



Effective Utilization in Stores

Reducing Amount of Materials Used in Packaging and Containers

Most of the rubbish discharged from the home is made up of packaging and containers. It is therefore an important responsibility of the retail industry to sell products used in everyday life that contribute to less rubbish by minimizing them.

With this in mind, Aeon is working actively to reduce the amount of packaging and containers we use. In addition to focusing on reducing plastic shopping bags, we are also promoting the use of thinner as well as more ecofriendly trays.

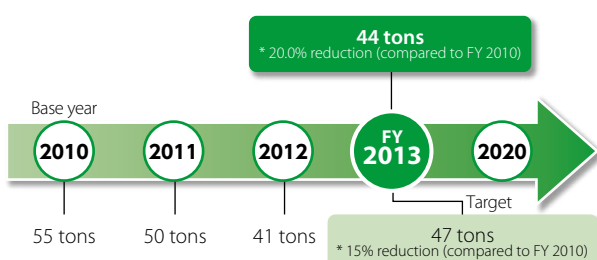
When developing TOPVALU products, we closely examine packaging and containers and after careful consideration of the impact on the quality of product contents and safety during shipment, we work to make product containers lighter and more thin-walled and switch to recyclable material. Additionally, we are striving to develop refillable products and change packaging material based on customer feedback.

As a result of these efforts, we reduced the required amount of packaging and containers for recycling by a third party (per ¥100 million in net sales) under the Law for Promotion of Sorted Collection and Recycling of Containers and Packaging by 20.0% in fiscal 2013 compared with fiscal 2010, with a total of 44 tons.

Moving forward, we plan to take further actions.

FY2013 Results and Target of KPI

Amount for Third-Party Processing Required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging (basic unit per ¥100 million in net sales)



Management System for Waste Emissions

Aeon holds internal training courses on a regular basis aimed at improving its management of waste disposal. Each year the Waste Management Training Course, which was developed together with an external specialist organization, is held for environmental managers and waste management leaders of Group companies.

In fiscal 2013, 53 employees received training in waste

disposal management. Of that number, 49 sat a certification exam in waste disposal management, with 45 passing the exam. This result brought the cumulative total, since fiscal 2011, to 263 employees receiving the training and 163 receiving official waste disposal management certification.

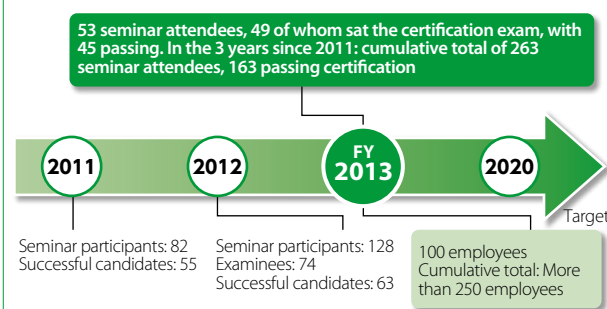
In fiscal 2013, Aeon did not meet its goal of having a cumulative total of 250 employees receive certification, however, the training was an occasion for Group companies to hold their own Waste Management Training Courses, and for managers on site to follow up with further guidance. This helped raise the level of the Group's waste disposal management. In fiscal 2014 and beyond, we will continue the training courses and maintain our efforts toward education in waste disposal management.

Meanwhile, through our Waste Manifest management and other measures, we are implementing training for managers on site to impart necessary skills and knowledge. Also, in order to make Manifest management more efficient and precise, we are introducing the Electronic Manifest* in stages. As of February 28, 2014, this has been introduced at part of Aeon Retail Co., Ltd., as well as at MaxValu Kanto Co., Ltd., MaxValu Nagano Co., Ltd., Aeon Big Co., Ltd., My Basket Co., Ltd., and other locations.

* Electronic Manifest: a management form, issued when industrial waste is generated, that confirms that treatment has been carefully carried out. Previously, a ledger was used for this, which changed hands between the generator of the waste and the waste treatment company. Recently, however, information on these forms has been digitized and an electronic manifest has become common, with digital networks carrying the data.

FY2013 Results and Target of KPI

Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions



Promoting Green Purchasing

We began "green purchasing" efforts in 1996. When purchasing stationery and other office supplies, we adequately consider their necessity and make purchasing decisions while prioritizing products with low environmental impacts. This is done as a matter of course for office supplies, but we are also expanding the scope of green purchasing to include display cases, shelving and other fixtures used on sales floors as well as construction materials and the like. We commenced green purchasing for construction materials in fiscal 2001. When developing new general merchandise stores, we strive to use products procured through green purchasing for construction materials and increase the range of items subject to green purchasing.

In fiscal 2013, we carried out green purchasing for 16 types of construction materials.

Reducing Waste

Aeon has established a key performance indicator for food waste as part of its commitment to reducing this type of waste.

For example, at Aeon Retail Co., Ltd., though our goal was unachieved, we set a 0.5% target for the food waste-to-sales ratio* in fiscal 2013, and worked toward achieving this target. Despite not reaching 0.5%, the effort enhanced communication, producing positive results such as "communication notebooks" used to inform staff of the status quo on sales floors and the sales patterns of products.

The plan was just coming together in fiscal 2013. Actual measurements of food waste, and reduction targets based on those measurements, did not reach the stage of implementation.

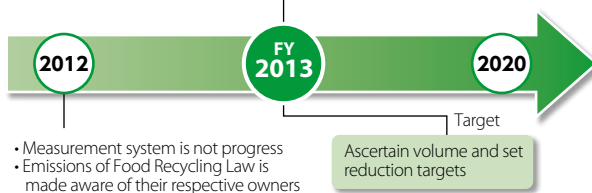
In fiscal 2014, we will devise measures toward promoting waste reduction suited to the business operations of each Group company.

* Food waste-to-sales ratio: Food waste x Retail price / Sales

FY2013 Results and Target of KPI

Food Waste Emissions (amount per ¥100 million in sales)

Worked toward more precision when ascertaining emissions, however, no quantitative target has been set

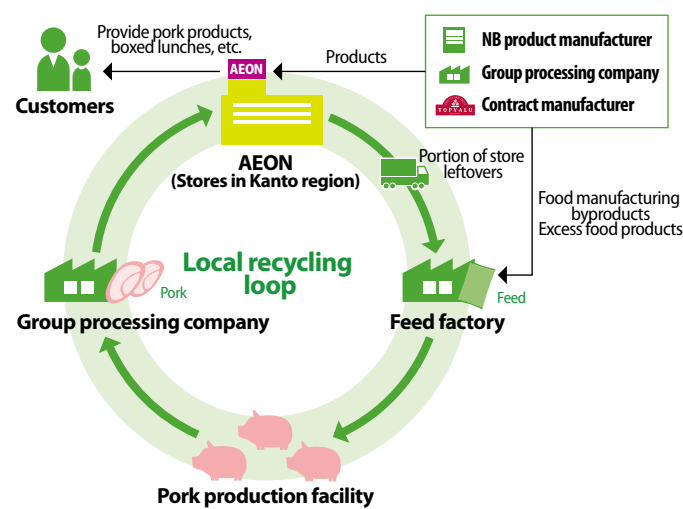


Recycling Food Product Wastes

In May 2008, Aeon Co., Ltd. (present day Aeon Retail Co., Ltd.), became the first company in Japan's retail industry to acquire recycling business plan certification* under the Food Waste Recycling Law, which was revised in December 2007. The company built a recycling loop that involves collecting food waste generated at stores, turning the waste into feed, and then selling pork from pigs raised on the feed at Aeon stores. Pork from pigs raised on recycled feed and agricultural produce grown with recycled fertilizer have been sold at select stores in the Kanto and Chubu regions since June 2008.

* Collection and shipping of recycled food resources in accordance with a certified recycling business plan does not require regular waste collection and transport licensing, which has made it possible to efficiently collect waste over a wide region transcending municipal boundaries.

Building A Local Recycling Loop



Use of Returnable Containers

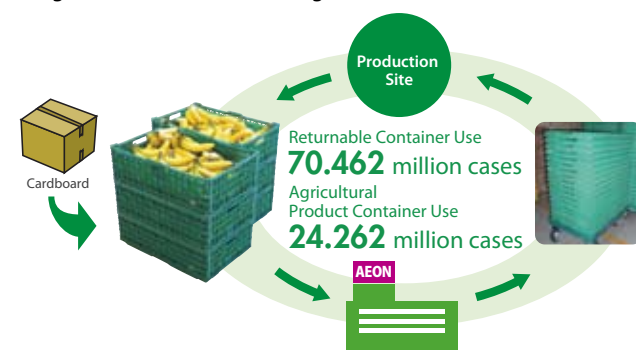
Aeon is reducing the amount of cardboard thrown away at stores by using returnable containers and agricultural product containers that can be used repeatedly when shipping products.

In addition, our apparel departments conduct reused hanger delivery in which clothing is brought to the store on hangers and then displayed on the sales floor using the same hangers. This reduces the amount of cardboard boxes used when transporting the clothing and the amount of hangers used only for transport.

In fiscal 2013 we used 70.462 million cases of returnable containers, 24.262 million cases of agricultural product containers, which helped us substantially reduce cardboard waste.

* Until fiscal 2012, we counted this including the containers used by manufacturers. From fiscal 2013, however, we only count Aeon's own containers.

Usage of Returnable Container, Agricultural Product Container



Together with Customers

Reducing Plastic Bag Use

For more than twenty years since 1991, Aeon has engaged in efforts to conserve petroleum, the raw material of plastic bags, and cut CO₂ emissions from the production of plastic bags.

In fiscal 2013, Aeon attained the biomass certification mark*1 for plastic bags and "My Baskets."*2 Moreover, from November of the same year, the "Stop Free Plastic Shopping Bags" program was expanded to grocery item floors at all "AEON" general supermarkets nationwide.

As of the end of February 2014, the reduction of plastic bags at our 26 Group companies has totaled 2,294.57 million bags, with 67.8% of customers declining plastic bags. This result broadly outpaces the 47.9%*3 average for retailing businesses and has led to 70,673 tons*4 of CO₂ reductions.

For customers that desire them, we offer plastic bags for a fee. We donate the profit*5 toward local environmental conservation through local governments, etc., The profit in fiscal 2013 was approximately 38.25 million yen.

*1 Biomass certification mark: certification obtained as part of the "plant-derived content certification program" carried out by the two international certification agencies SGS SA and UL Inc. Aeon has had the plant-derived content of its plastic bags and "My Baskets" checked and certified.

*2 "My Basket": dedicated take-home baskets that aim for reducing plastic bags while increasing convenience for customers. Shoppers can carry items straight home without transferring them from their basket into separate bags.

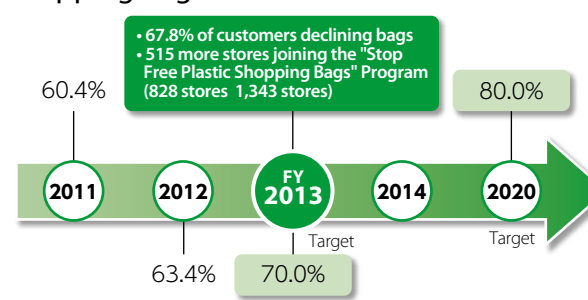
*3 As of June 2013. Study by the Japan Chain Stores Association.

*4 CO₂ reduction rate index: 30.8 g-CO₂ per plastic bag declined by customers (treated as 6.8 g of unused HDPE plastic bags).

*5 Plastic bag profit = Sales price - (consumption taxes + material cost)

FY2013 Results and Target of KPI

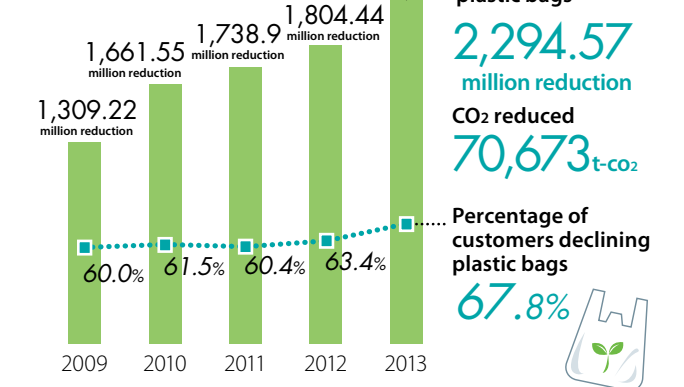
Percentage of Customers Declining Plastic Shopping Bags (nationwide store average)



Stores Stopping Free Plastic Shopping Bags

Total number of stores
(as of February, 2014)
1,343 stations
(Total for 26 Aeon
Group companies)

Percentage of Customers Declining Plastic Shopping Bags



Progress of plastic bag reductions

1991

Began the "Bring Your Own Shopping Bag" Campaign calling on customers to bring their own shopping bags

2000

Began the "My Basket" Campaign

2007

Began the "Stop Free Plastic Shopping Bags" Program

2009

Began an initiative to direct profit*5 from plastic bag charges into environmental conservation efforts

2013

Introduced bio-mass certified plastic bags and "My Baskets" (for a fee)

Developing and Selling Products that Contribute to Better Use of Resources

Aeon's TOPVALU brand is actively working to reduce product packaging and containers.

Product development is layering its approaches from the various perspectives of reducing materials used in current products, improving options for refillable products, and making products that are easy for consumers to sort after use, all in order for Aeon to better provide products with packaging and containers reduced as much as possible.

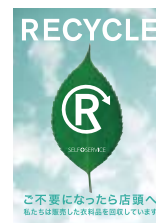


Conserving materials, and simplifying packaging, by eliminating the closure mechanism, which few customers had been making use of. The product bag weight was reduced approx. 50% over the benchmark national brands.

Reducing Waste by Collecting Resources in Stores

Collection bins for items such as drink cartons, food trays, aluminum cans, and PET bottles at Aeon stores encourage customers to recycle. Drink cartons and aluminum cans are recycled and some are broken down and used as raw materials for TOPVALU brand products. Food trays and PET bottles are also effectively recycled.

Additionally, since 2003, we have been collecting clothing and promoting recycling at our clothing and variety shop SELF+SERVICE. In fiscal 2013, we collected approximately 18,000 pieces of clothing, a portion of which was recycled as bioethanol. From fiscal 2014, we plan to collect items for recycling at all of our SELF+SERVICE stores.



SELF+SERVICE clothing collection poster



Collection boxes placed in one of our stores

Results for 2013 (Total for 24 consolidated subsidiaries)

Drink cartons

approx. **142.46** million
2013 (tons) **4,273 t**
CO₂ reduced: **2,137 t-CO₂**



Food trays

approx. **361.67** million
2013 (tons) **2,531 t**
CO₂ reduced: **15,950 t-CO₂**



Aluminum cans

approx. **260.82** million
2013 (tons) **4,173 t**
CO₂ reduced: **35,889 t-CO₂**



PET bottles

approx. **132.41** million
2013 (tons) **8,342 t**
CO₂ reduced: **30,032 t-CO₂**



Based on the following weight estimates: Drink cartons (1000 ml) = 30 g, Food tray = 7 g, Aluminum can (350 ml) = 16 g, PET bottle = 63 g

* CO₂ reduction rate index (per 1 kg of collected material):

Drink cartons: 0.50 kg-CO₂,

food trays: 6.3 kg-CO₂, aluminum cans: 8.6 kg-CO₂,

PET bottles (material recycling): 3.6 kg-CO₂

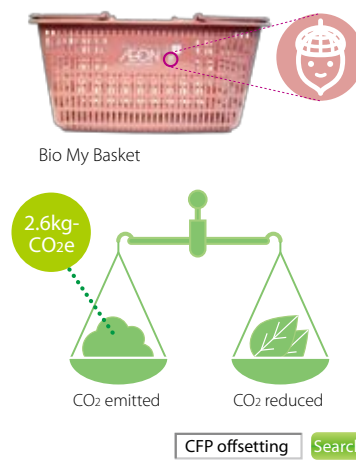
Source: Ministry of the Environment's "Tools for Visualizing 3R Activities"

TOPICS

Participating in the Donguri (Acorn) Campaign with our "Bio My Baskets"

Making, using, and disposing of products emits CO₂. At the same time, efforts toward energy efficiency and reduction can reduce CO₂ emissions. Using the amount of reduced CO₂ to make up for emitted CO₂ is a system called "carbon offsetting." The Ministry of Economy, Trade and Industry is conducting the Donguri Campaign for products and services that effectively eliminate their CO₂ emissions through this system. In this campaign, those zero-emission products and services can display the acorn mark.

Aeon is participating in this campaign and since March 2014 has been selling "Bio My Baskets" (specific baskets for carrying groceries home), which display the acorn mark. Choosing items with the acorn mark when purchasing goods or services can contribute to mitigating global warming.



Initiatives Undertaken by Group Companies

AEON Retail Co., Ltd.

Furthering Resource Conservation through the Use of Mobile Tablets

Mobile tablet devices are used as information sharing tools at Aeon Retail. This makes it no longer necessary for sales floor managers to print out material they use while moving throughout the store, which allows for reductions in paper usage. Additionally, enabling electronic communication makes sharing information faster and allows images, videos, and other visual information to be shared. The result is benefits for sales plans and sales floor designs.



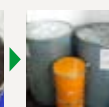
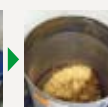
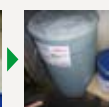
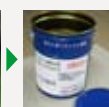
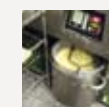
Participants in an in-store meeting checking material on tablets



Maxvalu Tokai Co., Ltd.

Efforts to Recycle Tempura Scraps

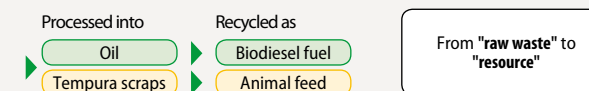
At Maxvalu Tokai, 102 stores are implementing efforts to recycle scraps, created when cooking tempura and other fried deli items, into biodiesel fuel and animal feed. In fiscal 2013, 161.7 tons of scraps were recycled.



Tempura scraps are put into buckets and cooled

Once cool, they are put into drums

Accumulated drums are collected by a vendor



AEON Mall Co., Ltd.

Using Date "Visualization" to Reduce Waste

In striving to reduce waste, it is essential to clarify and make priority issues of "what, where, and how much waste is generated." At Aeon Mall, a system for separating and tallying waste in 17 basic categories has been promoted, with all 45

malls adopting the system as of fiscal 2013. After a specialist company measures each variety of waste, seals are affixed and each type of waste is gathered in a storage space with like materials. All efforts are made to recycle as much of the sorted waste as possible, with recycling rates calculated for each category.

In fiscal 2013, the total recycling rate for the company was 83.3%.



Separating and measuring different categories of waste

Encouraging the Collection and Recycling of Used Paper

Recycling used paper is being promoted with a system at a portion of Aeon Mall that award recycling points to customers based on the weight of old newspapers and magazines brought into the store. Once a certain number of points are accumulated, they can be exchanged for an Aeon shopping coupon. A popular feature of the system has been the convenience of being able to bring in old paper anytime, because each mall has dedicated boxes for collecting the paper.

As of fiscal 2013, 14 malls have adopted the system. (With the cooperation of: KOKUSAI PULP & PAPER CO., LTD.)



Used paper collection