

Aeon ECO Project

In the form of our Aeon ECO Project, Aeon set, in September 2012, environmental targets for fiscal 2020, and is carrying out various initiatives to achieve those targets. With current increasing needs for energy use efficiency and power conservation, and with the experience of the Great East Japan Earthquake, Aeon has added perspectives of reducing energy use and developing renewable energy to environmental protection and has additionally taken on a clear role as a lifeline center protecting the community in disasters and emergencies. Our Smart Aeon initiative is one concrete aspect of the Aeon ECO Project. As of the end of fiscal 2013, we have opened four new Smart Aeon stores (page 30).



	FY 2013 Results	Targets for FY 2020	Examples of Initiatives
Reduction Strategy P.27	Expected reductions of 20%	50% reduction of energy use in stores compared to FY 2010 levels	Transition to LED lighting
Generation Strategy P.34	Electricity generation capacity: 33,247 kW Stores installed with solar panels: 997	Generation of 200,000 kW of renewable energy	Solar panel installation
Protection Strategy P.64	5 locations across Japan	Make 100 Aeon stores across Japan disaster-prevention facilities	Private power generation equipment installation

Reducing CO₂ in Stores

Decreasing CO₂ emissions / Enhancing Energy Efficiency [Aeon ECO Project: Reduction Strategy]

Aeon stores consume a large volume of energy^{*1}, mainly in airconditioning and lighting as well as freezer and refrigeration cabinets. For Aeon, which has a store network spanning Japan as well as other countries in Asia, reducing CO₂ emissions from stores^{*2} plays a key role in reducing emissions for the entire company. That makes it all the more important for us to focus on reducing CO₂ in our stores.

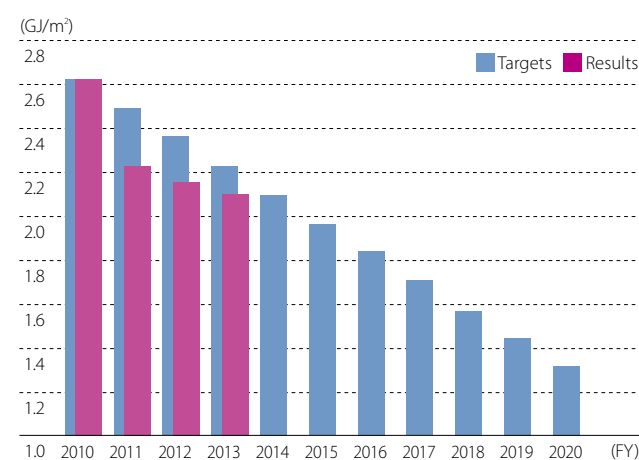
Following on from fiscal 2012, we actively continued in fiscal 2013 to switch stores to LED lighting, adopt or upgrade energy-saving equipment, improve energy-saving operations based on an energy efficiency checklist, and test rational energy management practices, all in order to reduce energy consumption. Results led to a 19.9% fiscal 2013 reduction in electricity usage, in comparison with fiscal 2010 levels. This was mainly due to more efficient lighting from the adoption of LED lights.

In fiscal 2014, we are continuing to strive toward fiscal 2020 targets, including a 5–10% reduction in electricity consumption compared to fiscal 2012 levels, through steps such as adopting

new energy-saving equipment and thoroughly employing energy efficiency measures.

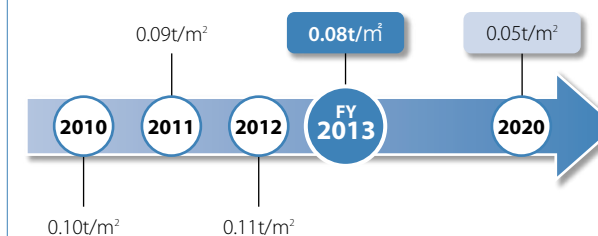
^{*1} Looking at a breakdown of energy consumed on a heat conversion basis, around 90% is accounted for by electricity and the remainder by city gas, LP gas and heavy oil.
^{*2} All CO₂ emitted from stores can be attributed to energy consumption. Specifically, around 10% comes from direct emissions through city gas, LP gas and combustion of heavy oil (Scope 1) and around 90% comes from indirect emissions through power consumption (Scope 2). The calculation of CO₂ emissions from power consumption uses calculation standards and an emissions factor pursuant to the Act on Promotion of Global Warming Countermeasures.

Energy Usage Results and Targets

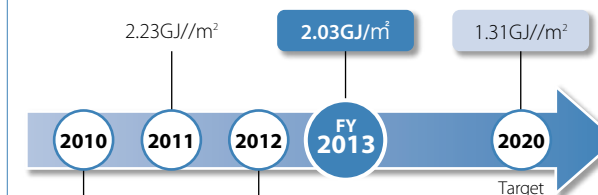


FY2013 Results and Target of KPI

Total Annual CO₂ Emissions Factor (CO₂ Emissions / Total Floor Area)



Total Energy Use Factor (Amount of Heat / Total Floor Area)



Aeon Obtains ISO 50001 Energy Management Certification

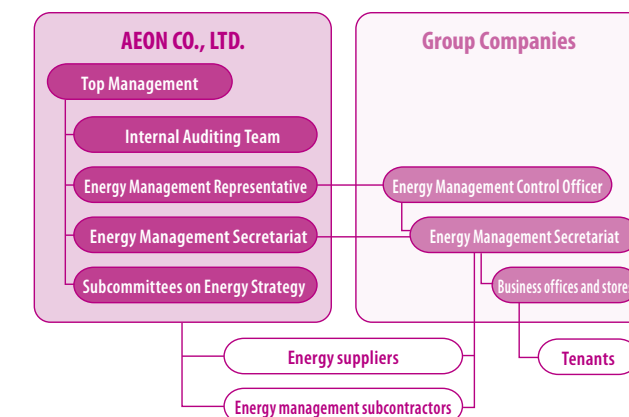
In July 2013, Aeon Co., Ltd. became the first retailer in Japan to obtain the ISO 50001 certification, an energy management certification defined by the International Organization for Standardization (ISO). ISO 50001 is an international standard specification that defines the requirements to be met by business operators when they establish an energy management system. It is being adopted around the world, including in the U.S. and China.

We established an energy management system that covers Aeon Group companies in a Group-wide effort to improve energy efficiency and to work toward achieving the environmental targets of the Aeon ECO Project. We obtained the ISO 50001 certification after receiving a third-party audit by the Japan Audit and Certification Organization for Environment and Quality (JACO). The certification we acquired covers Aeon Co., Ltd.'s comprehensive energy management efforts of the entire Aeon Group.



ISO15001 certificate

Framework for Promoting our Energy Management System (EnMS)



Improving Energy Management Practices

Aeon has established an in-house Energy Advisor Program aimed at leveraging our Aeon ECO Project to further develop human resources in our retail stores.

The Energy Advisors help assess the status of energy usage in stores and work to propose and promote ideas for more efficient usage. As of March 31, 2014, a total of 383 Energy Advisors had been certified. Going forward, our plans aim for over 100 Advisors to be newly certified each year.

In addition, we began preparations in fiscal 2013 to roll out in Chinese and ASEAN stores the same human resource development efforts toward promoting energy-saving training as here in Japan.



Energy Advisor training materials (printed in Japanese, English, and Chinese)

Preventing Leakage of Fluorocarbons and Promoting Use of Natural Refrigerants

More and more freezing and refrigeration units started using non-ozone depleting alternatives to chlorofluorocarbons (CFCs) as refrigerant following the abolition of the production and use of ozone-depleting CFCs under the Montreal Protocol adopted in 1987. However, these alternatives have extremely high global warming potential (GWP)*¹ and the problem of leaking into the atmosphere, which prompted calls to switch to natural refrigerants with low GWP.

In 2009, Aeon became Japan's first retailer to start introducing refrigerators and freezers that use a low-GWP natural refrigerant*² (CO₂). Following this, we announced the Aeon Natural Refrigerants Declaration in 2011 and are planning to install natural refrigerant-based refrigerators and freezers in every new store to open from fiscal 2015 onward.

As of February 2014, we have installed natural refrigerant-based refrigerators and freezers at 11 stores, including our Aeon Mall Makuhari New City store, MaxValu supermarkets, and MINISTOP convenience stores. These efforts were recognized in September 2013 when we received the Minister's Prize from the Ministry of Economy, Trade and Industry's 16th Japan Ozone Layer Protection and Global Warming Prevention Award*³.

Aeon faces certain issues ahead of the introduction of natural refrigerants, including the lack of manufacturers and high installation costs. We will do our utmost to overcome these issues and promote the industry-wide use of natural refrigerants by leveraging performance data accumulated to date to raise awareness going forward and build ties with companies within the same industry and other industries.

*¹ Global warming potential (GWP): a factor expressing a substance's relative impact on global warming. If CO₂'s value is standardized to 1, GWP values for alternative CFCs used in refrigerators and freezers may reach several thousands.

*² Natural refrigerants: substances known as natural refrigerants include ammonia and carbon hydride as well as CO₂.

*³ Japan Ozone Layer Protection and Global Warming Prevention Award: a program sponsored by the Nikkan Kogyo Shimbun, Ltd. (Business & Technology Daily News) and supported by the Ministry of Economy, Trade and Industry, and the Ministry of the Environment, to recognize efforts, effective technology, etc. for preserving the ozone layer and mitigating global warming.

TOPICS

Strengthening Business Continuity and Energy Management in Chinese and ASEAN Group Companies

Aeon is participating in the Ministry of Economy, Trade and Industry program for model initiatives for working to strengthen group competitiveness through the utilization of management system standards for business continuity and energy. Along with our Group companies, Aeon is working to bolster our Business Continuity Management Systems (BCMS) and our Energy Management Systems (EnMS).

We are proceeding to make our stores in Japan emergency lifeline centers to strengthen our BCMS, in line with Aeon ECO Project's "Protection Strategy." We are promoting energy conservation at our stores in China and ASEAN countries to strengthen our EnMS, as we work toward our goal of achieving our Aeon ECO Project's "Reduction Strategy" targets. We have held 4 meetings regarding this at our Chinese and ASEAN Group Companies. The meetings included sharing and discussing successful case studies in Japan, as well as setting the direction for measures going forward.

* The purpose of this government program is to strengthen competitiveness, organization, and brand power collectively, as a group formed within a region, within an industry, or within a supply chain, by adopting international standards for BCMS (ISO 22301) and EnMS (ISO 50001). 28 Groups were chosen for this program.

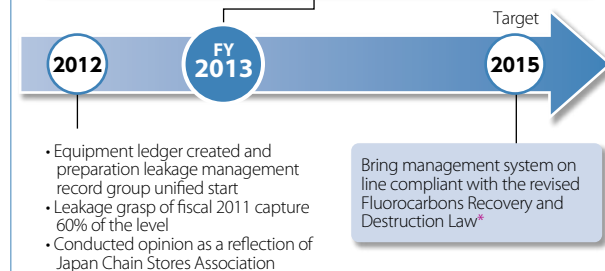


A meeting at Aeon Malaysia

FY2013 Results and Target of KPI

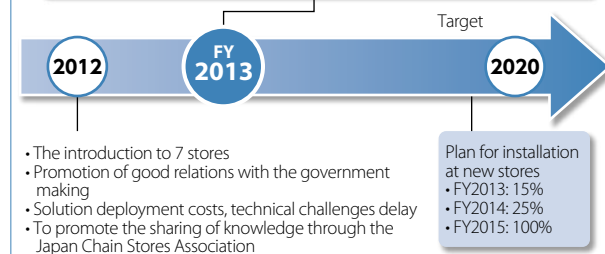
Measures for Ascertaining Replacement Amount and Preventing Leakage of Fluorocarbons used in Refrigerated Display Cases

- Completed tallying the amounts of fluorocarbons replaced in FY2012 (90% or better capture rate of ascertained leakage)
- Put together a working team for fluorocarbon leakage management
- As a representative of the Japan Chain Stores Association, voiced opinions in the Industrial Structure Council's working group on countermeasures for fluorocarbons and at the Joint Council Meeting



Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants on a Trial Basis

- Installed in 2 stores (1 of which was the first installation at a large GMS; 144 CO₂-compliant cases out of a total of 182 cases)
- Started an in-house project team for promoting the adoption of natural refrigerants
- As a representative of the Japan Chain Stores Association, voiced opinions in the Industrial Structure Council's working group on countermeasures for fluorocarbons and at the Joint Council Meeting
- Solving installation costs and technical challenges was still behind schedule



* The Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Act on Ensuring the Implementation of Recovery and Destruction of Fluorocarbons concerning Designated Products

Development of Eco Stores [Smart Aeon development]

Working to build environmentally friendly stores, Aeon has defined Eco Stores as outlets that achieve at least 20% lower CO₂ emissions in comparison with conventional stores, and a CASBEE ranking of A* or higher. Since the opening of our first Eco Store, the Aeon Chikusa Shopping Center, in May 2005, 12 such stores had been opened by February 2013.

In September 2012, we started working on further developments for Next-Generation (Smart Aeon) Eco Stores. In addition to building stores with lower environmental impacts than in the past, we also formulated five criteria, such as energy efficiency and disaster prevention measures, from the perspective of civic- and community-building efforts carried out in cooperation with local regions. We have positioned this as a key initiative for implementing the Aeon ECO Project.

After the opening of our first Smart Aeon store, Aeon Mall Yahata Higashi, in March 2013, we opened three more Smart Aeon stores in fiscal 2013: Aeon Town Shin-Funabashi, Aeon Mall Osaka Dome City, and Aeon Mall Makuhari New City.

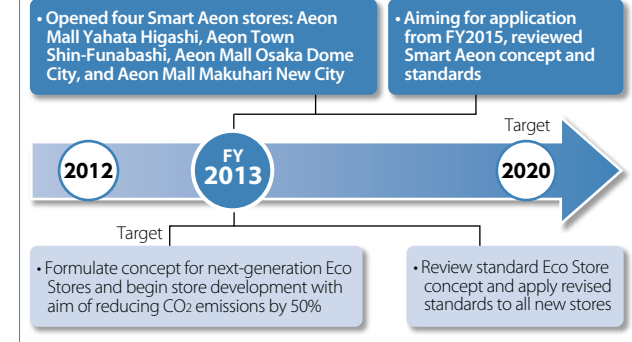
In fiscal 2014, plans calls for three new Smart Aeon stores—Aeon Mall Nagoya Chaya, Aeon Mall Kyoto Katsuragawa, and Aeon Mall Kisarazu—based on our criteria formulated in fiscal 2013.

* CASBEE: Environmental performance evaluation system architecture that was developed in 2001. It is used as an index to evaluate and display objectively the performance whether you are conscious how the global environment and surrounding environment, that there is no waste in running costs, such as, or comfortable for the user.



FY2013 Results and Target of KPI

Develop Eco Stores



Evolving from Eco Stores to Smart Aeon

Eco Stores

- 《The Concepts》
 - Change and technical innovation, Learning and collaboration, Disseminated information
- 《Tangible Aspects》
 - Energy saving/generation, Environmental e-ciency, Natural environment, Landscape and biodiversity
- 《Intangible Aspects》
 - Safety, security and environmental consideration, Recycling within the region, Disclosure, 21st century community

Smart Aeon Further evolution of the conventional Eco Store format.

- Provides storefront, products and services that is considerate of the environment.
- Takes part in environmental activities together with customers.

Contributes to the sustainable development of towns and communities.

The 5 Smart Aeon criteria



The Progress of Eco Stores and Smart Aeon

2005



Aeon Town Chikusa
Introducing a solar power and wind power

2008



Aeon Laketown
Our 8th Eco Store, installed solar panels to be domestic commercial facility's largest.

2012



Aeon Mall Funabashi
Our 12th Eco Store, turned into an LED 97.6% of the lighting of the entire facility.

2013



Aeon Mall Yahata Higashi
Of energy by "visualization", thereby contributing to energy reduction.



Opening of Aeon Mall Makuhari New City Aeon's Flagship Mall – bringing together the collective power of the Aeon Group

As a Smart Aeon store, Aeon Mall Makuhari New City, opened in December 2013 in Mihama, Chiba city, is also fully equipped with the latest devices to be a disaster recovery base with reinforced anti-seismic function buildings and facilities.

Environmental and Energy Conversation Initiatives



Solar power generation equipment that is one of the largest sizes (1,750 kW) available for commercial use



14 electric charger vehicle (EV) station units



Equipped to be an authorized disaster recovery base



Co-generation systems and long-life emergency generators



Installation of water tanks (with 380-ton effective capacity) to ensure emergency drinking water supply



A special construction method with enhanced anti-seismic capability, using an open ceiling design for main walkways to prevent falling objects



Customer and Community Safety is Our First Priority

Aeon Mall Makuhari New City has adopted various measures following the 5 Smart Aeon criteria. Buildings and facilities have been built with emphasis particularly on disaster prevention and community infrastructure. Valuable lessons, learned from the Great East Japan Earthquake, on how a retailer can play a vital role in community infrastructure provide a base for Aeon's promotion of store operations that make safety a priority.



Masato Murai
Director
AEON Mall Co., Ltd.

Recharging Stations for Electric Vehicles

Aeon first set up a high-speed recharging station for electric vehicles at the Aeon Lake Town store located in Koshigaya City, Saitama Prefecture in 2008 in order to respond to the increasing use of electric vehicles and plug-in hybrid vehicles. Since then, we have set up recharging stations at most of our new shopping centers as well as certain existing stores based on demand.

In fiscal 2013, we aggressively moved forward with the installation of recharging stations at existing stores, with the grand total now standing at 129 stations at 55 locations as of February 2014. Going forward, we are continuing our proactive approach to installation.

Currently, many of the recharging stations have been made available to the general public free of charge in order to raise awareness and popularize the idea. In the next phase of expansion, however, we will need to start charging usage fees because of the costs required to provide stable and ongoing services as part of Japan's broader social infrastructure. Going forward, Aeon will develop a payment system using its WAON electric money that it plans to launch around fiscal 2014 with the start of fee-based services at recharging stations in a format that will ensure maximum customer convenience.

Stores installing recharging stations for electric vehicles

Total number of stores
(As of February, 2014)

129 stations covering
55 stores



Reducing CO₂ in Products and Logistics

Informing Customers of CO₂ Emission Reductions

Aeon is committed to showing the carbon footprint (CFP) of a product in order to make it easier to visualize the CO₂ emissions it generates through its lifecycle, from raw materials to processing, distribution, consumption, disposal and recycling. This helps to increase customers' interest in the environment and spur further corporate initiatives to reduce CO₂ emissions and perform cost analyses.

Aeon has participated in the CFP seminar hosted by the Ministry of Economy, Trade and Industry (METI) since 2008 and has been implementing related initiatives in collaboration with METI. In 2009, we launched an internal project and so far have

calculated product CO₂ emissions for a cumulative total of over 100 SKUs.

In fiscal 2013, we calculated the total CO₂ emissions throughout the entire lifecycle of TOPVALU Gurinai green peppers grown in Miyazaki Prefecture.

In March 2014, we carried out Bio My Basket calculations.

* Stock Keeping Unit (SKU): Smallest unit to identify products used when managing actual sales volume or inventory of a product at final retail points in distribution operations.

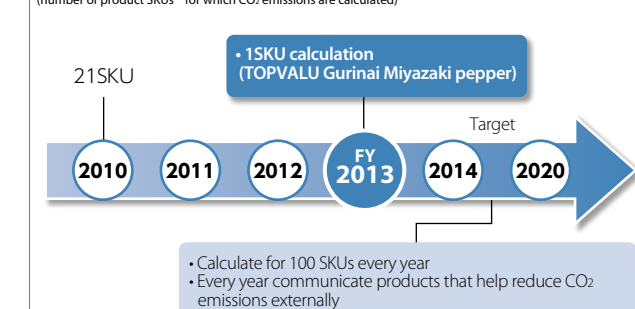


TOPVALU Gurinai Miyazaki pepper

FY2013 Results and Target of KPI

Number of Products with CO₂ Visualization

(number of product SKUs * for which CO₂ emissions are calculated)



Developing and Selling Products that Help Reduce CO₂ Emissions

Aeon is working to develop and sell products that help reduce CO₂ emissions.

Our TOPVALU Gurinai Yukigura potatoes from Toya, Hokkaido are one example. These potatoes use the cooling power of snow for preservation after harvest, which reduces electricity usage and also helps reduce CO₂ emissions.



TOPVALU Gurinai Yukigura potatoes from Toya



Putting snow in a warehouse

Increasing Visibility of Distribution Operations

One of Aeon's KPI is "CO₂ Emissions per Case during Shipment from Distribution Center to Store". We are striving to reduce emissions by better grasping the amount of CO₂ used during distribution through visualization.

In fiscal 2013, Aeon Global SCM Co., Ltd., which handles distribution for Aeon, built a new distribution center that helps reduce transportation distances, improve vehicle loading ratios, and reduce our number of shipments. These efforts resulted in a 12.7% cut, over fiscal 2010, in CO₂ emissions per case shipped to stores.

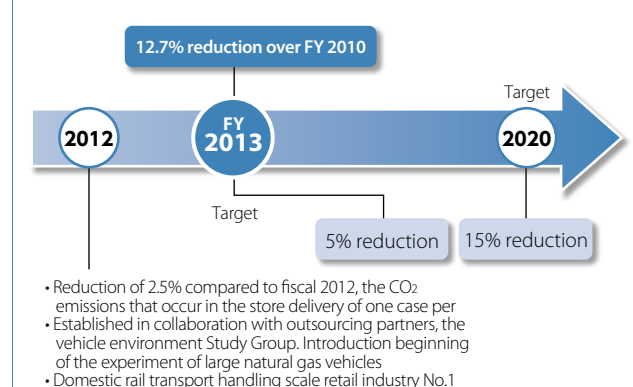
In addition, along with participating in environment-related research and other gatherings held by government, logistics operators, natural gas companies, automobile makers, universities, etc., Aeon has held its own environmental vehicle research meetings and rail transport research meetings, furthering our pursuit of adopting heavy duty natural gas vehicles and expanding our modal shift in transportation.

In addition to continuing these initiatives, going forward we will implement initiatives from both fiscal and operational perspectives such as converting 100% of our fleet of trucks to environmentally friendly models, as well as conducting an eco-driving course* and enhancing the system for recognizing good, ecofriendly drivers.

* Eco Drive: Driving techniques that enable drivers to reduce fuel consumption by starting the vehicle and moving forward gently and eliminating wasteful idling to ultimately reduce CO₂ emissions.

FY2013 Results and Target of KPI

CO₂ Emissions per Case during Shipment from Distribution Center to Store



Carbon Offset Initiatives

Carbon offsetting refers to the process of purchasing credits generated by CO₂ reduction activities at a separate location to offset part or the entire amount of greenhouse gas emissions that really cannot be reduced.

In fiscal 2013, Aeon Group companies implemented the carbon offsetting detailed below.

Each company plans to continue its initiatives In fiscal 2014 as well.

•AEON TOPVALU CO., LTD.

- Target products: TOPVALU desks for students
- Period: From April 1, 2013 through March 31, 2014
- Quantity of emissions credits purchased: 6,250 tons-CO₂

•AEON CO., LTD.

- Target products: Bio My Basket
- Period: From April 1, 2013 through March 31, 2014
- Quantity of emissions credits purchased: 700 tons-CO₂

Tabulating CO₂ emissions across the entire supply chain

In addition to managing greenhouse gas emissions they generate directly (Scope 1) and indirect emissions from the use of electricity (Scope 2), companies must now manage emissions across their entire supply chain (Scope 3). In response to this development, Aeon has been calculating* Scope 3 CO₂ emissions since fiscal 2012.

In fiscal 2013, in addition to adding major businesses within the Group as targets of data gathering, we increased the precision of emissions data and began reporting emissions related to investment activities. The latter move means that we now disclose data related to every category of Aeon's business.

In the future, we will further expand the precision of our data, add more businesses for which we gather data, and use data analysis to pursue our reductions in CO₂ emissions.

* For calculations, we reference the Emissions Rate Index Database for Calculating GHG Emissions, etc. in an Organization's Supply Chain (Ver. 2.0).

Scope 3 Emissions

Category	Scope 3 Emissions Categories	Emissions (t-CO ₂ e)
1	Purchased products and services	2,660,000
2	Capital goods	1,393,968
3	Fuel and energy related activities not included in Scope 1 and Scope 2	271,142
4	Transport and shipments (upstream)	227,816
5	Waste from businesses	67,109
6	Business travel	75,325
7	Employee commutes	75,775
8	Leased assets (upstream)	—
9	Investments	83,421
10	Transport and shipments (downstream)	—
11	Processing of products sold	—
12	Use of products sold	185,069
13	Disposal of products sold	49,210
14	Leased assets (downstream)	790,246
15	Franchise	—

TOPICS

Aeon is the only company in the Japanese retail business sector to be awarded for excellence in climate change information disclosure two years running

For two years running, starting in 2012, Aeon has been named in the global NPO Carbon Disclosure Project (CDP*) inquiry for excellence in the Climate Disclosure Leadership Index (CDLI).

In the 2013 inquiry, 24 out of 500 Japanese companies were named for the CDLI, but Aeon, chosen 4th out of the 24, was the only company from the retail industry. We were recognized for our global, long-term initiatives and proactive stance toward information disclosure, such as our calculation of scope 3** emissions and our disclosure of CO₂ emissions that included Group companies.

*1 CDP: the single global system measuring, managing, disclosing and sharing important urban and industrial environment related information. CDP's worldwide survey covers around 5,000 companies, including Japan's 500 largest companies.

*2 Scope 3: A group, of categories for calculation of GHG emissions. Relating to the scope 1 and 2 categories that refer to emissions from the operations of stores and facilities, scope 3 refers to emissions from production and transport, employee commuting, disposal of products sold, and other upstream and downstream (value chain) emissions. In recent years, global society is demanding scope 3 disclosure as part of calls for increased consistency and transparency of environmental risk and opportunity management.

Generating Electricity at Stores

Generating renewable energy [Aeon ECO Project: Generation Strategy]

The goal of building electricity generation capacity of 200,000 kW by 2020 is part of the "Generation Strategy" in Aeon's ECO Project.

In fiscal 2013, we installed solar panels with electrical generation capacity totaling 17,767 kW in 797 of our stores, including supermarkets with flat roofs, new large-scale supermarkets, as well as convenience stores. This brings our total of stores with installed units to 997, and our total generation capacity to 33,247 kW.

In addition to leading to reductions in electricity usage, thanks to captive consumption, electricity from solar panels is also being sold back to power companies through the fixed wholesale purchase system. We are reinvesting profit from electricity sales to offset increased electricity rates, contribute to our BCP, invest in the environment, and invest in renewable energy.

In fiscal 2014, we plan to add 26,294 kW of generation capacity to 144 stores. In fiscal 2015 and beyond, we plan to consistently add units to achieve our targets by 2020.

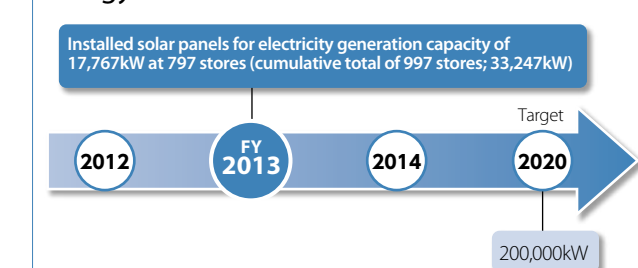
* 200,000 kW is equivalent to the ability to cover the annual power of approximately 45,000 households in the common household.



Solar panel installation

FY2013 Results and Target of KPI

Power generation capacity of renewable energy



Aeon Environmental Foundation

Donating Solar Systems to Junior High Schools

The Aeon Environmental Foundation is donating solar power systems to junior high schools with the aim of promoting and spreading environmentally friendly renewable energy, and providing students with the opportunity to utilize the systems for environmental studies. Since 2009, the program has targeted junior high schools in Japan, with a total of 15 recipients as of the end of fiscal 2012.

With awareness in Japan of renewable energy having improved in recent years, the Foundation has decided to donate to ASEAN junior high schools from fiscal 2013. In the first year of expansion, fiscal 2013, we donated solar systems to 10 junior high schools in the city of Kuala Lumpur, Malaysia, which has ample sunshine and is promoting the spread of renewable energy centering on solar power.

In fiscal 2014, we will donate systems to 10 junior high schools in Ho Chi Minh City, Vietnam, where power shortages have become a social concern amidst rapid economic development.



Damansara Jaya Junior High School (Selangor State, Malaysia)

Initiatives Undertaken by Group Companies

The Daiei, Inc.

Environmental Awards in Akita Prefecture

Daiei has adopted a variety of energy-saving equipment to date, and in fiscal 2013, continued that effort by focusing on refrigeration machines and air-conditioning equipment, in addition to bringing energy-saving control units into 113 of its stores. Daiei also expanded its adoption of LED lighting and water-saving equipment.

In fiscal 2014, plans call for further promotion of large-scale energy-saving improvements for equipment.



Refrigeration machines



Air-conditioning equipment

Receiving an Energy-saving Lighting Design Award

Daiei Sobudai Store received the grand prix in the Ministry of the Environment's 4th Energy-saving Lighting Design Awards. The awards aim to spread "new energy-saving models for lighting design," including the creation of attractive spaces that demonstrate excellent energy saving achievements and contribute to reducing peak electricity demand.

In addition to making all indoor and outdoor lighting full-LED, the Sobudai Store meets lighting needs through measures such as the effective placement of spotlights. Compared to conventional fluorescent lighting, the store achieves an approximate 60% reduction in electricity consumption.



Full-LED lighting inside and outside the store



Effective placement of spotlights