



SG HOLDINGS GROUP

CSR Report

Sustainability Report 2009



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%



Title of the CSR report brochure

We entitled our CSR Report from this year based on the deep understanding that our CSR (Corporate Social Responsibility) is SG Holdings Group's everyday philosophy centering on the distribution business, in which we play a large role, and fulfilling our responsibilities for people's work and life continuously expanding our efforts.



Design of the front cover

At SG Holdings Group, we are responsible for an essential infrastructure which is indispensable for industry and society, and moreover, for a prosperous future of our environment through our daily business operations. Our message, "Supporting people, commerce, and the future" represents the attitude of the group which is directly linked with these CSR activities.



Report editorial policy and scope of

■ 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, and the Sustainability Reporting Guidelines 2006 (GRI).
3. The performance figures are taken from the statistics of fiscal year 2008. (Some of the activities reported here are to be implemented in fiscal year 2009.)
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, 2008 to March 20, 2009.

■ Organizations covered in this report

While focusing mainly on the achievements of Sagawa Express Co., Ltd., the activities of the group companies and the foundations of SG Holdings Group are also 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. is a pure holding company of groups centering on Sagawa Express and other related companies, which has the business strategy of planning and managing functions through out the group, and each company within the group concentrates on specific business operations. With this management structure, we can make swift decisions and exploit 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 related businesses.
■ Location	68 Tsunoda-cho, kamitoba, Minami-ku, Kyoto, Japan
■ President	Eiichi Kuriwada
■ Capital	11,383,000,000 Yen



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We think our most important social responsibility is to make serious efforts in our business operations which are part of the social infrastructure.

We aim to become a company responsible to society through the delivery of the customers' valuable parcels as if they were our own, efforts in safety and protecting the environment, and a wide variety of other activities.

What is the ideal social responsibility (CSR) of SG Holdings Group (SgH) under the current severe economic situation?

We interviewed Eiichi Kuriwada, Chairman and President of SG Holdings Co., Ltd.



How do you think CSR is holding up under the current economy?

I think we must review our CSR now because the economy is stagnant. CSR must be continued by any means. When the CSR is considered to be an activity which is totally different from the main business operations, it is hardly continued or developed. Physical distribution, which is the core business of SG Holdings, plays a large role in the expansion and development of industrial and social infrastructures. Therefore, I think SG Holdings Group's main business operations per se are our CSR, and for this reason, it is important to have a view of how our business operations will lead to the revitalization of the economy and the expansion and the development of industrial and social infrastructures in terms of both CSR and business operations.

The development of physical distribution has improved speed and efficiency in industries and businesses, and has also contributed to their development. We hope to make efforts to make a further contribution to industries and businesses while continuing our cooperation in the environmental issues, safety, and the construction of a society where people can live happily. We are proud that the efforts made by the distribution and transport business industries were important for home shopping services which we have highly emphasized as a purchase style for general consumers, and I think this is because the superiority of home shopping services responding to social changes such as a stagnation of the economy and penetration of IT as well as 'physical distribution' which delivers parcels speedily, reliably, securely, and safely, have been one of the major factors for the revitalization of consumption.

It is very important to forecast demands of the times a half step ahead. This contributes to the development of

the entire society. As a company, We consider that activities designed to overcome various problems when the economy is stagnant will also contribute to the wealth of the society.

How is the “SgH First Stage Plan” progressing?

This mid-term management plan looks at SG Holdings Group for the next ten years, and we created the SgH First Stage Plan as a plan for the initial three years. Since our goal is clear, it will not fluctuate or be lowered even when the economic environment changes. All we must do is identify important issues sensitively, and act solidly together toward the achievement of the goal.

Stagnation of the economy may be used as an excuse because it is a problem of the whole society, but a resolute attitude whereby we consider, “Now is a chance because we face a crisis,” overcomes such a situation and creates wisdom and activities in a company. When we cannot find a way out, an ad hoc performance cannot solve the problems. However, our group is a strong organization which has thrived on adversity since its beginning. We have a field force of sales which is stimulated by adversity and a strong organizational power and readiness to support it. The advertising catch phrase of Sagawa Express, Fit Your Business, entirely represents our field force, organizational power, and readiness.

What do you think of SG Holdings Group’s CSR? In addition, what do you think of the relationship between the business operations and the CSR?

Since the ‘physical distribution’ is closely connected with industries, businesses, and society, I think the business operations of SG Holdings Group per se have a large social responsibility. I believe implementing secure and safe distribution and responding to the environment seriously as our daily work in light of our own business operations, without isolating the concept and activities of CSR, will produce a sound CSR. SG Holdings Group’s business operations have the advantage of being able to meet customers directly. It is important to understand customer demands and to build an organization which can meet them effectively.

For compliance and internal control, it is important to create an organization which prioritizes the ideas and thinking that it are utilized in society, and not prioritizing the mechanism, and has a recovery function when it goes off the road. We must think why we cannot observe the rules together with the staff in the field, not limiting the activities of the relevant department, aiming to solve problems throughout the whole company. The current internal control and company rules have an excellent system, but we need to be flexible to always respond to the challenges of society.



What is your future plan for environmental activities?

We establish and implement our group’s own goals for environmental activities. Of course, it is also necessary to watch national and global trends carefully and link them with our goals, but I recognize it is important to understand/capture the validity and problems correctly as a company and as a distribution company, and then proactively develop activities to solve problems.

In particular, it is necessary to evaluate important issues such as the adoption of new transport means and methods and alternative energy as the times and society are developing by watching national and global trends carefully and seeing their essence.

Establishing goals for a couple of decades for the next generation and the generation after that by society, people, and companies is very important for the future. At the same time, an activity such as reducing the amount of CO₂ emissions in front of us now as much as possible is also important. Innovative transport methods and measures to improve energy efficiency such as the Eco Safety Drive and Tri-Cycles are ideas created through our daily work in the field. I think a field force is important in terms of not only sales activities, but also these environmental activities.

SG Holdings Co., Ltd.
Chairman and President

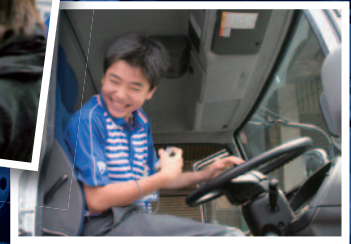
栗和田 栄一

Eiichi Kuriwada

**A Sound society by developing and seeking the next generations
– report from work experience learning programs**

“Distribution supports our life and work!”

- Experience ‘the distribution’ field, a social infrastructure -



Work experience learning program

Parcels received from our customers are delivered to the place and time they are needed. Parcels ordered yesterday are delivered this morning. These are very important, but also quite common in modern society. We understand that ‘physical distribution’, which supports such a common practice, is a key part of the system which supports the industrial and social infrastructures of modern society. We believe that our serious engagement in this business, with such high exposure, is exactly our CSR.

SG Holdings Group cooperates in the ‘work experience learning programs of junior high school students’ recommended by the Ministry of Education, Culture, Sports, Science and Technology as a part of career education at a company-wide level, hoping to support the education of children who will be responsible for the next generation through this ‘distribution’ field.

In Sagawa Express Tokyo branch (Tokyo)

Experience encourages a cheerful ‘thank you.’

As an on-the-job training program at the Tokyo branch, three first year students of Nihonbashi Junior High School experienced the delivery and pick up operations of parcels at the Service Center in Horidome 1-Chome. On the first day, the students were nervous and shy, and they hesitated to say, “Sagawa Express. Thank you.” From the 2nd day, however, they spoke confidently and gradually got used to the worksite and atmosphere.



<Example of 5-day curriculum of Sagawa Express work experience learning program>

Day 1	Training of morals and manners
Day 2	Visit to branches, learning safety
Day 3	Experiencing delivery to companies
Day 4	Experiencing delivery to individual houses
Day 5	Experiencing dispatch of parcels

**Many voices of students
who joined the work experience learning programs of other branches**

“I was surprised when I heard that parcels were carried not only by cars but also by cart. I was tired but had fun every day. I like this work experience learning program.”

“It was hard because the parcels were heavy. But I was glad when the customers thanked me.”

- Conveying our message through work experience learning programs and various opportunities -

Role of ‘physical distribution’ and responsibility of SG Holdings Group

SG Holdings Group is a general distribution business group which consists of companies engaged in the physical distribution business such as the delivery business and logistics business and other various businesses to support their system and structure such as vehicle servicing, insurance, and customs clearance. It can be said that the ‘physical distribution’ system is a social infrastructure which plays a very important role to support our life and work, and we believe SG Holdings Group assumes great responsibility in society for this reason. We understand we must convey our important role in various places and fulfill our responsibility.

We can contribute to the education of the next-generations through our business operations if our workplace is shared and the learning can lead to the building of a positive view of work through our cooperation.

‘Physical distribution’ which delivers parcels received from our customers to a place and time they are needed.

‘Physical distribution’, which delivers parcels to a requested place at a requested time, is a common practice in modern society, and this is important as society develops and changes. To practice such a physical distribution, we make various efforts in logistics and systems by constructing various processes and maintaining close networks both domestically and abroad while paying attention to the environment with efficient transport means and methods. For this reason, it can be called a social infrastructure. SG Holdings Group hopes that students experience these invisible roles and functions of ‘physical distribution’ through our work experience learning programs.



Parcels collected from around the country are distributed to each destination at our hub centers.



‘Physical distribution’ as a partner to support offices, residential areas, industries, and life

One of the major purposes of ‘physical distribution’ is to support industries and the economy. A great many parcels such as documents and products are transported from factories and offices. ‘Physical distribution’ also needs to be developed closely with networks to transport parcels securely and safely. Another major purpose is ‘physical distribution’ to support our life. This means transport of parcels such as daily commodities and gifts.

We believe ‘physical distribution’ is a partner to our work and life, and that is the responsibility and mission of SG Holdings Group.

An important partner to our life and work, ‘physical distribution’



‘Physical distribution’ which also pays attention to the environment by using vehicles and delivery methods with less CO₂ emissions

SG Holdings Group conducts work experience learning across the country.

We hope students experience the first step toward fulfillment through work.

SG Holdings Group widely conducts work experience learning throughout its group companies including Sagawa Express Co., Ltd. and Nouvelle Golf Club Co., Ltd. SG Holdings Group will proactively continue to support local educational activities through our work experience learning programs in which students work as responsible members of the society as part of our CSR.

Sagawa Express has placed 178 students from 57 schools on the front lines of physical distribution

Actual results of accepted students in 2008

■ Work experience learning program

	Elementary school	Junior high school	High school	University
Participating schools (No. of schools)	2	38	15	2
Students (No.)	42	99	34	3

■ Internship

	Elementary school	Junior high school	High school	University
Participating schools (No. of schools)	0	0	6	6
Students (No.)	0	0	23	8

Elementary school students experience the job of sales drivers!

Our work experience learning programs accept not only junior high school students but also elementary school students. 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) held in March 2009.

We invited 20 children from the 5th and 6th grade for a 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, work site distribution, and experienced pick up and delivery operations.



High school and university internship students are also welcomed!

SG Holdings Group also accepts high school and university internship students.

A high school student who joined the training program at the Hiroshima branch in July 2008 said, 'I learned a lot about the importance of work and the challenges of the sales drives who work with a smile.'

These work experience learning programs inspired many students to enter the company as sales drivers after they graduated from school and they are now working hard. This makes the employees who serve as instructors on site rethink work and saying, 'I remember the time when I entered the company, and at the same time I feel a responsibility for the future of young people.'



A smile is very important for work.

Outline of SG Holdings Group

Each business which supports the

group

– it's also a power to support growing social infrastructure.

Efforts in physical distribution and other businesses related to it.

All of them contribute to the development of industrial and social infrastructures. We will pursue a valuable existence as a group company which is widely trusted by society through our stakeholders by increasing and combining these individual abilities.

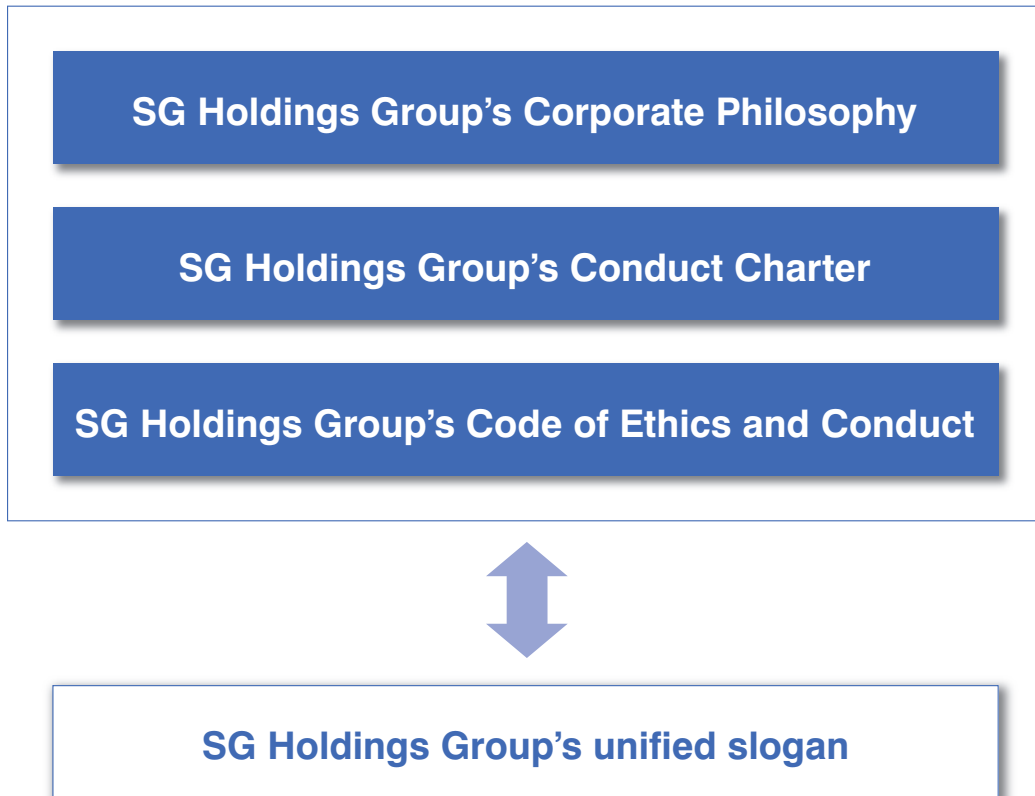
Business Operations and Culture of SG Holdings Group





Philosophy and Guidelines of SG Holdings Group

Corporate activities of SG Holdings Group consist of activities reflecting a sense of ethics among all management and employees. SG Holdings Group established a Corporate Philosophy, a Conduct Charter, and 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 build 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 SG Holdings Group. Further, management shall prepare an effective corporate governance structure to ensure business compliance. If any infringement of 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 the future.

(Joint declaration)

All managers and employees within SG Holdings Group act responsibly and make 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 services and products that are useful 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, in addition to the observation of international rules and laws 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 to 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 societies.
- 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

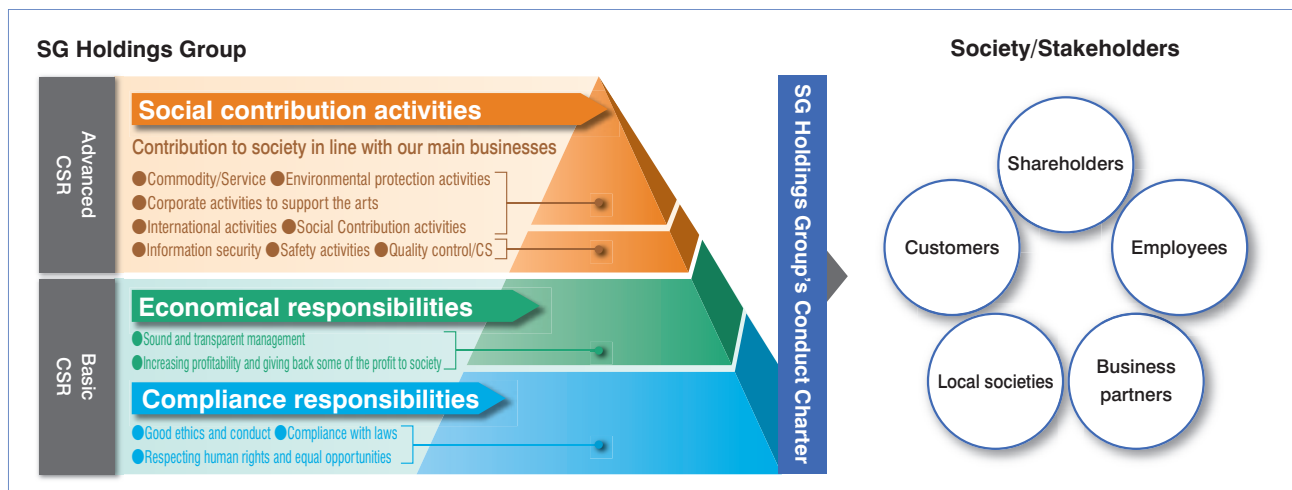
CSR Concept and System of SG Holdings Group

Basic idea of CSR (Corporate Social Responsibility)

Fulfilling CSR means the capability to adapt to the more sophisticated and diversified requirements and expectations from society 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 factors 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

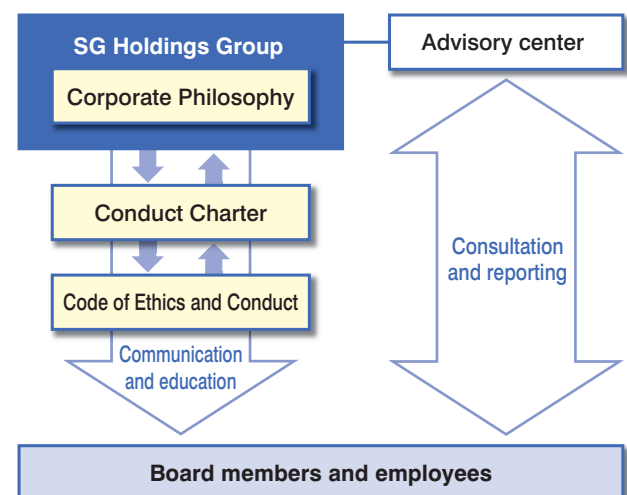


Promoting CSR / Effort on Improving our Ethics and Compliance Checking System

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 the 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 stems from our daily business operations and the behavior of all members of our group.

*The CSR Committee consists of all the board members of SG Holdings Co., Ltd.

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 for 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 internal audit |
| 5 Risk control | 10 Internal audit |

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

‘Report: Prevention of the air transport of fireworks (freight restricted from aircraft)’

Sagawa Express Co., Ltd. and Sagawa Global Logistics Co., Ltd. were involved in air transport of fireworks (freight restricted from aircraft).

Facts

Sagawa Express accepted fireworks from a customer to Ishigaki City in Tokyo as air freight without checking the contents and consigned its air transport to Sagawa Global Logistics. Sagawa Global Logistics conducted a safety inspection by an X-ray inspector but could not find the freight contained fireworks. They loaded the freight onto the container and the air carrier detected it at the Ishigaki Airport.

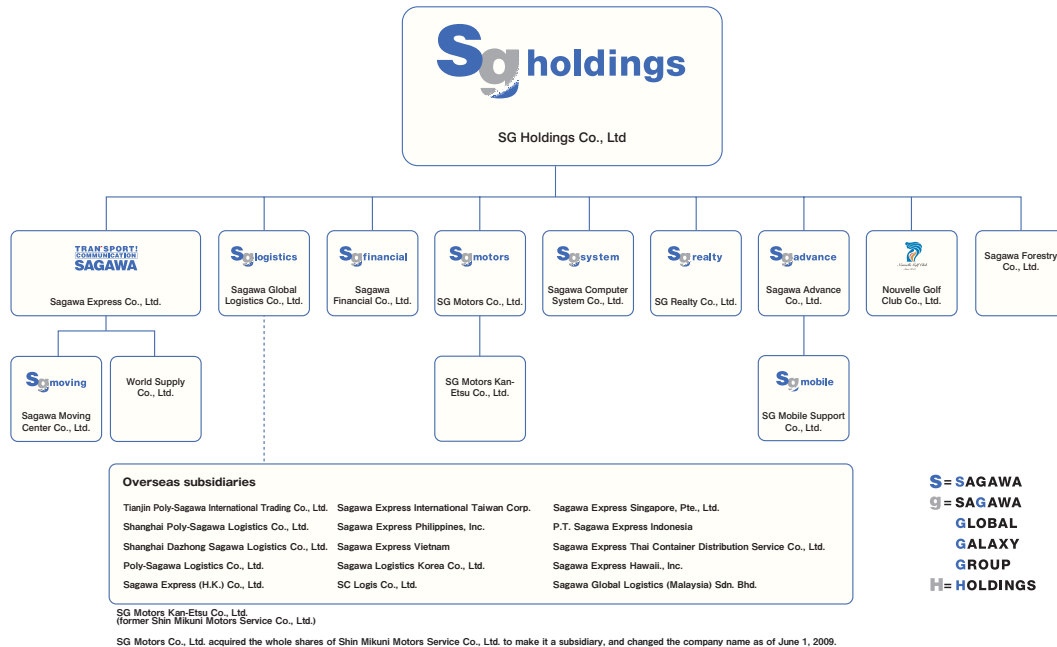
Action and preventative measure

Both companies took prompt action to prevent a recurrence and submitted an improvement report to the Ministry of Land, Infrastructure, Transport and Tourism. The employees were informed of the outline, and cautions when handling air freight were implemented. These include the checking of contents when accepting freight and reeducation of security personnel to strengthen the security system.

SG Holdings Group gravely acknowledges this case and sincerely apologizes for the inconvenience. We will avoid recurrence by further strengthening our compliance checking system.

Business Structure and Domestic Business Summaries of SG Holdings Group

Business Structure and Domestic Business Summaries of SG Holdings Group



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.



Sagawa Moving Center Co., Ltd.

With 16 branches throughout Japan, Sagawa Moving Center continues to provide optimal service for our customers, by suggesting the best possible distribution framework for each customer's needs with our domestic relocating transport services, transport of special goods which is not the specialty of Sagawa Express, transport and installation of large furniture and home electric appliances, and collection and transport of industrial waste, seven-days-a-week, in cooperation with our domestic affiliates. What will the distribution industry demand in the future? What can we do for it? We always ask these questions ourselves while aiming to become a company which can contribute to society.



Sagawa Global Logistics Co., Ltd.

Sagawa Global Logistics supports our customers' business by means of the global logistics service and 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 needs of all customers who consider logistics an important factor in their business strategies and to be able to contribute to society.



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 has been well-received by 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 the 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 payments: 1211.5 billion yen in fiscal 2008.



SG Motors Co., Ltd.

SG 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 SG Motors in the vehicle business, the environment friendly truck body, ECObody, was developed with the global environment in mind and more than 7,000 units in total have been put into service.



Sagawa Computer Systems 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. Sagawa Computer System will continue to provide practical solutions to customers in a wide range of fields, beyond the field of distribution, utilizing a proven track record and accumulated technologies and know-how.



Sagawa Advance Co., Ltd.

As a comprehensive service company in SG Holdings Group, Sagawa Advance offers various services including an insurance agency, a travel agency, personnel service, mail order and retail businesses, and delivers steady and strong results in every area.

An independent subsidiary company, SG Mobile Support, also expanded its business field, and as the name 'ADVANCE' implies Sagawa Advance will strive to meet the challenges of new markets and businesses under the slogan of 'innovation, challenge, and speed' with the spirit and corporate culture of enterprise.



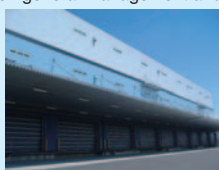
SG Mobile Support Co., Ltd.

SG Mobile Support Co., Ltd. works for the establishment, design, construction, supervision, and maintenance as a mobile communication base station installation business. It performs the construction of electrical, communication, and disaster prevention equipment, civil engineering / architecture, water supply and drainage, sanitary equipment, and air-conditioning equipment as the building equipment construction business, management of pay-by-the-hour parking, construction of high-level security systems, emergency maintenance, and installation of facilities as a facility-related business. SG Mobile Support is a group of such specialists in a wide range of fields, and will challenge new businesses including infrastructure development as society demands.



SG Realty Co., Ltd.

SG Holdings Group owns and rents many properties and facilities to operate its delivery business and logistics business. SG Realty was established as a general real estate company to maintain these many properties and facilities to consolidate their general management and operation, utilize them effectively, and develop new ones. SG Realty will contribute to the business operations of customers both inside and outside of the group by its solid strategies of real estate assets and facility infrastructure of the group (PM/CRE strategies*).



* PM strategy is to optimize lease methods and daily management, and costs and specifications of mid and long-term repair plans to maximize revenues from real estate and their values. The CRE strategy is to reconstruct corporate properties comprehensively and strategically to enhance corporate values.

Nouvelle Golf Club Co., Ltd.

Nouvelle Golf Club is located in Oami Shirasato-machi, Sanbun-gun in Chiba-pref, which is a favorable location 50 km from central Tokyo and about 50 minutes from Hakoizaki IC. The green forest course surrounded by Sanbu-sugi (cedar) of the Kazusa hills is a gentle course with few ups and downs, and players can enjoy golf comfortably moving around cool tree-shaded trails by passenger cart. The green, which is one of the greatest features, uses a grass variety called Penn A-1, and we believe players can enjoy the same fine touch as on a pro course. We look forward to your visit with our smile and cordial service.



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

World Supply Co., Ltd.

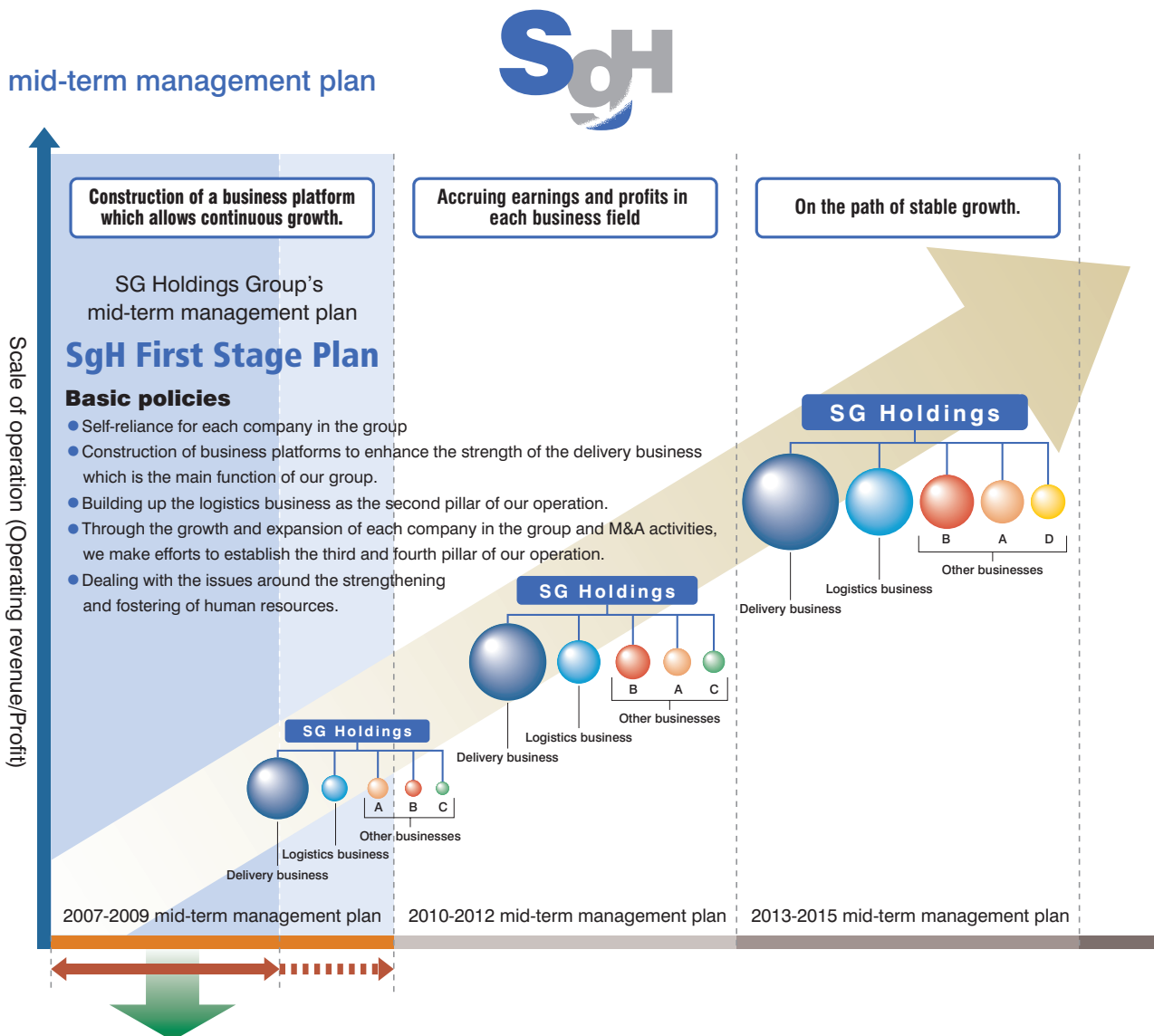
World Supply recently joined SG Holdings Group in February 2009. Its major business line is delivery service to department stores and mass merchandisers, product management and food delivery. Its inclusion in the group allowed a consolidation of delivery routes to distributors. In addition, in the food area, the construction of a one-stop distribution system to department stores and mass merchandisers will strengthen the distribution services of SG Holdings Group further.



Management Vision and Mid-term Management Plan of SG Holdings Group

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 in establishing the second, third and fourth pillar of our business.

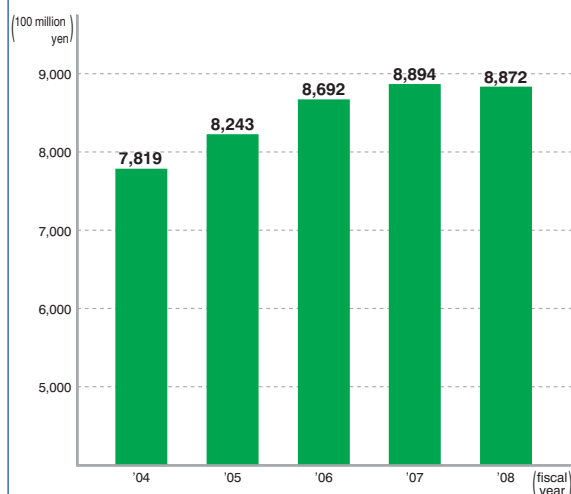


Achievement of the second year of the mid-term management plan, SgH First Stage Plan

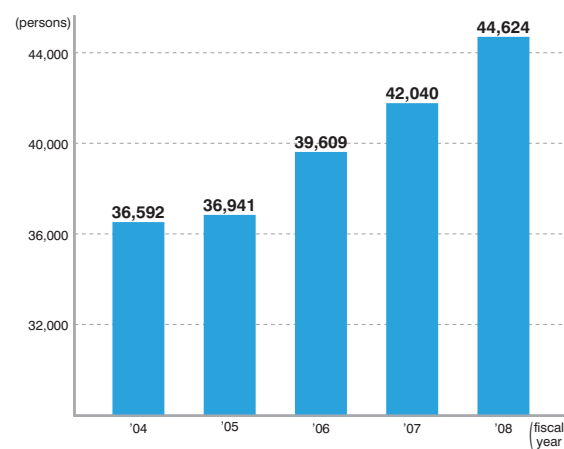
- Though the number of couriers handled by Hikyaku Courier remained strong, the operating revenue almost remained at the same level due to the impact of the economic recession etc. The business profit recorded a decline due to investments and expenditures toward the business term ending in March 2010 and the mid-term management plan of the next term.
- * Settlement report in March 2009: The operating revenue was 887.2 billion yen and the business profit was 22 billion yen.
- Though both revenue and profit were sluggish in 2008 due to the impact of the economic recession, proactive investments for the basic policy of the current mid-term management plan, 'Construction of a business platform which allows continuous growth' were continued, which allowed a handover to the basic policy of the mid-term management plan of the next term, 'Accruing earnings and profits in each business field.'

Business Operations Data of SG Holdings Group

Operating revenue (consolidated)

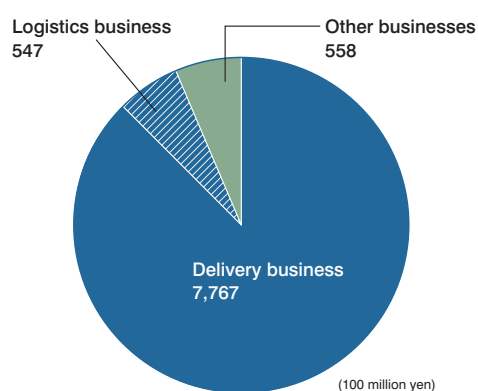


Number of employees (consolidated)

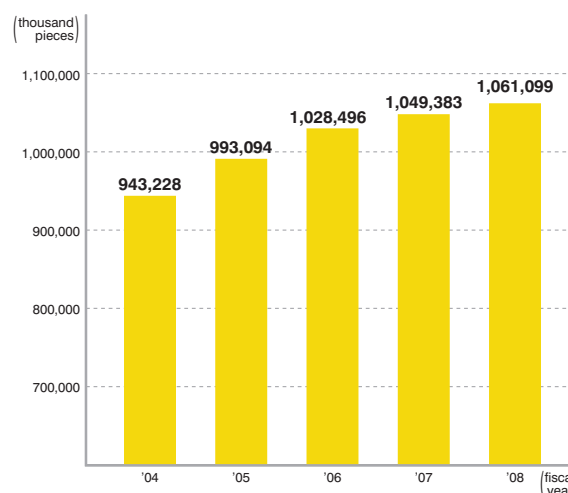


* Only domestic employees were counted until 2005.
After 2006, the number includes the employees at overseas subsidiaries.

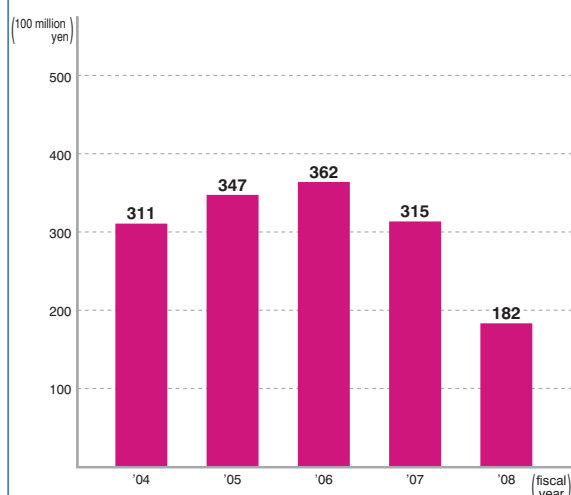
Composition of operating revenue (consolidated)



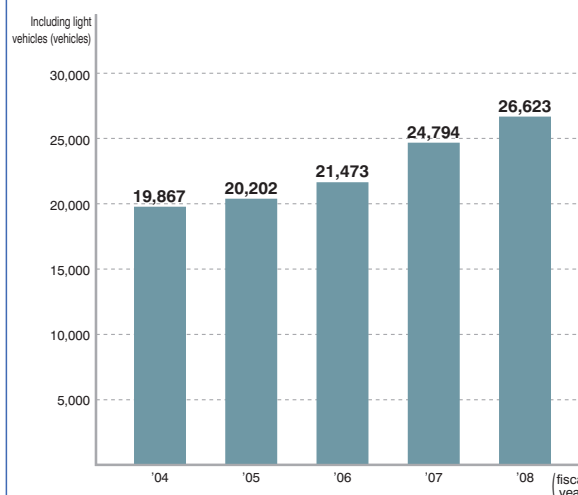
Number of couriers handled (Sagawa Express)



Current earnings (consolidated)

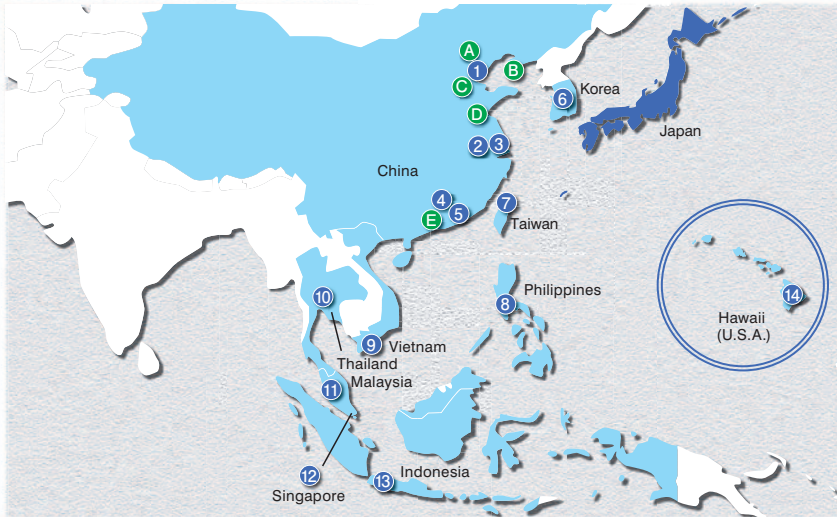


Number of vehicles owned (Sagawa Express)



Overseas Operating Bases of SG Holdings Group

Now is the era called the “Times of Asia”, and SG Holdings Group supports the construction of distribution infrastructures in Asia and China (which are changing dynamically) with its extensive know-how accumulated in Japan.



9 Sagawa Express Vietnam



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.

10 Sagawa Express Thai Container Distribution Service Co., Ltd.



The main businesses are storage and warehousing at the company-owned 21,000m² warehouse, forwarding and courier service.

1 Tianjin Poly-Sagawa International Trading Co., Ltd.



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.

5 Sagawa Express (H.K.) Co., Ltd.



Along with forwarding as the core business, the company also operates warehouse logistics, transport, courier and relocation services.

11 Sagawa Global Logistics (Malaysia) Sdn. Bhd.



The main business is forwarding. The company is run by local staff only and provides community-based services.

2 Shanghai Dazhong Sagawa Logistics Co., Ltd.



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.

6 Sagawa Logistics Korea Co., Ltd.



The main business is domestic transport in Korea, covering all major cities. The company also operates a courier and forwarding business centering on freight in e-commerce trading.

12 Sagawa Express Singapore, Pte. Ltd.



The main businesses are forwarding and courier service. Since October 2007, they have operated pick up and delivery on their own.

3 Shanghai Poly-Sagawa Logistics Co., Ltd.



The main businesses are courier*2, forwarding and 3PL*3 that are customized to each customer's needs.

7 Sagawa Express International Taiwan Corp.



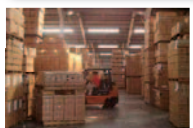
The main businesses are shipping, storage, marine transport and courier service. They also run a small lot pick up and delivery service operation with their own trucks in the Taipei area.

13 PT. Sagawa Express Indonesia



Along with forwarding as its main business, they also operate warehousing and courier service, etc., mainly for Japanese companies around Jakarta.

4 Poly-Sagawa Logistics Co., Ltd.



The main businesses are forwarding and the distributive processing business. The company has operational branches at Beijing, Dalian, Tianjin, Qingdao and Guangzhou.

8 Sagawa Express Philippines, Inc.



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.

14 Sagawa Express Hawaii, Inc.



The main business is transport operation of souvenirs bought by Japanese tourists.

- 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

*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.

Efforts on safety

Safety

comes first before anything else. In order to accomplish this mission,
we drive human-friendly and eco-friendly.

As a business group which operates commodity distribution service using many trucks as its core business, we will accomplish the mission of delivering 'safety and security' respecting the human life as the number one priority.

We will make every effort to assure safety by raising our drivers' safety awareness, improving their driving techniques, conducting thorough vehicle control, and cooperating with local citizens.

For enhanced awareness and skills for safe driving

Truck Driver Contest held by Japan Trucking Association one of our own is Japan's No. 1

Due to the heavy social responsibility for safe driving to be assumed by professional drivers, excellent driving skills and good manners are required from each of them. In the National Truck Driver Contest, many drivers compete with each other over those skills. The podium for the Grand Prix winner can be reached only through unrelenting effort.

At the Central Safe Driving Training Center in Ibaraki Prefecture, we found MASAHIRO ITO (Tokyo Route Branch). In the 40th National Truck Driver Contest held on 25th (Sat) and 26th (Sun) of October, 2008, he received the best prize, the Prime Minister's Award in the 11ton division in his first competition, to be recognized as the No. 1 truck driver. This prize was the result of invisible "good luck" and "efforts".

In the company's internal driver contest, Mr. Ito won the 3rd prize in the 11ton division, and was awarded with the 2nd prize in the contest sponsored by Tokyo Truck Association. Under normal circumstances, he would not be entitled to come to the National Truck Driver Contest. However, since the Tokyo area champion of the 11ton division bowed out of the competition due to the rule which prohibits more than one participant from the same business entity in one prefecture, he was brought forward to get the entry qualification.

"I wanted to make use of the chance I received by any means." Not having been awarded with the first prize led to his stronger resolution to win. He secretly started to prepare hard for the National Driver Contest. The most memorable thing in the course of preparation for winning the championship was the support from his colleagues, boss, and family. During daily work, he learned skills from senior staff. The boss, who is usually very strict and hard in the work, supported Ito in his training exceptionally.

"Carry on, dad!" Encouragement from his son, Haruto, three years old at that time, cheered him up more than anything else. Still, his wife would send Haruto to bed before Ito came home from work, in order to make time and a good environment for his concentrated study. Above all, Ito himself accumulated efforts without spoiling himself in such an environment. "My colleagues and family supported me in an integrated manner. It is thanks to their concerns and support that I could prove myself in the contest," says Ito.

When asked in the interview if he had already informed the good news to the family after his winning the championship, he answered "Not yet. I will tell them personally when I come home." His gratitude to his family was evident in his voice. However, as he did not call his house, his wife waited for him, contemplating hard how to cheer him up, because she thought he was unsuccessful again. "I am so grateful for the warmth in the workplace and at home," says Ito.

The face of Ito, who works hard everyday driving a truck, was full of pride as a professional driver who bears social responsibility of 'Safety'.



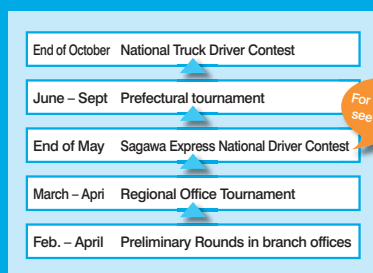
The road to glory was not smooth.

40th National Truck Driver Contest sponsored by the Japan Trucking Association

The National Truck Driver Contest is a big moment for drivers who compete with each other over the most excellent driving skills in Japan. However, in order to enter this contest, you have to get past many barriers. Preliminary rounds are held across the country with more than 30,000 participants, where representatives of each branch office are selected. And then, several hundred drivers participate in the Regional Office Tournament. 70 excellent drivers are selected among them to compete in the Sagawa Express National Driver Contest. You have to compete in as many as three contests just within the company.

After that, they compete with participants from other transport companies in the driver contest organized by the Trucking Association of each prefecture. Only those who received good results in 4 ton, 11 ton, women drivers, or trailer divisions will get entry qualification for the National Truck Driver Contest.

In the National Truck Driver Contest, about 170 representatives compete with each other in different divisions, and the champion of the division will get the award of the Director-General of the Police Agency. And the top one scorer of all the participants will receive the Prime Minister's Award.



Day 1

- **Maintenance & Inspection test** (200 points; 7 min for women / 4 ton, 8 min for 11 ton / trailer divisions)
Inspection skills for securing vehicle safety are evaluated. Speedy and reliable inspection will result in a high score.
- **Knowledge test** (450 points; 60 min)
Answer sheet examination on the Road Traffic Act, Road Trucking Vehicle Act, and other driving-related common knowledge required for professional drivers.



Day 2

- **Driving techniques test** (350 points; 10 min for all the divisions)
A wide range of driving techniques is evaluated in course driving, compulsory driving, driving operation, safety check, etc.



Announcement of the results! We won the 1st prize in three divisions!

33 sales drivers who passed the preliminary rounds participated in the contest, and 11 of them became prize winners.

11 ton
division

13th Prime Minister's award
for the first time in 2 years



Masahiro Ito, Tokyo Route Branch

I had a series of difficulties in my study everyday. I couldn't have done it without the support from my instructor and other people around me.

4 ton
division

Dominating the top ranks!



Hiroyuki Takabatake, Takamatsu Branch

With enhanced awareness of the speed and safety check, I am now able to drive more safely than before in my daily work.

Women
division

Dominating for the
second year in a row



Hitomi Ashizawa, Josai Branch

The reason of my success was that I could keep cool during the contest. I will cherish my experience and my colleagues I learned with for the rest of my life.

List of prize winners

[4 ton division]

Rank	Name	Branch	Score	Remarks
1	Hiroyuki Takabatake	Takamatsu	980	Police Department Minister's Award
2	Yuji Sakamaki	Iwatsuki	975	
3	Jun Sakurai	Kameoka	970	
4	Takashi Inoue	Saiki	970	

[11 ton division]

Rank	Name	Branch	Score	Remarks
1	Masahiro Ito	Tokyo Route	985	Prime Minister's Award Police Department Minister's Award
3	Tetsuya Kobayashi	Sapporo	970	

[Women's division]

Rank	Name	Branch	Score	Remarks
1	Hitomi Ashizawa	Josai	945	Police Department Minister's Award
2	Konatsu Sugimoto	Higashi Osaka	944	
3	Mao Eguchi	Nagasaki	938	
4	Tomomi Oishi	Kyoto Minami	933	
5	Rie Murata	Takamatsu	920	

*No contest was held for the 2 ton division this time.

*The Award of the Minister of Land, Infrastructure, Transport, and Tourism was granted to Takamatsu Branch, Tokyo Route Branch, and Josai Branch, respectively, to which the best scorer in the each division belongs, while the Award of the Chief of the National Trucking Association was granted to all the prize winners.

Prize winners made a courtesy call on the Prime Minister Aso

On January 15, 2009, Thursday, the champions of each division visited the office of the Prime Minister to report the result of the contest. Feeling the importance of the victory, they now have a stronger sense of safety responsibility.



Photo provided by the Japan Trucking Association

16th Sagawa Express National Driver Contest

On May 30th (Fri) and 31st (Sat) of 2008, the Sagawa Express National Driver Contest was held at the driving school of Sagawa Express Training Center in Kanagawa Prefecture. 70 drivers in total selected from all over the country competed with each other in the fields of knowledge on safety, driving techniques and skills of daily inspection of vehicles. In this contest, a new division, 'Instructor Division' was newly provided, where instructors engaged in training of new drivers compete with each other over leadership ability. Now, it's time for a fair battle.



We will not lose in the heated battle for safety!

Tight 1 precise competition

Every year, even a small difference in the score results in a big difference in the ranking. All the participants are desperate to do their best in order to get even one point more. In 'compulsory driving' in the driving technique test, many points may be taken off, if the gap between the vehicle and an installed object is excessively big. Also the referees measure the distance to an accuracy of a millimeter.

Knowledge test (400 points)

100 questions are asked related to the Road Traffic Act, driving control, structure of the vehicle, etc. which should be answered with 'true' or 'false'. There are also difficult questions asking for a precise value, so your memory and knowledge are tested.



Inspection test (200 points)

A vehicle with some defects is inspected to see if all the defects can be found within the time limit. It is especially difficult to determine whether the air pressure in the tire is right or not, by hammering the tire.



Driving test (400 points)

Participants are evaluated whether they can perform safety checks and driving operations according to the traffic rules and operation manual. With some importance laid on 'ecologic & safe driving', a new check item has been introduced to measure fuel consumption. In addition to normal driving, a parallel parking test is carried out as a compulsory driving test item. This is a test where competitiveness is measured in the deviation from the reference values of the distance from the vehicle body to the objects in the back and both sides, respectively.



Total score champion!
I was cheered up by the encouragement from my sons!



Yusuke Yamada, Koyaguchi Branch

I could win because I have been doing my best from the preliminary round. I thank many people who have supported me. Especially, encouragement from my family.

Prize-winning groups

Rank	Name of the group	Score
Champion	Kansai Area	Average 938.89
2nd	Tohoku Block	Average 930.50
3rd	Kyushu Block	Average 923.25



Group champion: Kansai Area

Prize-winning individuals

Division	Rank	Name	Branch	Score
Overall		Yusuke Yamada	Koyaguchi	960
		Selected from the top scorers in 2, 4, 11 ton divisions		
2 ton division	1	Yoshihiro Hosono	Ichinomiya	960
	2	Shunji Takebe	Kanawaza	955
	3	Teppi Shiraiishi	Higashi-osaka	955
	4	Kosuke Nagata	Yatsushiro	951
	5	Motoyuki Kasai	Shinjo	946
4 ton division	1	Yusuke Yamada	Koyaguchi	960
	2	Takuya Okada	Nara	957
11 ton division	1	Shinya Sekizawa	Toyota	953
	2	Koji Kurosawa	Tohoku Route	943
Light vehicle division	1	Konatsu Sugimoto	Higashi-osaka	965
	2	Naoko Fujioka	Furukawa	942
Instructor division	1	Shinya Yoji	Himeji	916
	2	Yoshiichi Nakajima	Aomori	915
Rookie division	1	Koji Kurosawa (11 ton)	Tohoku Route	943
	2	Takahiro Kuroda (LV)	Miyazaki	936
Eco & safe driving div.	1	Hiroyuki Mizogami (11 ton)	Konoike Center	999
	2	Masahiro Ito (11 ton)	Tokyo Route	998
Special award (ladies)	1	Yuko Takabatake (2 ton)	Tokyo	925
	2	Megumi Sekito (LV)	Kurashiki	912



Scheme to Enhanced Safety

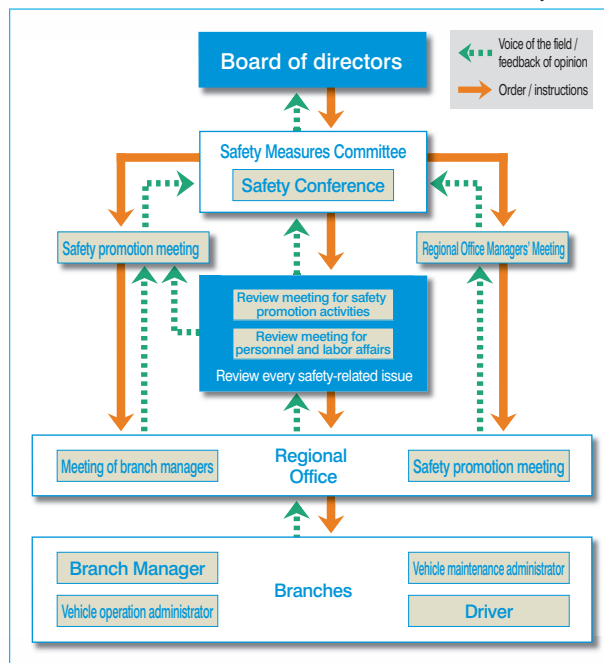
Safety management organization

Giving the top priority in its business management to assuring safety, Sagawa Express has established a Safety Measures Committee. In October 2006, transport safety management rules were legislated by the Trucking Transport Business Law for the purpose of 'improvement of the transport safety.' The committee was set up for this purpose prior to the legislation in 2003.

The director in charge serves as the chairman, while corporate officers, branch office presidents, CEO of the group company that performs actual transport works, and other executives serve as vice chairman and committee members constituting the committee. The committee holds a monthly safety conference, where the progress of safety campaigns are reported and various measures are discussed for assuring safety from the viewpoint of hardware as well as software. Also, review meetings by the persons in charge of safety promotion activities at branches are regularly held to improve safety measures, reflecting mainly opinions from the frontline.

As part of the safe driving management organization, we also assign safety promotion staff at every branch. Those staff members work mainly on safety driving management in arranging a good working environment for drivers through smooth two-way communication.

Diagram of the safety management organization * Since May 1, 2009



Improvement of safety with a license system

We have the 'Sagawa License System' to educate and certify excellent drivers and instructors. As for those relating to safety, there are two licenses; SD Instructor and Safety Drive Supervisor.

SD instructors are selected from the employees with detailed work-related knowledge, and those who have sufficient knowledge, skills, and leadership and have passed the test are certified as SD Instructors to be in charge of the education of new recruit drivers on the on-the-job training. Safety Drive Supervisors are selected from administrators and veteran drivers, and those who have judgment ability in addition to professional knowledge and skills are certified as Safety Drive Supervisors to assume an important role to judge whether a recruit driver is ready for independence on the job.

We enhance the human resource education system by separating the education and certifying functions. At present we have 9,029 certified SD Instructors and 2,172 Safety Drive Supervisors.

* As of March 20, 2009

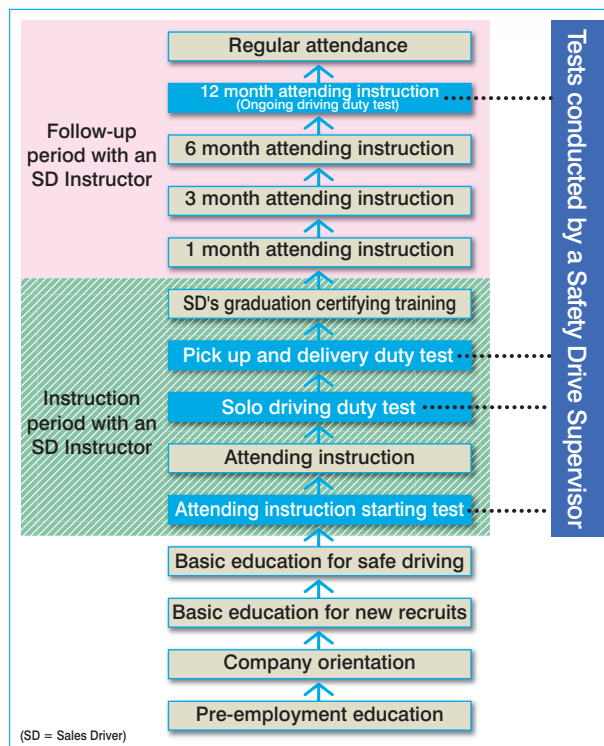


Certificate of SD Instructor License



Certificate of Safety Drive Supervisor License

Education flow of new recruit drivers



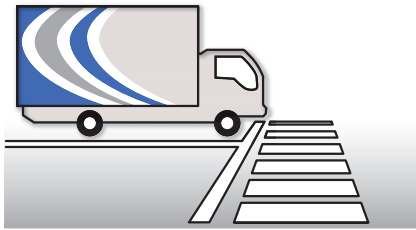
Promotion of Eco Safety Drive

Sagawa Express has set out '7 Points for Eco Safety Drive' as an effort to assure safety and eco-friendly driving. The principle of 'Eco Safety Drive' is, first of all, driving without making any jackrabbit starts or crash stops. In addition, observation of an upper limit in the engine evolution speed for startup and during driving, as well as enhancement of the driving techniques related to the timing of the

gear change are also included in the requirements. These efforts will lead to a reduction in fuel consumption in addition to safety and environmental merits, bringing us a significant cost saving. In order to implement 'Eco Safety Drive,' administrators and instructors were solicited to take part in special training. In 2009, we started our efforts in an "Eco Safety Driving Campaign," with the goal of a 5% decrease in fuel consumption from the previous year.

Example of Eco Safety Drive

Implementation of softer acceleration, "e-start"



Since much fuel is consumed at the time of startup and acceleration when driving parcel delivery, the most important issue in Eco Safety Drive is operation at startup. Stepping on the gas pedal softly is the deciding factor.

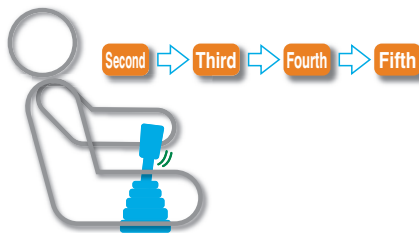


If you step on the pedal only softly at startup, the inter-vehicular distance becomes longer, allowing greater safety.

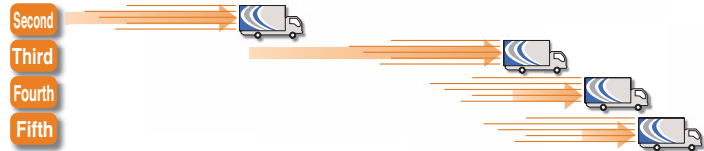
Early shift up

By shifting up earlier, the throttle opening in acceleration becomes smaller, which in turn leads to shorter braking distances*.

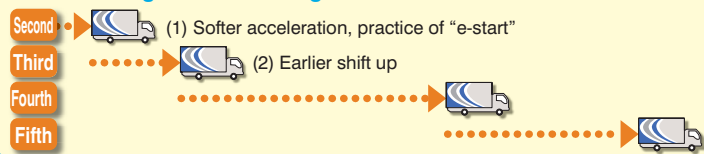
* The distance a vehicle will travel from the point where its brakes are applied to when it comes to a stop.



Usual start that emphasizes acceleration



Gentle driving with fuel saving start/acceleration



In 2008, five Eco Safety Drive training courses were organized in which 154 employees participated.

Contribution to the reduction of tailpipe emissions with Idling Stop campaign

Since 1997, Sagawa Express has campaigned for Idling Stop, one of our 'Seven Points for Eco Safety Drive,' by making it a rule to remove the ignition key (i.e. stop the engine) when parking. Every time when leaving the car for delivery or pick up, or when loading or unloading the parcels at stations, the driver should pull out the ignition key to stop the engine.

Idling Stop reduces fuel consumption and contributes to the reduction of tailpipe emissions that contains CO₂, NOx^{*1}, PM^{*2}, etc. In our calculation, when all of our vehicles implement Idling Stop for two hours a day, we can reduce CO₂ emission by 30 thousand tons a year (with the conversion rate of 300 days a year), as well as saving 1.37 billion yen in fuel costs.

*1 Nitrogen Oxide. Air contaminant which causes photochemical smog and acid rain.

*2 Particulate Matter. It is considered the cause of asthma and bronchitis.



The driver is wearing a key chain.

Seven Points for Eco Safety Drive

We have set up 'Seven Points for Eco Safety Drive,' a list of the seven most important items in Eco Safety Drive, namely: Practice of softer acceleration, "e-startup," Shift-up operation well in advance, Driving at a constant speed in accordance with traffic conditions, Keeping a safe inter-vehicle distance, Utilization of the engine brake by releasing the gas pedal in good time, Strict enforcement of key pulling out (to stop the engine) when parking, and Daily inspection / servicing and tire air pressure control. These are also included in the employee's handbook 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.



Educational poster

Training facilities

Sagawa Express operates four practical training facilities complete with driving grounds in the Miyagi, Kanagawa, Aichi and Kagawa 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

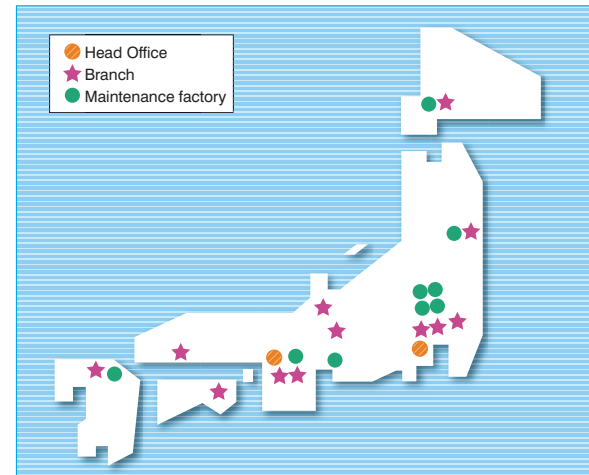
Efforts on Safety by Vehicle Servicing and Safety Devices

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

SG Motors Co., Ltd., which assumes the servicing work of all the vehicles owned by SG Holdings Group, is trying to eradicate accidents caused by improper maintenance by performing rigorous inspections and maintenance. Good maintenance and strict inspections also leads to the reduction of environmental load.

Daily inspections conducted by the drivers, 3-month inspections and 12 months inspections according to the vehicle maintenance plan and other standardized inspection and maintenance works are conducted without fail. The progress of the repair status of the vehicles that have been recalled by the manufacturer is properly controlled to support the safe driving operation of more than 26,000 vehicles.

SG Motors vehicle servicing network



To prevent traffic accidents, Driver Recorders have been introduced

For safe driving, the awareness of each driver is essential in addition to the enhancement of the driving techniques. In order to make more effective safety driving instructions, Sagawa Express has introduced Drive Recorders (a driving recording device). The objective evaluations of driving with the drive recorder has enabled us to know the driving traits of individual drivers, which is especially useful for fair appreciation of the driving of exemplary drivers.

The Drive Recorder equipped on a vehicle evaluates the driving operation with a point rating method in five different fields. With this we can know each driver's traits and instruct them properly to overcome any weakness. Because the driving is rated with points, the drivers make efforts more actively on safe driving to get a higher score. We have also improved the driver recorder in cooperation with the manufacturer. The evaluation results, which could be checked only in the relevant branch office earlier, can be now observed from the head office and regional office.

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

Do you have ever experienced a chilling moment during driving in which you said to yourself later, "That was very close!"? Sagawa Express utilizes various video pictures recorded by the Drive Recorder for driver education. Video pictures of such dangerous moments are not only played on the screen in branch offices, but also utilized in the training course or as a theme of discussion in small groups in order to deepen the understanding of risks during driving.



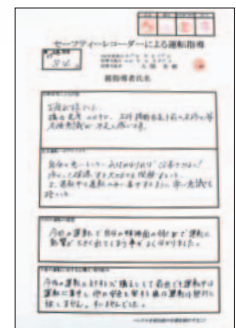
On-board instruction



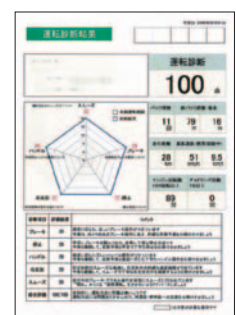
Utilization of Drive Recorder



'Hiyari-Hatto' video recorded by Drive Recorder



Driving directory utilizing Drive Recorder



Driving diagnosis result chart

Ensuring safety of arterial transport

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

■ Nationwide Simultaneous Safety Patrol for Arterial Transport

In 'Sagawa Express Nationwide Simultaneous Safety Patrol for Arterial Transport,' we make an interim roll call of drivers who are engaged in arterial transport, mainly in the service and parking areas of key highways. For the purpose of preventing traffic accidents and vehicle troubles by providing physical and mental refreshment to drivers as well as inspection and maintenance of the vehicle, we have been performing this patrol twice a year in spring and autumn since 1994.

In the spring patrol held on April 11 – 12 of 2008, the checking was conducted at 43 locations, including the service areas and parking areas of the key expressways all around the country and at a number of our branches. As many as 829 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.

As a part of the environmental conservation activities, we also conducted cleaning activities at those patrol locations to express our gratitude for support to our business operation.



A scene in the patrol



The poster announcing safety patrol

○ Records of the Nationwide Simultaneous Safety Patrol for Arterial Transport (FY 2008)

Date	Total number of inspected vehicles	Number of defects found	Number of participating inspection staff
April 11 – 12, 2008	3,480	25	829
Sept. 5 – 6, 2008	3,314	17	858

■ Nationwide Simultaneous Terminal Inspection for Arterial Transport

For the purpose of maintenance and enhancement of the transport quality by preventing traffic accidents and vehicle troubles during arterial transport, we conducted "Sagawa Express Nationwide Simultaneous Terminal Inspection for Arterial Transport" on June 30 and December 1, 2008. At all bases of Sagawa Express, the branch managers and administrators, including those from subcontracting companies, conducted vehicle checks for daily inspection before departure.



A scene at the inspection



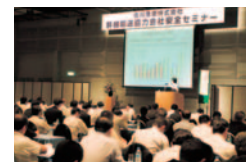
The poster announcing terminal inspection

○ Results of the Nationwide Simultaneous Terminal Inspection for Arterial Transport (2008)

Date	Total number of inspected vehicles	Number of defects found
June 30, 2008	5,555	83
December 1, 2008	5,633	43

■ Safety Seminar for the Arterial Transport Subcontracting Companies

On July 7, 2008, a seminar entitled 'The Safety Measures in Arterial Transport' was held for the management of our arterial transport subcontracting companies, and lecturers from the Ministry of Land, Infrastructure, Transport and Tourism and Shibaura Institute of Technology were invited to give speeches. 307 participants from 290 subcontracting companies learned about the various efforts on safety and exchanged their opinions.



A scene in the seminar

Opening of state-of-the-art automobile maintenance facilities.

SG Motors Co., Ltd., which assumes servicing works of all the vehicles owned by SG Holdings Group, has relocated and expanded its maintenance facilities in Sapporo city and Takamatsu City. The new factories opened on Dec. 21, 2008 in Sapporo and on Jan. 21, 2009 in Takamatsu.

The two factories were designed with the concepts of 'Safety,' 'Environment,' and 'Efficiency,' and the total floor area has been almost tripled.



Appearance of Sapporo Branch



Appearance of Takamatsu Branch

Voices of facility managers

Confidence and trust of the customers are generated from beautification:

What all of our employees are trying to do is to keep our facility always clean and tidy so that our customers will appreciate it every time they visit us. We will do our best to gain the confidence and trust of the customers in maintaining the facility clean and tidy.



SG Motors Co., Ltd.
Hitoshi Ishino,
Facility Manager of Sapporo Branch

Trying to be an eco-friendly factory:

In the Takamatsu Branch, we accumulate and purify rain water to use it for washing the lower part of vehicles and for flushing the toilet. Filthy water from the factory is treated in a chemical processor with a biodegradation system to discharge it as clean water. We always make efforts to be an eco-friendly factory.



SG Motors Co., Ltd.
Masashi Ryu,
Facility Manager of Takamatsu Branch

Sagawa Express Traffic Safety School preserves the smiles of children

“We want to protect children from tragic accidents.” Since 2003, we have been organizing Sagawa Express Traffic Safety Schools all over the country to make a contribution to traffic safety education. In the traffic school for kindergarten and early elementary school children, we teach them how important it is to observe traffic rules. In addition to teaching them the basic traffic rules, such as how to cross a crosswalk and the meaning of traffic signals and traffic signs, we make all kinds of efforts, like letting them experience the blind spot of a truck using an actual vehicle. In fiscal year 2008 (March 21, 2008 – March 20, 2009), 789 such traffic schools were held with the participation of 113,243 children.

Our traffic safety school is receiving a high evaluation from educational associations, PTA, and persons from the police authorities because of our meticulous teaching method takes the children’s viewpoint into consideration.

The drivers also actively take part in the schools to reaffirm their safety awareness through contact with children. In 2008, 2,166 drivers participated in this program and learned a lot in a joyful day spent with children.

Messages from children

We often receive messages from kindergartens and primary schools in which we have held a traffic safety school, in the form of a sweet picture or message of “Thank you for teaching us!” It goes without saying that the safety awareness of our employees is enhanced further upon receiving them. They feel anew how heavy their responsibility toward safety is.



We received a lot of sweet messages.



A scene in the Traffic Safety School

◎Records of Sagawa Express Traffic Safety School (Fiscal Year 2008: March 21, 2008 – March 20, 2009)

	Kindergarten & nursery	Primary school	Junior high school	High school	Others	Total
Number of traffic schools	495	212	19	3	60	789

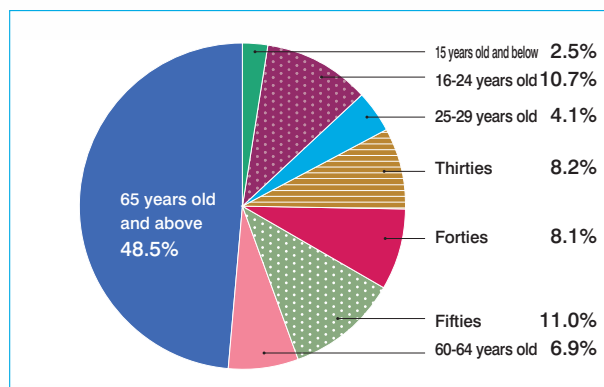
Traffic Safety School for senior citizens

According to a report by the National Police Agency, nearly half (48.5%) of 5,155 people killed in traffic accidents in 2008 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 Citizen

◎ Component rate of the victims of each age group (2008)



Source: National Policy Agency

Traffic Safety School --- Voice of a staff ---

I learn from children while teaching them in Traffic Safety School

"Today, a big truck came to the nursery school. They said I cannot go near it because it's dangerous and I may get hurt! So, don't go near it, mummy! You may get hurt!" said the child.

The other day, I heard such an episode when I had an opportunity to talk with a parent of a child whom I taught in Traffic Safety School in a nursery. I was happy to hear that the child reported what he had learned in Traffic Safety School to

his family. I was further more impressed that, through the school, the children felt the importance of life and cared for his family.

It was also a good opportunity for me, who is engaged in a transport-related job everyday, to renew myself in reviewing the importance of life and safety. I will cherish this feeling in future and keep working with pride.



Sagawa Express Yamanashi Branch Safety Promotion Section Hitomi Sumino

Traffic Safety School --- Voice of a kindergarten teacher ---

In order to protect safety of the children

In the former kindergarten where I worked, I experienced a traffic safety school, but it was organized by a different company. Only after I came to this kindergarten, I have come to know that Sagawa Express is promoting such an activity. When I requested Sagawa Express to organize a traffic safety school for the first time here, I was surprised at the meeting to see how meticulous the schedule and curriculums are. To tell the truth, I did not think they were dedicated in Traffic Safety School so much. The

actual experience further surprised me. They knew very well that small children cannot understand verbal explanations very well, so they conducted presentations with an actual vehicle to make them understand by seeing, hearing, and experiencing. This method impressed me so much. Now I know why our kindergarten asks Sagawa Express every year to hold the Traffic Safety School. I hope these activities are promoted in the future for the safety of children.



A scene in Traffic Safety School



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; that means, the results of the concerted efforts of all the branch employees on safe driving are evaluated. Through such efforts, The Santama Branch of the Kanto Regional Office achieved 50 thousand continuous accident free days on January 20, 2009.

In the Santama Branch, each group prepared its own unique poster that showed their enthusiasm for avoiding accidents. They raise the awareness of "no accident and no violation of regulation under any circumstances" by creating posters that show how you yourself and your family might be affected by an actual traffic accident. The strong feeling of togetherness generated from working together on this activity also contributed to the continuation of no-accident days.



58 branches without any accidents in the year

Sagawa Express	
Regional Office	Branch
Kyushu	Minami-Fukuoka, Omuta, Goto, Izumi, Minami-Satsuma, Oshima, Nago, Hyuga
Chugoku & Shikoku	Imabari, Suzaki, Aki, Takahashi, Sanyo, Mihara, Hamada, Yamaguchi, Chugoku Route
Kansai	Akashi, Gose, West Japan Hub Center Route, Mineyama
Chubu	Kurobe, Owase, Ise, Izu, Chubu Route
Kanto	Iida
Tohoku	Sukagawa, Kitakami, Kamaishi, Shimokita, Goshogawara, Tohoku Route, Oomagari Route, Aomori Route, Hachinohe Route
Hokkaido	Kucchan, Asahikawa, Nayoro, Fukagawa, Nakashibetsu, Kitami, Monbetsu, Wakkanai, Shizunai, Iwamizawa

Sagawa Global Logistics	
Haneda, Sendai, Chitose, Nagoya, Nagasaki	

Sagawa Moving Center	
Tohoku, Tokyo, Santama, Yokohama, Nagoya, Fukuoka, Kobe	

Conditions: (1) Branches that achieved "no accident" in the year from Mar. 21, 2008 to Mar. 20, 2009. The definition of accident is as per the criteria of Continuous Accident Free Award.
 < Continuous Accident Free Award >
 All the accidents including those of which loss is not registered in the accounting, but excluding the followings:
 - Accident involving only the company vehicles (and the branch facility) that occurred within the premise of the branch and of which loss is 10,000 yen or less.
 - Accidents of a private car, folk lift, or carriage car shall be accounted for only in case of a middle or high level accident causing injury or death.

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 20-21, 2008. After the evaluation, we received high evaluation marks in the following areas: (1) Tracking, verification, and review of fulfillment of important measures and policies for safety; (2) Collection, classification, arrangement, evaluation and analysis of accident-related information

and implementation of measures to prevent recurrence; (3) Implementation of training in assumption of a serious accident and verification of the accident reporting system based on the result; (4) Improvement of the system for education / training of on-site technical staff based on the training review.

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, Sagawa Global Logistics, and Sagawa Moving Center were certified as Business Institutions of Excellence in Safety for their 328 branches (as of Mar 20, 2009) by an entity conducting a National Trucking Rectification Operation. The purpose of this certification scheme is raising safety awareness in the whole transport industry and making it possible for customers to choose the best companies

in terms of safety. We will continue to make efforts to receive a high evaluation.

Certification logo mark of a Business Institution of Excellence in Safety



Efforts on environmental conservation

We will exercise wisdom for

environment

protection. We will cooperate with society.

And we will make efforts for beautiful skies.

To preserve clear skies and beautiful earth forever; the destination of our trucks driving all over the country should be a wonderful future not decimated by air pollution and global warming. We will make every effort for environment protection, the common task of the human-being, with all our might as a business group, with aspects of hardware (physical side) and software (education / enlightenment).

Tackles the environmental conservation issues with unique ideas

Service devoted to CO₂ reduction hand-in-hand with customers

How to reduce the influence on global warming; this is the highest-priority task that SG Holdings Group is facing. We will make every effort to produce valuable services in order to tackle this issue hand-in-hand with our customers, not to mention raising the environment awareness of individual employees.

"I want to make some contribution to CO₂ reduction, but don't know what I can do. I

want Sagawa Express to formulate a way so that we can make a contribution through utilization of Sagawa's service." We have been receiving such opinions from many participants in the SAGAWA stakeholders' dialog held every year. Since we hear that many of our customers have a similar opinion, particularly among housewives in their thirties and forties, we have created a mechanism in which consumers can take part in CO₂ reduction.



The concept of "Do something for ecology" is increasingly appreciated in society. Besides, it surely is a theme that SG Holdings Group should focus on from the view point of CSR. Therefore, we have created a system where the emission credit equivalent to the CO₂ emission related to the transport of one parcel (346g) can be automatically contributed by the customer and Sagawa Express, respectively. This ecologic activity in

which our customers can participate has already contributed to CO₂ reduction of 95 tons (as of April 20, 2009). We think this service will receive higher and higher expectations as the first service in the industry that enables our customers to contribute to 'Team Minus 6%' for global warming gas reduction.

Another new item is the eco campaign in utilization of the 'Parcel Delivery Eco Point.' Through the campaign for reduction of the environmental load due to re-delivery, we could reduce excessive CO₂ emission together with the number of re-deliveries. Environment-friendly logistics hand-in-hand with customers; this challenge has only just begun.



Plaque commemorating purchase of CO₂ emission rights of 10,000t from Sumitomo Mitsui Banking corporation

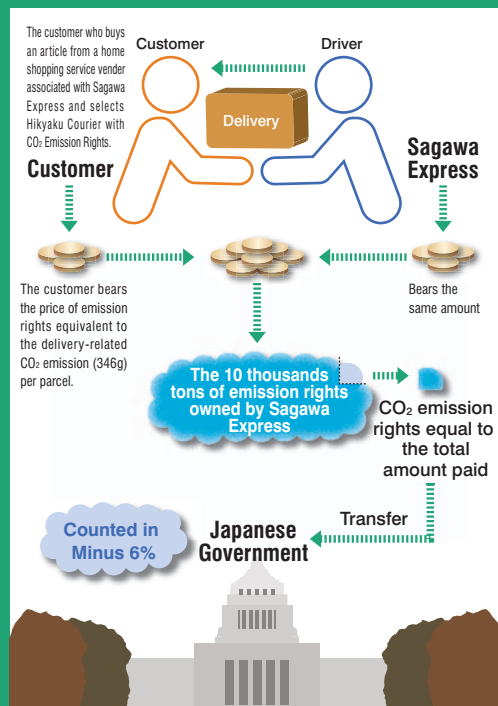


'Hiyaku Courier with CO₂ emission credit'

In this service, if a customer chooses 'Hiyaku Courier with CO₂ emission credit' as a delivery method when purchasing a good in mail order shopping, the customer will bear a part of the price of CO₂ emission credit, while the same amount is born by Sagawa Express and the mail order company, and the total amount is transferred from the CO₂ emission credit owned by Sagawa Express to the national project for global warming gas reduction, 'Team Minus 6%'.

The purpose of this system is to encourage contribution from the consuming public to Japan's emission reduction commitment of 6% as stipulated in the Kyoto Protocol as much as possible. The consumer public, mail order businesses, and logistics businesses work hand in hand in this system. The service started to answer the needs from our customers who say that "we want to contribute to the national campaign as consumers, but we do not know how to join."

Mechanism of the service



What is an emission credit?

The meaning of an emission credit differs depends on the country or usage. One of them refers to the right to emit a certain amount of greenhouse gas that is traded based on the result of a CDM (Clean Development Mechanism) project approved by the United Nations. The involved parties here are a developed country at one side and a developing country at the other side. The developed country makes technical transfer or investment in projects, which lead to advance in technology and employment creation in the developing country. As the fruit of such projects, the emission right is credited to the developed country's account.

More than 11,000 parcels delivered since introduction on the Belle Maison Net!



SENSHUKAI Co., Ltd. (head office in Kita-ku, Osaka) has introduced 'Hiyaku Courier with CO₂ emission credits' as a delivery service system for its online shopping site, "Belle Maison Net", on September 1, 2008. Within only one month after startup, as many as 11,773 parcels were sent out using this courier service with the CO₂ emission right. This corresponds to the CO emission rights of about 11 tons.

"ECO is good" Campaign of "Receiving parcels in the first delivery is ecological!"

As one of the participating companies in the national campaign "Supporting 1kg of CO₂ reduction per person per day," we conducted the above campaign from Nov. 21, 2007 to Mar. 20, 2009 as an effort to reduce environmental load generated by redelivery. The concept is; the more customers receiving the parcels in the first delivery, the less CO₂ emissions generated, because we do not need to deliver goods again.

To a participating customer, 3 points were given if the parcel was received with the first delivery, and 1 point for redelivery. The collected points could be exchanged with free bonus gifts. With 1,848 customers participated in total, the campaign could reduce redelivery by 3,696 parcels, resulting in CO₂ reduction of as much as 639kg. This volume is equivalent to about 63,900 soccer balls.

We will continue to expand the circle of the environmental activities through various customer-participation type services.

Flow of the campaign

(1) Ask for a card in advance.



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

First delivery: 3 points
Redelivery: 1 point



Something good happened
thanks to the saved point!



Creating the future with rich natural environment in cooperation with the local community

Revitalization of healthy Satoyama full of learning and playing opportunities

Another essence of the environmental measures beside reduction in environmental burden is to maintain and recover a healthy ecological system and to enjoy its benefits. That means harmonious coexistence of humans and nature. SG Holdings Group thinks we have to promote both of these approaches in order to make a contribution to sustainable development in the real sense of the term.

In Kochi and Tokushima Prefectures in the Shikoku Area as well as in Hachioji of Tokyo, SG Holdings Group owns forests with the total area of about 750 hectare. Many of you might find it surprising. 'Sagawa's Forest' in Kochi Prefecture is properly cared for by Sagawa Ringyo Co., Ltd. There, we conduct environment training on forest preservation, providing the participants with opportunities to have close interaction with nature.



A scene in the environment education for children

As for "Takao Forest" in Hachioji, preservation activities are performed as a matter of course, to keep it as a property that can be shared with the citizens; but it is not all. Specifically, we conduct a survey on CO₂ absorption amount, plants, animals, and other natural resources, introduce state-of-the-art technologies for prevention of global warming, and organize collaboration projects with the citizens, NPOs, universities, and governments. As a new model of forest utilization, we are making efforts to recover Satoyama woodlands (i.e. forest or woodland which is deeply associated with the life of the local people), in pursuing a unique management system and new possibility. A "Takao 100-Year Forest" project has been started in the fiscal year 2007 there. With a dream that this forest would become a healthy Satoyama someday, we move forward steadily step by step in preparing a necessary forest management plan and organizing practical trainings and interaction events there.



A scene in tree thinning experience

In order to preserve the rich global environment to hand it to the next generation, we want to make use of various environmental resources in and around the Takao 100-Year Forest. We think this is our commitment as a unique CSR management, while such activities themselves will enhance the value of our group.

Takao 100-Year Forest Project

Aiming to be a global model of forest formation This is what the Takao 100-Year Forest Project is!

The stage of this project is a hillside with the area of about 100 hectare at 200 – 500m elevation, with a view of the Kanto Plain at its east side. This area is also well known as 'Ura Takao.' It is located near (about 4km northeast) the dominant peak of Meiji Forest & Takao National Park, Takao Mountain. Being covered with small groves producing a lot of materials for firewood and coal as well as with man-made groves, it has traditionally been used as a so called Satoyama, a place that is closely related to the living of the local people.

Survey

In order to prepare a long-term forest management plan, we have executed surveys on the forest resources as well as plants and animals, especially precious species such as the Tokyo Salamander and Ichirinso (Anemone Nicoensis) as a symbol of coppice formation.

Designation of the Management Areas

From the viewpoint of maintenance of forest timber volume, maintenance and improvement of the carbon fixation function, and preservation of biodiversity, we have classified the forests into the following zones to designate them as forest management areas:

1. Artificial groves of Japanese cedar and Japanese cypress
2. Bamboo grove
3. Quercus and sawtooth oak brushes
4. Grove to be transitioned to natural vegetation consisting of different kinds of oak trees
5. Groves on both sides of small streams with spring ephemerals like Ichirinso
6. Dwarf forest at the hill crest with potential natural vegetation



Monument commemorating the project activity

Description of the operations

Two different kinds of operations are conducted in the forest; operation for preservation, recovery and utilization of the forest and operation for making use of its healing effects:

Preservation, recovery and utilization of the forest (Use of the forest space)	<ul style="list-style-type: none"> - Underbush clearing, pruning, thinning, maintenance of the walkways, and other preservation and management works, including anti-pollen-allergy measures. - Utilization of the forest (use of biomass such as wooden pellets, fostering of volunteers for forest bath for the elderly persons, assistant rangers in national parks, and leaders in nature education & play parks, etc.) - Nature school activities (trekking, camping, environmental education for children, etc.)
Making use of the healing effects of the forest space	<ul style="list-style-type: none"> - Employee training using the forest base and periphery facilities - Skill/qualification training for youth using the forest base and periphery facilities - Qualification training of aroma therapist, forest therapist, etc. as well as curriculums for additional job opportunities for university students, rehabilitation curriculums for NEETS, extra classes of schools & cram schools using the forest base and periphery facilities - Culture schools using the forest base and periphery facilities, such as woodworking classes, pottery classes, concerts, etc.

Three concepts provide a fresh breeze into forest formation

1. Long-term conservation & utilization for prevention of global warming

Promoting forest conservation with new technologies, including robots and remote control techniques, while introducing state-of-the-art technologies for prevention of global warming, such as use of biomass

2. Fostering of youth who will be major players in the next generation

Creating opportunities in which young people can be actively engaged in forest formation, by granting qualification or a credit for graduation of universities when the young people participated in practical works in forest conservation, or by using the forest as a space of employee training

3. Organization consisting of businesses, citizens, and government

Adopting the 'Civil Trust (ground work)' system for forest, nature and environmental conservation; it is a system born in England in which devastated fields and mountains are recovered and preserved in collaboration of the industry, government, academia, and citizens

I expect a lot from this pioneering approach



I hear that the Ministry of Environment has also started investigation to create a new system to support utilization of Satoyama. In this trend, this is a path-breaking project, and I am keeping an eye on it, because this is exactly the thing that a leading company in the environmental issues should tackle.

**Earth Water & Green Foundation
Mr. Saiya Iwamoto**



Concept of Environmental Activities / Efforts against Global Warming

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 improvements, 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.

Participation in Climate Savers Program

Climate Savers Program is an effort to reduce the greenhouse gas effect, initiated by the world's biggest nature conservation group in the private sector, the WWF (World Wildlife Fund), in which the most advanced companies in the field of environmental operations take part in. 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.

As of May 2009, only 21 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.



A scene in the 2009 Climate Savers Summit

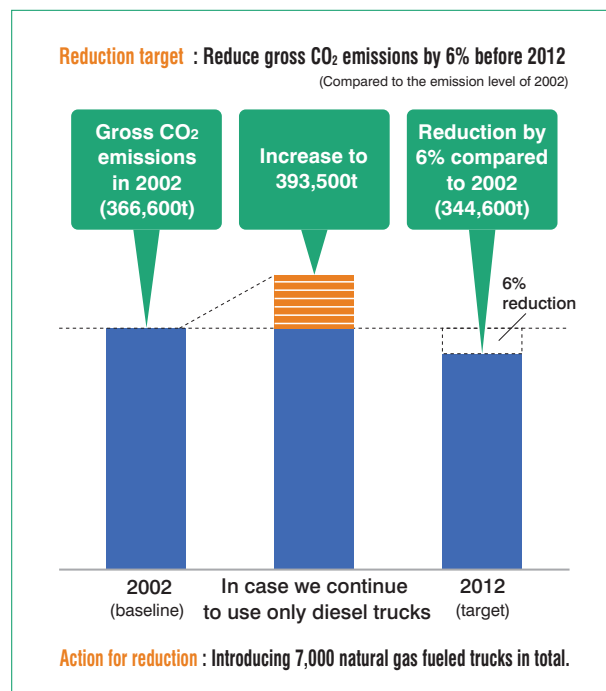


The Target of Sasgawa Express

Sagawa Express sealed the Climate Savers Program in May 2003 and started efforts in collaboration with the WWF. The target we stated was the reduction of gross CO₂ 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 CO₂ emissions will increase to approx. 390 thousands tons compared to approx. 360 thousands tons in 2002. To cut down the CO₂ 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 CO₂ 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 CO₂ emissions won't be allowed even if we manage to expand our business in the future.

Reduction target and action



Progress

Sagawa Express made various efforts, including the introduction of natural gas fueled vehicles, for the six years (from 2003 to 2008), using the gross CO₂ emissions in 2002 as a reference point.

Progress of CO₂ emission

(unit:t-CO₂)

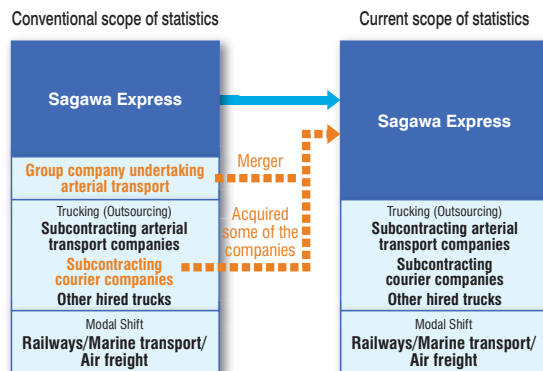
	Diesel oil	Gasoline (including Premium gasoline)	Natural gas	Electric power	Total
2002	244,552	18,780	5,810	97,477	366,619
2003	235,154	17,153	9,660	97,654	359,621
2004	221,886	19,474	14,658	101,459	357,477
2005	217,648	20,741	18,916	97,927	355,232
2006	207,515	25,893	24,300	98,407	356,116
2007	238,886	30,808	28,261	101,307	399,262
2008	236,158	40,028	32,010	98,653	406,849
Changes (08-02)	▲8,394	21,248	26,200	1,176	40,230
Ratio (08-02)	96.57%	213.14%	550.95%	101.21%	110.97%

* 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 CO₂ 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-CO₂) was added.
 * Standard of statistics: The Agreement on Climate Savers and the 2008 Environmental Accounting Manual.
 * CO₂ emissions coefficient: The coefficient according to Enforcement Order on the Promotion of Measures against Global Warming (Ministry of the Environment, December 19, 2002).
 * The fuel quantity is calculated from the quantity purchased. Some values are, however, quoted from the data of the quantity filled, based on the company's statistics.

The result of our efforts was apparent till the fiscal year 2005. Since fiscal year 2006, CO₂ emissions have increased because a part of the courier business that had been outsourced earlier and a group company engaged in the arterial transport have been merged into Sagawa Express.

Reason for the increase of CO₂ emissions

As part of the subcontracted arterial transport and courier operations were merged in Sagawa Express, the emission of those former external companies, which had not been included in the scope of statistics earlier, were included in Sagawa Express's emission, and this affected the figures significantly.



The scope of statistics for Climate Savers Program

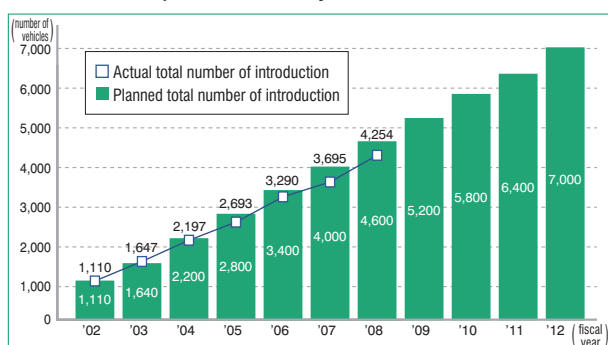
Introduction plan and history of natural gas fueled trucks

Sagawa Express had introduced 4,254 natural gas fueled trucks in total at the time of March 2009. This figure equals 25% of the total number of operating natural gas fueled trucks in Japan and we are the largest private user in the country. We will also continue further introduction of natural gas fueled trucks proactively in future.



Natural gas fueled truck

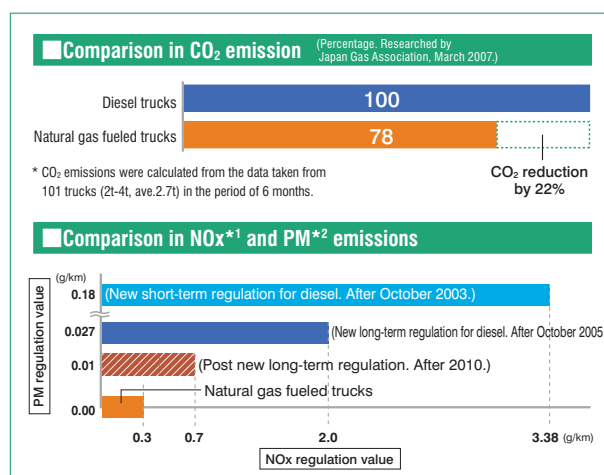
Introduction plan and history (as of Mar. 2009)



Environment-friendly natural gas fueled trucks

Natural gas fueled trucks use natural gas (utility gas) as fuel and emit less CO₂ and NOx*¹ compared to conventional diesel engine vehicles and no PM*² at all.

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



*1 Nitrogen Oxide. Air contaminant which causes photochemical smog and acid rain.

*2 Particulate Matter. It is considered the cause of asthma and bronchitis.

Setup of natural gas filling stations

In order to promote introduction of natural gas fueled trucks, Sagawa Express has established its own natural gas filling stations at 16 branches in the fiscal year 2008. The number of its own natural gas filling stations across the country now totals 23.



Sagawa Express's own natural gas filling station (Josai Branch)



A scene of refueling of a natural gas fueled truck

Start to use bio fuels

For the purpose of reducing CO₂ emissions from delivery vehicles, we use bio gas as fuel for natural gas trucks.

Bio gas is produced effectively utilizing 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 CO₂ emissions in the process of generation.

We are using bio gas, which is obtained from purification of digestion gas generated from sludge in the sewage treatment facility in Kobe City, as fuel for

10 trucks in the Kobe Branch.

We have also started to use bio gasoline for light motor trucks. Mainly in Kanto and Kansai area, we also use commercially available bio gasoline.

We will widely adopt these bio fuels when they become more popular in the market.

* The gas generated in the process of sewage treatment, containing much methane gas.



Bio gas station



Environmental Measures for Improving Transport Efficiency

Reduction of environmental load by utilizing Service Centers

Sagawa Express has established Service Centers which do not use delivery vehicles, mainly in urban areas where the traffic is heavy and parking spaces are normally scarce.

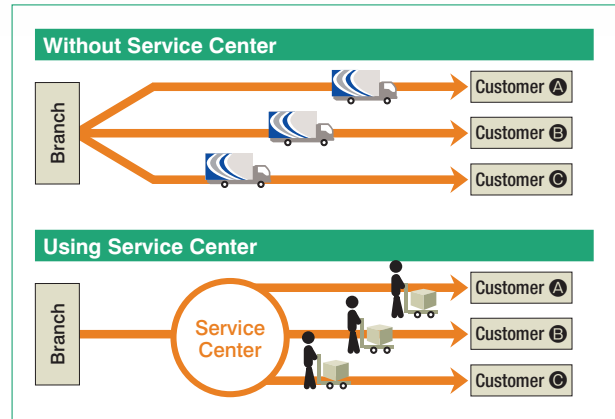
Trucks generate considerable impact on the environment and, in populated urban areas, environmental load by trucks can be concentrated. By establishing Service Centers and using only trolleys and bicycles for pick up and delivery by human power, we operate with less environmental load.

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. Many female employees are actively working there.

As of March 2009, we have set up 221 Service Centers mainly in urban areas all around the country and managed to cut down the requirements for approximately 1,100 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.

◎Service Center Flow Chart



Service Center and delivery scene



Delivery using three-wheeled cycles

Streamlining of transport utilizing Hub Centers

As part of network building works that support our transport, we have established Hub Centers which are large scale consolidated distribution facilities to promote enhancement of the transport efficiency.

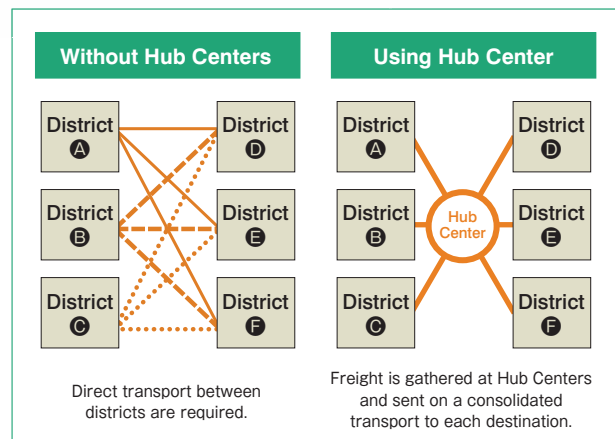
Freight and parcels are gathered at Hub Centers and then sorted by their destinations, which increases the loading ratio of trucks and reduces the number of trucks used. This contributes significantly to the reduction of tail pipe emissions from trucks and suppresses air pollutants and CO₂ emissions as well.



Trucks heading for different destinations gathering in a Hub Center

Now we have five hub centers across the country, in which reduction of the environmental load is pursued in further enhancement of travel efficiency and loading ratio.

◎Transport Flow Chart using Hub Centers



Direct transport between districts are required.

Freight is gathered at Hub Centers and sent on a consolidated transport to each destination.



West Japan Hub Center



Chubu Hub Center



Kuki Center



Tokyo Big Bay



Kitakyushu Center

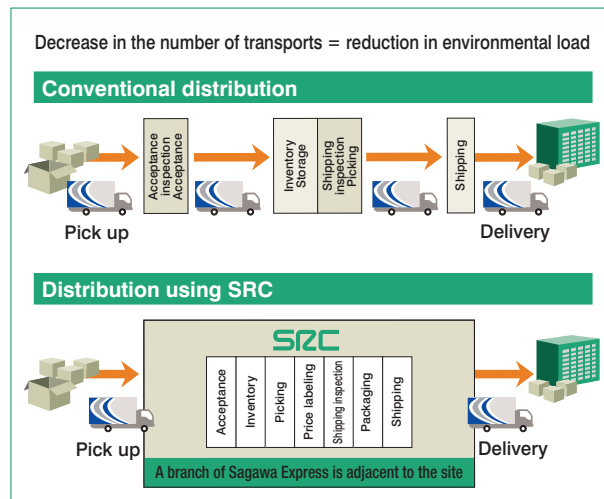
Utilization of Sagawa Ryutsu Center leads to reduction in CO₂ emission

In general, distribution of commercial goods consists of many different processes from manufacturing in the factory to shipment. Sagawa Ryutsu Center (SRC) ("Ryutsu" means 'distribution'), operated by Sagawa Global Logistics, provides its customers with 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 by eliminating unnecessary transport.

As of March 2009, Sagawa Global Logistics makes full use of 26 SRCs and 29 business offices to contribute to streamlining of our customers logistic operation and the reduction of CO₂ emissions.

Diagram of transport flow at SRC



At the SRC, they are actively working on environmental conservation, hand in hand with 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.



Facility of a SRC



Commodity management

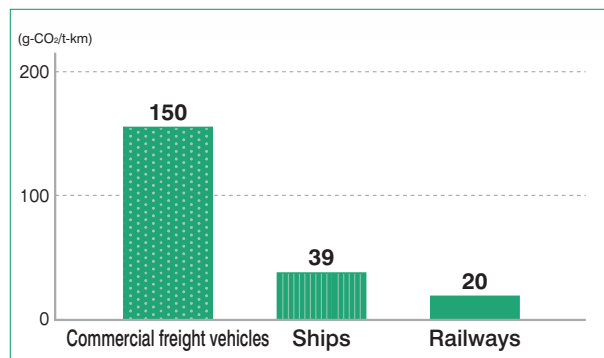


Inventory management

CO₂ reduction effect of Modal Shift

Modal Shift refers to using alternative means of freighting from trucks to railway 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 CO₂ 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.

CO₂ emission basic units of various transport means



Source: Website of Ministry of Land, Infrastructure, Transport and Tourism (FY 2006)

Promotion of the 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.

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 charts all trains to transport courier parcels.

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.

The 16 car train, carrying 28 31ft-containers, runs between Tokyo and Osaka in 6 hours and makes a round-trip everyday. Its load capacity is equal to 56 10t-trucks in one round trip.

By utilizing Super Rail Cargo, the CO₂ emissions from heavy trucks are substantially reduced, which has a direct impact on lowering environmental load.



Super Rail Cargo



Special container truck for Super Rail Cargo

◎ Super Rail Cargo Vehicle Data

Max. speed	130km/h
Model	M250 system
Number of coaches	16 coaches (4 motored + 12 trailed vehicles)
Route	Tokyo Cargo Terminal Station – Ajikawaguchi Station (Osaka) Time required: 6 hours 12 minutes



Top lifter which loads and unloads containers

■ 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 2008.

◎ Effect of Modal Shift (2008)

	Reduction of truck transport (in number of 10t trucks)	Reduction of CO ₂ emissions (t-CO ₂)
Super Rail Cargo	16,232	10,807
Railways(other than Super Rail Cargo)	26,560	39,595
Marine (ferry)	40,170	16,973
Total	82,961	67,375

* Source: Calculation according to 'Carbon Dioxide Emission Basic Unit of Freight Transport' (2006) by Ministry of Land, Infrastructure, Transport and Tourism.

* The amounts of reduction 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 2008.

Effective Utilization of Resources

Development and introduction of the ECO-body

SG Motors appeals to prevailing ECO-bodies that are designed to be environment-friendly and provide better working circumstances on loading platforms for drivers. In 2008, the company built

1,412 units and the cumulative number of bodies built exceeded 7,400 units. Looking to further the prevalence of the bodies, we are working on with the target of 350 units built per year in 2009

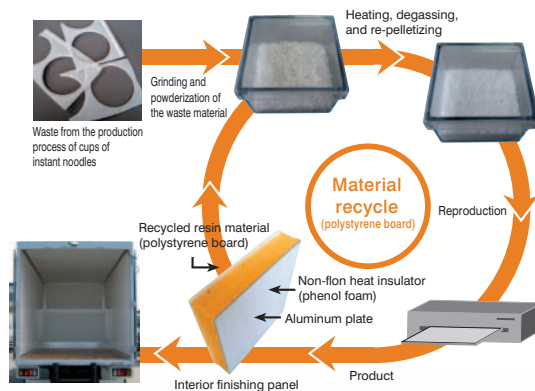
Interior finishing material made from recycled resin

In order to significantly reduce the wood material consumption, we use boards made of recycled resin as the interior finishing material of vehicle bodies. 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 2008.



Cool Courier box vehicle equipped with the ECO-body

Overview of the ECO-body



TOPIC

Forest protection using wood materials produced from tree planting Planting and utilization of acacia trees

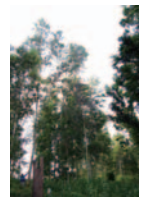
As a corporation which calls for coexistence with nature, SG Motors proactively supports the tree planting business, and uses wooden materials produced from such planting in order to save limited natural resources, with the motto of "Grow trees by ourselves to use wooden materials!"

They support tree planting (by providing sponsorship) of acacia trees that grow rapidly to use as the material of the floor inside the truck.

Since, by nature, the surface of the acacia material is rough, only a small number of boards can be produced from one tree, if you try to get large sized boards. Therefore, though it requires more work, they produce more smaller sized boards in order to make full use of the tree and thus contribute to nature conservation.



A scene in tree planting (in Sabah, Malaysia)



Four and a half years later after planting

Introduction of Solar Power Generation Systems

Solar power generation, which is expected to come into wide use all over the world, is a very environment-friendly electric power generation system and emits no CO₂ or other hazardous substances at all in the generation process.

Sagawa Express has been introducing such solar power system since 2003 and, at the moment, such systems are in operation at 21 sites across the country. The cumulative power output of these power generation systems reaches 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 utilization of natural and recyclable energy through further introduction of solar power generation systems.



Solar power generation system



Solar power output display panel

Use of the LEUCO Card

With increasing information digitalization in the offices, a larger and larger amount of paper is used for printing with a laser printer, etc. A large part of those printed papers are used only temporarily.

Sagawa Express uses the repeatedly rewritable and thus eco-friendly Leuco Card* to issue the statement of work containing description of the work. Compared to the usual printer system, we can save about 1,500 sheets of paper a day in operation of the special automatic sorter for 'Yu Mails' in Tokyo Big Bay.

Also, we will continue our efforts to reduce the quantity of waste as much as possible.

* You can repeatedly write and delete characters on this card by applying heat on the recording surface. The data are easier to read and the card allows a higher number of rewritings compared to the magnetic card.



LEUCO Card



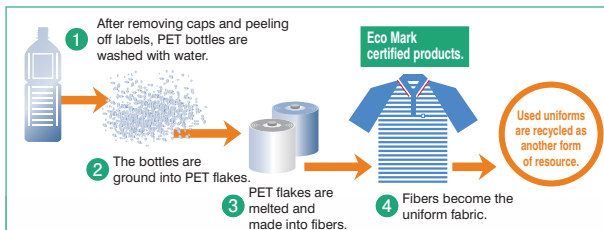
Efforts toward a Zero Waste Society

Purchasing eco-uniforms

SG Holdings Group promotes “Green Procurement”, an activity to purchase earth-friendly goods proactively. Specifically, we purchase Eco Mark certified clothing made from recycled polyester, which is produced in recycling of PET bottles, for our group companies’ uniforms. The number of uniforms manufactured in 2008 is about 223,000 and this means that about 650,000 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 913,800 pairs of these gloves were used in 2008.

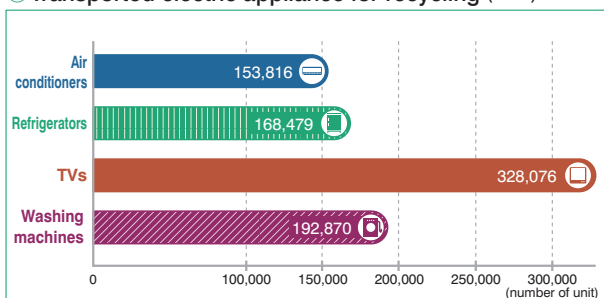
Processes to make eco-uniforms



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 group companies and subcontractors 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 (2008)



Efforts on recycling of decommissioned vehicles

The decommissioned vehicles from Sagawa Express are properly disposed of by SG 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 2008, 41.7kg of CFCs were retrieved.

Collection of used engine oil

Waste oil generated by regular changing of engine oil used to be disposed of as industrial waste. Recently however, waste oil is recycled as a valuable resource. In 2008, 434,900 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 2008, 95,048 used tires were collected.

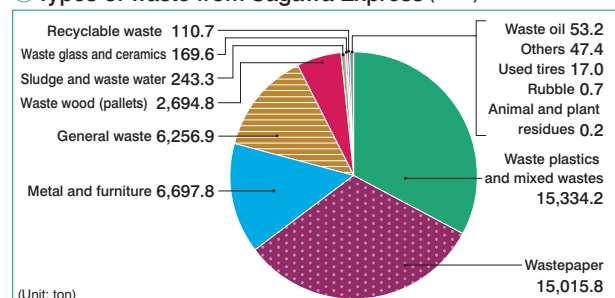
Measures to reduce waste

For realization of a Zero Waste society, Sagawa Express is working on efforts 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 2008 was approx. 46,642 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 (2008)





SG Holdings Group's Environmental Activities

Effort on environmental activities in 2008

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 (2008)

	Implemented items of Environmental Activities
1	Verification of Idling Stops
2	Companywide simultaneous Light-Down Campaign
3	Clean-up campaign
4	Recycling campaign
5	Energy saving campaign
6	Environment picture diary contest
7	Eco Family Contest
8	Environmental Model Branch Contest



Poster for Environmental Activities in 2008

Companywide simultaneous Light-Down Campaign

On the sidelines of Earth Day, a day to do something for our planet, we have conducted a 'Companywide simultaneous Light-Down Campaign' for three days from April 20th to 22nd, on which we turned off the lights of the advertising displays and the like of all the offices and branches of our group.

Since this companywide simultaneous Light-Down Campaign was listed as an item of the environmental activities to be implemented in this year, we have conducted it also in April, July, October, and January, for 12 days in total.

Because reduction in power consumption has a big effect, we will continue this campaign.



Before "Light-Down"



After "Light-Down"

Environmental Model Branch Contest

Among all of the branches and offices of SG Holdings Group, we select exemplary branches to recognize and publish them within the group for the purpose of promoting environmental conservation and enhancement of awareness on the environment. The winners of the Grand Prix in 2008 included Sagawa Express Yokohama branch, which is working on 'environmental conservation through collection of caps of PET bottles and donation for vaccine injections' among all activities, as well as Sagawa Advance Head Office, SG Motors Head Office, and Sagawa Global Logistics Sendai Branch.



A scene from the awards ceremony

Clean-up Campaign

With the purpose of raising awareness on the environmental conservation of each employee as well as making a contribution to the promotion of regional beautification, employees of our group do cleanups of the neighborhood of the business office in cooperation with the local government, companies, and NPOs.



A scene from the activity

Environment picture diary contest

For the purpose of reduction of CO₂ emission from home, we conduct "Environment Picture Diary Contest" for the children of group companies' employees, so as to give them an opportunity to think about the global environment in the family and to raise their awareness on the environmental conservation in participation in an environmental conservation activity in the family or local community. In the 2008 contest, 1,598 applications were received.

Earlier, we have organized an Environment Poster Contest. However, we have changed it to a picture diary contest in order to promote a more proactive approach to the environmental conservation activities. The children described more specific content of the activity in their picture diary.



Grand Prix winning work (by Mei Takayanagi)



Award winning work (by Akane Watanabe)



Award winning work (by Arisa Kojima)

TOPIC

Winning a Grand Prix in the 3rd 'ECO Statement in my house☆' contest

Since 2005, the Ministry of Environment has been widely inviting eco-life messages and mini reports from families and children with the themes 'what I noticed', 'what I am working on', and 'the action goals for future' concerning the environment as an application for the 'ECO Statement in my house☆' contest, with the purpose of promotion of eco life in the family.

Our group has been also actively participating in this project, assuming it as a good opportunity where the group employees and their families fight against global warming in an effort of environmental conservation. This year, Ayami Sasaki, a child of our group employee, won the Grand Prix out of 4,980 applications in total.

Three participants received the Environment Minister's Award.

Children's division	Grand Prix winning work "Because I like winter"	by Ami Sasaki
Children's division	Award winning work "Eco cycle is a happy cycle"	by Yuki Nakamura
Family division	Award winning work "CO ₂ diet by all the family members: -266kg"	by Yoshiko Murata



A scene from the awards ceremony

Coexistence with Nature

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

Beside efforts for reduction of environmental loads, we are also making different approaches for coexistence with nature, considering that "coexistence with nature" is very important.

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

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

Experiencing rice planting

Approx. 200 participants, including the families of our employees and people from the local community, joined a rice planting experience held in Moriyama, Shiga Prefecture. Under a clear sky, children played in a 1,300m² wet paddy, totally covered in mud, while parents struggled with unaccustomed work, but everybody seemed to enjoy the experience with smiles on their faces.

Through the rice planting experience, they could observe animals living near the rice paddies and perhaps could feel the importance of nature and how important it is to hand this nature to the next generation, while learning in nature together with their parent or children.

In a chemical-free paddy, we released young Nig-orobuna fish, a threatened species. This activity is conducted for the purpose of recovery of the number of Nig-orobunas whose population has been sharply decreasing in recent years due to the increase of nonnative species in Biwa Lake. These fish were later released in Biwa Lake after having been raised to about 3cm in the paddies free from the threat of enemy attacks.

After removing a huge amount of overgrown weed, about 670kg of rice was harvested in September. The rice was named as 'Hikyaku-mai' (courier rice) and allotted to the participants of rice planting and harvesting.



Chemical-free paddies



A scene from rice planting



Release of Nig-orobuna fish



Nig-orobuna grown to about 3cm



A scene from rice harvesting



Efforts on Environmental Enlightenment

Environmental lectures for elementary school children

Sagawa Express organizes “environmental lectures” for elementary school children in various places.

We introduce them to our efforts on environmental issues with the title of “Distribution of goods and environment” in an easy-to-understand manner, using a picture-story show and other tools. Partly because of the increase in interest in the environment in society and TV, newspapers, and other information media that are familiar to them, children’s awareness on the environmental issues is very high, and many questions are asked in the environmental

lectures.

We will continue our activities to raise children’s awareness on the environment by explaining them Sagawa Express’s efforts on environmental issues.



A scene from an environmental lecture

Distribution of ECO karuta game sets

For the purpose of offering an opportunity to practice environmental conservation activities at home, we produced ECO karuta game sets for our employees and their families.

Our eco karuta game is made up of three kinds of cards, each of which has a different theme; i.e. ‘What an individual can do’ cards are about issues which individuals can do, and on the ‘The earth is in danger’ cards, environmental problems which our planet is facing are explained, while ‘Efforts of Sagawa Express’ cards introduce the activities that Sagawa Express is conducting. We produced this game hoping that it offers an opportunity to our employees and their families to think about environmental issues while enjoying the karuta game.



Eco karuta game

Participation in environmental publicity events

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

In the ‘Eco life fair’, we introduced to the public the activities of Sagawa Express as an commodity distribution operator, such as introduction of natural gas trucks and Idling Stop campaign, in an easy-to-understand manner, and about 3,000 people visited our booth. In the ‘Eco Products’ event, we set up among all an Eco Safety Drive experience corner, on which about 7,500 people visited.

Major events in which Sagawa Express set up a booth (2008)

Name of event	Date	Venue	Organizer
Eco Life Fair 2008	June 7-8	Yoyogi Park, Tokyo	Ministry of the Environment, etc.
Eco Products 2008	December 11-13	Tokyo Big Sight	Nikkei Inc., etc.



Eco Life Fair



Eco Products



Building a Framework to Promote Environmental 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 2008, our environmental investment was 480 mil-

lion yen due to the mainly new establishment of the natural gas filling stations for corporate use, and the environmental expenses were 7 billion yen.

Though we could have a bigger environmental conservation effect compared to the previous year, this did not bring about a positive economic effect due to the influence of the rise in the price of crude oil.

◎ Cost around environmental conservation

(unit: million yen)

Items	Description	2007		2008		Main factors for increase/decrease
		Environmental investment	Environmental expense	Environmental investment	Environmental expense	
(1) Cost within business areas		79	1,028	484	1,060	
Breakdown	(1) Cost for pollution control	5	121	2	41	Expenses decreased as the mounting of oxidation catalyst to the diesel vehicles has been completed
	(2) Cost for environmental conservation	73	146	482	178	Investment increased due to new establishment of natural gas filling stations for corporate use at 16 locations
	(3) Cost for recycling of resources	1	761	0	842	Expenses increased due to increase in the amount of recycled engine oil, tires, and batteries
(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.	0	230	—	183	Expenses decreased due to decrease in the number of environment publication related events
(4) R&D cost	Development of services and products relating to environmental conservation, such as Eco-body.	—	0	—	79	Expenses for material procurement increased related to 'Hikyaku PC Courier'
(5) Cost for social activities	Donation to domestic and overseas environmental organizations, enlightening activities.	—	220	—	166	Decrease in the amount of donation and expenses for event activities
(6) Compensation cost for environmental damage	Measures against asbestos dust.	—	0	—	0	
(7) Cost for safety measures	Vehicle inspection, employee education, enlightening activities such as safety measures.	—	5,230	—	5,516	Vehicle inspection expenses increased together with the increase in the number of vehicles
Total		79	6,708	484	7,004	

◎ Effects on environmental conservation

Environmental performance indexes	2007	2008	Effects on environmental conservation (Result in 2008 - result in 2007)	
Diesel oil (kℓ)	90,923	89,881	-1,042	
Heating oil (kℓ)	438	292	-145	
Heavy fuel oil (kℓ)	116	76	-40	
Natural gas (km ³)	14,426	16,340	1,914	(Note 1)
Utility gas (km ³)	1,224	1,194	-30	(Note 1)
Propane gas (kg)	444,447	383,557	-60,891	(Note 2)
Gasoline (kℓ)* including Premium gasoline	13,268	17,146	3,878	
Electric power (kWh)	242,410,000	235,390,000	-7,020,000	
Water (clean) (km ³)	951	913	-38	
Water (sewage) (km ³)	955	911	-43	
Industrial water (clean) (km ³)	8	30	22	(Note 3)
Industrial water (sewage) (km ³)	8	30	22	(Note 3)
NOx (t)	1,059	1,115	56	(Note 4)
PM (t)	68	62	-6	(Note 4)
Number of recycled PET bottles	—	—	650,235	(Note 5)

* Effects on environmental conservation are calculated as simple mathematical differences from the result in 2007.

(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.

(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 2008, 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: 10,000 yen)

Economic effect	Amount
Cost reduction by reducing the usage of heating oil	930
Cost reduction by reducing the usage of heavy fuel oil	0.4
Cost reduction by reducing the usage of propane gas	225
Cost reduction by reducing the usage of water (clean)	1,490

◎ Rules of statistics

- Period: fiscal year 2008 (March 21, 2008 - March 20, 2009)
- Coverage: Sagawa Express Co., Ltd. (though some of the statistics include SG 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.

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
Bunkyo branch)

◎Major environmental targets and results in 2008

Suppressing global warming and air pollution due to tail pipe emissions				
[Target]	The introduction of low emission vehicles (714 vehicles in 2008).	→	[Result]	Because we have modified the introduction plan for the purpose of utilization of the existing vehicles, the number of vehicles introduced didn't reach the target. Not attained. P38
[Target]	Reducing the number of newly acquired vehicles through setting up more Service Centers (adding 25 Service Centers and saving the acquisition of 50 vehicles).	→	[Result]	We reduced the number of newly acquired vehicles by 78 vehicles by setting up 29 Service Centers newly (totaling 221 Service Centers across the country). Attained P39
[Target]	Research and evaluation of the next generation fuels (evaluation of bio-gasoline, BDF and bio-gas)	→	[Result]	We use bio-gas for 10 vehicles in the Kobe branch, and bio-gasoline for 86 vehicles in the Kanto area. Attained P38
Activities for No Waste societies by promoting resource saving, energy saving, and 3R				
[Target]	Providing dedicated collection boxes for each type of waste paper to promote proper disposal and recycling.	→	[Result]	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 dedicated collection boxes. Attained P43
[Target]	Promoting the use of paperless forms.	→	[Result]	The following applications and notifications have been submitted and processed paperless: 1,148 applications for retirement allowance, 4,822 notifications of change of address & commuting method, 1,985 applications for change of salary transfer account. Attained
Promotion of Green Procurement				
[Target]	Putting a catalog environment-friendly merchandises on the procurement system	→	[Result]	Out of 1,917 items listed in the merchandise catalog on the procurement system, 1,152 items are listed now as environment-friendly goods. Attained
[Target]	Increase of the ratio of Green-compliant goods in the procurement order	→	[Result]	We have promoted the Green Procurement campaign, and the ratio of Green-compliant goods reached 66.9%. Attained
Promotion of internal and external environmental enlightening activities and disclosure of environmental information				
[Target]	Raising employees' awareness on the companies environmental activities using company magazines in the forms of brochures, internet websites, and moving pictures	→	[Result]	Publishing 12 issues of the company magazine (HIKYAKU), video magazines (8 issues of "SG-stage" and 11 issues of "Fureai"), and 9 issues of web news in the year, we promoted internal environmental awareness. Attained
[Target]	Providing information to broad stakeholders by publishing news releases, accepting media coverage and dialogue with the press.	→	[Result]	We published 12 news releases and 80 cases of media coverage. Our web site was updated 12 times. Attained

Observing environmental laws and regulations

■ Observing Law concerning the Promotion of Measures to cope with Global Warming

As a company which consumes a large amount of energy in its business operations, Sagawa Express is well aware of its energy consumption and calculates the CO₂ emission to fulfill its obligation of regular reporting to the government, as well as making active efforts against global warming.

And in accordance with the amendment of the law in May 2008, each business entity in SG Holdings Group will separately calculate those values in its own business operation to report them to the government individually, if necessary, which was not obligatory before the amendment.

■ Observing the Law regarding the Rationalization of Energy Use (Energy Saving Law)

According to the amendment of the law in April 2006, Sagawa Express as a designated transport business firm is making efforts in energy saving in its business operations, while accurately knowing its energy consumption to properly fulfill its obligation of reporting to the government.

Due to the amendment of the law in May 2008, stricter environmental measures are now required in factories, offices, and the like. Each business entity in SG Holdings Group will separately calculate environmental values in its own business operations to report them to the government individually, if necessary, which was not obligatory before the amendment.

■ Observing the Law concerning the Promotion of Environmental Education

As environmental conservation at a global level is increasingly asked for, SG Holdings Group is expending its efforts on raising awareness of the environment of all the employees in the group. Among all, 'environmental activities' (P44 / P45) have been conducted continuously since 2003, as the activities conducted voluntarily by the individual employees.

Since we consider it important to widen the circle of the environmental activity beyond the company framework to the general public, we actively appeal to citizens at different event venues, while on the other hand, organizing environmental lectures for primary and junior high school children.(P47)

■ Observing the Automobile NOx PM Control Law

As a company which conducts its business operations using many trucks, Sagawa Express has been making efforts for improvement of air in the urban areas in which the pollution in the air is an extremely serious problem. In order to reduce tailpipe emission of NOx (Nitrogen Oxide) and PM (particulate matter), we are actively introducing the change to natural gas fuelled trucks and conforming vehicles not only in the law target areas of the Automobile NOx PM Control Law, but also in other areas.



Natural gas fuelled truck



A scene from an environment lecture

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.

Relationship with society

Placing importance on the relationship with

society;

it is a duty of a corporation which connects one person to another.

The closer communication among customers, our employees, and local citizens is, the stronger the social infrastructure of “commodity distribution” is supported. We will make efforts to be a corporate group which develops continuously together with society, while striving for quality and service improvement and conducting necessary business operations and supporting activities.

International mutual understanding and economic cooperation with Asian countries

Cross-culture communication and economic development Exploring different cultures to build mutual trust

Making a contribution to the development of the local community is the expression of SG Holdings Group's wish to give back some of the favor we received. Also, in order to fulfill our CSR, we will reach out a strong hand of friendship and cooperation, addressing challenges of the time and society.

At 14:28 on May 12, 2008 (Monday), a sudden earthquake (The Sichuan Earthquake) hit inland China. Houses and buildings were reduced to piles of rubble. As the extent of the reported damages got bigger and bigger with each passing day, SG Holdings Group procured and shipped tents for the victims of the disaster. This was done in response to a request from China, but we think we could play such an important role because we had been cultivating close friendships in the past.

Between SG Holdings Group and China as well as between SG and Asian countries, there have been exchanges for more than 20 years. As well as in establishment of the distribution infrastructure, we have been actively supporting them in various fields through local companies and financial groups, including supply of vehicles and technologies which are inevitable for transport, scholarship for education in Japan, and promotion of culture. What can we do to assist the victims of the disaster and for development of the local community and economies? Though we make efforts in a variety of ranges, our wish is only one; what we do may lead to the happiness of people.

China has made such big economic progress that it is known now as the 'factory of the world.' Asian countries are attracting strong expectation of the new epoch. We think establishing the future of Asia, not to mention that of Japan, is a highly important activity not only to deepen our bond with them, but also to make a contribution to the society.



A scene from the ceremony of donation of used trucks. Mr. Sommad Ponsena, Minister of Communication, Transportation, Post and Construction of Laos PDR (left) and our Director Naoi (right)

Donation of tents to the disaster-stricken area

Assistance to the afflicted area in Sichuan, China, was realized through the intermediation of the Chinese Peoples' Association for Friendship*. For this activity, Express Service of China Post Group, Zhejiang Province Post Corporation, and Jinhua City Post (Zhejiang Province), which are all business partners of SG Holdings Group, helped us by transporting the cargo within China free of charge. 1,200 tents procured with the monetary donation from our employees and relief money from SG Holdings were transported by four drivers about 2100km from Zhejiang Province to Chengdu in Sichuan, in non-stop driving of 50 hours. The totally dust-covered truck told us how harsh the driving through the continuing earthquakes had been.



*An entity which is charged with promotion of mutual understanding and friendship between Chinese citizens and people of all the countries of the world, preservation of the world peace, and promotion of collaborative development.

We also received a request from the government to pick up the cargo in Japan

Sagawa Global Logistics was entrusted with pickup of relief goods for the disaster-stricken area by the Japanese government. On June 9th (Mon), they picked up, together with Sagawa Express, about 600 tents and other relief goods at 42 local governments all over Japan to deliver them to Narita Airport, from where the goods were shipped to the afflicted area.



A scene of the pickup at Kanagawa prefectural government

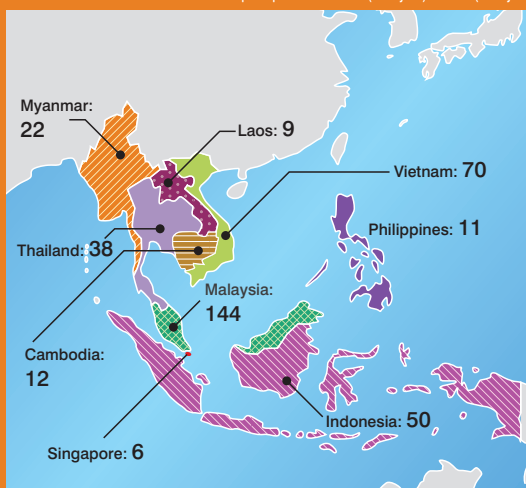
The bond and friendship are deepened through learning

We are working to promote communication among the privately-financed students from southeastern Asian countries through admission ceremonies and social events organized by the Sagawa Scholarship Foundation.



They experienced a tee ceremony at a social event (at Raku-Kichizaemon-Kan, Sagawa Art Museum)

▼Distribution of nationalities of scholarship recipients from 1986 (First year) to 2008 (23rd year)



Donation of used trucks

The Foundation of Sagawa International Economic Cooperation has been supplying used trucks to developing countries free of charge as economic support since



1985. The total number of trucks supplied is 3,000 for China, 102 to Mongolia, 150 to Peru, and 53 to Laos (as of 2008). In these countries, the trucks are used in different applications to meet the needs of the region.

Sagawa also accepts trainees and assumes development of human resource

Sagawa used the donation of used trucks as an opportunity to start acceptance of trainees who learn vehicle maintenance techniques in Japan. Since 2001, we have also dispatched instructors to China to implement training there. We contribute to international mutual understanding through human exchanges in the form of technical assistance.



Cultural exchange through art works

Sagawa Art Museum is transmitting culture in the field of painting, sculpture, and pottery. As well as exhibiting Japanese works, they are making efforts in the introduction of Asian cultures, such as the special program for its 5th anniversary, 'Treasury of Ming Dynasty Official Court Blue Flower Porcelain (possession of Nanjing Museum) – Chinese underglaze blue ware; World of cobalt blue,' 'Art of Sui and Tang Dynasties (possession of Chinese National Museum) – Visiting homelands of the treasures of Shoso-in', 'Porcelain Art Works of Rhee Dynasty – White porcelain and Punchong Ware (possession of Horim Museum in Seoul, Korea)', etc.

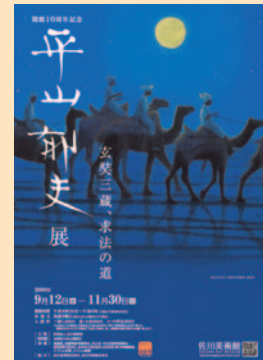


Scenes from the special exhibition



Magnificent special exhibition in celebration of its 10th anniversary

'Ikuo Hirayama Exhibition – Genjo Sanzo Guhoh-no-Michi (Road to enlightenment)' was held from September 12 (Fri) to November 30 (Sun), 2008. In this exhibition, the Silk Road was introduced in an unprecedented scale, while the main hall with a picture of Genjo Sanzo in Yakushi-ji Temple (Nara) was reproduced for exhibition of the painting series of 'Western Regions in the Age of the Great Tang'. The original full size drafts and many sketch panels were exhibited to show the works of painter Ikuo Hirayama, comparing his travels along the Silk Road to that of Genjo Sanzo.



Scenes from the special exhibition

Conclusion of an agent contract in Malaysia

For expansion of the business of 'Express Cargo,' international parcel delivery service destined for Japan, Sagawa Global Logistics has almost completed establishment of bases in the ASEAN region, and is now working on strengthening the ties between those bases. They concluded a contract with a leading logistics company in Malaysia, City Link Express, as a part of this strategy. Malaysia is one of the countries which many Japanese home appliance manufacturers and other businesses headed for in the early stages of their overseas advance, and is now a production base of ASEAN based on the export-oriented business. With the coming into effect of the Free Trade Agreement (FTA) with Japan, the express cargo business will without a doubt increasingly support the economic growth of that country.



A scene in the signing ceremony

Prospect for the future

We have been offering support and cooperation in various fields, including culture, economy, and education, in China and other Asian countries. In the so-called 'Age of Asia,' SG Holdings Group wishes to continue its efforts on formation of closer relationship.

Efforts on Services and Products for Our Customers

3R compliant PC transport service, 'Hiyaku PC Express'

Sagawa Express provides a 3R* compliant transport service, 'Hiyaku 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 2008, 'Hiyaku PC Express' was used 272,000 times.



Our original 'Hiyaku PC Express' packaging materials

* 3R stands for Reduce, Reuse and Recycle.

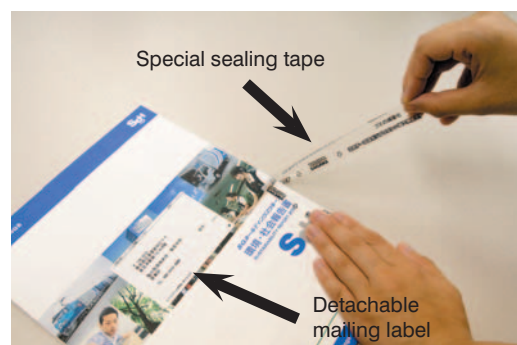
Hiyaku Green Mail significantly reduces packaging materials

'Hiyaku Green Mail' is a mailing service in which only special tape and address labels are used. The special tape seals 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. With the growth of environmental awareness, use of this delivery system has been rapidly increasing, with the number of deliveries reaching 550,000 in 2008, 3.8 times as many as the previous year.

◎ Reduction of the packaging material in delivery of one copy of size A4

	Weight of the packaging materials			10,000 copies / month for 1 year
	1 copy	500 copies	1,000 copies	
Conventional mail	14g	7kg	14kg	1,680kg
Hiyaku Green Mail	1g	500g	1kg	120kg

Compared with delivery using commonly-used A4 size envelopes, this can reduce 13g of packaging materials per copy. In the case of sending 10,000 copies per month, for example, it leads to the reduction of 1,560kg of such materials per year.



Hiyaku Confidential Document Recycling Courier also covers the dissolution process

As more and more companies are shifting their disposal method of confidential documents from shredding to dissolution in consideration of protection of personal information and environmental aspects for resource protection, we have set up a new service to undertake processes from pickup from the offices to dissolution of confidential documents.

The flow of this service consists of; packing of the confidential documents into boxes, delivery to the solution site in a unified delivery method securing confidentiality, and the

dissolution processing. The dissolved documents are recycled into bathroom tissue or the like. On completion of the dissolution process, a certification can be issued on a Web service.



Special cardboard box

We are ready to start 'Hikyaku Designated Correspondence Delivery' service as the approval was granted

We have obtained the approval necessary to enter the delivery service business of designated correspondences according to the Act on Correspondence Delivery by Private Business Operators. This allows us to

engag in the delivery business of designated mails. With this, we will deploy new services in conjunction with a bill collection service using the 'e-collect' system or using existing infrastructures such as the internet.

Our payment-on-delivery service, 'e-collect,' supports the infrastructure for mail-order shopping safely and securely

In the trend of diversification of the shopping environment, including that stemming from internet dissemination, the mail shipping market tends to grow every year. The payment-on-delivery service of Sagawa Financial, 'e-collect,' has come into wide use as a safe and secure transaction method for mail shopping users, since the start of the service in 2000.

A bank transfer prior to shipment or a credit-card transaction on the internet has been the primary method of payment for internet or mail-order 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. In our 'e-collect' system, where the payment is made on delivery, the security measures are perfect, because the payment transaction is handled by our dedicated transaction in our terminal. It has now become a system absolutely necessary for support of the mail-order infrastructure, as it saves the trouble of making bank transfers in advance. Also, payments by credit card or cash card on delivery is accepted if customers don't have enough cash on hand. In 2008, the payment transactions through 'e-collect' were used for approx. 105.34 million parcels and 1,211.5 billion yen in the total amount of payment.



E-collect with perfect security

■ 'E-collect' with growing versatility

'E-collect' continues to expand its range of service to answer the demand of customers and for their convenience. As of March 2009, 20 brands of credit cards are acceptable as payment methods in 'e-collect'.



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.

■ Security-related services to accompanying the spread of the internet

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 in 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.

3D Face Recognition Work Management System

In response to the increased importance of the internal control and growing awareness of compliance, SG Mobile Support Co., Ltd. has developed in joint venture and is marketing the '3D Face Recognition Work Management System' for recognition of individuals and enhanced security in daily work.

The 3D Face Recognition Work Management System makes a human face into a template consisting of units of 1/1,000,000 millimeters to use the face as biological information for ID authorization, while enabling digital control of work hours by utilizing such information also as a time-clock card. Since no issue of IC cards, etc. is necessary, it will lead to reduction of the running cost, including the cost of cards and control works, as well as to reduction in the work load related to card management, such as reissue of cards, data management, and security measures.



Image of the product installation



Image of the 3D template

ACTIVITIES OF FOUNDATIONS

The Foundation of Sagawa International Economic Cooperation

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

Contributing to friendship with different countries through the donation of used trucks and technical assistance in the field of vehicle maintenance

After Sagawa Express's donation of 200 used trucks to China in 1985, this foundation was established in October 1986 in order to conduct such activities on an ongoing base. Since then, it has been supplying used trucks to China and other countries free of charge in order to contribute to the economic development there and friendship with those countries. Hoping that the donated trucks are used for a long time, they conduct vehicle maintenance training in Japan as well as in China.



Donated truck driving on the road in Laos

Six trainees came from Ming Hu Railway Corporation of Xining City, China, as vehicle maintenance trainees in 2008

Speech of thanks by Mr. Hun Tao, chief trainee

I thank you very much for the long-time, great contribution to human resources development in China, support for reform and opening-up, cooperation in economic development, and promotion of China-Japan civil exchange. During training in Japan, we were most impressed by the Japanese people's sense of responsibility, seriousness, and dignity. In China, there is a common saying that "doing one good thing is not so difficult, but continuing to do a good thing for a whole life is very difficult." Sagawa Express's development of friendship business activities as well as services and contribution to society through the foundation for more than 20 years is a virtue and something we have to learn. After coming back to my country, I will report this to the top management of our company, and I surely will apply this precious experience to my future career and to my life.



A scene from the training in Tokyo Branch of SG Motors

<Achievement up to 2008>

- ◇Number of donated trucks: 3,305 in total
(Breakdown: 3,000 to China, 102 to Mongolia, 150 to Peru, 53 to Laos)
- ◇Number of received trainees for vehicle maintenance training: 108 in total

Efforts on Quality Improvement for Our Customers

Making efforts to attend customer calls ‘promptly, reliably, and politely’

Sagawa Express understands that one phone call from a customer may define our corporate image. In the Customer Service Section where calls are handled, we make every effort to be appreciated in our service by the customers, as the “second sales section” next to the sales drivers. Each regional office has its own instructors for daily education, and external instructors are regularly invited for guidance. New recruits receive practical education in a man-to-man system for about one year.



Education in the daily work is important

■ Securing a high, uniform level across the country by the Customer Service Contest

Aiming at the improvement of telephone manners, the Customer Service Section has conducted an internal customer service contest since 2001. For the contest, about 700 questions are prepared based on the working procedures, and 100 questions out of them are actually asked in the contest. Then, some situations of telephone conversation are simulated



They compete with each other in a team of two

and evaluated by external instructors and consultants. Teams representing different blocks and regions contend with each other for the purpose of enhancement of the quality of the daily service.

■ Success in the nationwide telephone manners contest

The Japan Telecom Users Association organized The 47th National Telephone manners Contest 2008 where 9,669 applicants from all over the country entered the competition. Sagawa Express sent 6 competitors as representatives of prefectures they belong to and the team from Ninohe Branch, Tohoku Regional Office, won the outstanding performance award (equivalent to third place).

TOPIC

Winner of the outstanding performance award in our 5th challenge and 3rd entry in the national competition!

I am full of emotion because we have been working hard, hoping to realize the long-cherished wish of “Getting an Award in Tohoku Block” to give something back to the people who supported us.

Since the setting of the simulation in the competition was a toy shop, I actually visited toy shops to research how they serve the customers, and I tried to answer calls in such a manner that I myself would feel happy if I were a customer. I will continue to try to do my best to answer calls from the customers’ standpoint and to speak lively, freshly, and cheerfully, so as to increase admirers of Sagawa.



Sagawa Express Ninohe Branch Junko Taguchi

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 2009, as many as 373 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 15 criteria, including the performance rates of the specified time delivery and redelivery, 8 branches were certified in 2008. 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

Realizing ideal working conditions

The number of employees in SG Holdings Group is about 45,000. The number reaches about 58,000 if part-timers, temporary staff, and contracted workers are included. In order to realize ideal working conditions for all of them, we respect human rights, individuality, personality, and privacy at the workplace while making efforts in 5S activities, namely arrangement (Seiri), putting things straight (Seiton), cleaning (Seiso), purity (Seiketsu), and discipline (Shitsuke) for the realization of safe and healthy working conditions. Our

group always tries to encourage our staff to make achievements in their jobs and feel satisfaction, considering that our employees are our indispensable assets.



Job development for persons with disabilities

Sagawa Express' disabled persons' employment rate in 2008 was 1.80% and we have consistently exceeded the minimum rate required by law. The big difference from many other companies is that we don't employ them at a specific company; namely, 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.

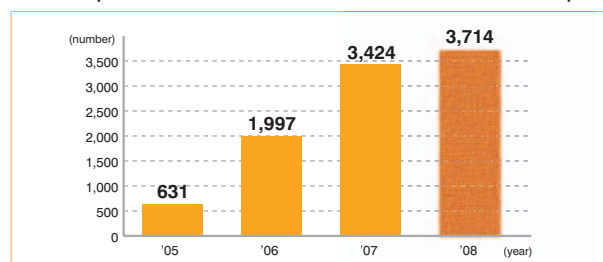
Based on this policy, we will continue our efforts in job development to grow with disabled persons.

Supporting female employees in various job categories

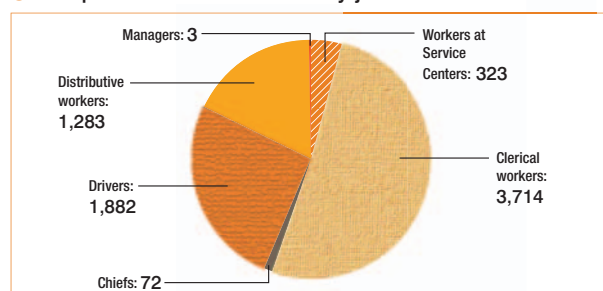
Providing opportunities for all employees to fulfill their personalities and abilities is one of our business strategies to secure a strong workforce in the future. Therefore, we actively recruit a variety of people, regardless of sex and age, for various job categories. Particularly, the number of new female recruits increased by 108% compared to the previous year and these women are working in many fields. In the field of clerical work, there are 3,714 female staff members, the largest in number, and there are 1,882 female drivers and some 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.

We have programs to support the child-raising in employees families, such as assistance for coming back to work from child-care leave. Many female staff have actually come back to work with us after pregnancy.

Development of the number of female recruits in our company



Composition of female staff by job field



Substantial education 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 promotes the nationwide standardized education system in various job fields.

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.

◎ Training courses conducted in 2008

	Name of course	Number of participants		Name of course	Number of participants
1	Basic education course for new recruits	8,354	7	SD Instructor certifying course	2,131
2	Basic education course for safe driving	6,022	8	Safe Driving Supervisor certifying course	442
3	Graduation certifying course for SD	7,018	9	Exclusive Safety Administrator training course	239
4	Basic practical training course for CS	1,489	10	Practical training for administrative staff	1,340
5	Graduation certifying course for CS	708	11	Leadership training course	2,735
6	CS Instructor certifying course	135	12	First-time manager training course	42
Total					30,655

Supporting quality of life of the employees and their families through an exclusive website

SG Holdings Group runs an exclusive internet website 'SG Holdings Group exclusive site for staff and families.' It has various contents, 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.



ACTIVITIES OF FOUNDATIONS

Sagawa Scholarship Foundation

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

I want to contribute to the development of my country in making full use of what I learned in Japan

Sagawa Scholarship Foundation grants scholarships and lifestyle guidance to students from Southeast Asian countries. We interviewed Mr. Itto Fuhchon from Malaysia, who received a PhD in Engineering in graduate school, The University of Tokyo.

● Why did you want to study in Japan?

When I was a junior-high school student, Malaysia was booming with Japanese home electric appliances. Since I was interested in the field of electronics, I wanted to study in Japan where the technology was strong. Therefore, I came to Japan in 1996 when I was 21 years old.

● Why did you apply for this scholarship?

I came to Japan using a scholarship from the Education Ministry to learn Japanese and basic knowledge equivalent to high-school graduates in the Department of Foreign Languages in Osaka University. After that, I went to graduate school The University of Tokyo. Since the Ministry's scholarship only covered the master's program, I applied for this scholarship, because I really wanted to go to graduate school.

● What is your goal in the future?

Now I am engaged in development, manufacturing, and marketing of electric parts that allow large capacity data communication, etc. in a venture business initiated by The University of Tokyo. For the time being, dissemination of this technique and success in business are my goals. In the future, I would like to establish a company in the same field to contribute to the development of my country.

● What do you expect from the Foundation?

I think, as globalization progresses, the role of the Foundation will become bigger and bigger. I hope that they accept more students for their scholarship with stronger support also in future.



Recipient of the 19th Scholarship: Mr. Itto Fuhchon
(employee of Advanced Photonics Co., Ltd. and research worker in The University of Tokyo Research Center for Advanced Science and Technology; Doctor of engineering)

Overview of the Sagawa Scholarship Foundation

The foundation was established in February 1986 for the purpose of international exchange and friendship between Japan and Southeast Asian countries. It grants scholarships to students from Southeast Asian countries who study in Japan. Beside the financial support, it makes an effort in exchange activities among students, valuing the friendship and bond among scholarship students.

< Achievements up to 2008 >

- ◇ Number of students who received scholarships: 362
- ◇ Amount of granted scholarships: 804.3 million yen
(Monthly amount of 100,000 yen per person for 2 years)



A certificate of scholarship is handed to the students by Mr. Eiichi Kuriwada, Chairman of the Board

Promoting mental health care

SG Holdings Group has established 'SG Holdings Group Health Dial 24' for employees and their partners and families, and an expert organization provides 24-hour consultation on a toll-free telephone line. They accept a wide range of problems concerning family life, including health, medical care, nursing care, raising children, and information on medical institutions, as well as mental affairs concerning distress about jobs or human relations. Consultation on an anonymous basis is accepted as well.

If the consultee wishes, 'consultation in interview' by an expert is also available at 200 locations in 47 prefectures. We will continue our efforts to enhance the support and spread information to our employees, their partners and families.



The post for "Health Dial 24"

VOICE

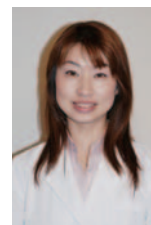
Raising health awareness

We want to keep our physical and mental health always in good condition. To assuage that, we call our employees' attention to health awareness through various media.

Particularly, in our monthly corporate magazine, 'HIKYAKU,' various information on health management, from health self-check methods to preventive measures of lower-back pain, influenza, and pollen allergy, appears in the section called 'Hikyaku no Genki Kaido (Hikyaku's road to

vigor).' For the sales drivers who work outside all day, the heat in summer-time 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. These articles are cordially written by four experienced health nurses from the corporate health insurance society.

SG Holdings Group Health Insurance Society Tokyo Health Promotion Room Health nurse,
Kana Yamamoto



'Workplace observation day' 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.

From the participating family members, we heard voices saying; "I want to work like my dad!," "It was a good opportunity to know what an important job it is to handle customers' goods," etc.

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.



Enrichment programs

■ Organizing SG Holdings Group's Sport Festival

In order for our staff to work with vigor and enthusiasm, understanding and support by family members are highly valued. We understand that their families are also an essential part of SG Holdings Group and thus organize various events to cultivate mutual friendships between our employees together with their families, within each group company, branch, or region.

Among these, the SG Holdings Group Sports Festival (SSF), the largest such event for our group, is held in the beginning of May every year. The participating employees and their family members from all over the country get together at Moriyama Park, one of our resort facilities located in Moriyama City, Shiga Prefecture, and enjoy the sense of togetherness through sports and events.



■ 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.

Track and Field Athletics Team

The team has taken part in the All Japan Corporate Ekiden held on January 1st every year for fourteen consecutive years. Tomoya Shimizu participated in the Lake Biwa Marathon for the first time and secured 3rd place on the all-time list of Japanese runners. In the Beijing Olympics, Takayuki Tanii took part in the walk race as a representative from Japan.



Soccer team

The team belongs to the Japan Football League (JFL) and won the league championship in 2007 for the first time. Aiming at a third straight championship, the team is also actively taking root in the local communities in their home town Shiga through activities such as organizing a soccer academy for primary and junior-high school children.



Women's softball team

The team joined Division 3 of the Japan Women's Softball League in 2005 and won the championship that year. The next year, when they were promoted to Division 2, they won again in that division. In Division 1, they finished eighth in their first and second seasons (2007, 2008). For the next year, the team aims to become more competitive, with a bronze medalist at the Beijing Olympics who has joined from overseas.



TOPIC

Tanii completed the full distance on the world's big stage

On August 22, 2008, the 50km walk race was held at the Beijing Olympics. Takayuki Tanii, who had been training for this race, completed the full distance in over 30 degree heat and finished 29th, acknowledging the cheers from the sidelines.

"Thank you for the encouragement! I am going to take part in the Track and Field World Championships held in Berlin in August 2009 as a representative from Japan. I will do my best in order to be more competitive and get a better result there."



Tanii was persistent in the race

■ 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 lake-front 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.



SG Holdings Group 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.

Further improvement through recognition of excellent staff

For the purpose of enlivening the group and motivating employees, SG Holdings Group conducts a joint awards ceremony.

In this recognition system, staff who achieve excellent results and Sagawa Express branches (group) 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.



ACTIVITIES OF FOUNDATIONS

The Sagawa Foundation for Promotion of Cancer Research

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

Improves the quality of palliative care to enhance the QOL (Quality of Life) of patients

The Sagawa Foundation for Promotion of Cancer Research grants 'Sagawa Nursing Care Special Study Award' as encouragement for researchers with the purpose to promote study on the nursing care of cancer patients.

We interviewed Ms. Michiko Tsukada in the Palliative Care Team, Nursing Section of Tokai University Hospital who received the award.

● What is palliative care?

A simple phrase of 'cancer pain' may mean different things. Care for the pain is necessary as well as the treatment. Palliative care is a method to support the patient, taking the physical and mental pains, social life, and families into consideration as a whole, so that they can live with the cancer without too much pain.

● What do you think of the activity of the Foundation?

The studies on cancer are still in the course of development, and the care from the patients' view is not sufficient at the moment. Since, unlike grants for medical treatments, there have not been any grants for nurses, I am thankful for the Sagawa Nursing Care Special Study Award, which gave me an opportunity to study for improvement of the palliative care.



Sagawa Nursing Care Special Study Award
Award Winner **Ms. Michiko Tsukada**
(Full-time Nurse in Palliative Care Team,
Nursing Section of Tokai University
Hospital; certified nurse specialized in
nursing care of cancer patients)



Chairman of the board, Eiichi Kuriwada, granted the aid

Overview of the Sagawa Foundation for Promotion of Cancer Research

The foundation was established in February 1989 for the purpose of supporting medical activities such as basic research and study in the practical treatment 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, and organizes public lectures for the purpose of knowledge dissemination for prevention of cancer.

<Achievement up to 2008>

- ◇Number of studies supported: 331 (324 million yen)
- ◇Number of special studies supported: 12 (60 million yen)
- ◇Number of grants for nursing care special studies: 11 (11 million yen)
- ◇Public lecture: Tokai TV Telepia Hall (Nagoya)

Number of participants: about 450

Hosting Stakeholders' dialog

What does society expects from the Sagawa Express? What role is expected to be played by it? What can we do in our business activity to contribute to society? Do we satisfy such expectations sufficiently? In order to answer these questions, we have been holding 'SAGAWA Stakeholders dialog' since 2004. In the 5th session in 2008 held amid unprecedented economic stagnation, we asked the partici-

pants to discuss the theme of "How can distribution companies win the hearts and minds of consumers?," with the purpose of knowing in what activities distribution companies can contribute to economic stimulation as well as to fight against the economic crisis by hearing voices of the society in business operation, since material flow has a close relationship with the social and industrial infrastructure.

* Stakeholders refer to all the persons concerned with the company. It includes not only customers and suppliers, but also employees, management, local citizens, government, mass media, and all the other people who are directly or indirectly involved in the business operation.

The summary of the 5th Stakeholders Dialogue

Discussion based on the keywords

In the discussions held in two groups, each participant first wrote down some keywords on a paper board to show the other members of the group. After briefing them to share common awareness on those issues, more profound discussion was conducted. A lot of ideas and advice were raised concerning the future activities of distribution companies.



Group discussion

[Theme]

How can distribution companies win the hearts and minds of consumers

[Date]

February 6 (Friday), 2009

[Place]

Tokyo

[Participants]

18 stakeholders
Representatives of public administrations, academic experts, NGOs, NPOs, Journalists, our business partners and Sagawa Express

[Programs]

- Keynote speech
- Group discussion in two groups
 - Theme (A): How to win the hearts and minds of citizens and individuals (to C)
 - Theme (B): How to capture the hearts of companies (to B)
- Presentations of each group and general discussion



Sharing the keywords



Presentation by each group



A scene from the general discussion

■ Opinions raised in the general discussion (extract)

‘Cooperation of the distribution business with the citizens and local community’

With the aging population, more and more people have difficulty in going shopping. Specifically, elderly people who live alone tend to have only intermittent communication. It is of significance that home delivery persons have a chat with them.

‘Hosting a stakeholders meeting in the region’

It may be of importance to give consumers and citizens an opportunity to participate in discussion. If the delivery business has close contact with the community, it may be possible to produce a new service for a specific region. Establishment of new regional activities may be possible by holding a stakeholders meeting in the region with full activity or in some environmental model cities.

‘Necessity of information provision’

Companies have to evoke sympathy for consumers. We want companies to provide consumers with information, if not the education.

■ After the dialog

After listening to various opinions, we felt that two-way communication is necessary to share feelings with consumers. To this end, we will make efforts to contribute to the society as a “Community Infrastructure” in the local community.



ACTIVITIES OF FOUNDATIONS

Sagawa Art Museum

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

Sagawa Art Museum celebrating its 10th anniversary

The museum, which was opened in Moriyama City, Shiga Prefecture as a part of Sagawa Express' 40th anniversary project with the purpose of contributing to the local community and society, celebrated its 10th anniversary. Along with the exhibition of art works by Japanese painter Ikuo Hirayama and sculptor Churyo Sato, the museum conducts activities by Lake Biwa, including introduction of precious art works from abroad with the theme of 'exchanges between Eastern and Western cultures,' as well as exhibition of Japanese arts, Ukiyo-e and porcelain, and watercolors by foreign painters in the motif Lake Biwa's nature.

At the commemoration of the 10th anniversary, 'Ryohei Koiso and Churyo Sato Exhibition – Look on the models' was held in April, at the request of Mr. Sato. In September, Ikuo Hirayama's spectacular paintings, fruits of his dozens of years' study on the Silk Road, were exhibited with the title of 'Genjo Sanzo Guhoh-no-Michi (Road for enlightenment)'. The original paintings were mural paintings with the title of 'Western Regions in the Age of the Great Tang' which were dedicated to the Yakushi-ji Temple (Nara) on January 1st 2001. With the hope to show these works to many people, Hirayama repainted these in a large size 50 paintings and exhibited them in this exhibition.

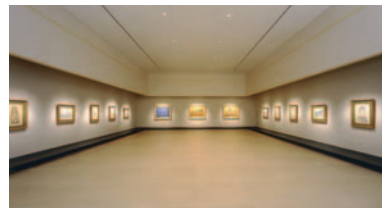
Also, the museum sets up a 'welfare day' on which people with disabilities and their families, volunteers, and welfare service workers are invited at no charge.



Sagawa Art Museum: Welfare day



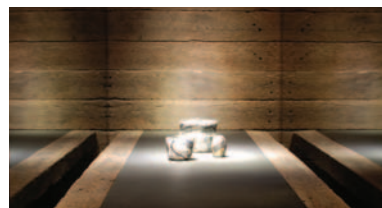
Sagawa Art Museum



Hirayama Ikuo Kan



Sato Churyo Kan



Raku Kichizaemon Kan

Raku Kichizaemon Kan celebrated its first anniversary

Raku Kichizaemon Kan of Sagawa Art Museum celebrated its first anniversary in September 2008. This museum exhibits works of Kichizaemon Raku, the 15th generation of an honorable Raku family of Japanese pottery with a tradition of more than 400 years, who continues to produce formative arts which are rooted in tradition but still has fresh sensitivity.

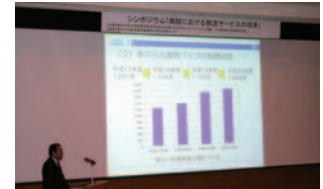


'Internal and external local support and cooperation' and 'Collaboration and sponsorship activities of industry, universities, government, and the private sector with local communities'

Experimental study on the hospital logistics with an academic-industrial alliance

Sagawa Express has organized a sponsored course, 'Hospital Logistics', at the 22nd Century Medical Center at the University of Tokyo Hospital. Since many people and goods come and go in the hospital, the themes of the study are on the procurement/supply methods of medicine and medical materials, distribution services

to improve patients' care, etc. Some new logistics services for patients have been conducted as an experimental study.



Information is exchanged at a symposium.

Introduction of our advanced approaches through lectures

In the sponsored lecture organized by the 'Business Leaders' Inter-Forum for the Environment 21 (B-LIFE 21)' held in Ochanomizu University, Eiichi Kuriwada, Chairman and President of our company, delivered a lecture on environmental efforts. He also made a speech in the number of seminars organized by the Ministry of Land, Infrastructure, Transport and Tourism and Ministry of the Environment to provide information for problem resolution.



A scene in the lecture

Records of lectures in 2008

Date	Name of the event	Place
July 14	Kyoto Women's University Lecture	Kyoto Women's University
July 18	Natural gas fuelled vehicle forum	Keidanren Kaikan
Sep. 18	Logistics environmental administrator training course	Sabou Kaikan
Oct. 15	Kyoto Chamber of Commerce CSR Special Committee	Karasuma Kyoto Hotel
Oct. 30	Environment training	National Environmental Research and Training Institute
Nov. 6	Meiji University 'Environment and politics, economy, and society II' course	Meiji University, Surugadai Bldg.
Nov. 12	B-LIFE 21 sponsored lecture	Ochanomizu University

Active sponsorship for sports events, etc.

Besides various sports events, Sagawa Express has been participating in the "Pink Ribbon Campaign" initiated in Kyoto in 2005, supporting the enlightenment activities and sponsoring symposiums.

■ Sagawa Kamamoto Junior Cup Moriyama 2008

With a view to promoting intercommunication of young football players and upgrading their skills, we have sponsored this event for 12 years, since the inaugural event.

This year, 24 teams consisting of 500 young athletes participated and played exciting games.



Heated games were played.

■ Sports Recreation Shiga 2008

In the 21st Nationwide Sports Recreation Festival, the

employees of Sagawa Art Museum and our soccer team boosted exchanges with the local citizens in Shiga, the center of our group's culture and sports.

■ Golden Rookie Award

Since 2002, we have sponsored the Golden Rookie Award, which is given to a rookie player who makes the strongest showing in Japanese professional baseball. 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 Churyo Sato, a sculptor who has strong ties to the Sagawa Art Museum.

■ Sagawa Express Cup, The 54th National Amateur Honinbo Championship Competition

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

'Dream Teacher' fosters healthy minds

As a part of the contribution to the local community, our soccer team takes part in the 'Japan Football Association's Kokoro-no-project (Project for Minds) - Dream Teacher' for children's education hand in hand with the experts in school education. Till now, these soccer classes were held in five elementary schools in local areas with 682 children participating. In addition, they visit kindergartens and nursery schools to hold a soccer lecture, and a soccer school named 'Soccer Academy' is organized for children from the 3rd grade to junior-high school students who applied for the school.



JFA Kokoro-no-project, Dream Teacher

Cooperation with Kyoto citizens' event

Our women's softball team took part in a citizens' event in Kyoto, 'Minna-no Sports Festa (everybody's sports festival)', teaching softball to about 300 primary and junior high school children in the city. They also organized a joint training course for high school students from all over Japan in SG Holdings Group Moriyama Park, in which about 330 young players participated in one year. They will make efforts for promotion of softball and enhancement of skills.



Softball school

Various activities as a partner of the JOC

Since acknowledgement as an official partner of the JOC (Japanese Olympic Committee) for environmental issues in 2003, Sagawa Express has proactively conducted many activities, including promotion of the Olympic Movement, support of the Japanese Olympic delegation, and environment enlightenment activities in different events sponsored by the JOC.

The Olympic Day Run is an activity with the objective of getting many people

learning the pleasure of sports in jogging with Olympic athletes. In 2008, they organized an environmental event, a 'Sports Power Generation Relay Race', where 2,695 participants generated electric power of 2,884.24Wh.



A scene from the event venue

TOPIC

We demonstrated good performance in the 'transport' race in Beijing Olympics

As a company supporting the JOC, we cooperated with them by transporting the entry tickets from China to Japan, shipping official articles for the Japanese delegation, setting up a parcel-delivery service counter and carrying out the international parcel delivery services during the Olympic Games as a part of the service of the JOC Japan House*.

*A facility established by JOC as a base for Japanese delegation and Japanese people at site.



Sagawa Express' booth within Japan House
(Number of visitors: about 9,000)



Parcel-delivery service counter



From employees to the families Friendliness to our planet

Since the time I was assigned to the environmental accounting group, I have stronger motivation for ecologic activities. I save electricity, I don't waste resources, and I take part in the used-stamp collecting activity to donate wheel chairs. It would be wonderful if we could convey the eco-friendliness to the next generation and the generation after that through many kinds of environment activities.

Sagawa Express Hokkaido Regional Office
Administrative Dept., Administrative Division
Aya Kobayashi



I want to deliver parcels with smile

I joined Sagawa Express, because I wanted to work just like a certain female driver I knew who always delivered parcels cheerfully with a smile, however big the parcels were. Now that I am a sales driver, just as I wanted to be, I am doing my best to deliver parcels to customers with a smile.

Sagawa Express Sendai Branch Sales Dept.
Megumi Kitamukai



I never do any "sudden" operation

What I try to do everyday is Eco Safety driving. While driving, in order to avoid sudden startup, sudden acceleration, and sudden braking, I fully concentrate on driving, having temporal and emotional leeway, and check the situations around me with a broad perspective. Such driving leads to reduction of CO₂ emissions and safe driving, which is the most important thing.

Sagawa Express Josai Branch Chief in Sales Dept.
Kuniyuki Ohsawa



Be a driver who is loved by people!

For the purpose of "no accident in my area," I contribute to safety by driving as a pacemaker who observes the speed limit. I will do anything, however trivial it may be, with the objective that as many drivers as possible are loved by the local citizens and that Sagawa Express can make further contribution to society.

Sagawa Express Nagoya Branch
Chief in Sales Dept.
Yuji Maeno

We want to make further contribu

Please listen to the voices of the empl



To be trusted by customers through rapid delivery

I feel happy when I can support the work of my customers and make them happy through pickup and delivery of parcels. I would like to expand my knowledge I learned in the driver contest to be a safer and more reliable driver and to contribute to reduction in the number of traffic accidents.

Sagawa Express Higashi-Osaka Branch Sales Dept.
Konatsu Sugimoto



Protect children's smile through traffic safety school

Through the contact with kindergarten and lower grade school children, I try to teach them the traffic rules and safety issues from the point of view of the driver who drives everyday. What I realize in conversation with our customers is that we deliver feelings of customers together with the parcels. Feeling satisfaction with this, I want to win more trust from the customers.

Sagawa Express Tottori Branch Sales Dept.
Nobuharu Suemune



Serve as a pipeline in every process of the material flow

When I can support my customer's work by making suggestions on the transport plan suitable for the customer, I feel that I am serving society. If I visit my customer with smile, a smile comes back. I want to contribute to the local society, by delivering positive energy together with the parcels.

Sagawa Express Miyakonojo Branch Sales Dept.
Mitsugi Jingao



I also deliver feelings which are put into the parcels with care

When I delivered and installed a TV set for an old man who lived alone, he was very pleased to see the DVD pictures of his grandchildren on the TV set. Having seen his pleasure, I felt so happy, because delivered the warm feeling of his son's family, and I too could feel the sensation the old man was feeling.

Sagawa Moving Center Tokyo Branch
Takashi Tsuchie



To create a logistics center considering the environment

Sagawa Ryutsu Center contributes to environment-friendly "Green Logistics" by suggesting uses of recycled cushioning materials, reduction of tailpipe gas, and recycling of garbage. We will continue to make efforts in eliminating "Muri, Muda, Mura" (unreasonableness, waste, and inconsistency) in our operation, while taking good care of our customers precious goods.

**Sagawa Global Logistics Nishi-Tokyo
Branch Chief in Ohi SRC
Kanoko Miyagi**



Always friendly to the customers

I accept phone inquiries from customers. I think my contribution to the company would be to provide them with information necessary for easy management and more efficient use of e-collect. In the future, I would like to actively take part in in-house environmental activities, such as the Eco Cap Campaign.

**Sagawa Financial
Customer Support Team,
Sales Promotion Group, Settlement Service Div.
Kyoko Takahashi**



Giving satisfaction to customers as a kind of repayment

As job a qualification, I had only a normal driver's license. Still, I could join this company and am doing well, and that's all thanks to my boss and fellow workers. To give something back to them, I have obtained skills and knowledge to perform vehicle inspection and servicing to customers' satisfaction. I would like to make an effort to further contribute to the company.

**SG Motors Hiroshima Branch
Toyokazu Kawabata**



Smooth shipment to customers

I provide customers with telephone support concerning the Sagawa Express Shipment Support System, "e-Hiden series." When I can solve a problem or trouble of the customer, I really feel happy to be able to be of service. The words of "thank you, you helped me so much" please me very much.

**Sagawa Computer System, System Service Dept.
Okinawa Contact Center
Emiko Sakamoto**

Contribution to the society more actively! Employees of SG Holdings Group



Giving priority to the other person over myself

Now that I am currently engaged in ISO 14001 related jobs, I make it a rule to think before acting about what is a good environment for the company, employees, and local community and what is needed from us. This year is the 10th year since I joined this company. I am very proud that I am an employee of SG Holdings Group.

**Sagawa Advance Head Office
General Affairs Dept.
Hisako Kondoh**



Safer traffic with less illegal parking

I think we contribute to society with our business operation of pay-per-the-hour parking spaces, in the sense of reducing illegal parking. Besides, if we have more parking lots, we can use roads more widely, which leads to reduction in the number of traffic accidents. That means we protect the social safety.

**SG Mobile Support Tokyo Branch
Kouichi Hamada**



To satisfaction of the facility users

We perform proper management of the facilities of our company as well as of buildings of which management we are entrusted with, preventing water and soil contamination related to fuel tanks in the basement or septic tanks. Through our business of real estate management, we will make active proposals for building with the concept of energy saving, when our customer plans renewed or new construction.

**SG Realty Operation Section, Operation Dept.
Tohoku Region Group
Takaharu Komaki**



Nice words from customers

"I had a good time today! I will come again." "Thank you." When I hear customers saying so with smile, I feel refreshed and swear I will work hard so that I can give energy for the following day's work to customers. I will continue providing good service, hoping that our customers can have a good, comfortable time from it.

**Nouvelle Golf Club
Sales Section Reception Desk
Masami Matsubara**

The Third-party Warranty Report Climate Savers Program



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

平間 正一 殿

2009年6月5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2008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「CSRレポート2009」（以下、同レポートという）に記載されている会社の2008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2008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P37）が、「覚書」並びに会社の方針及び基準（同レポートP36,37）に従って、重要な点において収集、報告されていないと認められる事項がないかどうか。

同レポートに記載されている会社の2008年度の二酸化炭素排出量、削減量及び目標の達成度は、会社の責任のもとに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）及び「環境報告書審査基準（案）」（2004年3月公表 環境省）に準拠して業務を行った。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2008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2008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マーク（☒）を付した。

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2008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）」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

Our Steps in the Fiscal Year 2008 (March 21, 2008 – March 20, 2009)

The following is the summary of major news releases transmitted in FY 2008 from SG Holdings Group.

Date	Description	Issued by
Mar. 21, 2008	Started operation of a SG Holdings Group's real estate company, "SG Realty". Promotion of CRE strategy into the real estate business	SG Holdings
Apr. 14, 2008	Conducted the 27th Sagawa Express Nationwide Simultaneous Safety Patrol for Arterial Transport with the objective of securing safe driving & raising of safety awareness	Sagawa Express
Apr. 21, 2008	Started a mail shipping site "Cattocotto", which lays importance on the security, safety, and health, making full use of Sagawa Express' network across the country	Sagawa Advance
Apr. 21, 2008	Conducted SG Holdings Group's Companywide Simultaneous Light-Down Campaign (to turn off the advertising display lights, etc. in Group's all branches)	SG Holdings
May 8, 2008	Organized the environmental training course, "Sagawa Express Nature On-site Learning (rice planting experience)" (parent-and-child environmental class in Golden Week)	Sagawa Express
May 8, 2008	Started full-fledged marketing of the security system which links the 3D face recognition with the work management, "3D Face Recognition Work Management System"(Entry in the marketing & leasing of facility security devices)	Sagawa Advance
May 13, 2008	The Minister of Environment inspected Sagawa Express' environmental conservation activities	Sagawa Express
June 2, 2008	Organized the 16th Sagawa Express National Driver Contest" (with the purpose of traffic accident prevention and environmental conservation)	Sagawa Express
June 10, 2008	Sagawa was entrusted with transportation of entry tickets for Beijing Olympics (Air transportation from Beijing to Narita)	Sagawa Express
June 23, 2008	Senshukai and Sagawa Express introduced "Courier with CO ₂ emission credits service" on Belle Maison net. Users contribute to "Team Minus 6%" through use of the mail shopping	Senshukai Co., Ltd. Sagawa Express
June 30, 2008	Takayuki Tani, a member of Track and Field Athletics Team of Sagawa Express, was selected as a member of the walk race in Beijing Olympics	Sagawa Express
July 2, 2008	Emergency assistance goods (tents) for disaster-stricken area arrived Chengdu in Sichuan Province. A letter of appreciation was granted by the Chinese Peoples' Association for Friendship	SG Holdings
July 22, 2008	Sagawa Express was entrusted with transport of official articles for Japanese delegation for Beijing Olympics	Sagawa Express
July 24, 2008	Sagawa Express was entrusted with parcel-delivery service counter operation in JOC Japan House, which was set up in Beijing City during the Olympic Games	Sagawa Express
Sept. 8, 2008	Organized the 19th Sagawa Japan-China Friendship Vehicle Maintenance Technical Training" (Bringing Japanese technology on vehicle maintenance to China)	SG Holdings
Sept. 11, 2008	Sagawa Art museum organized "10th anniversary commemorative exhibition: Ikuo Hirayama - "Genjo Sanzo Guhoh-no-Michi (Road for enlightenment) from Sep. 12 (Fri) – Nov. 30 (Sun), 2008	Sagawa Art Museum
Oct. 1, 2008	Notification of the change of the Superyiser. Masafumi Nakaguchi was assigned to a new Superyiser of SAGAWA SHIGA FC	Sagawa Express
Oct. 14, 2008	Senshukai and Sagawa Express: "Courier with CO ₂ emission credits service" on Belle Maison net enjoyed good reputation. 11,000 parcels within 1 month after introduction	Senshukai Co., Ltd. Sagawa Express
Oct. 27, 2008	Masahiro Ito received the Prime Minister's Award in the 11ton division in the 40th National Truck Driver Contest. Sagawa's 11 drivers in total were awarded with a prize in 3 divisions (4 ton, 11 ton, and female divisions)	Sagawa Express
Nov. 5, 2008	Contributed to fostering of human resources who will become a cultural bridge between Southeast Asia and Japan (16 scholarship students have been selected)	Sagawa Scholarship Foundation
Nov. 5, 2008	Organized an environment picture diary contest (Preventing global warming through environmental conservation efforts together with employees' families)	SG Holdings
Nov. 10, 2008	Accepted junior-high school students for "workplace experience" which was promoted by the Ministry of Education, Culture, Sports, Science and Technology as a part of career education (from Nov. 21)	Sagawa Express
Nov. 17, 2008	Selected 15 studies for "Sagawa Cancer Research Grant". Granted "Sagawa Special Research Award" and "Sagawa Nursing Care Special Study Award"	Sagawa Foundation for Promotion of Cancer Research
Nov. 21, 2008	In the 47th National Telephone Manners Contest 2008 organized by the Japan Telecom Users Association, participants from Sagawa Express won the outstanding performance award	Sagawa Express
Dec. 17, 2008	The state-of-the-art car maintenance factory (new Sapporo factory), "a blue motor station with an environment-friendly concept," opened on Dec. 21 (Opening Campaign was held till Jan. 20, 2009)	SG Motors
Jan. 15, 2009	The state-of-the-art car maintenance factory (new Takamatsu factory), "a blue motor station with good service and friendly atmosphere also for women," opened on Jan. 21 (Opening Campaign was held till Feb. 20, 2009)	SG Motors
Jan. 19, 2009	Newly established 16 natural gas filling stations for global warming prevention and CO ₂ emission reduction. Promoting introduction to be the biggest private natural gas fuelled truck operator in Japan	Sagawa Express
Jan. 26, 2009	World Logi Co., Ltd. and Sagawa Express: notification of conclusion of a basic agreement on transfer of a consolidated subsidiary and business tie-up	World Logi Co., Ltd. Sagawa Express
Jan. 30, 2009	Started a new service, "Hikyaku confidential documents recycling courier; confidential documents are picked up from the office and controlled up to dissolution process	Sagawa Express
Feb. 3, 2009	4 companies agreed to establish a joint-venture company specializing in sports article markets	ZETT Corporation, Hitachi Transport System, Sagawa Express, E-Logit Com.
Feb. 9, 2009	Organized the 5th SAGAWA stakeholders dialog (What is required from distribution companies in the new epoch of environment)	Sagawa Express
Feb. 16, 2009	Notification of stock transfer of World Supply Co., Ltd. and of conclusion of a business tie-up agreement	Sagawa Express World Logi Co., Ltd.
Feb. 25, 2009	Sagawa Express Softball Team: notification of an entry of a Beijing Olympics bronze medalist from abroad	Sagawa Express
Mar. 2, 2009	Organized the 8th Sagawa Express Customer Service Contest (Get back our supporters! Aiming at such a telephone manner as to win customers' confidence)	Sagawa Express
Mar. 3, 2009	Obtained the approval to enter the delivery business of designated correspondences – Development and commercialization of a new service, "Hikyaku Designated Correspondence Delivery"	Sagawa Express
Mar. 9, 2009	Establishment of a strong affiliation between Sagawa Express and Nichirei Logistics Group head office in the 10th year of "Hykyaku Cool Courier -" Service of good quality is enjoying good reputation; highest sales records in 2008	Sagawa Express Nichirei Logistics Group head office

Editor's Note

We believe that the businesses of SG Holdings plays a significant part in the enhancement and development of the industrial and social infrastructures, and that the corporate social responsibility (CSR) of our company lies in our sincere efforts on this highly public business operation.

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

SG Holdings Co., Ltd.
CSR Environment working group

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