

Glossary for A&EON Sustainability Report (alphabetical order)

ABL: Adelaide Blue Gum Pty. Ltd.

The company was established in Adelaide, Australia, through joint capital investment by A&EON and six other companies, for the purpose of operating afforestation projects, which will virtually assure us of carbon credits for the Kyoto Mechanism and a stable supply of wood pulp for paper making. ABL is planting fast-growing eucalyptus seedlings in land areas at a rate of 1,000 hectares per year for consecutive ten years, and starting in the 11th year, the 10-year-old eucalyptus trees will be felled for pulp. The land will then be cleared and replanted, and the cycle will be repeated every year.

A&EON people

A&EON people, our employees, are one of the most important assets for A&EON and are leaders in creating value at A&EON. Every A&EON person listens to the voices of his/her colleagues and respects his/her colleagues as he/she does him-/herself.

Best practice

The term "best practice" refers to the most effective and/or efficient way of doing something. When a store or affiliate company has a sales-promotion method that has achieved a remarkable advantageous effect, our prompt action to share this best practice within the A&EON group companies leads directly to improvements in our services.

Biomass

This is the generic name for biogenic resources that differ from fossil resources such as petroleum and coal. Biomass allows its sustained use as energy sources and raw materials. Biomass can be broadly grouped into resource crops such as corn and sugar cane, straw, and other not-exploited biomass material, as well as biomass originating from waste, such as food waste or scrap lumber from construction or demolition sites.

Food Artisan

In the Food Artisan project, collaborating with producers who have been maintaining local foodstuff tradition and taste in every region in the country, A&EON markets their products, and thus we provide an arena to enable them to continue their traditional local dietary cultures, as well as opportunities for dietary education. The Food Artisan project was developed based on customers' comments and opinions extended in the first A&EON 21 Campaign. A panel of judges consisting of representatives of our customers and merchandising experts select products to become Food Artisan items from among the en-

tries made directly by local producers and those recommended by others. As of April 21, 2005, Food Artisan items total 325.

FSC: Forest Stewardship Council

FSC is an NGO with a membership system in which it accredits third-party organizations to "properly manage forests" in terms of planting and felling, thereby promoting efforts to "protect forests while capitalizing on timber harvested from those forests." As of October 2004, the FSC-accredited forests extend over a total of some 47.01 million hectares round the world, and FSC has membership of 629 organizations/individuals in 74 countries. This sustainability report is printed on paper stock made from wood pulp extracted from FSC-accredited forests.

GMS: General Merchandise Store

Paraphrased as "integrated retailing business," the type of operation at a GMS is likened to a mass merchandise outlet with an abundant assortment of goods covering food, clothing, and household goods. As it is based on store-facility development with minimum capital outlays and displays goods in the low-end price range on specified sales floors by product category in clusters, a GMS is distinguished from department stores. JUSCO is a typical GMS.

Group synergy

Group synergy is defined as the multiple effect obtained by capitalizing on the diversity and economies of scale unique to a group. In diverse areas, including the procurement of commodities, sales promotion, and social-contribution activities, group synergy brings about a multiplier effect to make $1 + 1 = 3$ or 4 , for example.

ISO: International Organization for Standardization

ISO is the international cooperation institution founded in London in 1947 to develop and implement unified standards and specifications. Headquartered in Geneva, 146 countries have joined ISO as of April 2003. Derived from the Greek "ISOS," which means "equity," the abbreviation ISO does not stand for the name of the institution in English.

Kyoto Mechanism

This is a mechanism to facilitate, through international cooperation, achievement of target reductions in emissions of CO₂ and other greenhouse gases, to which countries participating in the Kyoto Protocol on Climate Change have committed. This mechanism includes "emissions trading," which allows trading of allotted carbon

credits among developed countries, "shared implementation," which distributes fruits of a joint project among developed countries who participate in the project, and the "clean development mechanism," in which developed countries support emission-reduction efforts in developing countries and may take over the latter's carbon credits in proportion to their contributions.

Local Production, Local Consumption

This means to consume foodstuffs produced in a locality in that locality. This approach not only saves distribution cost and energy, but also creates a linkage between the people who are involved in the production and the consumers of the foodstuffs in question. Furthermore, this approach provides several advantages, which include preservation of local dietary tradition to pass down to the next generation, contribution to local dietary education, and community development by means of quality foodstuffs.

Private brand (PB)

This is a brand attached to an original line of goods uniquely planned and developed by a retailer. TOPVALU is a typical private brand that is developed taking into account customers' voices and embodying A&EON's ideals. As opposed to private brands, commodities produced by well-known producers, and usually sold by various retailers, are sold under "national brands."

Supply-chain management

In this specific management practice, a series of businesses encompassing product development, procurement, manufacture, distribution and sales act as a chain linking suppliers and retailers, and in turn, customers, and managed accordingly. A&EON believes it has accountability for the whole processes of the supply chain for TOPVALU in particular, and has established the "A&EON Suppliers CoC." And, through these and other efforts, A&EON strives to develop a system that assures customers safety and a sense of security on the delivered commodities.

Traceability

As a compound word of "trace" and "ability," "traceability" refers to a system able to identify safety of fresh foods by tracking their history back to the point of production. A&EON has initiated this traceability service for certain domestically produced beef, pork, and farm products, for which customers themselves can retrieve production records via the Internet on products they have purchased.