p>	<p><b>13</b> PT. Sagawa Express Indonesia</p> <p>Along with forwarding as its main business, they also operate warehousing and courier service, etc., mainly for Japanese companies around Jakarta.</p>
<p><b>4</b> Poly-Sagawa Logistics Co., Ltd.</p> <p>The main businesses are forwarding and the distributive processing business. The company has operational branches at Beijing, Dalian, Tianjin, Qingdao and Guangzhou.</p> <p>(A) Poly-Sagawa Logistics Co., Ltd. Beijing Branch                  (B) Poly-Sagawa Logistics Co., Ltd. Dalian Branch                  (C) Poly-Sagawa Logistics Co., Ltd. Tianjin Branch                  (D) Poly-Sagawa Logistics Co., Ltd. Qingdao Branch                  (E) Poly-Sagawa Logistics Co., Ltd. Guangzhou Branch</p>	<p><b>10</b> Sagawa Express Thai Container Distribution Service Co., Ltd.</p> <p>The main businesses are storage and warehousing at the company-owned 21,000m<sup>2</sup> warehouse, forwarding and courier service.</p>	<p><b>14</b> Sagawa Express Hawaii, Inc.</p> <p>The main business is transport operation of souvenirs bought by Japanese tourists. (Sub-contracting to local companies under licensing agreement.)</p>
<p><b>5</b> Sagawa Express (H.K.) Co., Ltd.</p> <p>Along with forwarding as the core business, the company also operates warehouse logistics, transport, courier and relocation services.</p>	<p><b>6</b> Sagawa Express Korea Co., Ltd.</p> <p>The main business is domestic transport in Korea, covering all major cities. The company also operates courier and warehousing businesses.</p>	

\*1 Forwarding ... Agency operations of transport and customs clearance on the import and export relating to international businesses.  
 \*2 Courier (International courier) ... Swift pick up and delivery service mainly for documents or small parcels using air freight.  
 \*3 3PL ... An outsourcing service to undertake all physical distribution functions of the customer company.



# About SG Holdings Group

SG Holdings Group revised its Corporate Philosophy and Conduct Charter and established a Code of Ethics and Conduct to be observed by all affiliated companies of our group. The purpose of these rules is to formulate a structure to assure the correctness of our business operations and to rebuild our compliance system.

## SG Holdings Group's Corporate Philosophy

SG Holdings Group reaffirms 'Hikyaku no kokoro' (the spirit of express messenger) with which Sagawa Express started the business, and performs fair and free business activities with respect for human rights and compliance.

**'Hikyaku no Kokoro' means, with a motto of 'swiftly, surely and carefully,'**

- a strong commitment to the customer creed,
- serving the development of local society, and
- emphasizing responsibility and good faith.

## SG Holdings Group's Conduct Charter

— To obtain trust and understanding from society —

### (Provision for responsibility)

Management shall recognize that the implementation of the spirit of this Charter and setting an example by leadership is its task and thoroughly communicate it to all relevant parties, including the personnel of group companies. And management shall prepare an effective corporate governance structure to ensure business compliance. If any infringement on this Charter occurs, management shall publicly take the initiative in solving the problem and shall make every effort to determine the cause and to prevent similar incidents in future.

### (Joint declaration)

All board members and employees within SG Holdings Group act responsibly and have a united effort to practice the following principles:

### (Principles of conduct)

- 1 Considering the safety and the personal/customer information protection, we develop and provide the service and products that are useful at the social level to obtain trust and to give satisfaction to the consumers and customers.
- 2 As a good corporate citizen, we actively participate in social contributions.
- 3 In our international business operations, we respect the culture and practices of the countries involved, let alone the observation of international rules and legislation of such countries, and operate the business in a manner that can contribute to the development of the region.
- 4 Recognizing that environmental conservation is a common issue for all humanity and an essential requirement for a company to exist and operate, we actively and voluntarily take the necessary actions.
- 5 We perform fair, transparent and free competition and fair trade. Also we maintain sound and proper relationships with politicians and governments.
- 6 We confront, in a determined manner, antisocial forces and groups which threaten the order and safety of society.
- 7 We have communication with society as a whole, along with shareholders, and disclose our corporate information actively and properly.
- 8 Respecting the diversity of employees and their personalities, we ensure safe and good working environments to provide comfort and security.

## SG Holdings Group's Code of Ethics and Conduct:

We follow the Code of Ethics and Conduct which embodies SG Holdings Group's Conduct Charter.

- 1 We think and act according to the thorough customer creed.
- 2 We think and act to contribute to the development of local society.
- 3 We think and act fairly with responsibility and good faith.
- 4 We think and act to promote the growth of ourselves and colleagues and to create a better working environment.

## SG Holdings Group's unified slogan

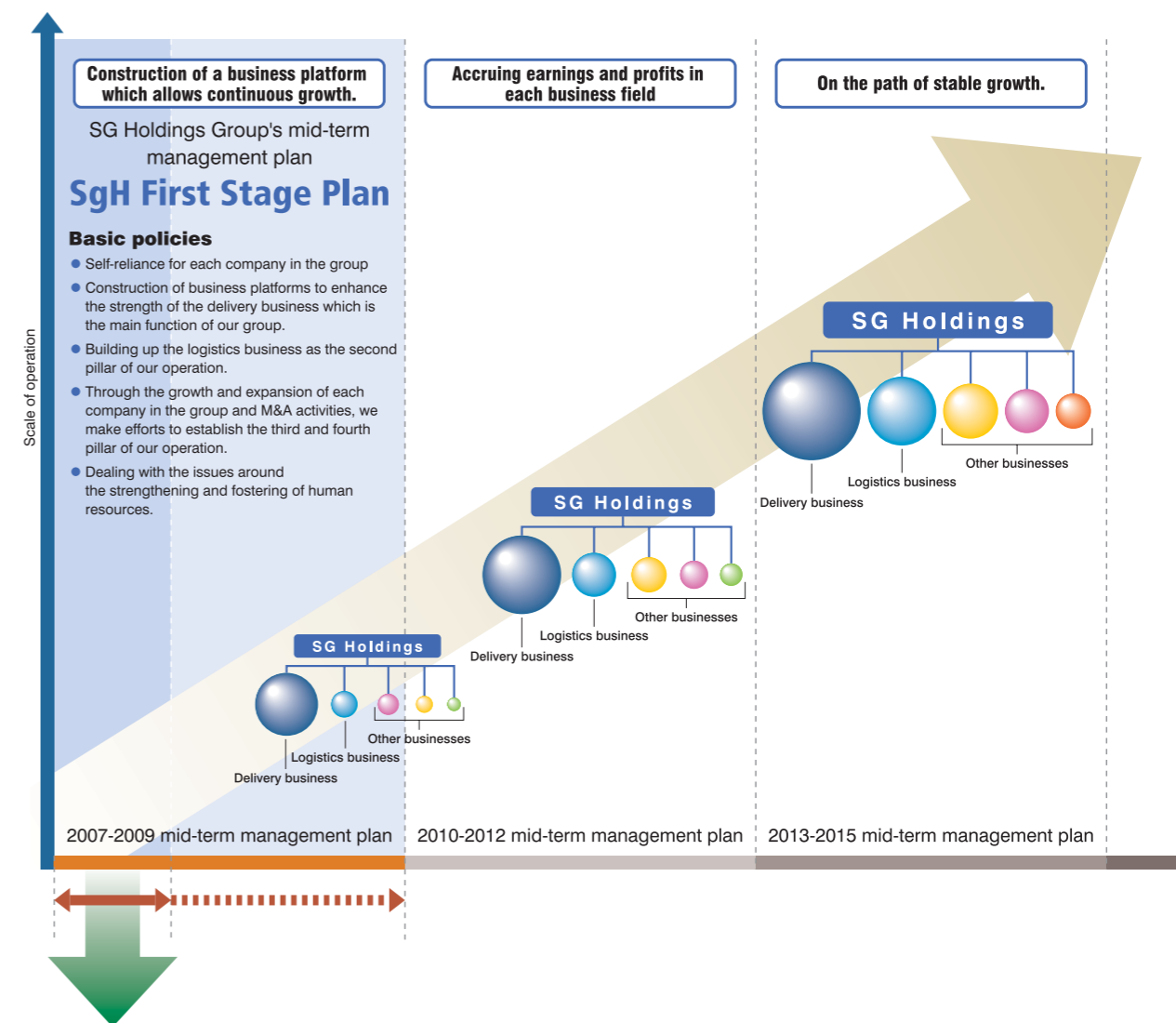
# Safety, Environment and Service

Improving all qualities to the global standard

## SG Holdings Group's management vision and mid-term management plan

Each group company constructs its business platform and creates new value.

Corresponding to the changes in customers' needs and market circumstances, we will continue to evolve and succeed in the very long term. To this end, we will try to create value and make efforts on establishing the second, third and fourth pillar of our business.



### Achievement of the first year of the mid-term management plan, SgH First Stage Plan.

- As for the operating revenue, it is developing well in each segment while enhancing the business platforms.
- It is progressing as planned, while aiming to accomplish the goals in the final year of the plan. The second pillar of the group's operation, the logistics business, is developing without difficulty. In the other businesses, we are actively breaking into new territories, looking to the future.

\*According to the settlement report in March 2008, earnings were 889.4 billion yen and the business profit was 36.4 billion yen.

# SG Holdings Group's CSR System

As part of CSR (Corporate Social Responsibility) activities, SG Holdings Group establishes our Conduct Charter and makes every effort to improve the CSR systems of all group companies.

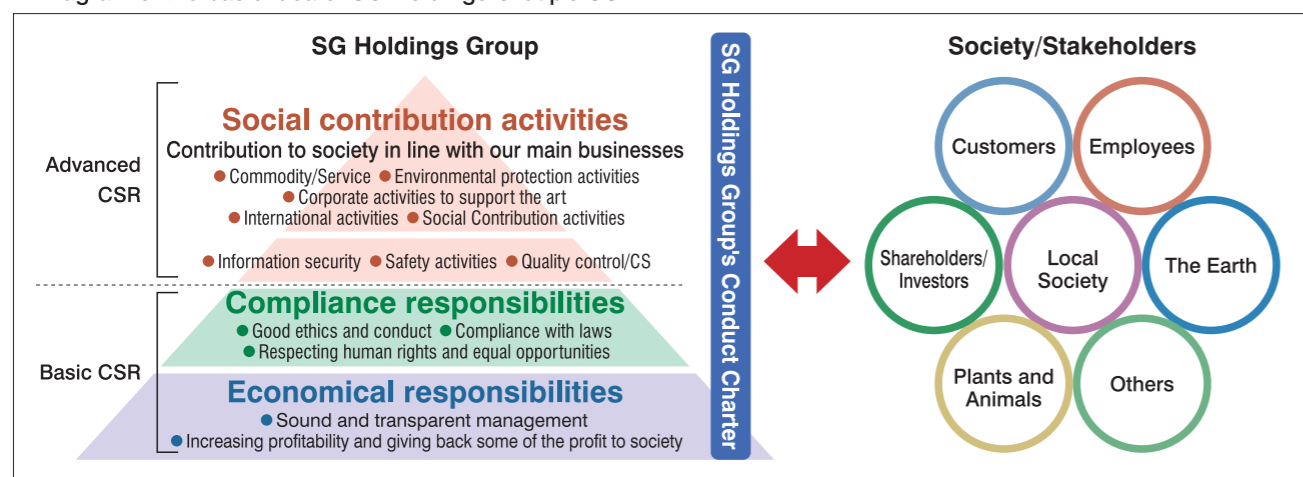
## Basic idea of CSR

Fulfilling CSR means the capability to adapt to the more sophisticated and diversified requirements and expectations from society the effort to obtain trust for our companies.

In our group's CSR concept, there are 2 levels: "Basic CSR" and "Advanced CSR". Basic CSR is the essential fac-

tors for continuing business operations, such as the compliance with laws. On top of this, Advanced CSR is in place to answer the emerging expectations and requirements from various societies and to contribute to them. Our CSR is supported by these two levels.

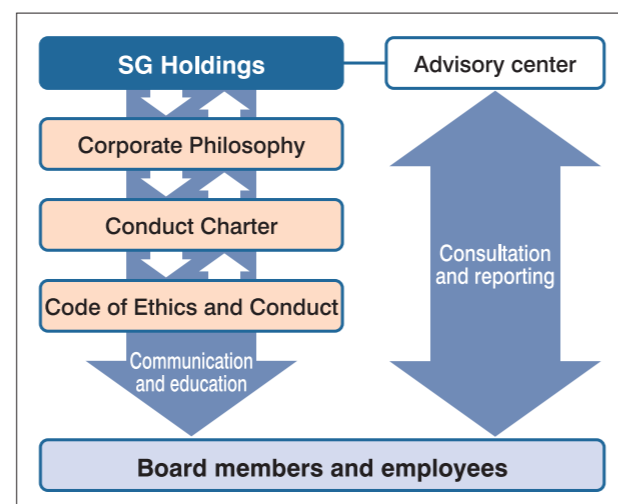
### Diagram of the basic idea of SG Holdings Group's CSR



## Promoting CSR / Effort on Improving our Ethics and Compliance Checking System

The purpose of the CSR Committee is to construct a checking system and promote continuous improvement activities with the purpose of putting SG Holdings Group's Conduct Charter in practice and reflecting on the management of the whole group. Starting in 2007, we have been trying to realize drastic improvement of Basic CSR. For this, we have unified Corporate Philosophy and Conduct Charter of our group and also established SG Holdings Group's Code of Ethics and Conduct. We will continue our efforts to develop an effective ethics and compliance checking system which is built by our daily business operations and the behavior of all members of our group.

### Outline of SG Holdings Group's Ethics and Compliance Checking System



## Basic policies of the internal control system (outline)

SG Holdings Co., Ltd. set up the following policies because it is essential to prevent misconduct and obtain credibility of the effectiveness and efficiency of operations, compliance with the laws and financial reporting, in order to meet our social responsibility as a company and to be trusted by stakeholders, including shareholders, in our group's overall business activities.

- |   |  |
|---|--|
| 1 Structure of business operations                                  | 6 Social responsibility                                |
| 2 Handling of information   | 7 Matters relating to business conduct                 |
| 3 Control in financial matters                                      | 8 Matters relating to audit                            |
| 4 Storage and control of information relating to business operation | 9 Reporting to auditors by board members and employees |
| 5 Risk control  | 10 Internal audit                                      |

## Aiming restore trust from society, we are strengthening our business compliance.

### Preventative measure against illegal use of temporary workers.

Sagawa Global Logistics Co., Ltd was involved in the illegal use of temporary workers.

#### Facts

In Shizuoka, Japan, Sagawa Global Logistics handled distributive processing commissioned by a customer, using temporary workers dispatched by an outside staffing company. Sagawa Global Logistics had proper agreements with all parties concerned and assigned its employee as supervisors on site. But it was found that those temporary workers were engaged in other work, such as the sorting of goods in warehouses, by direct orders from the customer without approval of our supervisor. For this infringement, Sagawa Global Logistics was issued a business improvement administrative order on worker dispatch by the Tokyo Labor Department in January 2008.

#### Action and preventative measures

Sagawa Global Logistics submitted an improvement plan to the Tokyo Labor Department and took swift action to correct the illegal situation. All companies within SG Holdings Group conducted investigations of actual conditions on our business operations using temporary workers from outside staffing companies and checked the contract details again. We will make every effort to prevent recurrence of the situation by strict supervision on the use of temporary workers and its legalities.

### Preventative measure against improper use of parking meters.

Sagawa Express Co., Ltd. was involved in improper use of parking meters.

#### Facts

Four employees of Sagawa Express improperly used parking meters on streets to park their truck over prolonged hours. In November 2007, Tokyo Metropolitan Police Department sent the case of those four employees to the public prosecutor's office for interference with Tokyo Traffic Safety Association.

#### Action and preventative measure

Sagawa Express conducted investigations on the use of parking meters for all operation branches and further strengthened the supervision and instruction to employees about the correct use of parking meters. We will make every effort to prevent a recurrence of such cases and take appropriate actions to the issues concerning parking of vehicles as a business firm using public roads for its operation.

SG Holdings Group gravely acknowledges these cases and avoids recurrence by further strengthening our compliance checking system.

# Safety Campaign Report

- Safety comes before anything else -

As a business firm that uses many trucks on the road, traffic safety is the top priority. Aiming to create a safe society, we have implemented policies to prevent traffic accidents and protect children and senior citizens from the risk of accidents.



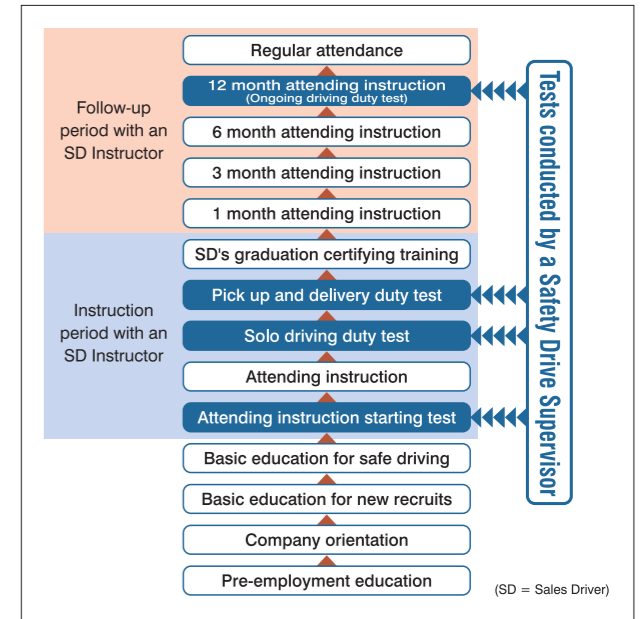
## Improvement of safety by the introduction of a license system

Aiming to educate our drivers to prevent traffic accidents, we have introduced Sagawa License System to certify the instructors. As for those relating to safety, there are two licenses; SD Instructor and Safety Drive Supervisor. SD Instructors are in charge of the education of new recruit drivers on a one-to-one basis. Safety Drive Supervisors certify the graduation from the education period of new recruits and the final test for returning to driving duties. At present, we have 7,501 certificated SD Instructors and 1,852 certificated Safety Drive Supervisors.

\* At the time of March 21, 2008.



### Education flow of new recruit drivers



## Improving safety through the driver contest

Since 1993, we have organized the Sagawa Express National Driver Contest in which sales drivers compete with each other in the fields of knowledge, daily inspection of vehicles and driving techniques that give consideration to safety and environment. The 15th meeting was held in June 2007 and 100 drivers all around Japan participated.

Also, 41 of our drivers took part in The 39th National Truck Driver Contest hosted by the Japan Trucking Association. The 11 ton division and the female driver division were won by our drivers, along with 11 other prize winners. The drivers who participated in these contests will be in charge of teaching their successors in matters such as certifying Sagawa Licenses.

### Prize winners of the National Truck Driver Contest

Division	Rank	Name	Branch	Representing region	Total score	Remarks
2 ton	3	Tsutomu Takaku	Tochigi	Tochigi	968	
	4	Shuichi Mizuno	Mitou	Aichi	966	
	5	Yasushi Someno	Tsukuba	Ibaraki	963	
4 ton	3	Yuichi Takagai	Ohmagari	Akita	965	
	4	Shigehisa Kimura	Moriyama	Shiga	953	
11 ton	1	Hiromitsu Sekikawa	Hachinohe	Aomori	955	Tokyo Metropolitan Police Department Minister's award
Female	1	Natsumi Yamazaki	Tokyo	Tokyo	946	Tokyo Metropolitan Police Department Minister's award
	2	Junko Okuyama	Yamagata	Yamagata	945	
	3	Mizue Yoshida	Sapporo	Hokkaido	936	
	4	Mami Shibuya	Minami-Satsuma	Kagoshima	928	
	5	Emiko Iwata	Osaka-Tsurumi	Osaka	918	
Japan Trucking Association President's Special Award		Yasuyuki Teramachi	Kyoto	Kyoto	—	

**Voice** Respectable win in the female division of National Truck Drivers Contest!

"As for the safety drive, I think there is no difference between men and women. I would like to make use of the experience obtained in this contest and to be in a position to work on the improvement of safety awareness with our colleagues."

Sagawa Express Tokyo branch  
**Natsumi Yamazaki**

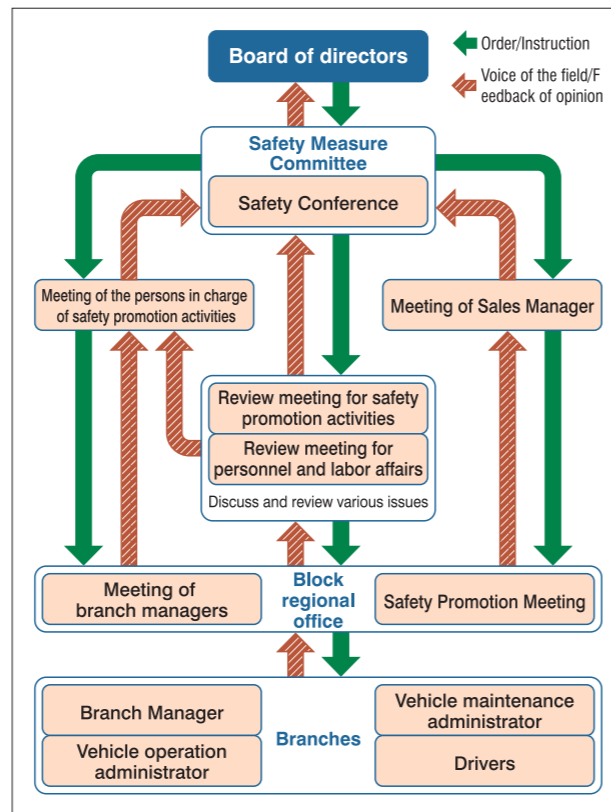


## Safety management organization

When the Trucking Transport Business Law was amended in October 2006, the transport safety management organization was institutionalized for the purpose of 'continuous improvement of safety.' Because assuring safety is the first priority in our business management, Sagawa Express established the Safety Measures Committee in which the President serves as the chairman, the Safety General Administrator and board members serve as vice-chairmen and the general managers of regional offices join as committee members.

The Safety Conference by Safety Measures Committee is held every month and the progress of safety activities and other subjects relating to the safety are discussed by top management. Review meetings by the persons in charge of safety promotion activities at branches are regularly held to review the new safety measures or improvement of them, reflecting their opinions in the field. We also assign safety promotion staff at every branch that is the base of truck drivers. Those staff members work on safety driving management through smooth communication and the arrangement of a good working environment for drivers.

### Diagram of the safety management organization



# Effort on Eco Safety Drive

Taking note of many parallels between safe driving and ecological awareness, we promote a unique driving method, Eco Safety Drive, which is safe and environment-friendly.

## Promoting Eco Safety Drive

Eco Safety Drive means an environment-friendly and safe driving practice which is achieved by avoiding sudden or abrupt acceleration and sudden braking. Sagawa Express orientates all our drivers to learn and practice Eco Safety Drive.

With the improvement of driving skills, such as smooth acceleration or smart gear shifting, as well as setting the upper

limit of engine speed, Eco Safety Drive leads to achievement in the aspects of safety, environment and business operation. Not to mention the effects on environmental protection, it is a good practice for boosting safety awareness and saving fuel costs. In order to establish the practice of Eco Safety Drive, we are working on the fostering instructors who master the required knowledge and skills.

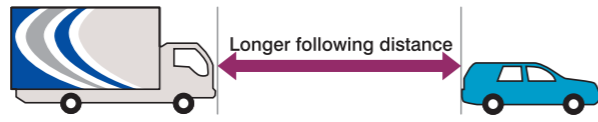


In 2007, Eco Safety Drive training courses were held 12 times and 286 drivers attended.

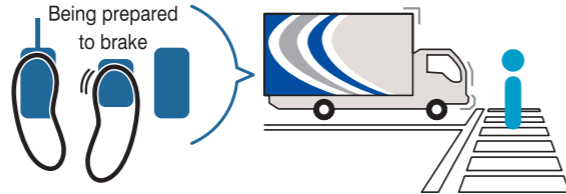
### Example of Eco Safety Drive

#### Practice of softer acceleration, 'e-start'.

The most important point in Eco Safety Drive is starting/acceleration. If all drivers make it a daily practice, a substantial effect on fuel saving, as well as the improvement of traffic safety, can be expected.



This naturally leads to a longer following distance when cars start moving, which allows reaction well in advance to avoid accidents.

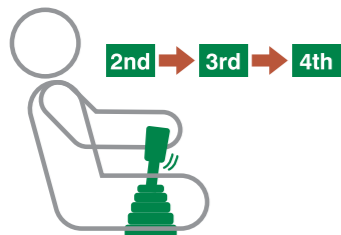


By always being prepared to brake in combination with 'e-start,' the vehicle can be stopped immediately in case of an emergency.

#### Early shift up

By shifting up earlier, the throttle opening in acceleration becomes smaller, which in turn leads to shorter braking distances\* and longer following distance in the accelerating situations naturally.

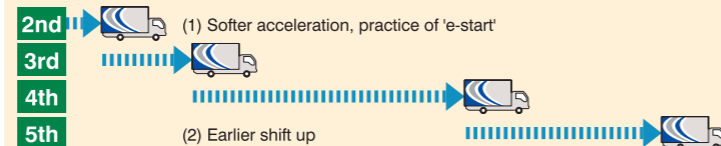
\*The distance required to stop the vehicle by applying brake.



#### Usual start that emphasizes acceleration



#### Gentle driving with fuel saving start/acceleration



## Contributes to the reduction of tailpipe emission with the Idling Stop campaign

Sagawa Express has campaigned for Idling Stop on all our vehicles since 1997. Idling Stop is actually a part of the Seven Points for Eco Safety Drive and drivers must stop engines by removing ignition keys when they leave the vehicles for pick up and delivery to customers, or when they load/unload the parcels at stations.

Idling Stop eliminates unnecessary consumption of fuel and contributes to the reduction of tailpipe emissions that contains CO<sub>2</sub>, NOx\*<sup>1</sup> and PM\*<sup>2</sup>. In our calculation, when all our vehicles implement Idling Stop for two hours a day, we can reduce CO<sub>2</sub> emissions by 24 thousands tons a year, as well as saving 1 billion yen in fuel costs. We also put bumperstickers on the back of our vehicles to share the benefits of Eco Safety Drive to other drivers.

\*<sup>1</sup> Nitrogen Oxide. Air contaminant which causes photochemical smog and acid rain.

\*<sup>2</sup> Particulate Matter. It is considered the cause of asthma and bronchitis.

### Seven Points for Eco Safety Drive

Seven Points for Eco Safety Drive is a list of the seven most important items in Eco Safety Drive. By including this in the employee's handbook and displaying the posters, we are working to enlighten all our employees.

We also utilize an educational video, a Practicing Manual of Seven Points for Eco Safety Drive, for training at each branch, as an attempt to spread the idea to all employees.



Using a key chain



Bumperstickers



Educational posters

## Training facilities

Sagawa Express possesses four practical training facilities complete with driving grounds in the Tohoku, Kanto, Chukyo and Shikoku areas for the purpose of thorough education and training of our drivers. For driving lessons, the training ground reproduces the actual city streets, including a blind intersection etc., to conduct effective education for assuring traffic safety.



Sagawa Express Toyohashi Training Center

### Voice

#### Cooperation for assuring safe vehicle operations

"I think that the National Driver Contest, which Sagawa Express has held for many years, is an admirable effort for the cultivation of traffic safety awareness also the environmental preservation through the eco drive."

"In 2008, we introduced a new aptitude test system, NASVA Net, which can be accessed via the internet and consulted in spare moments during work. We hope the use of this system will be helpful for Sagawa Express's further efforts in assuring safe vehicle operations."

National Agency for  
Automotive Safety & Victims' Aid  
Head of Safety Instruction Department  
Akira Kasahara

# Effort on Safety by Vehicle Management

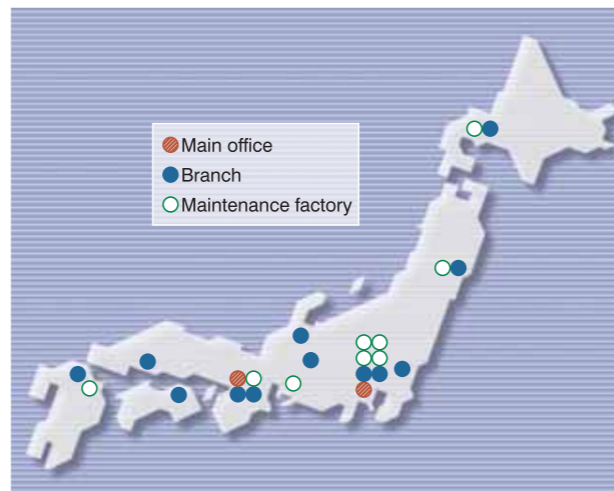
To prevent defects in vehicles, which can lead to traffic accidents, we make every effort for safety through a reliable vehicle management system.

## By performing rigorous vehicle inspections and maintenance, we are working to reduce traffic accidents.

By performing rigorous inspection and maintenance of all commercial vehicles owned by SG Holdings Group, accidents caused by improper maintenance can be prevented. Good maintenance and strict inspection also leads to the reduction of environmental load.

In addition to daily inspections conducted by the drivers before operation, all vehicles undergo 3 month inspections and 12 month inspections, according to the vehicle maintenance plan. Sagawa Galaxy Motors, which takes on the vehicle maintenance work in our group, and its subcontracting service garages, perform the service for more than 20 thousands vehicles in total and make every effort to eliminate accidents caused by improper maintenance, through standardized inspections and maintenance.

### Vehicle Servicing Network of Sagawa Galaxy Motors



## To prevent traffic accidents, Drive Recorders have been introduced.

Sagawa Express has introduced Drive Recorders (a driving recording device), in order to make more effective safety driving instruction. The Drive Recorder detects heavy braking or other dangerous motions of the vehicle while running and records video pictures before and after operation in addition to the capability to record the images taken by its camera every minute. Through the introduction of the Drive Recorders, we are now able to know the individual driving traits of each driver, which is useful for objective evaluations of their driving, as well as appreciating the driving of exemplary drivers.

### Utilizing "Hiyari-Hatto" (frightened/surprised by an incident) experiences for safety education

The video pictures of "Hiyari-Hatto" experiences during actual driving are utilized for the driver education. With those video pictures, drivers can share the visual experiences as useful reference to be discussed together from the safety measure point of view.

### Driving diagnosis that leads to safe driving

Drive Recorder diagnoses the driving traits of the driver from five aspects and evaluates the driver with a point system. This evaluation allows us to know the driver's actual driving behavior and weak points, which is helpful for accurate instruction designed to overcome the driver's shortcomings. Because of the point system, drivers are actively working on the improvement of their safety drive to make higher scores.



"Hiyari-Hatto" video recorded by Drive Recorder



Driving diagnosis result chart

## Ensuring safety of arterial transport

Sagawa Express makes various efforts to ensure the safety of arterial transport and to raise the morale of drivers, including those belonging to subcontracting companies.

### Nationwide Simultaneous Safety Patrol for Arterial Transport

For the purpose of preventing accidents involving long distance arterial transport drivers and vehicle malfunctions, we conduct Sagawa Express Nationwide Simultaneous Safety Patrol for Arterial Transport every year.

In the safety patrol held on April 6-7, 2007, as many as 789 vehicle operation administrators and service managers, not only from Sagawa Express but those from subcontracting companies bearing our arterial transport, checked the physical conditions of the drivers and encouraged safety driving at 44 locations, including the service areas and parking areas of the expressways all around the country and at a number of our branches.

Along with performing vehicle inspections according to the daily inspection standard, the participants concluded the patrol with clean up activities as part of our environment preservation activities, as thanks for making daily use of those facilities.



The poster announcing safety patrol



A scene in the patrol

### Safety Seminar for the Arterial Transport Subcontracting Companies

For the management of our arterial transport subcontracting companies, a seminar titled as 'The Safety Measures in arterial Transport' was held and lecturers from the Ministry of Land, Infrastructure, Transport and Tourism, the National Police Agency and the National Agency for Automotive Safety & Victims' Aid were invited to give speeches. Approximately 300 participants earnestly learned about the various efforts on safety and exchanged their opinions.



### Nationwide Simultaneous Terminal Inspection for Arterial Transport

For the purpose of raising driver's awareness for safety, we conduct Sagawa Express Nationwide Simultaneous Terminal Inspection for Arterial Transport every six months to encourage the arterial transport drivers dispatched to our branches or hub centers, as well as making daily inspections of the vehicles. At all bases of Sagawa Express, the branch managers and administrators, including those from subcontracting companies, conduct vehicle inspection before departure, using specially prepared check sheets.



The poster announcing terminal inspection



A scene in the inspection

### Results of the Nationwide Simultaneous Safety Patrol for Arterial Transport (2007)

Date	Total number of inspected vehicles	Number of defects found	Number of participating inspection staff
April 4-7, 2007	3,508	13	789

### Result of Nationwide Simultaneous Terminal Inspection for Arterial Transport (2007)

Date	Total number of inspected vehicles	Number of defects found
July 9, 2007	5,381	195
January 15, 2008	5,415	141

## Voice What I always keep in mind as a vehicle servicing staff member

"It is totally unacceptable that we, automobile mechanics, overlook a malfunction or make a mistake in service work because it could directly lead to an accident. Recognizing the importance of my duty and the great responsibility I have, I commit myself to perform thorough inspections and maintenance work to eliminate the possibility of accidents caused by poor maintenance."

Sagawa Galaxy Motors Sapporo branch  
Inspector Kenji Furuya  
(A first grade certified automobile mechanic)



# Looking to a Safe Society

To realize safe and secure traffic circumstances for everyone, we are working on various activities in concert with local communities.

## Sagawa Express Traffic Safety School preserves the smiles of children

Since 2003, Sagawa Express Traffic Safety Schools for early elementary school children have been held at Sagawa Express's regional offices and branches all over Japan.

Young children are in the process of physical and mental development. Because of this, they have strong curiosity but sometimes lack attention to their circumstances, which can cause unexpected behavior on the streets. Also they don't know much about the traffic rules. With the strongest wish to protect children with bright futures from tragic accidents, in 2007, we visited 769 schools all over the country and 121,660 children participated.

Female employees play leading roles in the operation of the school. Known as "Traffic Safety girls," their lessons respecting the child's point of view are highly appreciated by educational institutions, PTAs and Police Departments.

The drivers also actively take part in the schools to reaffirm their safety awareness through contact with children. In 2007, 2,066 drivers participated in this program and learned a lot in a joyful day spent with children.



### The gift from children

Sagawa Express Amagasaki branch hosted Sagawa Express Traffic Safety School and 71 children from the third grade in an elementary school participated and learned about the blind spots of cars and the safety hazards around them, as it is one of major causes of traffic accidents.

A few days later, the Amagasaki branch received the children's report on what they learned in the school. The honest and lovely messages really incited all the staff to raise their safety awareness and commit to safe driving to further prevent traffic accidents.



The lovely messages heard from the children

### Voice What I learned from the Traffic Safety School

"The Traffic Safety School is a sobering experience for me and I learned a lot. Every time I see the smiles of children, I strongly feel that preserving these lovely smiles is our duty. Even very young children listen to me in earnest, which is to my joy, but it makes me feel that we always have to be a good model for them, with a bit of reflection on my own conduct."

"I think it is my duty to share the value of human life and the importance of traffic safety to the children's future."

SSagawa Express Kyusyu regional office  
Safety Promotion Sectionh  
Seiko Shiraishi



## Traffic Safety School for senior citizens

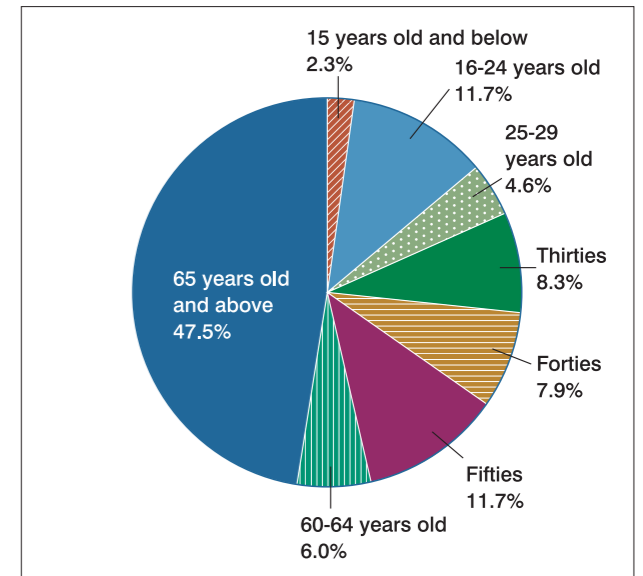
According to a report by the National Police Agency, nearly half (47.5%) of 5,744 people killed in traffic accidents in 2007 were senior citizens aged 65 years and above. The number of aged people killed in traffic accidents has been steadily increasing since 1975, while that number is decreasing in other age-groups.

In addition to the Traffic Safety School for young children, Sagawa Express also hosts the same kind of school tailored to senior citizens in various regions.



Traffic Safety School for senior citizens

### Component rate of the victims of each age group (2007) (Source: National Police Agency)



## Branches' efforts on safety

As an achievement award regarding safety, Sagawa Express set up the Continuous Accident Free Award scheme for our branches. 'Continuous accident free' is calculated by the number of vehicles that belong to the branch multiplied by the continuous days without accidents so that all employees at the branch have to make concerted efforts on safety driving. Through such efforts, Kobe branch achieved 150 thousand continuous accident free days on March 6, 2008.

The Kobe branch also conducts the unique Mileage Improvement Campaign. As part of Eco Safety Drive, small groups in the branch contend their fuel consumption rate with each other, which resulted in higher safety awareness,

such as the reduction of abrupt acceleration and heavy braking or the practice of keeping a safe following distance, as well as other efforts on Eco Safety Drive by all drivers.



Sagawa Express Kobe branch

## The Assessment Audit for Transport Safety Management by the MLIT

The Assessment Audit for Transport Safety Management by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) was conducted on October 30-31, 2007. After the audit, we received high evaluation marks in the aspects of 'a system for tracking, verification and review of fulfillment of important measures and policies for safety' and 'implementation of well-planned and systematic education and construction of a reviewing system based on the result.'

We will continue to work on the improvement of safety awareness and further promote our efforts.

## Certified as a Business Institution of Excellence in Safety

Sagawa Express and Sagawa Moving Center were certified by MLIT as Business Institutions of Excellence in Safety for their 321 business bases in 2007. The purpose of this certification scheme is raising safety awareness in the whole transport industry and making it possible for consumers to choose the best companies in terms of safety.

We will continue to make efforts to be selected by outside sources as the best business group.



# Environmental Campaign Report

- For beautiful skies -

"We wish to preserve the beautiful skies of the earth."  
Operating trucks has a substantial impact on the environment. We will make every effort in various areas, including global warming which is a major issue for everyone around the world, combining measures in both hardware (physical measures) and software (education/enlightenment).



## Environmental Campaign Report

# Efforts Against Global Warming

As a total distribution company which uses trucks for its business operations, we think that the impact on 'atmosphere' is an overriding issue and make every effort with activities against global warming and air pollution.

## Participation in Climate Savers Program

Climate Savers Program is an effort to reduce the greenhouse effect, initiated by the world's biggest nature conservation group in the private sector, the WWF (World Wildlife Fund), in collaboration with the most advanced companies in the field of environmental operations around the world. The particularities of this program are that firstly, the companies set the reduction targets through dialogue with the WWF and secondly a third party organization conducts the verification process. This gives transparency and credibility to the participating companies.

As a condition to join this program, the companies are required to set the reduction targets that exceed their current plan and, in principle, the targets must be set in the absolute quantities (gross emission), not in the basic units that indicate the amount of emissions per production quantities

or sales volume. This means that the quality of the program is extremely high and that strong leadership is required for participating companies.

At the time of March 2008, only 15 companies are taking part in this program in the entire world. Sagawa Express is the first Japanese company and the only distribution company in the world to join the program.



Participating as the first Japanese company

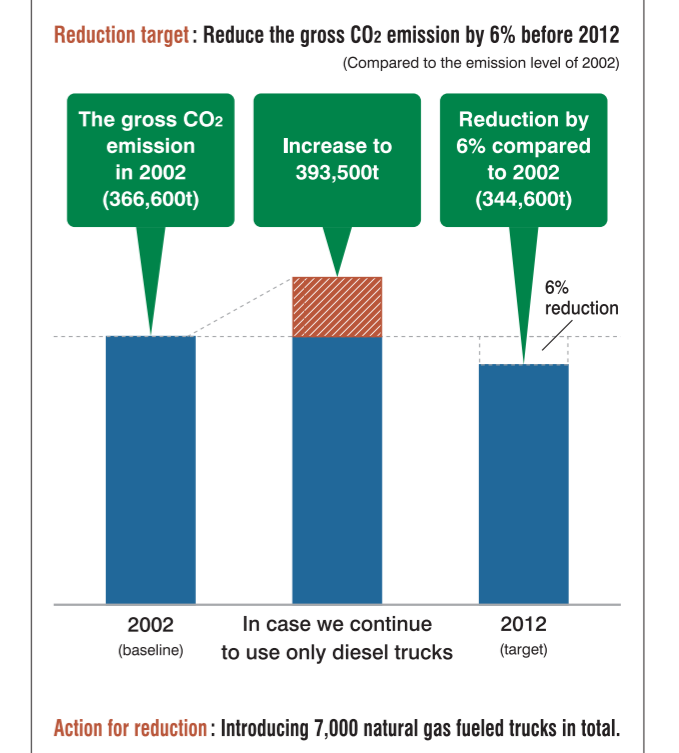
## The Target of Sagawa Express

Sagawa Express sealed the Climate Savers Program in May 2003 and started the effort in collaboration with the WWF. The target we stated was the reduction of gross CO<sub>2</sub> emission by 6% (compared to fiscal year 2002) before 2012.

Providing that our business performance continues to grow until 2012 and we don't take any environmental measures, our CO<sub>2</sub> emissions will increase to approx. 390 thousands tons compared to approx. 360 thousands tons in 2002. To cut down the CO<sub>2</sub> emission to approx. 340 thousands tons in 2012, which means a 6% reduction, we have drawn up a plan to introduce 7,000 natural gas fueled trucks. Although our target is a 6% reduction, we will need to achieve approx. a 14% reduction, considering the increase of emissions due to the growth in business performance.

The target was laid down in the absolute quantity which means the gross CO<sub>2</sub> emissions of the entire company, based on the usage of fuel and electric power consumed in our business operations. It is a very rigorous target because the increase of CO<sub>2</sub> emissions won't be allowed even if we manage to expand our business in the future.

## Reduction target and action



## Environmental Philosophy and Environmental Policies

### Environmental Philosophy

As a good corporate citizen, Sagawa Express establishes independent and continuous basic policies for environmental conservation. While trying to harmoniously coexist with society and nature, we will make efforts to solve global environmental issues and contribute to the development of local communities.

### Environmental Policies

- 1 To restrain global warming and air pollution by tailpipe emissions, we will try to make continuous improvement in environmental conservation, through promoting the streamlining of transport, the introduction of low-emission vehicles and the practice of Eco Drive.
- 2 Promoting natural resource saving, energy saving and 3R, we will make improvement, planning and suggestions for the effort on the structuring of a recycling-oriented society.
- 3 We will observe environment related regulations, ordinances, agreements and other requirements and try to reduce environmental load and to prevent pollution.
- 4 Through the environmental education and enlightening activities, we will communicate these policies to all employees and promote environmental activities.
- 5 We will try to make continuous improvement in the environmental management system, by setting the environmental designs and goals and regularly reviewing them.

"I would like to become a helpful sales driver when my customer is in trouble."

Sagawa Express Akita branch Tomoya Sato



## Progress of the Climate Savers Program

Sagawa Express made various efforts, including the introduction of natural gas fueled vehicles, for the five years (from 2003 to 2007), using the gross CO<sub>2</sub> emissions in 2002 as a reference point. Last year, we managed to reduce around 100 thousands tons of CO<sub>2</sub> emissions compared to that of the reference year, which was certainly a result of our efforts.

However, the gross CO<sub>2</sub> emissions in 2007 were 399,300 tons and exceeded the amount in the reference year by 32,600 tons.

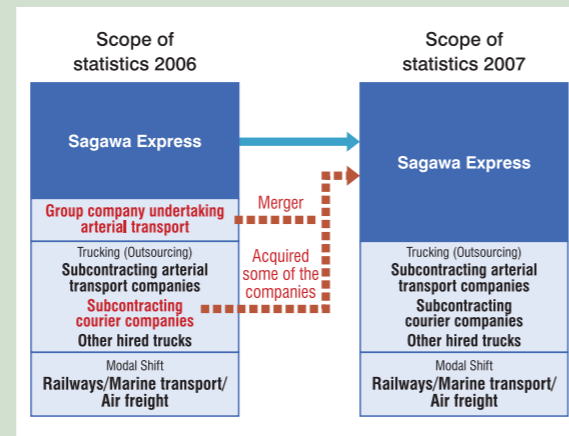
### Progress of CO<sub>2</sub> emission (unit:t-CO<sub>2</sub>)

	Diesel oil	Gasoline (including Premium gasoline)	Natural gas	Electric power	Total
2002	244,552	18,780	5,810	97,477	366,619
2006	207,515	25,893	24,300	98,407	356,116
2007	238,886	30,808	28,261	101,307	399,262
Changes (07-02)	▲ 5,666	12,028	22,451	3,830	32,643
Ratio (07-02)	97.68%	164.05%	486.42%	103.93%	108.90%

\* The reference point (the baseline) is the amount in 2002 when we started to work on Climate Savers Program.  
 \* Scope of statistics: The baseline in 2002 was calculated from statistics that included the electric power consumed by our group companies and tenants located in Sagawa Express's facilities and the fuels sold to outside parties. Since 2004, the scope of statistics was narrowed down to only the business operations of Sagawa Express which is a participant in the program and, for the purpose of comparison with the baseline, an equivalent amount to the CO<sub>2</sub> emission from the electric power consumed by our group companies and tenants located in Sagawa Express's facilities and the fuels sold to outside parties (10,435t-CO<sub>2</sub>) was added.  
 \* Standard of statistics: The Agreement on Climate Savers and the 2007 Environmental Accounting Manual.  
 \* CO<sub>2</sub> emissions coefficient: The coefficient according to Enforcement Order on the Promotion of Measures against Global Warming (Ministry of the Environment, December 19, 2002).

### Reason for the increase of CO<sub>2</sub> emissions

As part of the subcontracted arterial transport and courier operations were merged in Sagawa Express, the emissions of those former external companies, which was out of scope in statistics, were included in Sagawa Express's emissions in 2007.



■ The scope of statistics for Climate Savers Program

As a result, CO<sub>2</sub> emissions in 2007 substantially increased by including the emissions of 43,791t (estimate) which was out of scope before but it is presumed that we could have reduced emissions by 3.04% compared to the baseline in 2002, provided that the scope of statistics were the same as the previous year.

## Introduction plan and history of natural gas fueled vehicles

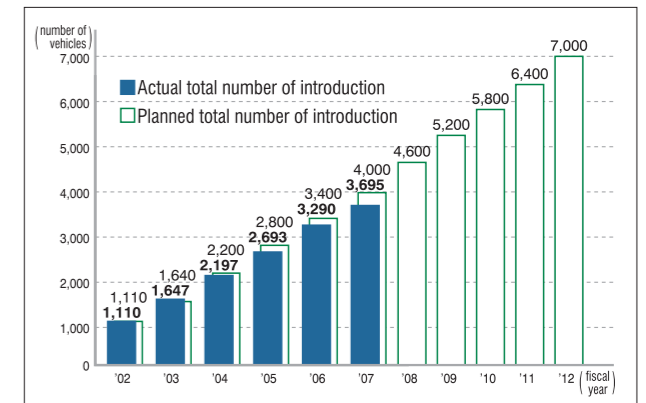
We have introduced 3,695 natural gas fueled vehicles in total at the time of March 2008. This figure equals 24% of the total number of operating natural gas fueled trucks in Japan and we are the largest private user in the country. We also set up 7 natural gas filling stations of our own.

As the infrastructure building isn't adequate yet in view of introducing more and more natural gas fueled vehicles in the future, Sagawa Express is preparing to set up 20 additional private gas filling stations within fiscal year 2008.



Natural gas fueled vehicles

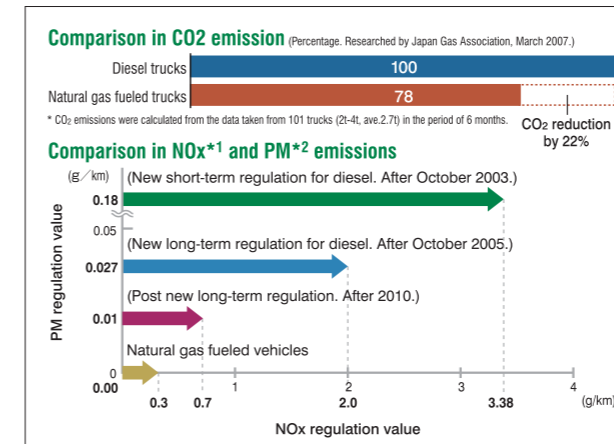
### Introduction plan and history (March 2008)



## Environment-friendly natural gas fueled vehicles

Natural gas fueled vehicles use natural gas (utility gas) as fuel and emit less CO<sub>2</sub> and NO<sub>x</sub>\*<sup>1</sup> compared to conventional diesel engine vehicles and no PM\*<sup>2</sup> at all.

### Comparison of tailpipe emissions (between diesel and natural gas fueled vehicle)



\*<sup>1</sup> Nitrogen Oxide. Air contaminant which causes photochemical smog and acid rain.  
 \*<sup>2</sup> Particulate Matter. It is considered the cause of asthma and bronchitis.

## Start to use bio fuels

For the purpose of reducing CO<sub>2</sub> emission from delivery vehicles, we use bio gas. We have also started to use bio gasoline for light motor trucks.

The bio gas is made from the digestion gas\* which is naturally generated in the process of sewage treatment. Bio gasoline is a gasoline based fuel with which bio-ethanol made from plants is blended. These next generation fuels have attracted much attention because both of them can reduce CO<sub>2</sub> emission in the process of generation.

We are prepared to widely adopt these bio fuels when they become more popular in the market.

\* The gas generated in the process of sewage purification, containing approximately 60% methane gas.



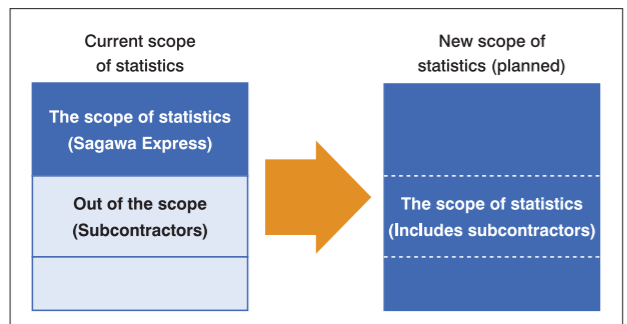
Experimental facility

Bio gas station

## Challenge of a new target

Because the scope of statistics was enlarged in 2007 and now it is very different from the original scope on which our original target was based, and considering the fact that our Climate Savers Program reached its mid-point on the way to the completion of the program at the end of fiscal year 2007, we will review the scope of statistics (together with baseline) and the target setting in 2008.

Unlike the previous scope of statistics that included only the main body of Sagawa Express, we are establishing a plan to expand the scope to include the outsourcing part of business. This means we are working on the environmental measures within the scope that is equal to the scope of responsibility in our transport business from the pick up to delivery.



### Topic

## The state minister of environment observed Sagawa Express's environmental preservation activities

In May 2008, Ichiro Kamoshita, the state minister of environment, visited us to observe our environmental preservation activities. The purpose of the visit was to learn about the environmental preservation activities, including the measures against global warming, made by various industries in light of the first commitment period of Kyoto Protocol

In this visit, the minister observed our natural gas fueled vehicles and a private gas filling station which we introduced, as well as our mail center, and Sagawa Express's efforts were highly appreciated by the minister.




Performing natural gas filling procedures in the presence of the minister.

### Topic

## Sagawa Express signed the 'Tokyo Declaration' at the Climate Savers Summit 2008 in Tokyo to stand up against climate change

On February 15, 2008, the representatives of twelve companies that participate in the Climate Savers Program, including Sagawa Express, gathered in Tokyo from around the world and jointly issued 'Tokyo Declaration' to stand up against global climate change.

The declaration signed at Climate Savers Summit 2008 in Tokyo strongly emphasizes two points. Firstly, 'to avoid the critical situation caused by climate change, we must reduce the emission of greenhouse effect gas by more than 50% before 2050.' Secondly, 'to suppress temperature rise less than 2°C, the emission of greenhouse effect gas must peak within 10-15 years and rapidly decrease after that.'



Presentation of progress

Sagawa Express joined signers of the Tokyo Declaration





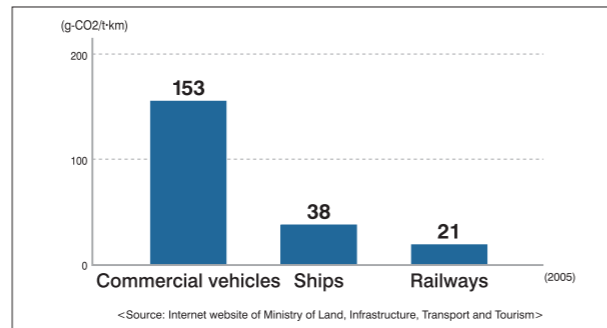
# Environmental Measures by Improving Transport Efficiency

Aiming for transport that generates less environmental load, we are working on reducing the environmental load by shifting from trucks or reducing travel by improving transport efficiency.

## CO<sub>2</sub> reduction effect of Modal Shift

Modal Shift means using alternative means of freighting from trucks to railways or marine transport that generate less environmental load. For example, it is said that when transporting a freight of 1t for 1km, the amount of CO<sub>2</sub> emission from a truck is eight times more than that of railways and four times more than that of marine transport. The railways and marine transport can save energy by transporting a large amount of freight at one time, hence improving transport efficiency.

● CO<sub>2</sub> emission basic units of various transport means



## Modal Shift through Super Rail Cargo

Sagawa Express promotes Modal Shift by using means of transport other than trucks, such as railways or marine transport of which environmental loads are smaller than that of trucks, or combining these multiple means. Especially on the busy (hence generating heavy environmental load) Tokyo-Osaka line, which is known as the main artery of Japan, now Super Rail Cargo covers approx. 10% of total amount of freight.

Super Rail Cargo was a result of a demonstration experiment conducted by the Ministry of Land, Infrastructure, Transport and Tourism. Sagawa Express developed the freight car in cooperation with JR Freight and charters all trains to transport courier parcels. The 16 car train, carrying 28 31ft-containers, run between Tokyo and Osaka in 6 hours and make a round-trip everyday. Its load capacity is equal to 56 10t-trucks in one round trip.

By utilizing Super Rail Cargo, the CO<sub>2</sub> emissions from heavy trucks are substantially reduced, which has a direct impact on lowering environmental load.



Fully loaded Super Rail Cargo arrives at the station early in the morning



The freight is transferred from Super Rail Cargo to trucks



After only 30 minutes, all containers are transferred to trucks

## Further spread of Modal Shift

Other than Super Rail Cargo, we are making use of railways and marine transport as much as possible and promoting the reduction of truck transport. This allows us to reduce environmental load, as well as lowering the risk of traffic accidents and sorting out labor difficulties caused by long distance drives. Generally, our effort on Modal Shift significantly paid off in 2007.

● Effect of Modal Shift (2007)

	Reduction of truck transport (in number of 10t trucks)	Reduction of CO <sub>2</sub> emissions (t-CO <sub>2</sub> )
Super Rail Cargo	16,183	12,698
Railways (other than Super Rail Cargo)	27,020	47,534
Marine (Ferries)	36,475	18,377
<b>Total</b>	<b>79,678</b>	<b>78,609</b>

\* Source: Calculation according to 'Carbon Dioxide Emission Basic Unit of Freight Transport' (2001) by Ministry of Land, Infrastructure, Transport and Tourism.  
\* The amounts of reduction listed above are the calculated value of environmental load that would be generated by trucks assuming that we hadn't used Modal Shift. Therefore, these aren't the actual amount of reduction in 2007.

## Sagawa Ryutsuu Center lowers environmental load by consolidated management

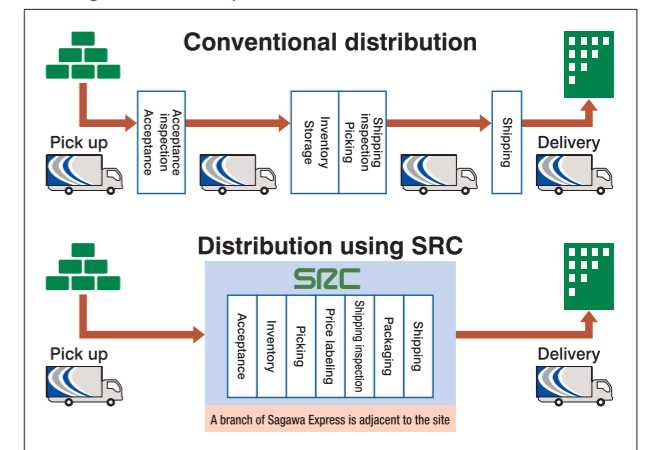
Sagawa Ryutsuu (stands for distribution) Center (SRC), operated by Sagawa Global Logistics, provides total support from distributive processing, which means undertaking the acceptance, storage, inspection and price labeling on behalf of the customer, to shipping of goods.

As we promote a thorough streamlining by consolidated management, the customers will benefit from a simplified work flow around the distribution and a lower cost by using SRC.

From the environmental point of view, it leads to the reduction of environmental load through eliminating unnecessary transport.

As of March 2008, Sagawa Global Logistics makes full use of 29 SRCs and 27 business offices and contributes to the reduction of our customer's CO<sub>2</sub> emissions.

● Diagram of transport flow at SRC



Facility of a SRC



Commodity management



Inventory management

### Voice

Using SRC 'leads to reduction of CO<sub>2</sub> emission.'

"At the SRC that we are operating, the distribution center function that takes on the storage of the goods and the distributive processing are integrated with a delivery terminal of Sagawa Express which has the transport function on its nationwide network. Because of this, the SRC is 'a distribution facility with a dispatcher.' Compared to a conventional distribution facility, there is no 'sideways transport' for acceptance or shipping of goods at SRC. This contributes to the reduction of CO<sub>2</sub> emissions.

"We are also actively working on environmental conservation at the SRC, together with our customers, through strict separate collection of waste generated from business operations, promotion of recycling which is obvious and offering the packaging materials made from eco-material."

**Sagawa Global Logistics Logistics Business Head Office Head of Business Development Department**  
**Seigo Yamaoka**



# Effective Utilization of Resources

We are making efforts to lower environmental load through manufacturing the products from waste and utilizing natural energy for business operations.

## The adoption and promotion of ECO-body

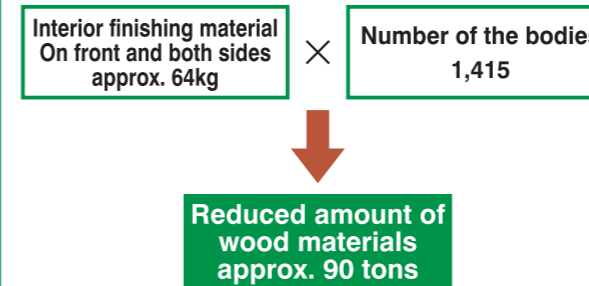
Sagawa Galaxy Motors appeals to prevailing ECO-bodies that are designed to be environment-friendly and provide better working circumstances on loading platforms for drivers.

In 2007, the company built 1,415 units and the cumulative number of bodies built exceeded 6,000 units.

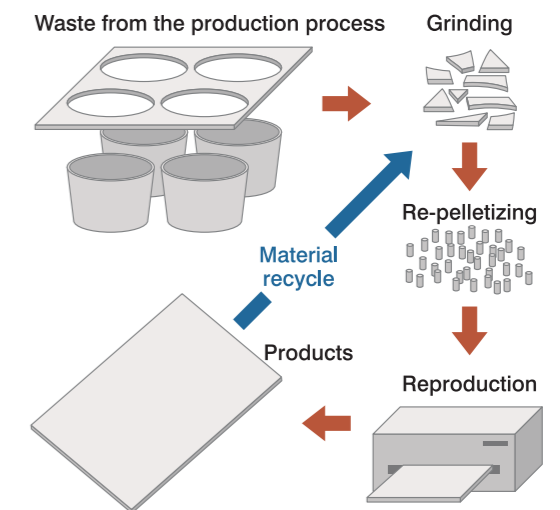
Looking to further the prevalence of the bodies, we are working on with the target of 1,800 units built per year.

### Interior finishing material made from recycled resin

The boards used as the interior finishing material of ECO-bodies are made from recycled resin. The origin of the resin is waste from the production process of cups for pot noodles. By adopting the boards, we could reduce the annual usage of wood materials by 90 tons in 2007.



Reduced the annual usage of wood materials by 1,415 units built.



## Introduction of solar power generation system

Photovoltaic power generation using solar energy is a very environment-friendly electric power generation system and emits no CO<sub>2</sub> or other pollutants in its generation process.

Sagawa Express has promoted the introduction of the solar power system since 2003 and such systems are in operation at 21 sites at the moment. In 2007, we introduced systems that generate approx. 140kW in total and the cumulative power output of our systems reaches to 440kW. This capacity equals the annual energy production of approx. 440,000kWh which is the equivalent to the annual energy consumption of 120 households in Japan.

We will continue to promote environmental conservation by utilizing natural energy through further introduction of solar power generation systems.



Solar power generation system



Photovoltaic power generation display panel

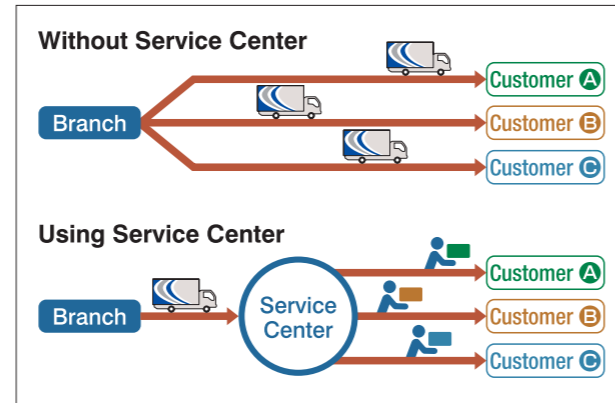
## Reduction of environmental load by utilizing Service Centers

Trucks generate considerable impact on the environment and, in populated urban areas, environmental load by trucks can be concentrated. Sagawa Express has established Service Centers mainly in urban areas where the traffic is heavy and normally short of parking space. The Service Centers have no delivery vehicles and use only trolleys and bicycles for pick up and delivery by human power, which allows us to operate with less environmental load.

As many transport business firms concentrate in urban areas, the street parking of delivery vehicles is one of the reasons for traffic congestion which can be reduced by using Service Centers. At the same time, those who don't have enough confidence in driving can utilize their abilities at Service Centers because they don't have to drive delivery vehicles and many female employees are actively working there.

As of March 2008, we have set up 190 Service Centers in urban areas all around the country and managed to cut down the requirement for approximately 1000 additional delivery vehicles. We will actively expand the use of Service Centers because they are friendly with not only the environment, but our employees and local societies.

### Flow chart of Service Center



Service Center and delivery using trolleys

## Hub Center contributes to the streamlining of transport

As part of network building works that support our transport, we have established 5 Hub Centers which are large scale consolidated distribution facilities to cover the whole country.

Freight and parcels are gathered at Hub Centers and then sorted by their destinations, which increases the loading ratio of trucks and reduces the number of trucks used. This contributes significantly to the reduction of tail pipe emissions from trucks and suppresses air pollutants and CO<sub>2</sub> emissions as well.

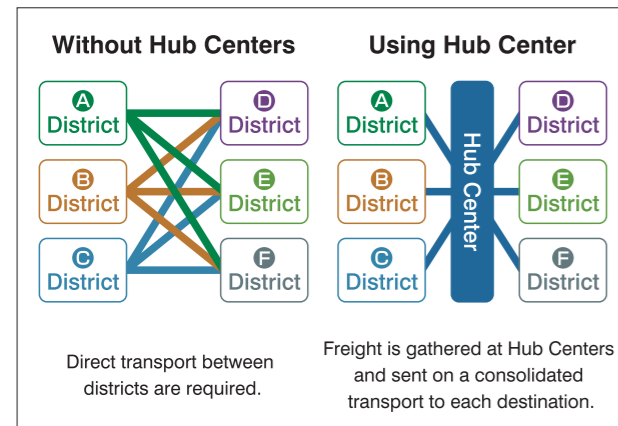


Sagawa Express Kita-Kyushu Center opened in October.



Automated sorting machine

### Transport Flow Chart using Hub Centers



**Topic** Sagawa Express Kitakyushu Center began its operation for further streamlining of freight from and to Kyushu.

In October 2007, a large scale distribution facility, Sagawa Express Kitakyushu Center, was opened. The center has the relaying, pickup and delivery and distributive processing functions of freight from and to Kyushu, to enable further streamlining of transport utilizing the well-organized land-sea-and-air transport infrastructure around it.



# Looking to a Zero Waste Society

To realize a Zero Waste society, the cyclical use of resources is essential. We support recycling of products and reuse of resources.

## Purchasing eco-uniforms

SG Holdings Group promotes green procurement. As a part of this effort, we purchase Eco Mark certified clothing made from recycled polyester, which is produced from PET bottles, for our group companies' uniforms.

The number of uniforms purchased in 2007 was 489,000 and this means that 1,450,000 PET bottles were recycled.

The used uniforms are collected by our Uniform Control Center and, after picking up the reusable ones, the remainders are ground and pelletized at an intermediate repository site to be recycled as reductant for shaft furnace in steelworks.

We also purchase Eco Mark certified working gloves for sales drivers and 978,000 pairs of these gloves were used in 2007.

### Processes to make eco-uniforms



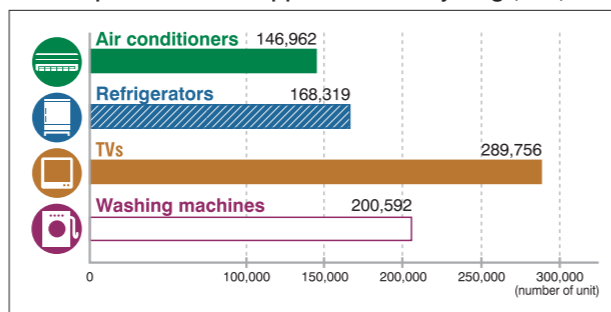
### Recycling of used uniforms



## Supporting the transport of collected electric appliances for recycling

Sagawa Express operates a transport business for designated electric appliances that are obliged to be collected by the Electric Appliance Recycling Law (air conditioners, refrigerators, TVs and washing machines, etc.) and, on request from home-appliance makers, sends them to specified recycling facilities. Our 24 branches in Kinki, Chubu and Shikoku regions are certified as the designated service vendors and support the quick and efficient recycling of resources.

### Transported electric appliance for recycling (2007)



## 3R compliant PC transport service, 'Hikyaku PC Express'

Sagawa Express provides a 3R\* compliant transport service, 'Hikyaku PC Express', for the customers who send and receive their personal computers (PCs) for repair. For this service, we use 'Sagawa soft air package' which is our original reusable packaging material for PCs.

This packaging material is highly appreciated as an environmental-friendly product for its reusability (hence generating no waste unlike conventional packaging), as well as for the ability to protect the goods from vibration or shock. In

2007, 'Hikyaku PC Express' was used for 237,000 times.

\* 3R stands for Reduce, Reuse and Recycle.



Our original 'Hikyaku PC Express' packaging materials

## 'Hikyaku Green Mail'

'Hikyaku Green Mail' is a mailing service in which only special tapes and address labels are used. The special tapes seal the opening side of a brochure or booklet and are easily removable without leaving adhesive. It is an environmental-friendly delivery service which leads to considerable reduction of packaging materials because no envelope made from paper or plastic film is required.

Compared with delivery using commonly-used A4 (JIS) size envelopes, this can reduce 14g of packaging materials per copy. In the case of sending 10,000 copies per month, for example, it leads to the reduction of 1,680kg of such materials per year.

In 2007, 149,000 deliveries were made using 'Hikyaku Green Mail'.



The special tapes are easily removable

## Efforts on recycling of decommissioned vehicles

The decommissioned vehicles from Sagawa Express are properly disposed of by Sagawa Galaxy Motors.

### Retrieval of CFC (Chlorofluorocarbon)

In order not to release CFCs into the atmosphere during the process of vehicle servicing or disposition, we properly retrieve the CFCs and make the necessary treatment for disposal of it. In 2007, 9.1kg of CFCs were retrieved.

### Collection of used engine oil

Waste oil generated by regular changing of engine oil used to be disposed as industrial waste. Recently, however, waste oil is recycled as a valuable resource. In 2007, 415,581 liters of waste oil was recycled.

### Collection of used tires

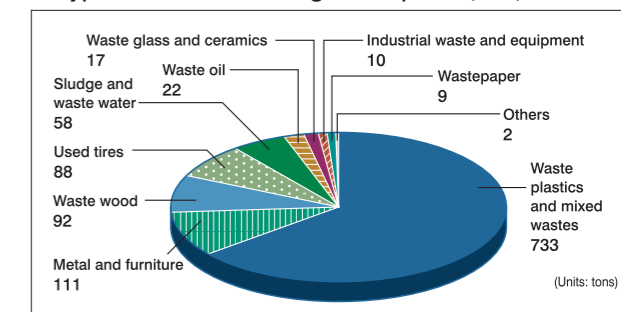
Used tires that cannot be used anymore are recycled by the final disposal service vendors, in the forms of material, heat source and other uses. In 2007, 63,018 used tires were collected.

## Measures to reduce waste

Looking to the realization of a No Waste society, Sagawa Express is working to reduce waste generated by our business operations as much as possible. By conducting a campaign for completely separated collection in a step-up method, the total amount of waste in 2007 was approx. 1,143 tons.

As stated in our environmental policies, we will continue to promote 3R and practice reduction and recycling of waste through completely separated collection.

### Types of waste from Sagawa Express (2007)



# SG Holdings Group's Environmental Activities

For the purpose of raising the awareness for all of our groups' employees on environmental conservation, we have established an environmental activities guideline and act on it throughout the year.

## Effort on environmental activities in 2007

For the purpose of promoting active efforts in environmental conservation by our employees, we established Environmental Activities in 2003. This is a hands-on program throughout the year and keeps evolving every year.

### Implemented items of Environmental Activities (2007)

	Implemented items of Environmental Activities
1	Verification of Idling Stops
2	Completely separated collection campaign
3	Recognition of environmentally advanced branches
4	Environment slogan contest
5	Environment poster contest
6	On-site study about nature
7	Green Campaign - nationwide reforestation campaign
8	Clean-up campaign
9	Energy saving campaign
10	Environmental education and enlightening campaign



Poster for Environmental Activities 2007

### Environment poster contest and Environment slogan contest

For the children of group companies' employees, the Environment poster contest is conducted every year. This contest provides opportunities to think about the environment to employees together with their children, which leads to raising awareness on environmental conservation for all employees. In the 2007 contest, 1,587 applications were received under the theme of 'Eco de niko-niko (smiling by eco) ♪ eco life'.

Also, the Environment slogan contest for all group companies' employees received 12,822 applications under the theme of 'Energy saving.'



Grand Prix winning work (by Ayano Iso)

Gold prize in Environment slogan contest  
**'Eco-driving with spirit against global warming'**  
(Sagawa Express Osaka branch Yasuo Kubota)

### Recognition of the environmentally advanced branches

With a view to promoting environmental conservation and raising awareness on the environment, exemplary branches and offices among the SG Holdings Group are recognized and published within the group. The winners of the Grand Prix in 2007 included Sagawa Express Nagaoka branch which promoted a 'No Car Day' campaign, Sagawa Global Logistics Kawasaki SRC and Sagawa Galaxy Motors Headquarters.



Parking area on normal business day



On No Car Day, employees commute by walking or on bicycles

### Energy saving campaign

As a part of our energy saving campaign, we conducted 'Company-wide simultaneous light down' of sign board illuminations at all branches and offices of our group, from 8 p.m. to 5 a.m. next morning, a total of 6 days (June 22-24 and December 26-28, 2007). As the light down had considerable impact on saving electric power, we will continue this.



Before light down



After light down

# Coexistence with Nature

Along with our efforts in reducing environmental load, we also emphasize the importance of coexistence with nature and we are working to realize it.

## Environmental education through the 'Sagawa Express On-site study about nature'

The 'Sagawa Express On-site study about nature' program started in 2007 to provide the opportunities for children to closely experience nature and, at the same time, learn about natural bounty and value of foods through experiencing rice production work, such as planting, removing weeds and harvesting.

Approx. 130 participants, including the families of our employees and people from the local community, joined the rice planting experience held in Moriyama, Shiga Prefecture. Under a clear sky, children played in a 3,000m<sup>2</sup> wet paddy, totally covered in mud, while parents struggled with unaccustomed work, but everybody seemed to enjoy the experience with smiles on their faces.

After other work, such as releasing young Nigorobuna fish (a threatened species that live mainly in Biwako) in the chemical-free paddy and removing a huge amount of weed, approx. 1 ton of rice was harvested in September. The rice was named as

'Hikyaku-mai' and allotted to the participants.

We hope that, through this on-site study, children develop awareness of coexistence with nature and continue this effort in the future.



Rice planting



Releasing Nigorobuna



Chemical-free paddy



Harvesting in fall

## Searching for beneficial uses of forests

SG Holdings Group owns 750 hectares of forests in Kochi and Tokushima Prefectures in Shikoku, and Takao, Hachiohji in Tokyo as well. At 'Sagawa no mori (Sagawa's forest)' in which Sagawa Forestry performs appropriate forest management, in Kochi, lectures on forest preservation and hands-on environmental learning programs such as three thinning, etc. are held regularly.

In the forest at Takao, Hachiohji in Tokyo, we are working on the revitalization program of Satoyama (forests close to a local community and essential for their daily living), known as the 'Takao Forest Hundred Years Project', in cooperation with NPOs, volunteers and people from local communities. In 2007, we conducted the survey on CO<sub>2</sub> absorption by forests and other activities associated with nature.



The forest of Takao



Survey on CO<sub>2</sub> absorption by forests

We will continue the search for new beneficial uses of forests to make suggestions for new programs in view of coexistence with nature.

**Voice** Forest preservation activity by the leading company in environmental awareness -'Takao Forest Hundred Years Project'-

'Takao Forest Hundred Years Project' has attracted much attention as an unprecedented and innovative attempt to revitalize forests through the beneficial uses of them, such as CO<sub>2</sub> absorption, the study on biomass and even utilization for artwork. We hope that the approach which a private company maintains and manages its own forests in cooperation with various sectors, such as NPOs or universities, can be a touchstone for preservation programs in the future.'

Earth Water and Green Foundation  
Saia Iwamoto



# Efforts in Environmental Enlightenment

In environmental conservation activities, cooperation with all of society is required, along with efforts made by companies. To materialize the global efforts, we conduct various environmental enlightenment activities.

## Environmental enlightenment activities toward societies

### Environmental lecture for elementary school children

We participated in 'Eco School - Summer Vacation Homework Helpers for Elementary School Kids,' which was hosted by the Kobe City Environment Agency, as a co-hosting company. In the class held at the Kobe Environment and Future Museum, Sagawa Express provided a 'lecture on environment-friendly distributions' and introduced our effort on environmental conservation in an easily understandable manner, in order to raise children's awareness on the environment.



Children listened to the lecture in earnest

### Distribution of environmental enlightenment brochures for home readers

For the purpose of practicing environmental conservation activities at homes, we publish environmental enlightenment brochures for our employees and their families. In the past, the brochures were edited placing emphasis on enlightenment but, in view of practicing the activities at homes, we included the list of implementation items in the issues distributed in 2007, complete with a check list in which readers can select the items to be done and complete them.



Easily understandable descriptions in cartoon style

### Partnership with JOC (Japanese Olympic Committee)

Environmental issues such as climate change cast a shadow on the field of sport, especially winter sports.

Sagawa Express was certified as a JOC's official environmental partner in March 2003 and since then we have conducted various environmental enlightening activities through the field of sport, such as introducing environmental efforts at Olympic Games venues and Sagawa Express's environmental campaign programs at events organized by JOC.



### Participation in the environmental publicity events

To popularize environmental conservation activities, we actively participate and exhibit in the environmental publicity events organized by local governments, national government offices and other organizations as part of our environmental enlightening activities to the general public.

#### Major events that Sagawa Express exhibited (2007)

Name of event	Date	Venue	Organizer
Eco Life Fair 2007	June 2-3	Yoyogi Park, Tokyo	Ministry of the Environment, etc.
Kyoto Environment Festival 2007	December 8-9	Kyoto General Exhibition Hall	Kyoto Prefecture, etc.
Eco Products 2007	December 13-15	Tokyo Big Sight	Nihon Keizai Shimbun Inc., etc.
EXEX 2008	January 30-February 1, 2008	Tokyo Big Sight	Energy Conservation Center, Japan



Environment panel quiz



Bicycle power generation experience

Olympic Day Run is an event to experience the joy of sport through an opportunity to jog with Olympians.

Olympic Festival, which is held on National Sports Day every year, is the largest such event. In the 2007 version, we organized a collection of writings on supporting banners for the Beijing Olympic Games national team members and events relating to sports and environment.



Writings of the supporting banner

# Building a Eramework to Promote Environmental Activities

To promote environmental activities at higher levels, we have introduced an environmental management system and environmental accounting. Promoting PDCA, we will further expand the range of activities.

## Environmental accounting

To execute environmental management more efficiently, Sagawa Express has introduced environmental accounting. Monitoring investments and expenses relating to environmental measures is helpful for setting indexes for future investments and analysis of each project.

In 2007, our environmental investment was 80 million yen and environmental expenses were 6.7 billion yen.

The expense decreased from that of the previous year because there was no large scale investment, such as the private natural gas filling stations, in 2007.

Due to the merger of part of the previously subcontracted arterial transport and courier operations into Sagawa Express, the total amount of energy consumption increased substantially compared to that of the previous year (see p.28).

### Costs around environmental conservation

(unit: million yen)

Items	Description	2006		2007		Major factors for increase/decrease
		Environmental investment	Environmental expense	Environmental investment	Environmental expense	
(1) Cost within business areas		147	963	79	1,028	
Breakdown	(1) Cost for pollution control (Introduction of oxidation catalyst, construction of sound barriers, etc.)	21	119	5	121	Investment decreased as the capital spending for sound barriers, etc. has been completed for now.
	(2) Cost for environmental conservation (Natural gas fueled vehicles, solar power generation systems, introduction of energy saving devices, etc.)	122	144	73	146	Investment and expenses for the installation of private natural gas filling station decreased because, in 2007, only the survey and planning for the installation in the next year were conducted.
	(3) Cost for recycling of resources (Disposal of waste, water saving, recycling of tires, etc.)	4	699	1	761	Expenses increased mainly for the recycling of engine oil and batteries. As it was the third year after the enforcement of the Automobile Recycling Law, expenses relating to vehicle recycling decreased.
(2) Cost in upper/lower stream		—	—	—	—	
(3) Management cost	Introduction of an environment management system, promotion of green business management, environmental advertisements, environmental education, disclosure of environmental information.	3	167	0	230	Expenses significantly increased because of a strong effort in environmental advertisements.
(4) R&D cost	Development of services and products relating to environmental conservation, such as Eco-body.	—	0	—	0	Most of the R&D projects were relatively low cost.
(5) Cost for social activities	Donation to domestic and overseas environmental organizations, enlightening activities.	—	194	—	220	
(6) Compensation cost for environmental damage	Measures against asbestos dust.	—	78	—	0	
(7) Cost for safety measures	Vehicle inspection, employee education, enlightening activities such as safety measures.	—	5,308	—	5,230	Expenses decreased as costs related to employee training, such as investment into training facilities, were reduced.
<b>Total</b>		<b>150</b>	<b>6,709</b>	<b>79</b>	<b>6,708</b>	

### Effects on environmental conservation

Environmental performance indexes	2006	2007	Effects on environmental conservation (Result in 2007 - result in 2006)
Diesel oil (k2)	78,945	90,923	11,978
Heating oil (k2)	344	438	93
Heavy fuel oil (k2)	96	116	20
Natural gas (km3)	12,404	14,426	2,022
Utility gas (km3)	958	1,224	266
Propane gas (kg)	409,905	444,447	34,543
Gasoline (k2) including Premium gasoline	11,151	13,268	2,116
Electric power (kWh)	234,740,000	242,410,000	7,670,000
Water (clean) (km3)	925	951	26
Water (sewage) (km3)	922	955	33
Industrial water (clean) (km3)	9	8	-1
Industrial water (sewage) (km3)	9	8	-1
NOx (t)	234	283	49
PM (t)	33	24	-9
Number of recycled PET bottles	—	—	1,449,587

\* Effects on environmental conservation are calculated as simple mathematical differences from the result in 2006.  
 (Note 1) The volume of natural gas and utility gas depend on the values shown on the invoices from suppliers, hence before temperature and pressure corrections.  
 (Note 2) The value was converted into weight by multiplying the volume (m3) shown on the invoices from suppliers by 2.07kg/m3.  
 (Note 3) Statistics on industrial water usage started in 2006.  
 (Note 4) The amount of NOx and PM emission from trucks only. Its calculation method was modified in 2006. (Based on the emission coefficients for each model prescribed by Ministry of Land, Infrastructure, Transport and Tourism, the theoretical estimation was calculated using the travel distances of each vehicle.  
 (Note 5) Based on the number of uniforms used in 2007, the number of PET bottles recycled was calculated using the conversion factors (a half sleeve shirt = 2.42 PET bottles, a long sleeve shirt = 3.76 PET bottles), as those uniforms were made from recycled PET bottles.

### Economic effect accompanying environmental conservation (unit: million yen)

Economic effect	Amount
Cost reduction by reducing the usage of industrial water (clean)	0.2
Cost reduction by reducing the usage of industrial water (sewage)	0.2

\* Economic effects are calculated based on the difference between the results from 2006 and 2007. \* Unit cost: Sagawa Express' purchasing price.

### Rules of statistics

- Period: fiscal year 2007 (March 21, 2007 - March 20, 2008)
- Coverage: Sagawa Express Co., Ltd. (though some of the statistics include Sagawa Galaxy Motors Co., Ltd)
- Reference: 'Environmental Accounting Guidelines 2005' published by the Ministry of Environment
- The acquisition of assets that cost 200,000 yen and above are booked as investments.
- The depletion of environmental facilities is calculated by a fixed installment for 4 years.
- The labor cost is calculated by hours for environmental activities multiplied by Sagawa Express' average hourly labor cost.

"By refining my skills, I wish to become a top sales driver who is exemplary to others."

Sagawa Express Hamamatsu branch Daisuke Suzuki



## Environmental Management System

In 2001, Sagawa Express was certified according to ISO 14001:2004. Looking to increase our environmental conservation activities, we established well-defined goals for building frameworks and implementation and regularly conduct performance measurements.

In addition, 9 branches of Sagawa Express attained Green Business Management Certification in 2004 for their efforts in building frameworks for environmental conservation and reducing energy consumption in the field.



ISO 14001 Certificate (Sagawa Express Co., Ltd.) Certificate of registration no.NQE-07060074A



Green Business Management Certificate of Registration (Sagawa Express) (Hiroshima branch)

### Major environmental targets and results in 2007

Suppressing global warming and air pollution due to tail pipe emissions.		
<b>[Target]</b> The introduction of low emission vehicles (448 vehicles in 2007).		Not attained p.29
<b>[Result]</b> Introduced 436 low emission vehicles. Because the progress of the Eco-station installation was slower in the Kansai region than that of our original plan, the number of vehicles introduced didn't reach the target.		
<b>[Target]</b> Reducing the number of newly acquired vehicles through setting up more Service Centers (adding 58 Service Centers and saving the acquisition of 116 vehicles).		Not attained p.32
<b>[Result]</b> We set up 35 Service Centers and refurbished 83 vehicles. The number of Service Centers didn't reach the target, due to difficulty in finding suitable sites.		
<b>[Target]</b> Research and evaluation of the next generation fuels (evaluation of bio-gasoline, BDF and bio-gas)		Attained p.29
<b>[Result]</b> After a test installation for two months in Kobe, we started practical use of bio-gas.		
Activities for No Waste societies by promoting resource saving and 3R.		
<b>[Target]</b> Providing dedicated collection boxes for each type of waste paper to promote proper disposal and recycling.		Attained p.35
<b>[Result]</b> We provided dedicated collection boxes for general paper waste, newspaper waste and used magazines to promote separated collection and recycling. At the same time, we established another recycling flow with dissolution treatment for secret documents with its dedicated collection boxes.		
<b>[Target]</b> Promoting the use of paperless forms.		Attained
<b>[Result]</b> We set up a paperless system for all procedures concerning transfer and reporting in May 2007.		
Environmental consideration of branch and office facilities.		
<b>[Target]</b> Promoting energy saving designs utilizing natural lighting.		Attained
<b>[Result]</b> At 4 newly built branches, we adopted an energy saving design that utilizes natural lighting.		
<b>[Target]</b> Promoting introduction of solar power generation systems.		Attained p.33
<b>[Result]</b> Solar power generation systems, which have 140kW of power output in total, were installed at 5 newly built branches.		
Promotion of internal and external environmental enlightening activities and disclosure of environmental information.		
<b>[Target]</b> Observing 'SG Holdings Group's environmental activities,' all employees practice pro-environmental activities.		Attained p.36
<b>[Result]</b> As planned in the environmental activities, various campaigns were conducted by all employees of the group.		
<b>[Target]</b> Raising employees' awareness on environment using brochures, internet websites and pictures.		Attained
<b>[Result]</b> Publishing a monthly company magazine, 9 bulletins per year and 10 issues of company video magazines per year, we promoted internal environmental awareness.		
<b>[Target]</b> Providing information to broad stakeholders by publishing news releases, accepting media coverage and dialogue with the press.		Attained
<b>[Result]</b> We published 16 news releases per year and 54 cases of media coverage.		

## Observing environmental laws and regulations.

### Partial amendment of Law Concerning the Promotion of Measures to Cope with Global Warming

According to the partial amendment of Law Concerning the Promotion of Measures to Cope with Global Warming, the business firms which emit certain amounts of greenhouse gases have been obliged to calculate their emission amounts of such gases and report it to the government since April 2006.

As a company which consumes a large amount of energy in its business operations, Sagawa Express accurately know its energy consumption and calculates the emission of greenhouse gases (mainly carbon dioxide) to fulfill its obligation of regular reporting to the government, as well as making active efforts against global warming.

### Revised Rationalization in Energy Use Law

Aiming at further rationalization of energy use in every industrial sector, the revised Rationalization in Energy Use Law was enacted in April 2006. In this revision, clauses concerning transportation were newly created and transport business firms and owners of transported goods (corporate consignors) to those firms were obliged to make efforts in energy saving.

This law also stipulates that transport companies and corporate consignors that exceed a certain scale are obliged to establish energy saving plans and report their level of energy consumption. To this end, Sagawa Express supports our customers with readiness by providing information on freight and other relevant information and assisting with their calculations of energy consumption.

### Preventive measures for water and soil contamination

As our group uses a large number of vehicles in our main business operations, we consider the impact on the atmosphere as the first priority issue in our environmental conservation activities. But, at the same time, we are working on the prevention of water and soil contamination as well. For example, we regularly conduct the inspection, cleaning and waste disposal of our underground fuel reservoirs, underground pipelines and oily water separators at filling stations or kitchens by professionals.

As companies which support our customers' daily business, SG Holdings Group properly observes all other legislation and regulations relating to environmental conservation and promotes efforts against global warming and air pollution.

### Automobile NOx PM Control Law

To improve the environmental situation around major metropolitan areas where there is serious air pollution, a law to regulate the emission of NOx (Nitrogen Oxide) and PM (Particulate Matter) from automobiles was established in June 2001.

Sagawa Express fully conforms to the Automobile NOx PM Control Law in its applicable areas and, even outside of those areas, has actively introduced natural gas fueled vehicles or gradually replaces obsolete vehicles with those conforming the regulations.

#### NOx and PM emission (2007)

	Amount of emissions
NOx (including light vehicles)	282.94 tons
PM (including light vehicles)	23.57 tons

● Calculation method of NOx and PM emission: Based on the emission coefficients for each model prescribed by the Ministry of Land, Infrastructure, Transport and Tourism, the theoretical estimation was calculated using the travel distances of each vehicle.

Calculation formula: the emission coefficients for each model owned by Sagawa Express (g/km) × the sum total of annual travel distance covered by the model (km)



"We offer safety and sense of security to all automobile (and truck) users."

Sagawa Galaxy Motors Sales Department Yoshihiko Yuki



# Relationship with Society

## - Links between people -

As a group of companies which supports part of the social/economic infrastructure in the form of physical distribution, we fully respect the links with our customers, our employees and local communities to be able to maintain trust from society through our main business operations.



## The summary of the 4th Sagawa Stakeholders Dialogue

- [Theme]** The role of the distribution sector in view of constructing a sustainable country
- [Date]** February 29 (Friday), 2008
- [Place]** Tokyo
- [Participants]** 32 stakeholders  
Representatives of public administrations, NGOs, NPOs, our business partners and Sagawa Express, as well as academic experts and journalists.
- [Programs]**
  - Keynote speech
  - Group discussion
    - ▲: To realize green distribution through partnerships
    - : Matters required for environmental business management
  - Presentations of each group and general discussion

(Abstract of the general discussion)

### [The awareness on cost and 'visualization']

To realize ideal green distribution, there are two conditions. Firstly, we should guide consumers to be aware of the cost of distribution. Secondly, we should 'visualize' the environmental load. It is important to perform these two in practice while keeping a good balance between them.

### [Providing information via sales drivers]

To realize green distribution, cooperative understanding on the consumer side is essential. To this end, it is important to provide 'green information.' It is desirable that sales drivers, who have direct contact with consumers, consignees and consigners, acquire the in-depth knowledge and high awareness on the environment to provide the information in easily understandable words.

### [Total optimization' for ideal green distribution]

We should make suggestions to consigners such as 'if you change the way you produce goods, we can offer a different system of distribution, which will lead to the reduction of environmental load and overall cost reduction as well.' The key to realization of ideal green distribution is 'total optimization' which includes the way to use goods, collection after use and efficient transport. We should make efforts to 'lead manufacturers from the distribution side' and 'establish social innovation in the distribution business.'

### After the dialogue

After listening to various opinions, we felt that constructing frameworks or systems which incorporate consumers was expected.

We need to be able to contribute as a member of society. That is the duty of transport business firms as well.

The detailed records of the 4th Sagawa Stakeholder Dialogue can be found on the website of SG Holdings.

### 'Eco-point' was born from the dialogue

In the previous dialogue, a suggestion that 'utilizing the infrastructure of the distribution business, we should consider the feasibility of a new service relating to the environment' was made by a participant. We also had some other opinions about 'an effort to develop the consumer's awareness on environmental load' in various meetings. Therefore, based on these suggestions, in November 2007, Sagawa Express developed a new service that leads to the reduction of environmental load by linking courier service and eco-points.

This time, we reported the outcome of this service to the participants and asked them to discuss in two separate groups the new challenges in distribution and environment and the efforts toward reduction of environmental load.

### General discussion based on the main ideas

After the presentations of each participant's main ideas and summarizing the opinions of each group, a general discussion was held based on the outcome of the group discussions. The general discussion is outlined below.



## SG Holdings Group and stakeholders

For SG Holdings Group's business operations, trust and good relationships with stakeholders, including our customers who entrust us with the delivery of freight, our employees, business partners and subcontractors, are essential.

Trust from shareholders and, as we are required to have government licenses, good relationships with public administrations are also important. In addition, we must be trusted by people in local communities, NPOs, NGOs and the media. We are looking to become a group of companies that is well-regarded and trusted by society.



## Hosting Stakeholder Dialogue

We are willing to listen to opinions or requests to our group through dialogue with stakeholders and apply them to our business operations. Starting with 'A meeting to read the Sustainability Report' in 2004, Sagawa Express has hosted the meetings to learn what stakeholders expect from us and discuss about the issues together.

The 2007 meeting was held under the theme of 'The role of the distribution sector in view of constructing a sustain-

able country,' as a continuing theme from the previous year's meeting. Together with 32 stakeholders, including representatives of public administrations, NGOs, NPOs and our business partners, as well as academic experts and journalists, we had a discussion on the efforts toward the reduction of environmental load from two points of view, namely 'Partnership' and 'Environmental business management.'



# To Our Customers

To be able to address our customers' needs, we are working on providing high quality and high value added services and building good partnerships based on mutual trust.

## Promoting hands-on green distribution for consumers with the Courier Eco-point scheme.

Using our Courier Eco-Point scheme, Sagawa Express conducted a campaign entitled 'eco (iiko) -to aruyo... (Something good will happen) with the first delivery! It's eco to avoid redelivery!!' together with the customers.

The campaign was executed as part of the national campaign 'Supporting 1kg of CO<sub>2</sub> reduction per person per day' in which we were one of the participating companies. This was an effort to reduce environmental load generated by redelivery. The more customers receiving the parcels in the first delivery, the less CO<sub>2</sub> emissions generated because we don't need to deliver goods again. Asking for the understanding of customers of this fact was the aim of this campaign, as well as encouraging them to participate in environmental activities.

If the parcel was received with the first delivery, 3 points were given to the customer and 1 point for redelivery and the collected points can be exchanged with free bonus gifts.

We will continue to develop and provide the services which offer an opportunity for the customers to join environmental activities.

### Flow of the campaign

(1) Ask for a card in advance.



My Challenge Declaration Card  
<http://www.team-6.jp/>

Stamp Rally Card  
<http://www.sagawa-exp.co.jp/>

(2) Present the card at the point of delivery.

First delivery: 3 points  
Redelivery: 1 point



めざせ! 1人、1日、1kg CO<sub>2</sub>削減



### Voice

#### A comment on Sagawa Express' Courier Eco-Point scheme

"In an Exposition of Global Harmony, the EXPO Eco Money scheme was successful. In this scheme, points were given for environment-friendly actions, such as declining a plastic shopping bag, and participants were offered to exchange their points for eco-products or donate them for afforestation. From the point of view of applying this scheme to green distribution, the 'Green Distribution and Eco-Point Study Group' was established and I was appointed secretariat of the group. At the group meeting, I proposed the idea of the Courier Eco-Point scheme. I think this Sagawa Express campaign was very timely. As the Courier Eco-Point scheme can reduce environmental load and give merit to consumers at the same time, we hope for long term execution of the scheme while making continuous improvement on it."

Ministry of Economy, Trade and Industry  
Industrial Science and Technology Policy and Environment Bureau  
Head of Environmental Protection Guidance Office  
Yoshiaki Nakamura



## Development and merchandising of Hikyaku Courier with CO<sub>2</sub> Emission Rights

Sagawa Express developed and merchandised Hikyaku Courier with CO<sub>2</sub> Emission Rights which can contribute to suppression of global warming by using our courier service. Only by selecting Hikyaku Courier with CO<sub>2</sub> Emission Rights when using the home shopping service, the customer can take part in the scheme. Sagawa Express bills the customer the normal delivery charge and an additional charge for the scheme. Then we add the same amount of money to the additional charge and the total amount is used to transfer Sagawa Express' own CO<sub>2</sub> emission rights\* to the government for the greenhouse gas reduction program in Japan, Team Minus 6%.

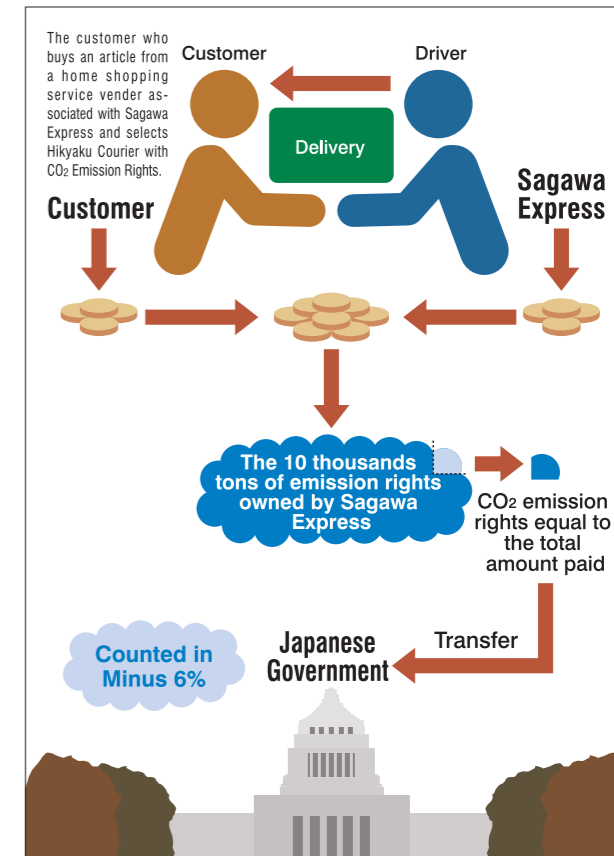
This service started to answer the needs from our customers who say that 'we want to contribute to the national campaign of Minus 6% as consumers, but we don't know how to join.'

Prior to the start of this service, we also conducted the 'Supporting the suppression of global warming' campaign in April 2008, for the reduction of greenhouse gas.

\* We acquired 10 thousands tons of emission rights generated by a wind force power generation program in India.

This service is to start in June 2008 and the information above is correct as of April 2008.

### Flow of Hikyaku Courier with CO<sub>2</sub> Emission Rights



## Introducing the 'Transport and Installation of Large furniture and Home electric appliances' service

Sagawa Express and Sagawa Moving Center introduced a delivery and installation service for large sized furniture and home electric appliances, the 'Transport and Installation of Large furniture and Home electric appliances' service. Previously, Sagawa Express has coped with the transport of large furniture and home appliances by using a charter transport from our branch in charge of the consignee's location. But a demand for more integrated transport services has been growing mainly from home shopping service vendors which are expanding their business through the rapidly spreading internet. To answer these needs, we developed this service to provide versatile and high quality transport to the customers, utilizing our transport network and the breadth of our business operations.

This service is convenient not only for home shopping service vendors but the customers of those home shopping services because, together with this, our shipment tracking system and 'e-collect' payment on delivery service are available.



We also provide setting and hooking up service after the installation for an additional charge

"I will work hard to be 'a low profile but reliable operative behind the scenes' for the company and my colleagues."

Sagawa Computer Systems Administration Division Mayumi Yamamoto





## Icons Sagawa Express' payment on delivery service, 'e-collect.'

A bank transfer prior to shipment or a credit-card transaction on the internet has been the primary method of payment for internet or catalogue shopping services. Therefore, the users of such services have always felt concern about the security of credit-card information or non-delivery after the payment was made.

The 'e-collect' service provided by Sagawa Express is a payment on delivery service and fully secure with the credit-card information because the payment transaction is handled by our dedicated transaction terminal. It is now very popular for users of the internet or the catalogue shopping service as it saves them the trouble of making bank transfers and payments by credit-card or cash-card on delivery and is accepted even if they don't have enough cash on hand. In 2007, the payment transactions through 'e-collect' were used for approx. 94 million parcels and 1,120 billion yen in the total amount of payment.



Perfect security is ensured

### ■ Ongoing development of 'e-collect'

'e-collect' continues to expand its range of service to answer the demand of customers and for their convenience. As of March 2008, 19 brands of credit-cards are acceptable as payment methods in 'e-collect'.

#### ● Acceptable credit-cards



For the first time in industry history, we introduced payment by electronic money in July 2007 and began to accept QUICPay, an after payment type of electronic money, within 23 wards in Tokyo and the city center of Nagoya.

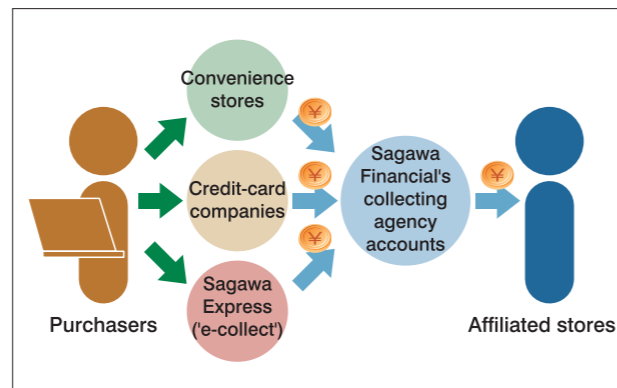
Increasing options for payment, such as cash, credit-card, debit-card and electronic money, 'e-collect' precisely answers the needs of the age and plays the role of an important social infrastructure.

### ■ Providing a collection agency service for internet shopping business firms, Net Settlement Service.

From April 2008, we started Net Settlement Service, which is a comprehensive service for credit-card transactions on the internet and payment either online or by a slip at convenience stores.

Net Settlement Service provides the payment system, which is essential for running internet shopping businesses, as a collecting service. In addition to meeting the various needs of purchasers concerning the method of payment, many operations concerning collections, such as checking out or confirmation of payment, can be bundled into this one-stop service. Through the integration of cumbersome operations, this will be a powerful support for a simple, convenient and efficient internet shopping business.

#### ● Conceptual flow of Net Settlement Service



### ■ Providing services relating to security

With the spread of the internet, criminal cases relating to credit-card transactions or internet auctions are increasing. Consequently, enhancing the security in commercial trade via the internet, as well as that on the delivery of goods, are required.

Sagawa Express has introduced the 'Consignee Identification Delivery Service,' in which the consignee is identified at the point of delivery, for the first time in the industry. In this service, the sales driver identifies the consignee with an official identification and asks the consignee to input the predetermined password into the sales driver's 'e-collect' transaction terminal. This procedure ensures double security and provides safer circumstances for commercial trade.

By extending the security of the 'Consignee Identification Delivery Service,' we also introduced the 'Credit-card Delivery Service' (started on April 21, 2008), which responds to the Law Concerning the Transfer of Criminal Profits enacted on March 1, 2008. With this service, we are able to handle very important parcels which require the highest level of security and provide safe and comfortable delivery service for both consumers and credit-card companies.

## Icons For cordial answers to telephone calls

Sagawa Express understands that answering telephone calls from customers is a 'secondary sales activity' because the person who answers it effectively represents the whole company. Therefore, we are working on the improvement of telephone manners for all telephone calls and to construct trust between customers and us.

### ■ Sagawa Express Customer Service Contest

Aiming at the improvement of telephone manners, Sagawa Express has conducted internal contests on telephone manners since 2001. In 2007, it was totally renewed as a contest not only for skills to answer telephone calls but for broader skills for attention to customers. As there is no eye contact in telephone conversations, appropriate, swift and faithful answering is required. In this contest, 9 teams representing different regions and blocks contended with each other, under the theme of 'the telephone manners that would make the customers want to say 'thank you.''



The contending teams consisted of two persons

### ■ Success in the nationwide telephone manners contest

In November 2007, the Japan Telecom Users Association organized the 46th National Telephone Manners (CTI) Contest and 57 competitors selected from 7,960 applicants contended for the best customer satisfaction. Sagawa Express sent 7 competitors as representatives of prefectures they belong to and the team from the Kochi branch won the runner-up prize and another from the Tokushima branch won the outstanding performance award (equivalent to third place).

Making the most of the experience gained at the contest and our merchandise knowledge for daily business operations, we will continue to make further efforts to provide high quality service to please our customers.



Daily efforts proved fruitful

Never forget a smile

## Icons Organizing the Environmental Logistics Seminar

As interest in the environment is increasing, we organized the 'Sagawa Express Environmental Logistics Seminar' to provide information on environmental issues and Green Logistics for our business partners and corporate consignors, based on our understanding that the partnership between corporate consignors and distribution business firms will become more important than ever.

We invited approx. 100 guests from the designated consignors\* for this seminar which included a lecture on global warming by a representative from the Ministry of Land, Infra-

structure, Transport and Tourism, and presentations on the environmental business management of our group, showing specific cases such as 'Streamlining of physical distribution,' 'Responding to the revised Rationalization in the Energy Use Law' and 'Hikyaku Courier with CO2 Emission Rights.'

\* Consignors handling more than 30 million ton-km are obliged to establish their energy saving plans and regularly report their energy consumption by the revised Rationalization in Energy Use Law.



A scene at the seminar

## Icons Efforts on improvement of quality.

### ■ Certified according to ISO 9001

Aiming to provide the services that satisfy our customers, Sagawa Express is working on the management of service quality to correctly answer the customer's needs. As of May 2008, as many as 377 branches and offices are certified according to ISO 9001: 2000, which is an international standard of quality management system, and we are making further efforts to the continuous improvement of various processes relating to transport services.



ISO 9001 certificate

### ■ Quality Mark certification

For our own quality control method, Sagawa Express conducts the certification for Quality Mark. This is a service quality control method to correctly answer the customer's needs. After the review of 11 criteria, including the performance rates of the specified time delivery and re-delivery, 20 branches were certified in 2007. Through the efforts in ISO 9001 and Quality Mark, we will continue to work on the maintenance and improvement of service quality to correctly answer the customer's needs.



Quality Mark



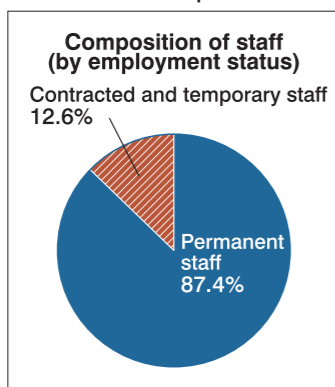
# With Our Employees

Respecting the dignity of working people, providing equality of opportunity and promoting the cultivation of human resources to develop each employee's unique capability, we, as a company, would like to grow together with our employees.

## Composition of our workforce

However sophisticated the information and telecommunication technology may be, the courier business needs the hands of humans to transport the customer's precious parcel. Sagawa Express understands that our employees who play important roles in transporting freight are indispensable assets. By offering long-term and stable employment, our staff are encouraged to be professional, make achievements in their jobs and feel satisfaction and loyalty to the company and, as a result, 87.4% of them are permanent employees.

● Circle graph presentation of workforce composition



## Job development

Sagawa Express' disabled persons employment rate in 2007 was 1.83% and we have consistently exceeded the minimum rate required by law. Unlike many other companies, we don't employ all disabled persons at a specific company so they are assigned to work together with physically unimpaired employees. It is our understanding that only working with other employees and sharing the pains and joy of achievement with them results in self-reliance of disabled persons in the true sense of the word.

Based on this policy, we will continue our efforts in job development to grow with disabled persons.

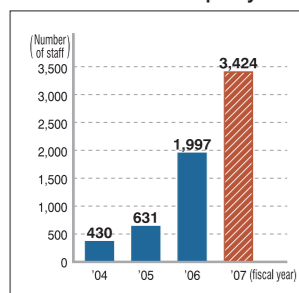
## Supporting female employees

Providing opportunities for all employees to fulfill their various personal potential is one of our business strategies to secure a strong workforce in the future. Therefore, we actively recruit a variety of people, regardless of sex and age, for various job categories. Particularly, the number of new female recruits increased by 171% compared to the previous year and these women are working in many fields. In the field of clerical work, there are 3,602 female staff members, which are the largest in number, and there are 1,536 female drivers and some of female staff have advanced into administrative positions. Just employing many female workers isn't our

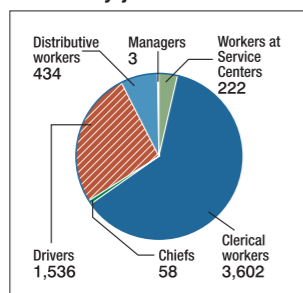
aim. We actively promote them to administrative positions in view of cultivating more female staff and developing their capabilities.

On the other hand, we have programs to support the child-raising of employees, such as assistance for coming back to work from child-care leave or with the use of day-care centers for children, and many female staff have actually come back to work with us after pregnancy.

● Development of female staff in our company



● Composition of female staff by job field



**Voice** As the first female assistant manager of the company wide Sales Division, I feel that I bear a heavy responsibility everyday.

"The strongest feeling I had when I was promoted to assistant manager was heavy responsibility. When I make a speech at the morning assembly, I have to be much more careful when I choose my words than before. But my seniors in this position kindly instruct me about that everyday. I was glad that the manager of our branch said that 'I won't give you any special treatment for the reason that you are a female.' With rigorous instructions, my manager said I could grow as an administrator."

Fukuoka branch Sales division, Assistant manager **Yukiko Ohnishi**



## Development of human resources and training courses

In order to give all our employees the experience of feeling the reward of their jobs and growth through educational training courses, Sagawa Express has promoted the nationwide standardized education system in various job fields.

For the future, we are working on the construction of a quantitative measurement system for achievement and growth made by the employees who finished the courses, looking to the better development of human resources.



A scene at a training course

● Training courses conducted in 2007

	Name of course	Number of participants
1	Basic education course for new recruits	7,231
2	Basic education course for safe driving	5,777
3	Graduation certifying course for SD	4,581
4	Basic practical training course for CS	1,232
5	Graduation certifying course for CS	665
6	CS Instructor certifying course	139
7	SD Instructor certifying course	2,594
8	Safe Driving Supervisor certifying course	418
9	Exclusive Safety Administrator training course	487
10	Delivery Instructor training course	782
11	Sales enhancing course	1,782
12	Follow-up course for sales enhancing	326
13	Leadership development course	512
14	Practical training for administrative staff	1,526
15	Leadership training course	349
16	First-time manager training course	51
<b>Total</b>		<b>28,452</b>

## For safety working circumstances

SG Holdings is working to establish safe and comfortable working conditions for all employees. As a part of preventive measures of occupational injuries, Sagawa Express supplied protective footwear for all drivers, workers at Service Centers and distributive workers in 2007 and this resulted in the reduction of injuries compared to the number of similar injuries in the previous year.

In general, incidence of occupational injuries is on a declining trend and we understand that the trend is a result of higher safety awareness of our employees.

To allow our employees to fulfill most of their potential, it is essential to create the ideal working conditions. It is also important for the welfare of staff and their families, as well as for improvement of service quality to our customers. For this reason, we will continue our efforts in enhancing health and safety measures for our employees, who are the most important asset for us.



The poster for 'Stop external occupational injuries!'

## Management of mental and physical health

### Raising health awareness

Because of leading such a busy life, management of mental and physical health tends to be neglected. Therefore, we call our employees' attention to health awareness through various media.

Particularly, in our monthly corporate magazine, 'HIKYAKU,' various information on health management, from alerts of food poisoning to lower-back pain and prevention of influenza and pollen allergy, appears in the section called 'Hikyaku no Genki Kaido (Hikyaku's road to vigor).' Especially for the sales drivers who work outside all day, the heat in summertime is something to reckon with. Therefore, we call their attention to health awareness by running a feature article about health control to deal with excessive heat, for example.

### Promoting mental health care

For our employees and their partners and families, we opened 'SG Holdings Group Health Dial 24.'

Through a consultation service run by an external specialized institute, experts provide 24-hour consultation for family life affairs, including health, medical care, nursing care, raising children and information on medical institutions and for mental affairs concerning distress about jobs or human relations. Consultation on an anonymous basis is accepted as well.

To enhance our support, we extended operating hours of telephone and interview counseling and opened another 24-hour consultation service on an exclusive website for staff and their families, in April 2008.



The poster for 'Health Dial 24'

"I fully commit myself to providing human-friendly and environment-friendly facilities."

SG Realty Operations Department Toshiya Masaki



**Welfare programs**

**Organizing SG Holdings Group's Sports Festival**

Understanding and support by family members are so important in order for our staff to work with vigor and enthusiasm and we understand that their families are an essential part of SG Holdings Group as a whole. Therefore, we organize various events to cultivate mutual friendships between our employees together with their families, within each group company, branch or region.

SG Holdings Group Sports Festival (SSF), usually held in May every year, is the largest such event for our group. The participating employees and their family members get together at Moriyama Park, one of our resort facilities located in Moriyama-shi, Shiga Prefecture, from all over the country and promote friendship between them through sporting activities and games.



**Club activities**

In cooperation with local communities, Sagawa Express supports artistic and sports activities and educational programs for children.

We also support various sports club activities within the company for promoting sports and for the health of our employees.

**Sagawa Express Track and Field Athletics Team**

The team has taken part in the All Japan Corporate Ekiden held on January 1st every year for thirteen consecutive years and sent two team members to the Atlanta Olympic Games as marathon runners on the Japanese national team. While the team consists of many long distance runners, Takayuki Tani and Yusuke Taniuchi took part in the walk race at the Track and Field World Championships in Osaka held in August/September 2007.

**Providing recreation facilities**

We have several recreation facilities and contracted resort facilities, in which our employees can feel refreshed in mind and body, both domestically and abroad and many employees use them to deepen bonds between their family members.

**Major recreation facilities**



Lake Sagawa

Located on the eastern lakefront of Biwako, the largest lake in Japan, Lake Sagawa has a rich natural environment and open views with which guests can feel refreshed in mind and body. It is adjacent to Moriyama Park.



Atami Sagawa Soh

Atami Sagawa Soh is located in Atami which is one of the most famous resort districts in Japan. With the large sunlit waves of the Pacific Ocean and lovely sea breezes, guests can enjoy themselves and relax.



Moriyama Field Athletics Stadium

Moriyama Park is located in Moriyama-shi, Shiga Prefecture, and has an athletics stadium, 3 baseball fields, a softball field, an artificially-turfed football ground, a gymnastics hall and an indoor pool. These facilities are open for the people from local communities as well.

**SAGAWA SHIGA FC**

The team belongs to the Japan Football League (JFL) and won the league championship in 2007 for the first time. Aiming at a second straight championship, the team is also active in the local communities in their home town Shiga through activities such as organizing soccer schools for young players.

**Sagawa Express Softball Team**

The team joined Japan Women's Softball League in 2005 and won the championship that year in the lower division, which promoted them to Division 2 the next year and, in 2007, fought hard in Division 1 and finished eighth in their first season in the top division. For the 2008 season, the team's aim is to become more competitive than before and finish the season in the top six.

**An exclusive website for staff and families**

We understand that mental and physical health of all employees of SG Holdings Group and their family members is one of the keys to supporting our group's business operations. SG Holdings Group runs an exclusive internet home page 'SG Holdings Group exclusive site for staff and families' that has various content, such as consultation services for health or troubles in working conditions, information on recreation facilities and other resorts and a wide variety of life support information, with a view to helping our employees and their families enjoy physical and mental well-being.



**The affection of our families' enhances the power of our group**

In response to family members of our staff wanting 'to know what the job of Sagawa Express' sales drivers involves,' we organized a workplace observation day. The children and wives participating in this event seemed to have the impression that they 'want to work as our fathers do!' and 'it was a good opportunity to know what an important job it is to handle customers' goods.'

Quite a lot of parents and children or siblings work together at Sagawa Express and the warm feelings among all employees, based on mutual understanding and respect, are a benefit to the whole group.



Children helped unloading

**Recognition of excellent staff**

For the purpose of enlivening the group and motivating employees, SG Holdings Group conducts a joint awarding ceremony for excellent staff (individuals) and excellent branches of Sagawa Express (groups).

In this recognition scheme, staff who achieve excellent results and branches which make efforts for improvement in terms of business performance, quality and safety, and achieve good results, are awarded as valuable assets of our group.

The awarded staffs and branches try to improve their achievements further and others are motivated to pursue and get ahead of them, which generates a good synergistic effect.



"I will deliver parcels to the customers along with a smile, liveliness and vitality!"

Sagawa Express Shimonoseki branch Kenji Shiota



## With Local Communities

While fulfilling our obligations as a corporate citizen, we will make efforts to promote welfare, safety and coexistence with local communities.

### Cooperating in work experience learning programs for elementary school children,

Sagawa Express participated in 'The front lines of society - a field trip to the front lines of distribution' organized by the Future Innovation Forum (FIF)\*. This is a part of activities for the 'contribution to society' and 'developing the creativity of children who are our future.' In March 2008, we invited 20 children from the 5th and 6th grade in elementary schools for a hands-on learning program entitled 'A day of hands-on experience to learn what the sales drivers do,' in which they learned about the flow of parcels and the working site of distribution and experienced pick up and delivery operations.



Measuring the size of parcels

the uniforms of Sagawa Express and looked like true members of the company, complete with vigor and enthusiasm to work! Through this program, the children seemed to understand the importance of distribution in society and the significance of 'working' as well.

We will continue to try to communicate with children, who are our future.

\* The FIF was founded on January 1st, 2006, as an institution to exploit the cutting edge of technology attained by IT Innovation for the development of society.



Reception of parcels



Field trip to the distribution center

### Working on an academic-industrial alliance (hospital logistics)

Sagawa Express has donated to the course 'Hospital Logistics' at the 22nd Century Medical Center at the University of Tokyo Hospital. The course conducts studies on the procurement and supply of medicine and medical materials and the distribution services to improve patients' convenience.



Symposium to think about hospital logistics

#### Introducing new services of Hospital Logistics on a trial basis

We developed new logistics services such as 'Empty-handed hospitalizing on and off' that aimed to improve hospital service and the 'Medicine courier pack' that efficiently supports the supply of medicine for discharged and ambulatory patients, in cooperation with the course, on a trial basis at the University of Tokyo Hospital since 2005.

#### Joint hosting of a symposium to think about hospital logistics

For reporting the studies for these 3 years and sharing information on hospital logistics in the future, we jointly hosted a symposium with the course under the theme of 'The latest movements and future of hospital logistics' in December 2007. Experts from various fields, including hospital management, medical information, architectural design of hospitals and logistics, participated in it and exchanged their multilateral opinions concerning hospital logistics.

We will continue to work on building up an efficient network in cooperation with the course and providing logistics services to improve the supply of medical material and patients' convenience.

### House of Kichizaemon Raku at Sagawa Art Museum opened

House of Kichizaemon Raku, which was built as part of Sagawa Express' 50th anniversary project, opened at Sagawa Art Museum in September 2007.

The house is the third annex to the museum. It exhibits craft works of Kichizaemon Raku, a 15th generation artist of the honorable Raku family. In Kyoto, where Sagawa Express started its business, the family has upheld the tradition for more than 400 years as potters of Senke Jissoku (the ten craftsman families entrusted by Senkes) which has played an important role in the field of historical tea culture.



Raku Kichizaemon-Kan



Yakinukikuroraku chawan Mei Kaishi

### Sponsorship for sports events etc.

#### Sagawa Kamamoto Junior Cup Moriyama 2007

With a view to promoting intercommunication of young football players and upgrading their skills, we have sponsored this event for 11 years since the inaugural event. This year, 24 teams, 500 young players, showed high-level skills which outshone that of adult players.



Exciting games were staged

#### Golden Rookie Award

We have sponsored the Golden Rookie Award, which is given to a rookie player who makes the strongest showing in Japanese professional baseball, since 2002. The aim of this award is to recognize the most valuable rookie of each season and the award winner is given a bronze statue entitled 'Moeru (budding talent)' that was created by Tadayoshi Sato, a sculptor who has strong ties to the Sagawa Art Museum.

#### Sagawa Express Cup, The 53rd National Amateur Honinbo Championship Competition

This is a Go competition that decides the national armature champion from among the representatives of each Prefecture, representatives of students and that of female players. Sagawa Express has sponsored the competition since 2004.

### Lectures

The 2007 version of the sponsored lectures organized by the Business Leaders' Inter-Forum for Environment 21 was held at Hosei University and Eiichi Kuriwada, Chairman and President of SG Holdings Co., Ltd., delivered the lecture. In front of approx. 400 students, he made a speech about environmental business management of Sagawa Express, including the Climate Savers Program.



A scene at the lecture

### Topic Japanese national team for the Beijing Olympic Games supporting project

Sagawa Express unfolded a project to support the Japanese national team for the Beijing Olympic Games. As part of the project, we invited several players, including Ai Fukuhara, and held a departing ceremony with our trucks which carry 'Japan Supporters' logotype stickers in January 2008.



## Activities through our foundations

### Sagawa Foreign Students' Scholarship Foundation

<http://www.sagawa-ryugakusei.or.jp/>

As part of Sagawa Express' 30th anniversary project, this scholarship foundation was established in February 1986 and has provided scholarship support for privately-financed overseas students from Southeast Asian countries. The main purpose of this scholarship is to establish international partnerships and friendship between the Southeast Asian countries and Japan. The scholarship started with only 8 students per year but it was expanded to 16 students in 1989. Each student receives 100 thousand yen per month for 2 years. Along with offering economic support to overseas students who decided to study in Japan, the foundation currently emphasizes international exchange activities, placing importance on support for them and friendship and bonds between those students.



Achievements in 2007 (sum total)  
 Number of scholarship recipients 34 (345)  
 Total amount of scholarships 40.2 million yen (765.9 million yen)

### Sagawa International Economic Cooperation Foundation

<http://www.sagawa-kokusaikeizai.or.jp/>

For the purpose of friendship between developing countries, including China and Japan, the foundation was established in October 1986 to donate used trucks to those countries and also provide training in vehicle servicing. In February 2007, the foundation received the National Order of the Lao People's Democratic Republic for its donation of used trucks and, in November that year, the Minister of Public Projects of Laos, Mr. Sommad, visited Japan and observed Sagawa Express' Tokyo Big Bay. For the 18th Sagawa China-Japan Friendship Vehicle Servicing Training Course, the foundation accepted 6 trainees from China and conducted a training course in Japan in order for them to learn comprehensive techniques and vehicle servicing.



Achievements in 2007 (sum total)  
 Donation of used trucks 8 (3,297)  
 Number of Accepted trainees 6 (102)

### Sagawa Cancer Research Promotion Foundation

<http://www.sagawa-gan.or.jp/>

This foundation was established in February 1989 for the purpose of supporting medical activities such as basic research and study in the practical treatments of cancer, which is the leading cause of mortality in Japan, and contributing to the improvement of medical welfare. It provides grants-in-aid for studies and research promotion awards, as well as efforts in knowledge dissemination on the health and prevention of cancer for the general public. The foundation has organized the 'Public Lecture on Cancer' every year since 2002. The 2007 lecture was held in Kyoto under the theme of 'Thinking together about cancer treatment in Kyoto' which saw approx. 700 participants.



Achievement in 2007 (sum total)  
 Number of studies supported 15 (316)  
 Total amount of grants-in-aid 15 million yen (309 million yen)  
 Number of special studies supported 4 (19)  
 Total amount of grants-in-aid for special studies 12 million yen (59 million yen)

### Sagawa Art Museum Foundation

<http://www.sagawa-artmuseum.or.jp/>

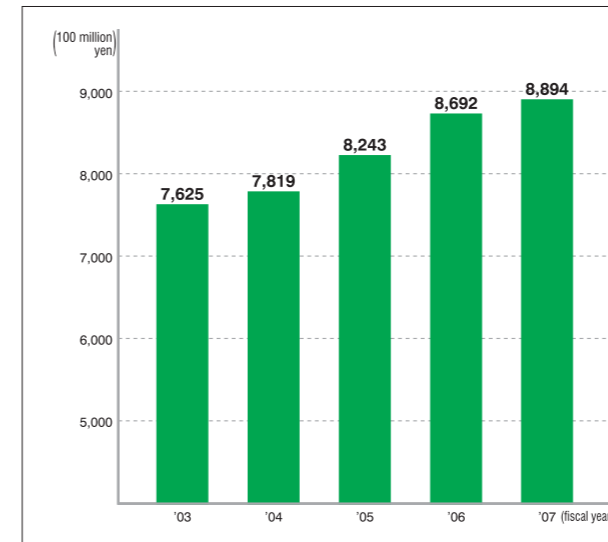
As a part of Sagawa Express' 40th anniversary project, the museum was opened in March 1998 in Moriyama Park (Moriyama-shi, Shiga Prefecture) located on Lake Biwako. Along with the permanent exhibition of art works by leading Japanese painter Ikuo Hirayama and sculptor Tadayoshi Sato, the museum has held various special exhibitions to introduce many valuable art works, including those from abroad, in exchanges between Eastern and Western cultures. In 2007, the House of Kichizaemon Raku opened (p.53) and two special exhibitions, the commemorative exhibition of a new collection 'Ikuo Hirayama Daitoh Saiikiga (Landscape of old western China)' (March 20-June 17) and the special 'Hiroshige's Tokaido and Kisokaido Ukiyoe exhibition' (April 21-May 27), were held. And 'Looking for the original landscape of Biwako -Brian's eyes-' (June 21-September 2) was supported by WWF Japan, which allowed us to find common ground between art and environmental conservation. As part of our educational activities for children, the museum conducted a program called 'Summer vacation in the museum' which granted free admission for children of elementary and junior high schools and their parents.



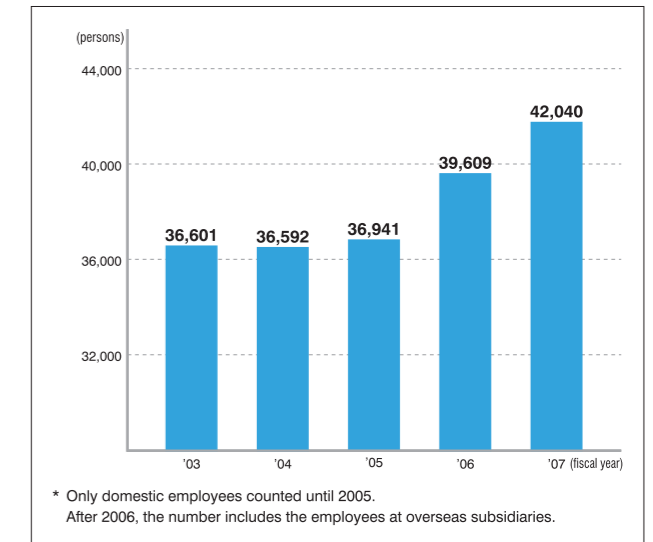
Number of visitors in 2007 (sum total)  
 127,517 (774,655)

## SG Holdings Group Business Operations Data

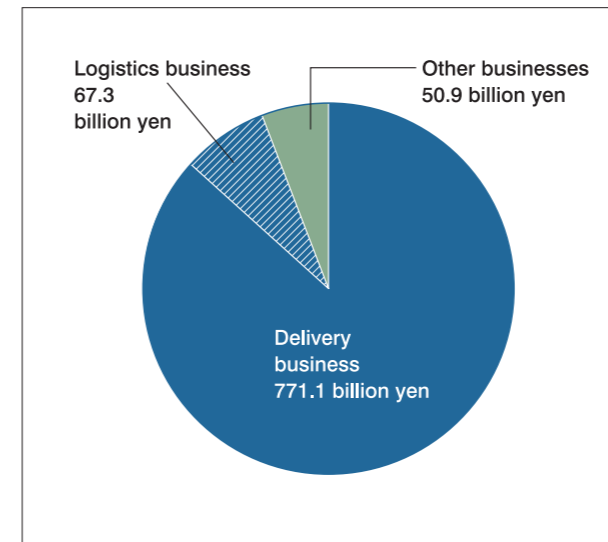
Proceeds (consolidated)



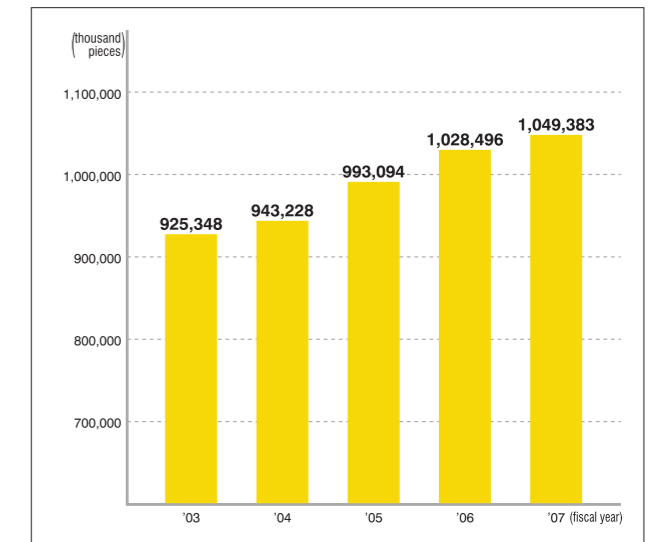
Number of employees (consolidated)



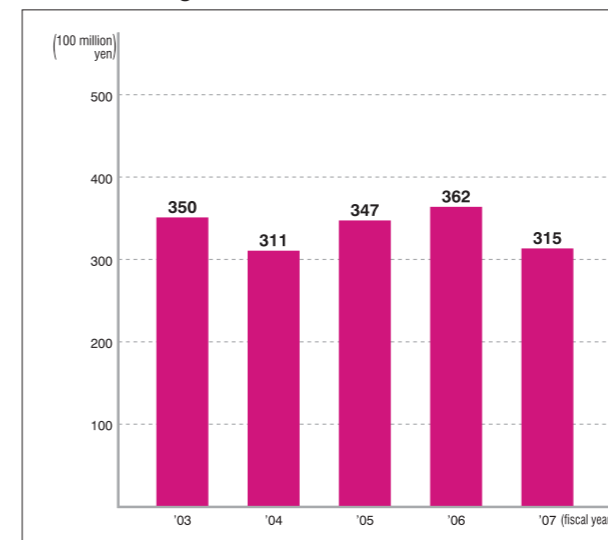
Composition of proceeds (consolidated)



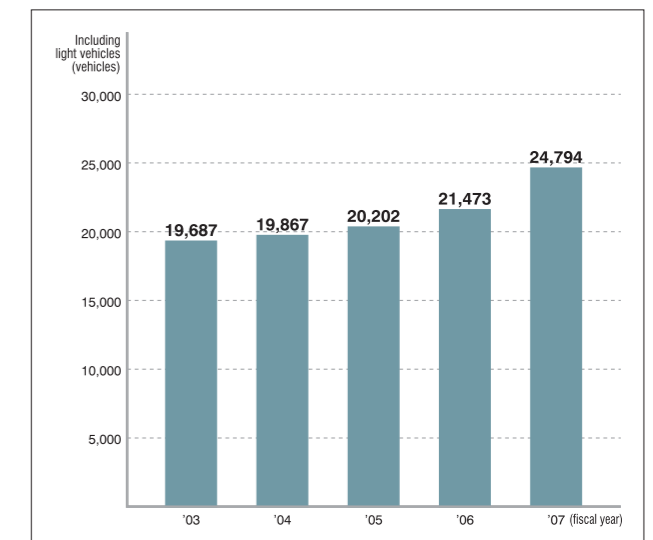
Number of couriers handled (Sagawa Express)



Current earnings (consolidated)



Number of vehicles owned (Sagawa Express)



## 独立した第三者保証報告書

佐川急便株式会社  
代表取締役社長 栗和田 榮一 殿

2008年6月2日

### 1. 保証の対象と目的

株式会社あらたサステナビリティ認証機構（以下、「当社」という。）は、佐川急便株式会社（以下、「会社」という。）からの委嘱に基づき、会社と財団法人世界自然保護基金ジャパン（以下、「WWF」という。）との間で締結された「クライメート・セイバーズに係る覚書」（以下、「覚書」という。）に基づき、会社が算定した2007年度の二酸化炭素排出量、削減量及び目標の達成度に関して保証業務を行なった。保証業務の目的は、SGホールディングス株式会社が作成した「環境・社会報告書2008」（以下、「同レポート」）に記載されている会社の2007年度の二酸化炭素排出量、削減量及び目標の達成度を対象に、「覚書」並びに会社の方針及び基準を規準として、以下の点について独立の立場から結論を表明することである。

- 同レポートに記載されている会社の2007年度の二酸化炭素排出量、削減量及び目標の達成度（同レポートP28）が、「覚書」並びに会社の方針及び基準（同レポートP27,28）に従って、重要な点において収集、報告されているかどうか。

同レポートに記載されている会社の2007年度の二酸化炭素排出量、削減量及び目標の達成度は、会社の責任のもとで作成されたものであり、当社の責任は独立の立場から結論を表明することにある。

### 2. 実施した保証手続の概要

当社は、「過去財務情報の監査又はレビュー以外の保証業務（ISAE3000）」（2003年12月改訂 国際会計士連盟）、「環境報告書審査基準（案）」（2004年3月公表 環境省）及び「サステナビリティ情報審査実務指針」（2008年2月改訂 有限責任中間法人サステナビリティ情報審査協会）に準拠して業務を行なった。本業務はこれらの基準に基づき限定的な保証を提供するものである。また、本業務は一般に公正妥当と認められる監査基準に準拠した監査ではなく、従って監査意見を表明するものではない。

- 保証業務において行った手続の概要は以下のとおりである。
- 会社の全般的状況及び2007年度の二酸化炭素排出量、削減量及び目標の達成度のマネジメントに関する本社における資料の閲覧、質問
  - 同レポートに記載されている保証対象に関する、会社の方針及び基準の設定と運用の状況に関する本社及びサイトにおける質問
  - 保証対象を測定、集計、報告する方法に関する本社及びサイトにおける資料の閲覧、質問
  - 保証対象について本社及びサイトにおけるサンプリングしたデータと根拠資料の証憑突合、各根拠資料間の整合性の評価、分析的手続

### ・ 選定した往査サイト

サイト名	主な機能
佐川急便株式会社 本社 東京本部 総務部環境推進課	本社機能
同 本社 東京本部 財務経理部経理課	東日本地区 担当

なお、手続を実施した会社の2007年度の二酸化炭素排出量、削減量及び目標の達成度に関する記載情報については、同レポートの該当箇所に以下のマークを（）付している。

### 3. 結論

当社の結論は、以下のとおりである。

- 同レポートに記載されている会社の2007年度の二酸化炭素排出量、削減量及び目標の達成度が「覚書」並びに会社の方針及び基準に従って収集、報告されていないと認められる重要な事項は、当社が実施した手続の範囲では発見されなかった。

### 4. 独立性

会社と当社の間には、「環境報告書審査基準（案）」、「サステナビリティ情報審査実務指針」及び公認会計士法の規定により記載すべき利害関係はない。

以上

株式会社あらたサステナビリティ認証機構



東京都港区芝浦四丁目2番8号  
住友不動産三田ツインビル東館

代表取締役社長

山手章

## [Third Party Opinion]

In this century when the limits of the earth are disclosed in the form of environmental impairment and depletion of natural resources, companies won't be able to survive on just pursuing shareholder models. In a broader sense of the word, stakeholders are consumers and, ultimately, all citizens of the country. The age is upon us when only companies needed by consumers and citizens can survive. First of all, efforts to 'visualize' which means displaying corporate philosophy plainly and communicating simple and clear 'raison d'être of our company' is required. Issuing a Sustainability Report can be one of the effective measures for it.

From this point of view, the wording 'a company to be chosen by all stakeholders' is stated as the top message in this year's report and, to support the idea, Stakeholder Dialogue has been held for years, which should be highly appreciated. As for the message, it might have been more reader-friendly if, for example, some personal experience of the President were included and readers could see the real face of top management.

Regarding the description of environmental measures, it might have been more persuasive if a case study were included that showed the effects on safety of transport, security, motivation of staff and improvement of customer satisfaction, as well as promoting the streamlining of business management.

Meanwhile, it is noteworthy that, in the aspect of global warming suppression, they set the numeric target in reduction of greenhouse gas emissions (Climate Savers Program) in association with a worldwide environmental NGO, WWF (World Wildlife Fund), as the first Japanese company to do so, and is making efforts to fulfill the public commitment to achieve the target by 2012.

## [Editor's Note]

A company can only exist among many 'links', such as links with local communities, links with customers and links with employees, for example. We always think that we must revere these links to survive as a company. The main purpose of our Sustainability Report is to strengthen these precious links and, therefore, we think it is essential that everyone understands the contents of the report.

At the planning stage of this year's report, we decided to incorporate two policies, 'the easily understandable description' and 'reader-friendliness', to prepare the legible report for broader readers without unnecessary effort.

We hope that SG Holdings Group's various activities are properly understood by everyone through reading this report. Our group will continue to work hard in our business operations, while acknowledging the links with society. Your valuable comments and feedback will always be welcomed.

SG Holdings Co., Ltd.  
CSR Environment working group



Chiba University of Commerce  
Policy Information Department  
Professor

Norihiro Mitsuhashi



## Entrusted with the last present of his life.

**Toshiharu Nishiguchi**  
(Sagawa Global Logistics Okayama Office)

One day, I had a phone call from an acquaintance. "Can you deliver a kid's bike by a chartered truck as soon as possible?" he said. I hurried to the appointed place to pick it up and found out it was a hospital. The customer was a male patient lying on his bed and he requested us to deliver the bike as a birthday present for his son. I went straight to the receiver's address and, when I delivered it and told his wife that "it is a delivery for your son, from his father," she just broke down and cried. To hear what she said, her husband was seriously ill and had a very limited life expectancy. Then I called a taxi for them because she wanted 'to go to hospital with their son now.' Later I heard that he passed away in the company of his wife and son, a couple of hours after they arrived at the hospital. As a person involved in the delivery business, I was so proud that I was able to contribute to the family. What we are delivering is what money can't buy and what is much larger than its physical size and so valuable. I wish to be a man whom the customer will choose to entrust with such freight.



## On the brink of tears while listening to her 'thank you'.

**Yoshinori Iwai**  
(Sagawa Express Gifu Branch)

After I delivered a Kotatsu (small table with an electric heater underneath and covered by a quilt) bought by mail order to an elderly lady who lives alone, I visited her again on the next day to pick up the Kotatsu because she wanted to return it. Responding to my question about the reason for return, she said "a leg on the Kotatsu doesn't fit properly." With a quick check, I found that she tried to assemble the Kotatsu using a screw in the wrong direction and it was easy for me to put it in the right way. As I wasn't too busy that day, I used the opportunity to assemble the Kotatsu completely for her. She looked very delighted and said "thank you" over and over again. While listening to her, I was on the brink of tears because I realized that it isn't always easy for an elderly lady to live alone. What we deliver is not only the feeling of each customer, but our own good faith to the customers. I hope I can always be of help to the customers and able to make them happy.

# What We are

# Delivering

## Hearty thanks from a women to whom I delivered a bouquet of flowers.

**Ichiro Yasui**  
(Sagawa Express Toyama Branch)

On Mother's Day, we deliver many presents every year. This year, I delivered a huge box that contained a gorgeous bouquet of flowers. The lady receiving the box was surprised at the unusual size of the box at first, but soon realized the sender was her daughter who is away from home. While saying "Oh, it's too large. I can't understand why..." as she put her personal seal on a slip, I saw her hands were slightly trembling. I guessed she was nearly in tears. Delighted that I had an opportunity to deliver the daughter's hearty thanks to her mother, I just said "thank you very much" and left the home quietly. What we deliver is the feeling that senders put into the parcels.



## The weight of emotion from a father who lives away from his family.

**Hirofumi Tonosaki**  
(Sagawa Express Kobe Branch)

It was Christmas Eve. I delivered a beautifully wrapped parcel which looked like a Christmas present and a young boy delightfully received it, saying "it's from dad!" Then I heard from his mother that he could only see his father only once a year, as the father lived away from his family because of his job. I was deeply moved by realizing that we were able to link this young boy and his father by delivering the Christmas present. What we deliver is the emotion of each customer packed in a parcel. A parcel loaded with emotion is 'heavier' than it actually weighs. Being aware of this, I think I must handle each parcel with extra care.



For inquiries about this report, please contact:

68 Tsunoda-cho, kamitoba, Minami-ku, Kyoto, 601-8104 Japan

**SG HOLDINGS CO., LTD.**  
**CSR Environment Working Group**

<http://www.sg-hldgs.co.jp/>

Title: Sustainability Report 2008

Date of issue: June 2008

Next issue: June 2009

Printed by: Sagawa Printing Co., Ltd.

This report can be found at our website shown above.



● FSC certified paper is used for the preservation of forests.



● Printed with soy ink certified by the American Soybean Association.



● Waterless printing using no dampening water and contains organic solvent.

