

Sustainability Report
AEON Environmental and Social Report 2003
——— Our Goals ———





Message from the Management on Publishing the “ÆON Environmental and Social Report 2003”

With the birth of ÆON Co., Ltd. on August 21, 2001, we have changed the name of our group to ÆON, and put “right conduct” into practice every day in order to meet the unchanging ÆON principles: “pursuing peace with our customers as the starting point, respecting human life and contributing to local communities.”

If we were pressed to choose between right conduct and profit-making, we would choose the right conduct without question. Not only through abiding by law, but also through such practicing of right conduct, we want to stay “faithful” to all of the people involved in ÆON. We also believe that our endless daring attempts as a pioneer retailer in the 21st century would innovate the local communities and people’s lives. If we were pressed to choose between holding the status quo and taking on a challenge that would bring about change, we would choose the path towards change without question.

Our hope is to always be a group that offers “community-oriented services” with a “customers first” attitude. This also applies to the environmental conservation and social contribution activities we have long been engaged in “together with our customers.” Today, when there is an urgent need to build a sustainable society, we are more determined than ever to take on corporate activities that develop stronger partnerships with the local communities and build a recycling society, in order to fulfill our social responsibility as a corporate citizen.

In reporting our environmental conservation and social contribution activities for fiscal 2002, we have compiled a multiple-aspect report featuring the economic, social, and environmental dimensions of our activities with reference to the global standard for corporate reporting – the Global Reporting Initiative (GRI). We are committed to making further brave and innovative attempts toward realizing “a future of limitless promise,” while faithfully living up to the expectations and trust of our customers. Therefore, we ask for your understanding and support as we take this challenging path. Your comments and suggestions would be most welcomed and appreciated.

May 2003



Toshiji Tokiwa
Chairman

時敏 盤 幸



Motoya Okada
President

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Editorial Policy

Our annual environmental report, which has been published since 1996, will be newly titled the “ÆON Environmental and Social Report 2003 – Sustainability Report –” with the subtitle “Our Goals” starting with this 8th issue. The use of “Our” also has an important implication of “together with our customers.” This report points the way toward a future that ÆON hopes to build with our customers by disclosing ÆON’s current situation and clearly indicating “Our Goal” for each of our activities.

※“ÆON” in this report refers to a group of 142 companies engaged in 13 fields of operation, whereas “ÆON Co., Ltd.” refers to the ÆON company engaged in the general merchandise store (GMS) operation.

Companies Covered by the Report

142 ÆON group companies

Target Readers

This report principally targets ÆON’s customers. It is also intended for all ÆON stakeholders, including shareholders, the local residents of all of the store locations of the ÆON group, business partners, NPOs, and employees.

Reported Period

FY 2002 (February 21, 2002 – February 20, 2003)

※ Since this is our first sustainability report, we have also referred to our activities prior to FY 2002, as required. For any data to which this reporting period does not apply due to a different accounting term or other reasons, the applicable reporting period is clearly indicated.

Sustainability Report

A sustainability report not only reports the activities concerning nature conservation, but also the economic and social dimensions of the corporate activities. This report has been compiled with reference to international reporting guidelines – the Global Reporting Initiative (GRI) Guidelines.

※ The icons on the right are used to show the category (economic, environmental, or social) of the reported activities.



Economic



Environmental



Social

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What is ÆON?



“ÆON” – meaning “eternity” in Latin – expresses our devotion to create “a future of limitless promise.”

Such future must be built together with our customers, because “customers first” is always at the base of ÆON’s activities.

One of those efforts is the offer of our safe and reassuring private brand, which was born from our customers’ input.

Another is our projects to plant trees with our customers.

All of these activities are indispensable factors for us to become a part of the local communities.

ÆON is always asking itself:

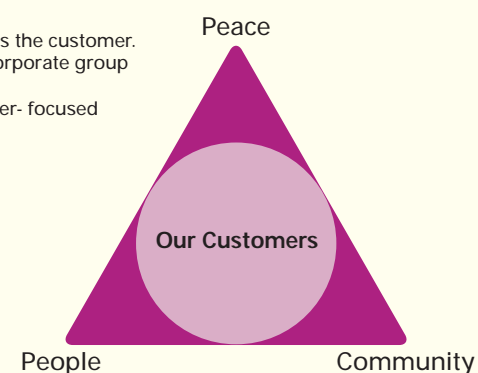
Are we serving as a truly vital part of our customers’ lives?

To find the answer to this question, we have launched systems to actively reflect our customers’ voices on store management.

ÆON will create “a future of limitless promise” together with our customers as a member of the community and the people’s daily partner.

< ÆON’s Basic Principles >

The word “æon” has its origin in a Latin root meaning “eternity.” The starting point of our principles is the customer. At ÆON, our eternal mission as a corporate group is to benefit our customers, and our operations are thus customer- focused to the highest degree.



Peace :
ÆON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

People :
ÆON is a corporate group that respects human dignity and values personal relationships.

Community :
ÆON is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

< ÆON’s Corporate Commitment >

ÆON creates
a future of limitless promise – an æon –
by transforming daily life
with our open, dynamic approach.

Introduction of ÆON Code of Conduct

In April 2003, we established a code of conduct to act under the shared customer-centered ÆON principles.

We, as individual ÆON people representing the group, hope to develop strong ties of trust with customers, business partners, and other ÆON people in compliance with this code of conduct.

< The ÆON Code of Conduct (excerpt) >

[The ÆON Code of Conduct Commitment]

1. ÆON People are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.
2. ÆON People value the trust of others more than anything else, always being honest and faithful in all situations.
3. ÆON People actively seek out ways to exceed Customer expectation.
4. ÆON People continually challenge themselves to find new ways to accomplish the ÆON principles.
5. ÆON People support local community growth, acting as good corporate citizens in serving society.

[Our Promise to Our Customers]

In keeping with our view that “Everything we do, we do for our Customers”, we endeavor to provide our Customers with “reassurance” and “trust” in their daily lives. ÆON’s never-ending mission is to make a positive contribution to our Customers’ lifestyles.

[Our Partners and ÆON]

●The Local Community and ÆON

At ÆON, our goal is to set an example as a good corporate citizen, working together with the community for its growth and the improvement of its citizens’ lifestyles.

●Our Business Partners and ÆON

At ÆON, we respect innovative Business Partners who help us achieve our objective of “Customer Satisfaction”. We strive to work as equal partners with our Business Partners, dealing fairly, and working for our mutual prosperity.

*“Business Partners” means all of the partners with whom we conduct business, including those who provide retail products, facilities services, our retail tenants, etc.

●Our Shareholders and ÆON

ÆON strives to conduct innovative and sound management practices that result in high returns for our Shareholders.

[Together with Other ÆON People]

ÆON People are irreplaceable assets.

To achieve “Customer Satisfaction” we must establish a workplace fostering close interpersonal relationships and meaningful work for us. If our People feel unfulfilled, we will not be able to create a business that satisfies ÆON Customers. Creating a meaningful workplace is the responsibility of each and every one of us.

Introduction to the Group Companies that Practice the AEON's Basic Principles



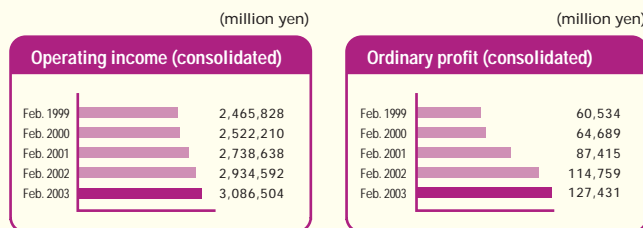
AEON is a group engaged in a variety of businesses and operations, centering on retailing within and outside of Japan.

With a long-term goal of "Global 10," which is to rank within the top ten global retailers, we are endeavoring to reinforce our group framework.

AEON implements a unique business model in which the individual operations continue to develop with each other by pursuing and mutually sharing the best practices (successful methods).

The important point in attaining the goal is to take action together with our customers.

With the entire group putting the AEON's Basic Principles into practice, the group will take another leap toward the goal.



Number of stores by operation (as of Feb. 2003)

Operations	No. of stores
General merchandise stores (GMS)	460
Supermarkets	451
Drugstores	1,643
Home centers	57
Convenience stores	2,361
Department stores	3
Specialty stores	2,627
SC development operations	—
Financial services	62
Services	582
Food services	332
Food processing, distribution, and other operations	—
E-commerce businesses	—

*The number of drugstores includes the number of unconsolidated entities that are members of the AEON Welcia Stores.
*The number of convenience stores includes franchise stores.

- GMS**
 - *AEON Co., Ltd.
 - *Jaya JUSCO Stores Bhd.
 - *JUSCO Stores (Hong Kong) Co., Ltd.
 - *Kyushu JUSCO Co., Ltd.
 - Ryukyu JUSCO Co., Ltd.
 - Siam JUSCO Co., Ltd.
 - Guangdong JUSCO Teem Stores Co., Ltd.
 - Qingdao Dongtai JUSCO Co., Ltd.
 - Shenzhen JUSCO Friendship Stores Co., Ltd.
- Supermarkets**
 - *Maxvalu Hokkaido Co., Ltd.
 - *Maxvalu Tohoku Co., Ltd.
 - *Maxvalu Chubu Co., Ltd.
 - *Maxvalu Nishinohon Co., Ltd.
 - Maxvalu Tokai Co., Ltd.
 - Maxvalu Kyushu Co., Ltd.
 - Nishikyushu Well Mart Co., Ltd.
 - Hallo Co., Ltd.
- Drugstores**
 - *Tsuruha Co., Ltd.
 - *Kraft Inc.
 - *Sugi Pharmacy Co., Ltd.
 - *Hac Kimisawa Co., Ltd.
 - *Green Cross Coa Co., Ltd.
 - *Terashima Co., Ltd.
 - Medical Ikko Co., Ltd.
 - Drug Eleven Co., Ltd.
 - Takiya Co., Ltd.
 - Wellpark Co., Ltd.
 - Iino Drugstore Corp.
 - Kusuri No Aoki Co., Ltd.
- Home centers**
 - *Homac Corp.
 - *Home Wide Corp.
- Convenience stores**
 - *Ministop Co., Ltd.
- Department stores**
 - Bon Belta Isejin Co., Ltd.
 - Bon Belta Co., Ltd.
 - Tachibana Department Store Co., Ltd.
- Specialty stores**
 - *The Talbots, Inc.
 - *Blue Grass Co., Ltd.
 - *Cox Co., Ltd.
 - *Yamaya Corporation
 - Talbots Japan Co., Ltd.
 - Laura Ashley Japan Co., Ltd.
 - AEON Forest Co., Ltd.
 - Mega Sports Co., Ltd.
 - Claire's Nippon Co., Ltd.
 - NuStep Co., Ltd.
 - Abilities JUSCO Co., Ltd.
 - Book Bahn Co., Ltd.
 - Pet City Co., Ltd.
 - Kojima Co., Ltd.
 - Mega Petro Co., Ltd.
- SC development operations**
 - *Diamond City Co., Ltd.
 - *AEON Mall Co., Ltd.
 - Diamond Family Co., Ltd.
 - LOC Development Co., Ltd.
- Financial services**
 - *AEON Credit Service Co., Ltd.
 - *AEON Credit Service (Asia) Co., Ltd.
 - *AEON Thana Sinsap (Thailand) Plc.
 - ACS Credit Service (M) Sdn. Bhd.
 - ACS Credit Service (Taiwan) Co., Ltd.
- Services**
 - *AEON Fantasy Co., Ltd.
 - Jusvel Co., Ltd.
 - Reform Studio Co., Ltd.
 - Zwei Co., Ltd.
 - AEON Techno Service Co., Ltd.
 - AEON Cinemas Co., Ltd.
 - Quality Control Center Co., Ltd.
- Food services**
 - Gourmet D'Or Co., Ltd.
 - Jack Co., Ltd.
- Food processing, distribution, and other operations**
 - Certo Co., Ltd.
 - Food Supply JUSCO Co., Ltd.
 - AIC Inc.
 - Yurin Co., Ltd.
 - Osaka Delica Co., Ltd.
 - Tasmania Feedlot Pty. Ltd.
- E-commerce businesses**
 - AEON Visty Co., Ltd.

AEON 1% Club
AEON Environment Foundation
Cultural Foundation of Okada

* Listed companies



Maxvalu Hokkaido Co., Ltd.
Maxvalu Tohoku Co., Ltd.
Maxvalu Chubu Co., Ltd.
Maxvalu Nishinohon Co., Ltd.



Ministop Co., Ltd.



IT'S A CLASSIC
The Talbots, Inc. (the United States)



Kyushu JUSCO Co., Ltd.
Jaya JUSCO Stores Bhd. (Malaysia)
JUSCO Stores (Hong Kong) Co., Ltd. (China)



AEON Credit Service Co., Ltd.
AEON Credit Service (Asia) Co., Ltd.
AEON Thana Sinsap (Thailand) Plc.



Tsuruha Co., Ltd.



Kraft Inc.



Sugi Pharmacy Co., Ltd.



Hac Kimisawa Co., Ltd.



Green Cross Coa Co., Ltd.



Terashima Co., Ltd.



AEON Co., Ltd.

AEON Fantasy Co., Ltd.



Blue Grass Co., Ltd.



Cox Co., Ltd.



Yamaya Corporation



Home Wide Corp.



Homac Corp.



Diamond City Co., Ltd.



AEON Mall Co., Ltd.

We Strive for "Open Management" Together with Customers



"Customers first" is at the basis of AEON's management.

The most important thing is never to forget the customer's standpoint.

For example, we launched the "Customer Deputy Store Manager" system at 34 JUSCO stores in fiscal 2002.

This is an attempt to invite customers who actually shop at JUSCO to represent all customers by acting as a deputy store manager and participating in store management.

Through this system, we have obtained a wide range of valuable suggestions on matters we did not notice in the past.



Activities for Advancing AEON Together with Customers

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Food Artisans	p 9
Customer Shareholders	p 9

Activities for Advancing AEON Together with Customers



AEON 21 Campaign



< Our Goals >

Through the "AEON 21 Campaign", we invite our customers' suggestions and employees' opinions on their "ideal image of AEON" in the hopes of adopting such ideas in AEON's management as we continue on the road to innovation.

FY 2002 Status

[Companies engaged] AEON group companies (68 companies participated)
[Launch] FY 2001

[Result] Total no. of applications: 219,627 (Customers: 10,741; Employees: 208,886)

[Achievement] 131.5% (Target no. of applications: 167,000)

We frequently receive a wide range of valuable opinions on improving AEON.

In fiscal 2001 when we changed our group name, we started the "AEON 21 Campaign" in which we invite ideas from our customers and employees on the ideal images of our products, services, employees, and AEON itself. We specify different themes each year and accept suggestions regarding those themes via the Internet and postal mail. The received suggestions are compiled into a database to be utilized as a valuable resource for future management.

Themes for FY 2002

"Customers First",
"Peace", "Life (Human)",
and "Community"



Application Period

May 21 – August 18, 2002

Awards

We awarded "A Future of Limitless Promise" Prizes to a total of 1,002 prizewinners who were chosen through careful and impartial examination by a large panel of internal and external judges.

- "A Future of Limitless Promise" Customer Prize (two winners) 500,000 yen
- "A Future of Limitless Promise" Peace Prize (one winner) 500,000 yen
- "A Future of Limitless Promise" Life Prize (one winner) 500,000 yen
- "A Future of Limitless Promise" Community Prize (one winner) 500,000 yen
- "A Future of Limitless Promise" Project Prize (19 winners) 100,000 yen
- "A Future of Limitless Promise" Good Idea Prize (100 winners) 100,000 yen
- "A Future of Limitless Promise" Proposal Prize (878 winners) AEON gift coupons worth 3,000 yen

Apart from the 500,000-yen prizes, we donated 500,000 yen each in the names of the grand-prize winners to volunteer organizations located in their respective communities.

"A Future of Limitless Promise" Customer Prize "Customer Buyer Certification System"

Mr. Shigehiro Shibata (Mie Prefecture)
In order to gather an array of information from customers that is specific to their country/region, this idea can certify customers who like traveling and have a good knowledge of various other countries and those who are very familiar with the culture and products of specific regions or countries as "customer buyers."

Donations made to:
"Shirasagi En" – a welfare facility for people with mental disabilities run by a social welfare corporation, Misuzukai
"Suzuka Wajun En" and "Wajun Ryo" – welfare facilities for people with mental disabilities run by a social welfare corporation, Wajunkai

※ Donations of 250,000 yen each were made to these two corporations.

"A Future of Limitless Promise" Customer Prize "Try-on at Home Service"

Ms. Takako Shimomura (Fukushima Prefecture)

This is a service in which elderly people and physically disabled people can bring home the clothes they might like to buy by paying a refundable deposit, and can take their time trying on the clothes at home.

Donation made to:
OISCA Amagi Asakura Branch

"A Future of Limitless Promise" Peace Prize "AEON as a Pipeline between Daily Life and International Contributions"

Ms. Taeko Hirabayashi (Aichi Prefecture)

This is an idea in which AEON contributes to supporting self-reliance in developing countries by selling the products of those countries at reasonable prices.

Donation made to:
OISCA Amagi Asakura Branch

"A Future of Limitless Promise" Life (Human) Prize "Tsukemono (Pickles) Meister"

Mr. Narimichi Ishikawa (Metropolitan Tokyo)

This is an idea to develop experts on traditional Japanese food, tsukemono (pickles), such as nuka-zuke (pickles using rice-bran paste) and asa-zuke (quick pickles), and allocate them at the stores, in hopes of seeing AEON pass on the Japanese food culture.

Donation made to:
Needs Center "Hana No Ie" – a day center for the vocational support of people with severe disabilities

"A Future of Limitless Promise" Community Prize "New Style of Community Building"

Mr. Tomohiko Nakamura (Osaka Prefecture)

This is an idea in which AEON takes the "core role in community building" by developing shopping centers that fuse together the community-building functions of conventional shopping streets, such as providing a space for communication and living.

Donation made to:
Tanpopo No Ie

Policy for FY 2003

We will continue this campaign in order to implement "open management."



Activities for Advancing AEON Together with Customers

"Customer Deputy Store Manager" System



< Our Goals >

We aim at becoming even more "community-oriented" as the best local store through a system in which a "Customer Deputy Store Manager," invited from the public, participates in store management as a representative of the local customers.

FY 2002 Status

[Companies engaged] AEON Co., Ltd. and Kyushu JUSCO Co., Ltd.
[Launch] FY 2002
[Result] Implemented at 34 stores

Eighty-nine "Customer Deputy Store Managers" are playing an active part.

This system was adopted from the ideas proposed for the first AEON 21 Campaign. The Customer Deputy Store Manager takes the post for a one-year term. A total of 89 Customer Deputy Store Managers were appointed at 34 stores in fiscal 2002.



What does a Customer Deputy Store Manager do?

- A Customer Deputy Store Manager closely checks the appropriateness of the selection and quality of the products, the attitude of staff toward customers, and the availability of store services, from the eye of a customer.
- He/she actively gathers the opinions of the customers, not only at the "Customer Deputy Store Manager Counter," but also by walking around the store and speaking directly with customers.
- Communication with the staff is also an important task. He/she listens to the employee's thoughts, grievances, opinions on the company, and the opinions of customers heard on the respective sales floors, and takes them into consideration in creating an ideal workplace.

Comments by "Customer Deputy Store Managers"

"More employees now come to consult with me."

I work three to four days a week. At the store, I talk to the customers, align the product displays, and check the price cards. Also, an increasing number of employees now come to consult with me. When it is a delicate matter, I sometimes propose it as my personal opinion to avoid any conflicts. I was very glad to hear how happy everybody was when we finally changed the tiles in the employees' changing rooms to vinyl flooring.



Ms. Yasuko Nakajima

"I want customers to have a smoother shopping experience in our store."

One of my faults (I realized recently) is that I sometimes find myself thinking from the company's standpoint. Therefore, throughout the remainder of my term, I am determined to always think and act from the customer's standpoint. What I would like to do is to make it easier for customers to locate products in the store. I want to improve the store so that customers can shop more smoothly.



Ms. Yuiko Yamamoto

"I am eager to help customers."

Since I live nearby, I know many of the customers personally. So I receive questions not only at the store, but also at the school's parent meetings and on other occasions. When customers seem to need help, I can be very enthusiastic thanks to this uniform. A great change that has been made since we were appointed is the smoking ban on the entire connecting paths on the second floor. This measure has been welcomed from the viewpoints of preventing minors from smoking and eliminating cigarette odors. Another achievement is that, this February, we managed to introduce shopping carts that allow newborn babies to lie down in the seat, in addition to the conventional carts that allow babies to sit up in the seat.



Ms. Akemi Shinbo

Policy for FY 2003

We will expand this system to our stores nationwide as an indispensable system for the store to gain the true "customers first" attitude.

Food Artisans



< Our Goals >

Today, as the nostalgic taste of local food draws increasing attention, we wish to pass on Japan's superior food culture along with its highly skilled producers, thereby contributing to revitalizing the local economies.

FY 2002 Status

[Companies engaged] AEON Co., Ltd., Kyushu JUSCO Co., Ltd., Ryukyu JUSCO Co., Ltd., and all Maxvalu companies.
[Launch] Invitation for applications launched in fiscal 2002.
[Result] 100 items have been released so far.

Our diet is now dramatically changing.

With the rise of interest toward food safety, the need for tasty and safe "local food" and "nostalgic food" has been growing in recent years.

We launched the Food Artisan Project

In order to meet such customer demands, we wish to acquire the support of the many highly-skilled food producers, who have long preserved the taste of traditional local food, and, in equal partnership, we hope to impress our customers as well as contribute to the revitalization of the local economies through food culture.



The sales of the Food Artisan products were launched in November 2002.

Policy for FY 2003

We will gain the understanding and support of more Food Artisans and expand this project to our stores nationwide.

Customer Shareholders



< Our Goals >

As part of our "open management" efforts, we aim at improving our stores by having our customers engage in the management as shareholders.

FY 2002 Status

[Company engaged] AEON Co., Ltd.

We consider our customers to be ideal shareholders.

The term "Customer Shareholders" was born from our strong desire to give our everyday customers an even better understanding of AEON's management and activities. We have made it easier to buy the shares by revising the stock trading unit from 1,000 shares to 100 shares in order to encourage our customers to participate in creating the future of AEON.

We issue a beneficial "AEON Owner's Card."

We send an "Owner's Card" application form to new shareholders owning 100 shares or more, based on the shareholders lists dated August 20th and February 20th, and issue an "AEON Owner's Card" to those who applied. The card owners can enjoy a refund for the amount of purchases per half-year, based on the refund rate according to the number of shares held.



This picture shows a scene of the social gathering that was held after the shareholders' general meeting in 2002. Such casual conversations might produce ideas that could change the future of AEON....

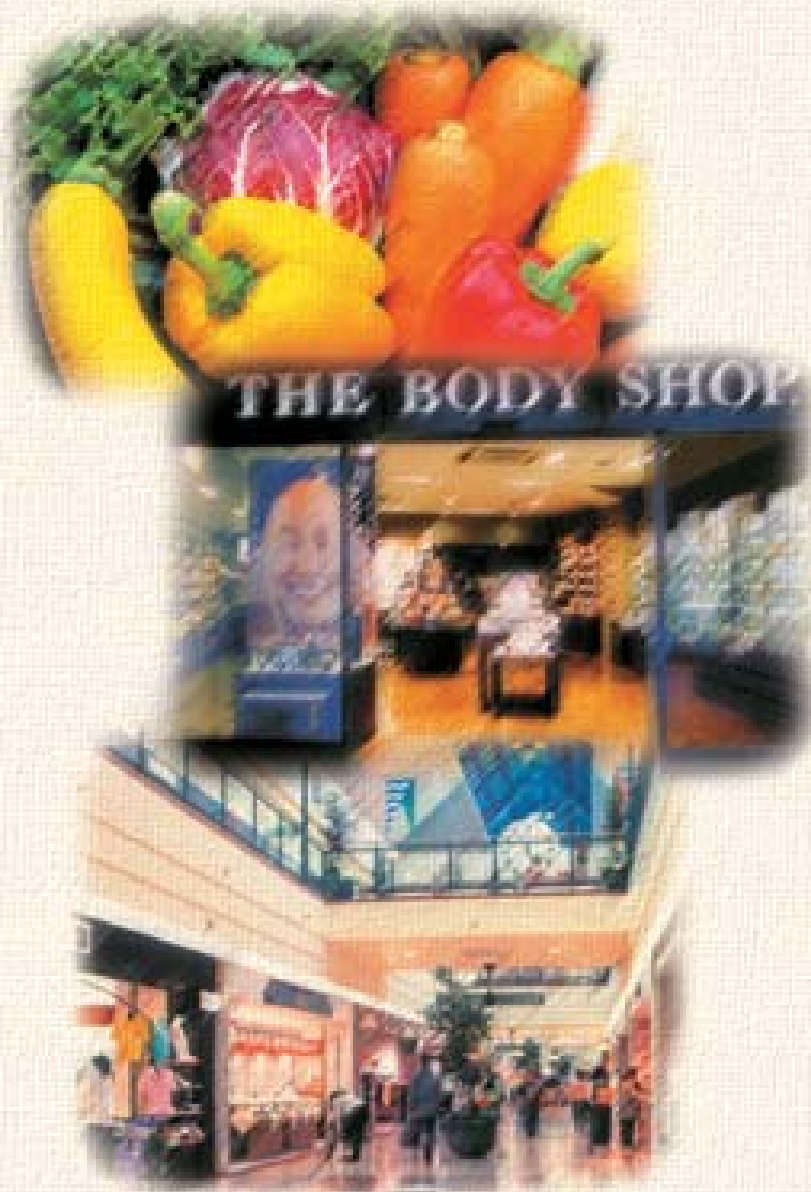


※The stock trading unit for the stock of Kyushu JUSCO Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Nishinoh Co., Ltd., Diamond City Co., Ltd., and AEON Mall Co., Ltd. has also been changed from 1,000 shares to 100 shares, though the term "Customer Shareholders" was not used.

We Care about and Enrich "People's Well-Being and Lifestyles" Together with Customers



ÆON is deeply involved in well-being and lifestyle. Let alone providing safe and reassuring foods, we pay the utmost attention to the raw materials used in our products. We also care about the living conditions of the suppliers of the material. For example, the U.K. headquarters of the Body Shop, which is run nationwide by ÆON Forest Co., Ltd., considered switching the raw material for their regular products to a material of higher quality. As a result, we succeeded in procuring a high quality raw material in Namibia, Africa. This measure concurrently contributes to the independence of the Namibian women who are our business partners.



1) TOPVALU – Products Developed Solely from Customers' Viewpoint

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2) Control Systems for Thorough Safety and Assurance

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3) Supplier Code of Conduct for Strengthening Mutual Trust with Partners

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4) Activities for Finding New Value in Ecological Products

SELF + SERVICE	p 19
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5) Aggressive Barrier-free Measures

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6) ÆON's Activities for Becoming Part of the Local Community

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7) Communication with Customers

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1) TOPVALU – Products Developed Solely from Customers' Viewpoint

TOPVALU



< Our Goals >

We will adopt our customers' opinions as much as possible, and try to offer the best in quality, price, and safety/reassurance to make TOPVALU a brand that is trusted for being ÆON's private brand (PB).

FY 2002 Status

[Companies engaged] GMS (in Japan), supermarkets, and convenience stores operating companies
 [Result] 1,824 items have been released.

TOPVALU is a Private Brand that has Crystallized ÆON's Attitude.

TOPVALU, ÆON's private brand (PB), pursues safety, reassurance, and honesty, which have been developed by adopting our customers' opinions as much as possible. It is a series of daily products related to food, clothes, and home furnishing that crystallizes ÆON's "customers first" attitude. Through practicing the "Five TOPVALU Commitments," the TOPVALU line-ups extending to 1,824 items are all high in quality, truly safe and reassuring, and competitive in price – in short, products that promise satisfaction.



[Five TOPVALU Commitments]

- 1 Reflecting the opinions of customers in products
We carefully examine the quality and function of products by inviting customers to be our monitors.
- 2 Offering reassuring products that give consideration to safety and the environment
We reduce the use of food additives and use raw materials and packaging with less environmental impact.
- 3 Presenting necessary information in an easy-to-understand format
We clearly indicate the information on nutrition and genetically modified ingredients.
- 4 Providing products at reasonable prices
We offer product prices that are more affordable than those of national brands.
- 5 Guaranteeing customer satisfaction
We will give a refund or exchange the product if a customer is not satisfied.

[TOPVALU and its Four Sub-Brands]





1) TOPVALU – Products Developed Solely from Customers' Viewpoint

TOPVALU Hit Products in FY 2002 (examples)

TOPVALU Eiyo Plus Series Tasty and nutritious snack

We developed this snack to function as a supplement for a lack of nutrition in response to the opinions of health-conscious customers. Its appeal is the taste. We not only made it nutritious, but also very tasty. The selected nutrients are calcium, iron, and vitamin C, which were the most requested by customers. Each packet contains about one-third of the required daily intake of the respective nutrients. The contained nutrients can be instantly recognized by the color indication on the package. We also use aluminum packaging to prevent oxidation.



Price: 98 yen

TOPVALU Broiled Kagoshima Eel Tasty firm eel cultured in a selected environment

We adopt an integrated production from aquaculture to processing in order to ensure food safety. The eel is raised in groundwater maintained at a desirable temperature by a computer-controlled system. The amount of feed is also carefully controlled to make the eel meat firm. Of course, we do not use any growth hormones, bone-and-meat feed, vaccines, or chemicals. To make the eel even more delicious, we use an original sauce blended after sampling the sauces of more than 70 eel restaurants. The sauce includes no synthetic compounds, artificial colorings, or genetically modified ingredients either.



Price: 580-980 yen per eel

TOPVALU Single-Use Camera with a Photoflash Offered at a surprising price

By adopting the ideas of our customers, we made the photoflash switch yellow to make it easier to find, and we used non-aluminum packaging in consideration of the natural environment. It uses an ISO400 high-speed film to achieve a high-quality photoprint. It is welcomed by highly environmentally conscious users as an ultimate recyclable product, entirely consisting of recyclable parts from the lens, to the plastic of the camera body, to the packaging.

Price: 24 exposures – 498 yen,
39 exposures – 698 yen

Sold at 4,000 stores nationwide



TOPVALU Super Clean Laundry detergent that lifts off stubborn stains

For customers who seek "brighter and whiter" washes, the detergent contains a protein-degrading enzyme, fat-degrading enzyme, and stain-removing enzyme to lift off stains and grime efficiently. It also contains an agent to prevent the lifted dirt from re-depositing on the laundry. The bleach added to make the white whiter prevents bacteria from forming, so the laundry does not smell even if hanged indoors to dry.

Price: 198 yen (1.2 kg)



TOPVALU Toothbrush with Super Fine Bristles For thorough teeth cleaning

With gum diseases spreading to younger generations, customers have come to seek toothbrushes that help them take better care of their gums. Thus, we developed super fine bristles with pointed ends that can scrape off plaque and food debris from the narrow periodontal pockets. Normal bristles with flat ends are also planted in a different length from the super fine bristles to concurrently clean the tooth's surface. The ease of brushing and the ease of moving the brush inside the mouth were also considered in designing the toothbrush.

Price: 98 yen



TOPVALU 27-inch Color City Bicycle <10 Colors> Hard-to-rust and easy-to-ride

This is an easy-to-ride and environment-friendly bicycle designed in response to customer input. We used many stainless parts that are hard to rust. The frame is made stronger than the JIS standard to ensure safe riding. In addition, we adopted a parallel frame that facilitates mounting and dismounting when the rider is wearing a skirt. The bicycle comes in a large variety of colors. Despite all these considerations, we managed to offer it at a surprising price value of 10,000 yen.

Price: 10,000 yen

13,800 yen (a model
equipped with a three-speed gear)



TOPVALU Men's White Dress Shirt Wrinkle-free shirt with a deodorant finish

To meet the needs of customers who have trouble finding the right-size shirt, we offer as many as 98 sizes. We not only focused on the size variation, but also its functionality, such as the wrinkle-free treatment and a deodorant finish, and a soft comfortable fit by using high-quality Egyptian cotton and a new synthetic fiber.

Price: 1,900 yen Price: 198 yen (1.2 kg)



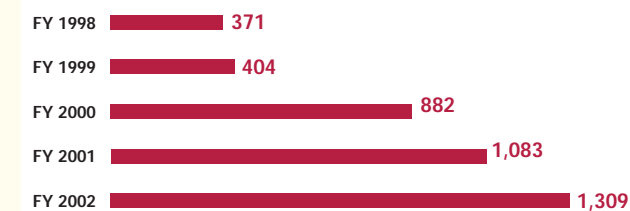
TOPVALU Down Quilt Using high-quality down from a land of severe cold

For 90% of the quilt, we use soft down that is only available in a very small quantity from the breasts of waterfowls that survive severe natural conditions. It boasts superb fluffiness and warmth. Twill and satin that have been tightly woven to prevent the down from protruding are used for the coverlet to softly enclose the precious down with care. Furthermore, special three-dimensional quilting is used to achieve consistent warmth and comfort in the entire quilt, and the quilt is finished with the top turned down to ensure that the warm down is stuffed to the end around the neck part.

Price: Single, long 15,800 yen



Transition in the Sales Amount of TOPVALU Products (10 billion yen)



Business Suits Made of "Super 100" Released for 10,000 Yen!

The 10,000 yen business suits dramatically evolve from April 2003. The most important factor for the comfortableness of a suit is its material. This time, we managed to release suits using an extremely popular material, "Super 100," for 10,000 yen. The finish and the functions are of course high in quality. We also provide a large selection of sizes to realize "short time shopping."

TOPVALU Kyokan Sengen

< Our Goals >

We will collect resources and recycle them, avoid air and water pollution as much as possible, and effectively utilize natural materials when making our products. We will pursue environmentally conscious products that would be repeatedly used by customers.

FY 2002 Status

[Launch] FY 2000

[Result] 250 items have been released.

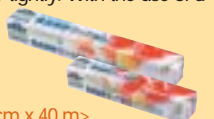
The TOPVALU Kyokan Sengen is a brand of environment-friendly products focused on leaving the beauty of nature to our children. As part of the environmental conservation efforts, we place recycling boxes at the stores to collect recyclable materials from customers after their purchases.

※ See p. 40 for details on the collection of recyclable materials at the stores.

TOPVALU Plastic Food-Storage Wrap and Mini Plastic Food-Storage Wrap Using additive-free polyethylene resin

These wraps do not produce dioxin when burned. Although they are made from polyethylene, they cling sufficiently tightly. With the use of a degradable plastic cutter made of corn and other starches, the wrap can be cut well and thrown away as burnable waste after use.

Price: Plastic Food-Storage Wrap 98 yen <30 cm x 40 m>
Mini Plastic Food-Storage Wrap 88 yen <22 cm x 40 m>



TOPVALU Baking-Soda Electrolytic Solution Cleaner Removes stains without the use of detergent

To meet the demand for effective, safe, and environment-friendly cleaner free of a surface-active agent, we focused on the strong cleansing effect of baking soda used for food. This multi-purpose cleaner cleans all kinds of household goods with the powerful cleaning effect of negative ions (bicarbonate and carbonate ions) derived by electrolyzing baking soda.

Price: 598 yen <500 ml>



TOPVALU Natural Rubber Gloves (Thin M, Semi-Thick M, Semi-Thick L, and Extra Thin) Using natural material

These gloves do not produce dioxin when burned. In addition, natural rubber decomposes in soil.

Price: Thin M 128 yen <1 pair>
Semi-Thick M 158 yen <1 pair>
Semi-Thick L 158 yen <1 pair>
Extra Thin 198 yen <10 pairs>





1) TOPVALU – Products Developed Solely from Customers' Viewpoint

TOPVALU Green Eye



< Our Goals >

In order for our customers to enjoy the "natural flavors" and "nutrition" of food without concern, we will continue to deal in agricultural, fishery, and stock farm products that have been produced with emphasis on the power of nature. We will actively provide not only information relating to safety and reassurance, but also useful information for healthy and well-nourished diet and production record information.

FY 2002 Status

[Launch] FY 1993 Farm produce brand "Green Eye" launched
 FY 2000 The brand name changed to "TOPVALU Green Eye"
 [Result] Production information disclosed on the Web site

Offering safety and reassurance while giving consideration to health and nature

TOPVALU Green Eye is a brand of agricultural, fishery, and stock farm products and the processed food that uses them as ingredients. The brand aims to provide a higher safety and reassurance with sufficient consideration to people's health and the natural environment.



[Five Standards for TOPVALU Green Eye Products]

- 1 Food products that do not use artificial food coloring, preservatives, or sweeteners
- 2 Minimal use of chemical substances such as fertilizers, pesticides, and antibiotics during production
- 3 Emphasis on utilizing natural power to obtain good flavor, using suitable cultivation methods and fertilizers at proper locations and at appropriate times
- 4 Support of agriculture that takes into consideration the conservation of the environment and ecosystems
- 5 Comprehensive control from production to sales based on AEON's own standards

We support vegetable cultivation by eco-farmers

"Eco-farmers" are agricultural producers that promote organic and environment-friendly agriculture, and have been certified by prefectural governors. In joint efforts with these eco-farmers, Green Eye promotes vegetable cultivation through "community- and recycling-based agriculture," which is to offer to the local customers seasonal agricultural produce grown by using the breeds and cultivation methods suitable for the respective areas.

We disclose production information via the Internet

We have launched disclosure of production information for 17 TOPVALU Green Eye agricultural products on the AEON Web site as well as the agricultural produce information disclosure terminals at the JUSCO Shinagawa Seaside Store (Tokyo) and the JUSCO Yamato-Tsuruma Store. This is an attempt to publish the group photographs of the cultivation group producers, facts about the producers such as the names of the producers (producer groups), information on soil management, and the status of the use of fertilizers and agricultural chemicals, through the fruit and vegetable online catalog "SEICA," which is a public database operated with the cooperation of the National Food Research Institute and the Computer Center for Agriculture, Forestry and Fisheries Research (Ministry of Agriculture, Forestry and Fisheries).



Users can search for production information by using the product's catalog number.

Seventeen Items for which Production Information is Disclosed (as of January 15, 2003)

Cultivation Category Product	Product
Organic produce <Kumamoto>	Carrot
Organic produce <Miyazaki>	Carrot
Organic produce <Miyazaki>	Taro
No chemical fertilizers/less agricultural chemicals <Kumamoto>	Carrot
No chemical fertilizers/less agricultural chemicals <Nagasaki>	Strawberry (Toyonoka)
No chemical fertilizers/less agricultural chemicals <Nagasaki>	Tangerine
No chemical fertilizers/less agricultural chemicals <Chiba>	Komatsuna mustard spinach
No chemical fertilizers/less agricultural chemicals <Kumamoto>	Japanese eggplant
No chemical fertilizers <Saga>	Kiwi
No chemical fertilizers <Aomori>	Apple
Less agricultural chemicals <Kumamoto>	Tomato
Less agricultural chemicals <Chiba>	Carrot
Less agricultural chemicals <Tochigi>	Strawberry (Tochiotome)
Less agricultural chemicals <Kumamoto>	Tomato
Less agricultural chemicals <Hokkaido>	Potato (May Queen)
Less agricultural chemicals <Hokkaido>	Potato (Danshaku)
Less agricultural chemicals <Kumamoto>	Tomato

The times and locations of sales differ by product.

Policy for FY 2003

We plan to expand the scope of products subject to information disclosure from TOPVALU Green Eye farm produce to imported farm produce and produce that complies with A-Q (AEON's quality control standards for agricultural produce dealing partners) by the end of FY 2003.

Labeling of Foods Containing Allergens Labeling of Genetically Modified Foods



< Our Goals >

In order to confidently provide safe, reassuring, and honest products, we clearly indicate the product's necessary information so that we can build further trust in our relationship with customers.

FY 2002 Status

[Launch] Labeling of genetically modified foods launched in September 1999
 Labeling of foods containing allergens launched in October 2001
 [Result] Labeling on all relevant TOPVALU products

We indicate information on allergic substances for the 19 labeling-recommended items as well as the mandatory items.

The labeling of foods containing "allergens" – substances that could cause food allergies – is obligated under the Food Sanitation Law. Therefore, we label all the relevant TOPVALU products corresponding to the five mandatory items as well as the 19 recommended items. Since allergens are of particular concern to customers, we make an effort to make the labeling comprehensible and easy to find.



[Foods Subject to the Labeling]

5 Obligatory Items

Wheat, buckwheat, egg, milk, and peanut

19 Recommended Items

Abalone, squid, salmon roe, prawn/shrimp, orange, crab, kiwi fruit, beef, walnut, salmon, mackerel, soybean, chicken, pork, matsutake mushroom, peach, yam, apple, and gelatin

We revised the labeling of genetically-modified foods to clarify the indication.

AEON Co., Ltd. (then JUSCO Co., Ltd.) commenced indicating information on genetically-modified ingredients for its TOPVALU and other private brand products in September 1999, prior to the enactment of the amended JAS Law in 2001. We started from indicating the information on the POP, but as the indication is the customer's only means for selecting products, we now show the information precisely and comprehensibly on the product packaging.

[Foods Subject to the Labeling]

Soybean (including green soybean and soybean sprout), corn, potato, rape, and cottonseed

TOPVALU's unique labeling of foods containing allergens

We take a unique method of labeling the allergen information separately from the general statutory labeling for TOPVALU products. We also indicate when the product has used the same facility or equipment as another product that contains any items subject to allergen-related labeling in the course of production from harvest to manufacture.

TOPVALU's unique labeling of genetically modified foods

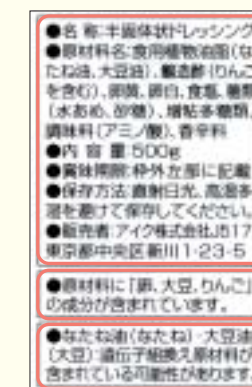
- 1 We started to attach the mark for foods derived from biotechnology (mark for genetically modified foods) designated by the Tokyo Metropolitan Government for all of the relevant TOPVALU products, soon as it was launched by the Metropolitan Government in December 2001.



Indication for the main ingredients based on the Tokyo Metropolitan Government guidelines

- 2 We indicate the information in a comprehensible sentence in a separate space from the general statutory labeling.

Labeling of foods containing allergens/labeling of genetically modified foods <Example in FY 2002>



General statutory labeling
(Labeling based on law)

Information on allergens

Information on genetically modified ingredients

Shown separately from the general labeling

(Unique indication style for making the indication clearer for customers)



2) Control Systems for Thorough Safety and Assurance

Production/Sales Control



< Our Goals >

We seek to win the trust of customers by providing appropriate product information to the public. Special emphasis is placed upon exercising comprehensive and strict control over our farm produce, stock farm products, and processed foods, as they have a great influence on the health of our customers.

FY 2002 Status

[Companies engaged] AEON Co., Ltd. and Kyushu JUSCO Co., Ltd.
[Launch] FY 2002

We established voluntary safety standards for beef.

Immediately after the confirmation of BSE occurrences in Japan, AEON Co., Ltd. took voluntary measures to set up stringent safety standards to tackle the BSE issue. The standards were applied to all TOPVALU products with ingredients from cattle, such as beef extract, as well as to cattle-derived ingredients and raw materials used in food prepared in stores. At the same time, we asked our suppliers to conduct investigations and report the place of origin and parts used pertaining to raw materials from cattle that have been used in their products. A total of 214 products were pulled off the shelves because their place of origin or cattle parts used could not be verified for safety. In the distribution industry, we were the first to set up safety standards to tackle the BSE issue.



We introduced terminals for providing production record information on domestic beef* at 28 stores.

On February 21, 2002, we introduced the first "Meat Safety Confirmation System" at the counter selling corner for domestic beef at the JUSCO Yamato-Tsuruma Store. It is a terminal for providing not only the production record information on domestic beef that is already presented at the sales floor, but also more detailed information such as the feed used for raising the cattle. This is an attempt at coordination with "Anzen Anshin Joho Teikyo Kodoka Jigyo (Project for upgrading provision of information for safety and reassurance)" of the Ministry of Forestry, Fishery and Agriculture to establish a Japanese version of the traceability system, operated by the National Federation of Agricultural Cooperative Associations. Many customers have expressed their appreciation for being able to buy meat without anxieties due to the introduction of the system. In response to the popularity, we introduced this "Meat Safety Confirmation



System" to the counter selling corners for domestic beef at 28 additional stores on May 31, 2002. We have also launched a system for searching and confirming the production record and other information via the Internet from home PCs for packed domestic beef sold at JUSCO stores in Tokyo and four other Kanto prefectures.

* Limited to Japanese Black Cattle.

Quality Control



< Our Goals >

In order to convey honest information on safety/reassurance, we aim to conduct quality control that will satisfy our customers by utilizing not only in-house staff, but also fair external specialized organizations and experts.

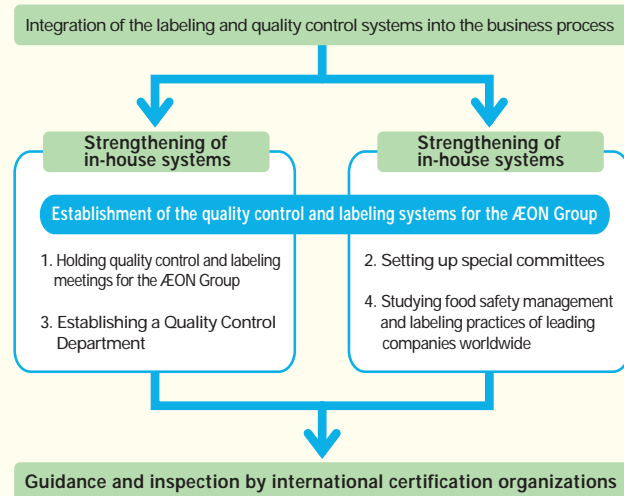
FY 2002 Status

[Company engaged] AEON Co., Ltd.

We are strengthening our systems for securing safety and reassurance.

AEON has set up in-house quality control and labeling meetings for the AEON Group and the Quality Control Department for the purpose of strengthening its product labeling and quality control systems. Experts and outside organizations are invited to join special committees set up to study food safety management and labeling practices that have been implemented by leading companies in the world.

AEON Labeling and Quality Control Systems



3) Supplier Code of Conduct for Strengthening Mutual Trust with Partners

Supplier CoC (Code of Conduct)



< Our Goals >

Our goal is for AEON and its suppliers to share a clear understanding and conduct appropriate management so that AEON's products are not only safe and high-quality, but also produced under a proper working environment that respects ethics and human rights.

We have started to build new relationships with our suppliers.

The AEON Supplier CoC has been established to ensure dealings that place importance on humanitarianism, ethics, and environmental friendliness in the international market. The local workers engaged in the production of our products must be given ethical treatment, secured of a favorable working environment and living conditions, and provided fair wages. These requirements are important for avoiding unexpected risks, and are indispensable for developing the operations internationally. To meet these standards is also beneficial for the suppliers. We believe that AEON and AEON suppliers can nurture stronger partnerships and prosper together by observing the Supplier CoC.

The basic conditions sought from a supplier are to abide by the national law of the supplier's country.

When formulating a Supplier CoC, the first important point would be that the supplier complies with the social responsibility standards prescribed by the national law of the supplier's country. Based on this, we require observance of law regarding more detailed aspects such as child labor, forced labor, safety and health, wage, and welfare to conclude an agreement with our supplier. Naturally, obligations would occur on AEON's side as well, such as placing well-planned orders with a reasonable time allowance.

The checking system (monitoring function) will be strengthened.

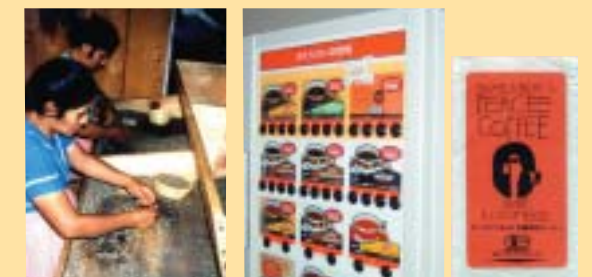
A Supplier CoC is only meaningful when its conditions are actually put to practice. Therefore, we consider it necessary to have a third-party body carry out an annual surprise inspection or the like. Only then would AEON be able to precisely understand and account for the environment and the method in which our products are being made.

Policy for FY 2003

We plan to start a measure to reflect the code of conduct between our suppliers and AEON in our "products" as promised in the AEON Code of Conduct (see p. 3). Starting from the TOPVALU brand, we will label our products to the effect that they have been supplied under fair trade conditions, and hope that our customers purchasing those products would also take part in promoting safe, reassuring, and honest products.

Helping Guatemala with a cup of coffee

As part of Fair Trade to support the self-reliance of disputed areas and refugees, Certo Co., Ltd. and Gourmet D'Or Co., Ltd. sell Guatemalan "Peace Coffee." The two companies have taken this measure in support of a project run by a Japanese NGO, Peace Winds Japan. While Guatemala has suffered civil wars, a stable import of its major product, coffee, would help to support the lives of the Guatemalan people. This system of helping Guatemala by drinking a cup of coffee is an easy international contribution that anybody can do in their daily lives.





3) Supplier Code of Conduct for Strengthening Mutual Trust with Partners

Community Trade



< Our Goals >

We ask our customers to make social contributions through our products. Our ultimate goal is to use high-quality materials for our products so that our customers will willingly purchase them, which, as a result, will support the people supplying those materials.

FY 2002 Status

[Company engaged] AEON Forest Co., Ltd.

[Launch] FY 2002

[Result] A community-traded ingredient was introduced in the new product range, "The Body Shop Make-Up."



The Body Shop, operated nationwide by AEON Forest Co., Ltd., released a new product line, "The Body Shop Make-Up," in 2002. Most of the 200 or so items contain a new ingredient, "marula nut oil," supplied by women's cooperative associations in Namibia. Marula, one of the most well-known trees in southern Africa, is rich in Vitamin C, and its fruit has long been eaten fresh or used for juices and alcohol drinks. Due to the recent discovery that the oil extracted from marula seeds is highly moisturizing and has excellent skincare effects, The Body Shop succeeded in commercializing the oil.



We ask our customers to make social contributions through our products.

The Body Shop conducts its business and social activities based on its "5 Values," including environmental conservation and the protection of human rights. One of these values is the support of "community trade." It is a program for directly purchasing ingredients from socially and economically disadvantaged indigenous people, women, and small farms around the world in the long-term, and for supporting the improvement of local people's healthcare and education through fair trade.



It all started out from an encounter with Brazilian indigenous people in the early 1990s.

Anita Roddick, the founder of the UK headquarters of The Body Shop, encountered indigenous people who were at bay due to deforestation and over-development in the Amazon basin. Because of her urge to provide some kind of help, she began to think about support measures. Then, finding that the oil of the Brazil nut they had been exporting as a confectionary ingredient was suitable for making hair conditioner, The Body Shop supplied them with mills and other equipment, and established a business relationship as equal partners.



We have started community trade with women's cooperative associations in northern Namibia.

We purchase the marula nut oil from Eudafano Women's Cooperative Associations, which sell and manage natural resources in northern Namibia. The cash income gained from gathering and processing marula fruit is spent on children's education, healthcare at home, and daily necessities, and it is contributing to the economic and social development of the Namibian women.



Policy for FY 2003

We will introduce community-traded ingredients in many of our new products, such as the fruit-based body care line to be released in June.



The BODYSHOP URL
<http://www.the-body-shop.co.jp/>



4) Activities for Finding New Value in Ecological Products

SELF + SERVICE



< Our Goals >

Through SELF+SERVICE, we hope to convey our message that proclaims, "Let's raise awareness toward the environment within ourselves and put it into action starting right at home." Through this brand, we hope to contribute to the realization of a "recycling-oriented" society.

FY 2002 Status

[Companies engaged] JUSCO stores run by AEON Co., Ltd.

[Launch] FY 1999



SELF+SERVICE is a brand of stylish and environment-friendly clothes and household goods.

The product development is produced by Mr. Yoichi Nagasawa who is a fashion designer renowned for his participation in the Paris Collections. One after another, we release new lines of clothing and household goods that are not only environment-friendly, but also highly fashionable.



Additive-free soaps and shampoos that do not contain any synthetic surface-active agent



U-neck, three-quarter sleeve, stretch tops



Tanned leather goods (pen cases)



Shopping bags made from recycled PET material

SELF+SERVICE stores and corners can be found nationwide.

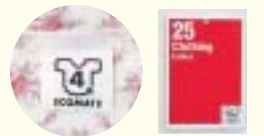
In FY 2002, we opened 7 new stores to bring the total number of stores to 24. We also have SELF+SERVICE corners in JUSCO stores: clothes sold at 45 stores, bedclothes at 35 stores, and stationery and consumable goods at 79 stores.



What is an "Ecomate" mark?

An "Ecomate" mark is a product category mark (for 5 categories) attached to products certified as "recyclable products" based on the standards established by the Japan Apparel Industry Council. The mark clearly indicates the products that can be recycled.

"Ecomate" mark



The SELF+SERVICE brand was the first in Japan to release "Ecomate"-marked products at stores.

Indicated at the bottom right part of the tag



"Ecomate"-marked shirts

Policy for FY 2003

We plan to collect "Ecomate"-marked clothes for recycling, starting from around autumn of this year. Instead of turning our sold clothes into waste, we will do a tie-up (re-commercialization) with the used textile industry. This attempt will be first launched at our 24 SELF+SERVICE stores.



5) Aggressive Barrier-free Measures

< Our Goals >

We will remove various barriers in the buildings to provide a place for the elderly, the physically impaired, as well as the physically unimpaired to enjoy anxiety-free shopping. We will upgrade not only our facilities, but also our services, such as assisting our customers with sign language and physical support, to create truly caring stores for all people.

Response to the "Law Concerning Assistance Dogs for the Disabled"



FY 2002 Status

[Companies engaged] AEON group companies
[Launch] FY 2002

It has become possible to have assistance dogs accompany their owners at supermarkets and hotels with the enactment of the "Law Concerning Assistance Dogs for the Disabled." AEON began to allow the entrance of assistance dogs on "AEON Day" on September 11, prior to the enforcement of the law on October 1, 2002. In addition to conventional training for assisting customers accompanied by guide dogs provided at the respective stores, we also started training on assisting customers with service dogs and hearing dogs.



We place stickers at store entrances.

Three types of assistance dogs gathered for a campaign.

On November 30, 2002, a "Campaign for Assistance Dogs for the Disabled" was conducted at Bon Belta Isejin with the hope of contributing to the self-support and social participation of people with disabilities. Three types of assistance dogs (guide dogs, service dogs, and hearing dogs the number of which merely totals 20 nationwide) gathered to perform demonstrations with their trainers.



Physical Assistance and Sign Language Training for Employees



FY 2002 Status

[Companies engaged] AEON group companies

As an effort to provide immediate support when our customers are in need, we provide shopping-support training to our employees to teach them how to use wheelchairs and how to escort a visually impaired customer to a desired selling floor. In addition, we have our employees carry special cards that show greetings and frequently-used phrases in sign language to promote the use of sign language by our staff. Presently, approximately 1,600 employees who were trained in or before FY 2001 support our customers with sign language at our stores.



Policy for FY 2003

In FY 2003, we will hold newly designed seminars to upgrade our sign language training.

AEON Heart Building Design Standards



FY 2002 Status

[Companies engaged] GMS (in Japan), supermarket, and developer operating companies

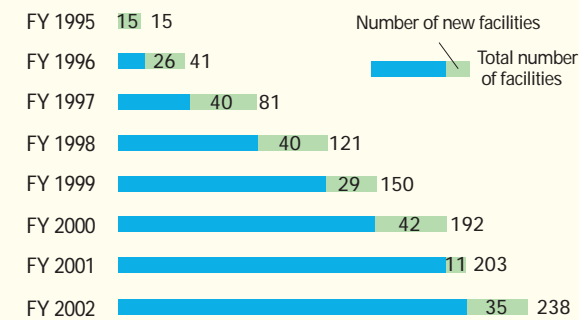
[Launch] FY 1994

[Result] 35 facilities certified in FY 2002 (a total of 238 facilities certified)

We promptly put into action the Heart Building Law enacted in 1994, and JUSCO Minamikata Store (Miyagi Prefecture) opened in December of the same year as the first building in Japan to meet the standards. We then established the AEON Heart Building Design Standards by adding our own original ideas, and adopted them in designing and constructing new stores. Presently, 238 facilities have been certified to satisfy the requirements of the Heart Building Law.



Number of Heart Building Law certified facilities



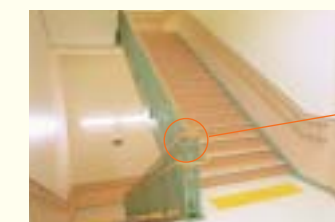
[Five Points of Creating a Barrier-Free Environment]

- 1 Accessible passageways for wheelchairs and the visually and hearing impaired
- 2 Completely level entrances and exits
- 3 Gently sloped stairways equipped with handrails
- 4 Entrance and interior doors are wide enough for wheelchairs
- 5 Parking spaces for use by persons with wheelchairs

The AEON Heart Building Design Standards provides for detailed installation/designing rules for complying with the above points. We have also introduced various original facilities and equipment, such as the installation of vending machines and ATMs supporting wheelchairs and lending out welfare equipment (e.g., wheelchairs, and convex glasses).

We promote barrier-free measures with the cooperation of many people.

Shimoda Town Co., a semipublic joint venture in which AEON Mall Co., Ltd. takes part, received the Prime Minister's Commendation for a Contributor to the Promotion of Barrier-free Environments in FY 2002. From the planning phase through completion of the Shimoda shopping center, AEON Mall planned and installed facilities based on the input of the physically impaired and elderly. By eliminating level differences throughout the building and installing large restrooms for use by all types of users, the AEON Shimoda Shopping Center became the first to be certified under the Heart Building Law in Aomori Prefecture. Furthermore, AEON Mall has taken active steps to provide welfare services by opening a day service center within the shopping center in collaboration with a local NPO. Such efforts in both facilities and services were highly regarded and lead to the Prime Minister's commendation.



Stairways are designed with smaller steps and double handrails on both sides. Floor materials that increase safety are used.



Braille plates for guidance are placed on stairway handrails.

Serving as local evacuation sites

We hope to become not merely a retailer, but a more useful entity for the local community. We have many around-the-clock stores, so we could possibly use our parking spaces as evacuation sites for securing lifelines during times of disaster, such as earthquakes. This is only one of the many ideas we have started to think about.



6) AEON's Activities for Becoming Part of the Local Community

Together with New AEON People

< Our Goals >

When we open a new store, we hire local people, try to understand the community well, and aim at revitalizing the local economy in order to become part of the community as early as possible.

FY 2002 Status

[Companies engaged] AEON group companies

Employment situation and environmental/social contribution activities in opening a store overseas

The first JUSCO store in Southeast Asia opened in Kuala Lumpur by the request of Malaysian Prime Minister Mahathir bin Mohamad. Ever since, we have opened 35 stores in Malaysia, Thailand, China, and Hong Kong, including the 4 stores opened in FY 2002. We have hired local people as our employees. In addition to providing our customers with safety and reassurance, we practice AEON's basic principles in this manner.

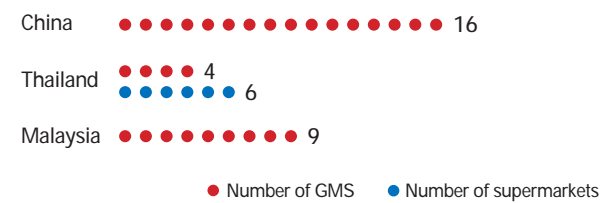


We also develop human resources who will lead the future of retailing in Malaysia.

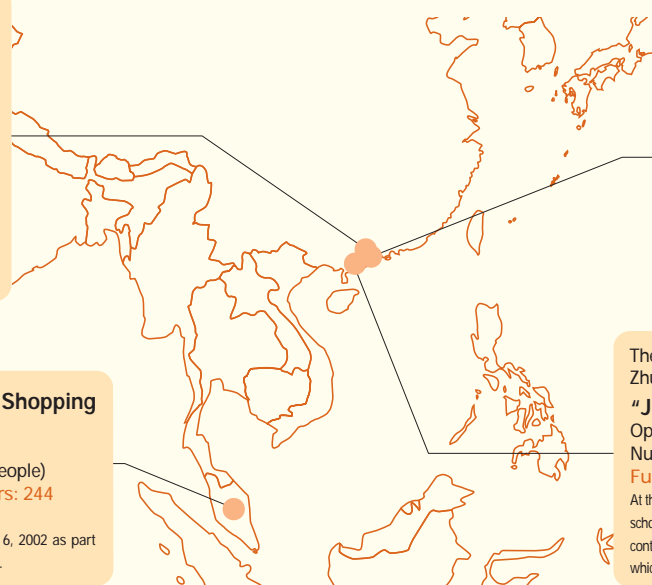
In May 2002, the "UNITEM-JUSCO Retail Center" was jointly established in the Alpha Angle Shopping Center (SC) by Jaya JUSCO Stores Bhd. and a Malaysian open university "UNITEM" as place for learning retailing through actual work. The center offers 7-month and 30-month courses in which the students study wide-ranging subjects from general education to expert knowledge on retailing, while receiving on-the-job training as employees at Jaya JUSCO stores located in various parts of Malaysia. The course fee is partially borne by Jaya JUSCO, and a part of the fee is deducted from the student's wage. In FY 2002, the second of such retail centers was established in Johor, in the Taman Universiti SC.



Number of AEON GMS and Supermarkets Overseas



The third store of Guangdong JUSCO opens in Dong Guan City.
"JUSCO Dong Guan Garden Plaza Store"
 Opened on June 21, 2002
 Number of workers hired (new AEON people)
 Full-time employees: 38 Part-timers: 288
 The store actively engages in environmental conservation and social contribution activities. At the time of the opening, we donated a total of 10,000 books to elementary and secondary schools in the city as part of such activities.

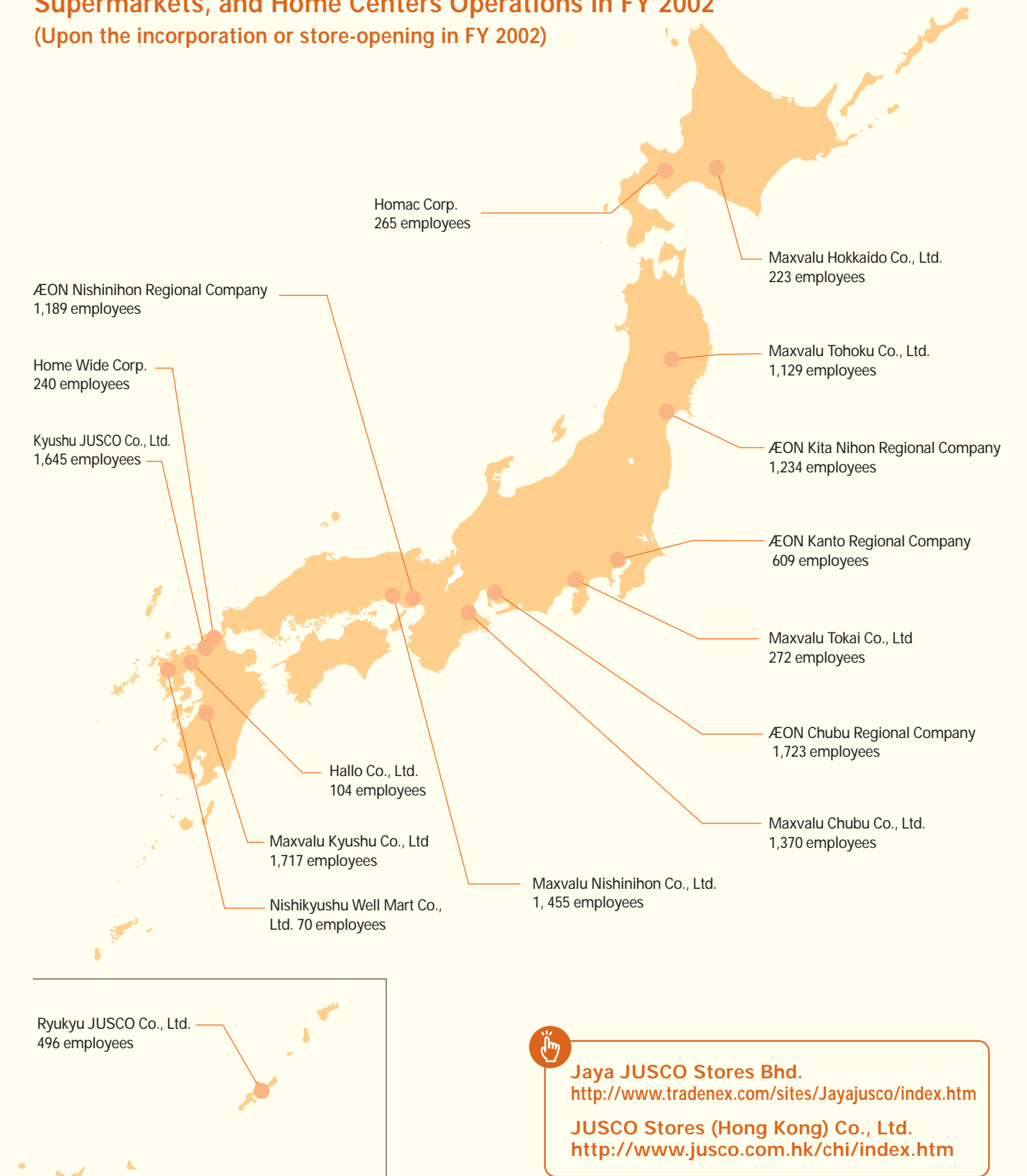


Shenzhen JUSCO's first store opens to lead the plan to open multiple stores in Shenzhen City, Guangdong.
"JUSCO City Plaza Store"
 Opened on September 28, 2002
 Number of workers hired (new AEON people)
 Full-time employees: 467 Part-timers: 102
 As the SC's environmental conservation activity, we planted approximately 1,600 trees within the SC site on September 10, 2002. In addition, we introduced a raw garbage recycling machine, which was the first attempt for a JUSCO store in China. The resulting fertilizer is returned to local commercial farms.

The first JUSCO store in Zhuhai City, Guangdong, China.
"JUSCO Zhuhai Yale Plaza Store"
 Opened on December 18, 2002
 Number of workers hired (new AEON people)
 Full-time employees: 78 Part-timers: 293
 At the time of the opening, we donated 20,000 yuan to two elementary schools in the city as funds for purchasing textbooks. In addition, we contributed 80 large street litter bins to the Zhuhai City Government, which prioritizes environmental conservation as its policy.

"JUSCO Taman Universiti Shopping Center"
 Opened on August 8, 2002
 Number of workers hired (new AEON people)
 Full-time employees: 319 Part-timers: 244
 Casual workers: 53
 We planted approximately 11,000 trees on July 6, 2002 as part of the SC's environmental conservation activities.

Number of New Workers Hired for Domestic GMS, Supermarkets, and Home Centers Operations in FY 2002 (Upon the incorporation or store-opening in FY 2002)



Jaya JUSCO Stores Bhd.
<http://www.tradenex.com/sites/Jayajusco/index.htm>
JUSCO Stores (Hong Kong) Co., Ltd.
<http://www.jusco.com.hk/chi/index.htm>



7) Communication with Customers

Suggestion Boxes



< Our Goals >

With our customers' help, we aim to improve our stores by providing them with a means through which they can casually express their suggestions and ideas, and by always replying to those comments.

FY 2002 Status

[Companies engaged] GMS (in Japan), supermarket, and home center operating companies

[Result] Many suggestions and ideas received.

[Achievement] 100% reply rate to received comments

The Suggestion Boxes and publication of the replies

Since we value our customer's input above all else, we make an effort to respond to customers' suggestions and requests promptly and carefully. We have set up Suggestion Boxes and Communication Boards (bulletin boards for comments and suggestions) in stores as a measure to improve the usability of the stores. As a result, we have received many suggestions that could not have come from the employee's viewpoint. The store manager or a deputy manager reads through each and every card submitted to the Suggestion Box, and writes a reply to be published on the Board at the earliest possible timing. We also have a Web page for inviting suggestions on the Aeon Web site. Customer input gives impetus to product development, service improvement, and environmental conservation activities. Your comments and suggestions are greatly appreciated.



Management Feedback System



< Our Goals >

We will promptly take care of our customer's various comments and reply without fail in order to upgrade our products, services, and employees' attitude.

FY 2002 Status

[Companies engaged] Aeon Co., Ltd.

[Launch] FY 1991

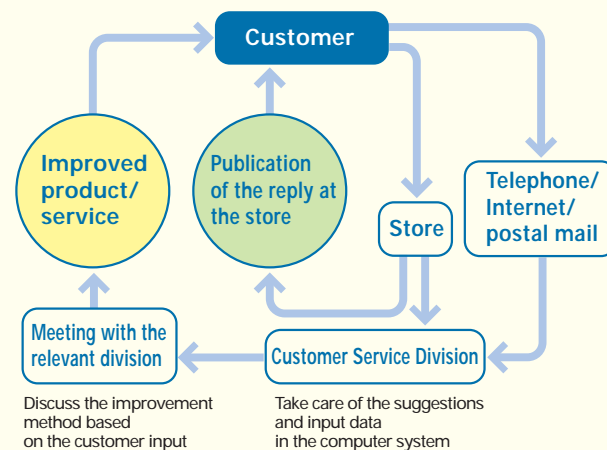
We have received approximately 24,600* comments.

We receive various comments from our customers by telephone, the Internet, and postal mail. We reply immediately, but if the reply needs careful consideration, we contact our customer after discussing the matter with the relevant division during the following week. We do our best to reply to customers' comments as promptly and precisely as possible. In order to utilize the customer input in management, we report the comments and share information with the respective stores and the management.

* Number of comments received by the Customer Service Division

Business Cycle Based on Customer Input

When our customer expresses dissatisfaction or proposes an improvement for a product developed by Aeon, we discuss the matter with the division in charge of the product by the following week and promptly offer the customer an improved product.



Mystery Shopper



< Our Goals >

We implement the Mystery Shopper system to make sure that our employees are pleasantly greeting customers, which is the fundamental of a service, and to re-acknowledge its meaning and effect.

FY 2002 Status

[Companies engaged] Aeon Co., Ltd.

[Launch] FY 1991

To always give a hearty greeting to our customers.

Greeting is the fundamental in providing a service to customers. By always offering lively greetings, we can increase our presence with our customers. Thus, we have launched a new attempt, the Mystery Shopper system, to check how well our employees are actually greeting. An undercover shopper walks around the stores to check whether or not the employees are greeting customers, even the names of those who are and those who are not. A store scoring 80 points or below is checked over and over until it passes the inspection. The investigator even checks the cordial tone in the greetings to make sure of a warm welcome. We will continue this system so that our employees give our customers more lively and warmer greetings each day.



Prevention of accidents and preventive steps taken in cases where an accident occurs (example)

<Outline of a kerosene spill accident and the measures taken >

[Outline]

Sun., February 9, 2003 – Based on a report by a citizen that an oil slick was observed in the river, fire department officials visited the Iwamizawa Higashi Store of Maxvalu Hokkaido Co., Ltd. After close inspection, a heating kerosene was found to have spilled.

[Cause]

Mon., February 3, 2003 – An employee asked the kerosene dealer to refill the heating kerosene tank, because the tank was empty.

The employee was curious, because the tank had been refilled only 3 days before.

After inspection, damage was found in the piping.

[Amount and route of the spill]

Approx. 600 liters
Kerosene tank >>> (approx. 3 meters) >>> storm-water drainage ditch >>> (approx. 100 meters) >>> river

[Actions taken]

Setting up of oil booms at the spilled locations and in the river; snow removal and cleaning around the kerosene tank and the storm-water drainage ditch; removal of oil attached to ice in the river (removed with ice); coordination with the relevant administrations (Hokkaido government, central government, municipality, and the fire department); publication of apology for the accident both at the store and in the newspaper; and implementation of preventive steps.

[Lessons learned]

- Confirm the routes and impacts of possible oil or sewage water spill in advance.
- Inspect the facilities thoroughly on a daily basis.
- Make sure that employees would take prompt actions, contact the competent administrations, and inform the in-house emergency contact if any accidents were to occur.

[Measures for preventing accidents/strengthening of the inspection system]

Because of this accident, Aeon established a council on risk management by a top-down approach, and set up a system for ensuring prevention measures and inspections. In addition, Aeon Co., Ltd. instructed the store managers of all stores to carry out inspections and made a company-wide effort to strengthen the prevention/inspection system.

Creating "a Future of Limitless Promise" Together with Customers



ÆON is committed to realizing sustainable economic activities.

We spare no effort in environmental conservation and other actions for protecting our planet.

One such effort is the My Basket campaign for reducing the use of plastic shopping bags.

Thanks to the active participation of our customers, we have succeeded in reducing the consumption of raw oil as well as the amount of disposed plastic shopping bags.

We will continue beneficial activities for the future with our customers.



1) Social Contribution Activities Conducted Together with Customers

- ÆON Day p 27
- Happy Yellow Receipt Campaign p 28
- ÆON Junior Eco Club p 30
- "5 A DAY" Campaign p 31
- ÆON 1% Club p 32
- Cultural Foundation of Okada p 33
- ÆON Environment Foundation
- ÆON's Fund-Raising Activities p 34
- ÆON Welfare Fund p 34
- Volunteer, Charity, and Fund-Raising Activities of ÆON Group Companies p 35

2) Environment Conservation Activities Conducted Together with Customers

- ÆON Hometown Forests Program p 36
- Bring Your Own Shopping Bag Campaign (Initiatives to reduce the use of plastic shopping bags) p 38
- In-Store Recycling p 40
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3) ÆON's Activities for the Local Communities and our Planet

- Efforts for Preventing Global Warming p 42
- Environmental Impacts Generated from Business Activities p 43
- Waste Reduction p 44
- Green Purchasing and Procurement p 46
- Distribution System p 47

1) Social Contribution Activities Conducted Together with Customers



ÆON Day



< Our Goals >

We aim at thinking and acting on a routine basis with our customers to implement activities that contribute to the environment and the community.

FY 2002 Status

[Companies engaged] ÆON group companies
 [Launch] FY 2001
 [Result] Conducted 12 times throughout the year
 [Achievement] 100 %

The 11th of each month is ÆON Day

Taking the opportunity to change our company name on August 21, 2001, ÆON named the 11th day of each month "ÆON Day" to carry out various activities under the themes of "Ecology" and "Returning Profit to the Local Communities." In an effort to become part of the local communities as an individual citizen, the companies carry out tree planting/growing, cleaning, and fund-raising activities with the local residents.

ÆON Day is a day for us to reflect on ideas that will contribute to the environment and society, and to put those ideas into action with our customers.

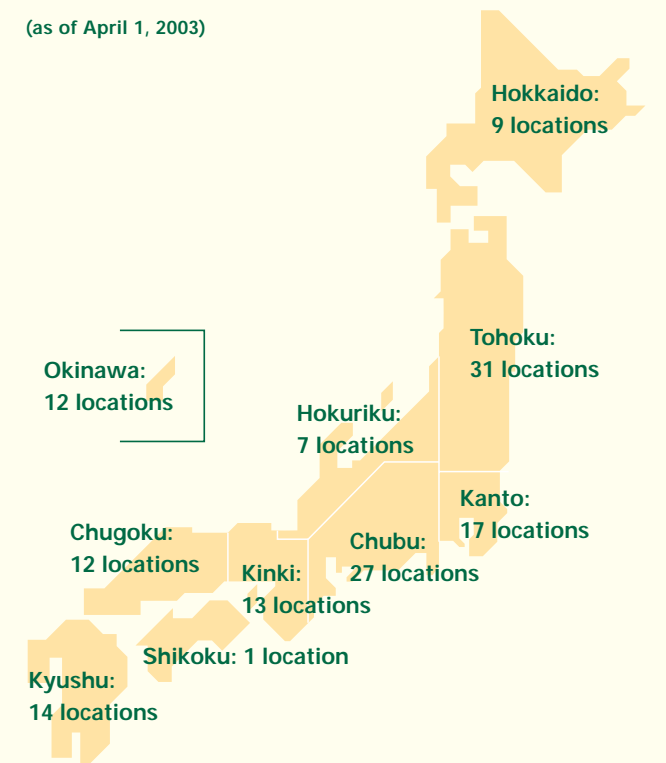
ÆON Clean Road Activities are implemented on ÆON Day

Expanding the Clean & Green Activities, we launched the ÆON Clean Road Activities in conjunction with the Volunteer Support Program sponsored by the Ministry of Land, Infrastructure and Transport. It is an activity to collect litters on sidewalks and pedestrian overpasses/underpasses and clean up the planting zones along the national roads around the respective stores. We also participate in the Adopt a Road Program organized by local governments to carry out cleaning activities.



143 stores are participating in the ÆON Clean Road Activities

(as of April 1, 2003)





1) Social Contribution Activities Conducted Together with Customers

Happy Yellow Receipt Campaign



< Our Goals >

We will realize "a future of limitless promise" by introducing customers to various activities carried out in the local communities and providing an opportunity for customers to support any of the desired activities.

FY 2002 Status

[Companies engaged] 3 GMS companies (in Japan), Maxvalu Hokkaido Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., Maxvalu Tokai Co., Ltd., Nishikyushu Well Mart Co., Ltd., 3 department store companies, Abilities JUSCO Co., Ltd., and AEON Mall Co., Ltd. (13 companies in total)
 [Launch] FY 2001
 [Result] 39.55 million yen worth goods donated

Let us support local volunteer organizations.

We place Yellow Receipt Depository Boxes with the names and activities of the local volunteer organizations written on them at the stores on AEON Day (the 11th of every month). Customers can use this system to donate products that are requested by the community's volunteer organizations by depositing their yellow receipts in the box. It is an attempt to build a bridge between customers and the volunteer organizations in the local communities. Customers are encouraged to deposit their yellow receipts in the box of the volunteer organization they wish to support by referring to the description of activities on each box.



The campaign was introduced in the bulletins of the volunteer organizations.

[Amount of donations]

The number of registered organizations was 3,313, while the total amount of receipts posted in FY 2002 was approximately 3.955 billion yen. Therefore, we donated its 1%, 39.55 million yen, in goods.

How Customers' Happy Yellow Receipts Turn into the Community's Happiness

Step 1



Customer receives a yellow receipt from the cashier.

Customer receives a yellow receipt from the cashier for any shopping done on AEON Day (the 11th of every month).

Step 2



Customer deposits the yellow receipt into the box of their chosen volunteer organization.

Customer deposits the yellow receipt into a depository box placed at the store. Separate boxes are available for each local volunteer organization, and each organization's activities are written on their box. The customer chooses the volunteer organization that he/she wishes to support, and deposits the yellow receipt into the relevant box.

Step 3



We calculate the total sum of the collected yellow receipts.

We calculate the total sum of the collected yellow receipts for each volunteer organization.

Step 4



We donate goods worth 1% of the total sum.

AEON donates goods worth 1% of the total sum to each organization. If the total sum of the yellow receipts were 1 million yen, we would donate goods worth 10,000 yen. Customers do not need to bear any cost, so they are encouraged to deposit their yellow receipts.

Comments from the Volunteer Organizations

Ms. Murata, Volunteer Circle Otogeshiki

AEON Co., Ltd. – JUSCO Shin-Higashine Store

In November 1989, 24 attendants of a Braille class in Higashine City, Yamagata Prefecture set up this circle under a basic policy to "create a society in which those physically impaired and those unimpaired can coexist as equal beings." We have not only learned about Braille transcription, but also about the ideal attitude to volunteering, and have continued such activities as Braille classes, Christmas parties with the physically impaired, langlauf skiing with the visually impaired, and Braille lessons at elementary, junior high, and high schools. We received pocket Braille slates and Braille paper from the Happy Yellow Receipt Campaign, and we use them in our Braille classes and Braille lessons at school. This type of support for volunteer activities is extremely helpful and encouraging. We would like to make even greater efforts toward creating a society for harmonious coexistence to make the most of your support. Thank you very much.



Ms. Hoshi, Hitachi General Hospital Volunteer Group

Bon Belta Isejin – Hitachi Store

On February 24, a blue friend joined our team in pink uniforms. It was the vacuum cleaner we received from the Happy Yellow Receipt Campaign. Since its arrival, the rooms have been kept extremely clean. We sincerely appreciate the thoughts of all the people who supported us. We would like to continue our effort to contribute to the development of community healthcare. Thank you very much.



Ms. Kubota, Wakaba Gakuen – a small day-facility for the mentally and physically impaired

Maxvalu Nishinohon Co., Ltd. – Maxvalu Imafuku Store/Maxvalu Yasuda Store

While we often shop at Maxvalu due to its accessibility, the 11th, the "yellow receipt" day, is a special occasion for our community with even the head of the neighborhood association calling for neighbors to participate. The sugar we received from the Happy Yellow Receipt Campaign is indispensable for making cookies and cakes, which are Wakaba Gakuen's major products, so we find it very helpful. We would like to express how grateful we are for the Yellow Receipt Campaign and the cooperation of the kind local residents, and hope to gain even further understanding of the community. We hope that the campaign will always remain a widely-supported, delightful activity.



We also carry out PR activities at the stores.

AEON Co., Ltd. – JUSCO Okazaki Store

The organizations that were registered with the Happy Yellow Receipt Campaign raised funds at the store during the AEON Festival in summer of 2002. It was conducted to teach the community more about the activities and the circumstances of the volunteer organizations, and to increase interchanges between the registered organizations and the local customers through the yellow receipts. This attempt was well received by customers, and has been adopted by other stores as well.



Aichi K-9 Disaster Search and Rescue Association



Society of Hearing Dogs and Friends, Japan



Works Aoi



Yoneyama Ryo

A charity bazaar was also held.

AEON Co., Ltd. – JUSCO Chigasaki Store

On January 3, 2003, a charity bazaar for promoting understanding and dissemination of the activities of the organizations registered with the Happy Yellow Receipts Campaign was held at JUSCO Chigasaki Store in the presence of the organizations. We asked our customers to contribute goods and opened the bazaar at the front entrance. All of the raised money was donated to the registered organizations along with 1% of the total sales of the JUSCO store and the specialty stores for that day.



Policy for FY 2003

In FY 2003, the following 7 companies will launch the campaign: Maxvalu Tohoku Co., Ltd. (3 stores), Maxvalu Kyushu Co., Ltd. (9 stores), Laura Ashley Japan Co., Ltd., Mega Sports Co., Ltd., Pet City Co., Ltd., and Gourmet D'Or Co., Ltd. We will increase the number of companies engaged in order to promote interchanges between greater numbers of customers and local volunteer organizations.



1) Social Contribution Activities Conducted Together with Customers

ÆON Junior Eco-Club



< Our Goals >

In order to make our earth a friendly place in the future for all mankind and other living creatures, we believe that it is important to provide environmental education to our children, who will become the leaders of the next generation.

FY 2002 Status

[Companies engaged] 3 GMS companies (in Japan), Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., and Maxvalu Nishinihon Co., Ltd.
[Launch] FY 1996

With the aim of providing our children, leaders of the next generation, with a place to learn about the environment, the Ministry of the Environment advocated the Junior Eco-Club initiative in 1995 to support environmental learning opportunities and hands-on activities for children in the local communities. In support of this initiative, ÆON has actively promoted activities group-wide through the ÆON Junior Eco-Club. In FY 2002, 3,510 children from 154 clubs based at ÆON stores nationwide participated in various activities with 373 employee supporters.



Studying Living Organisms in Paddy Fields 2002

(Joint project between the Ministry of Agriculture, Forestry and Fishery and the Ministry of Environment)

Children looked for different kinds of living organisms.



Participation in various activities

Children learned about the environment by experiencing field work and receiving training on a boat.

The club is for elementary and junior high school students.

Membership is open to elementary and junior high school students residing in the community where the store is located. A member can receive an "Earth Ranger Certificate" by reporting the activities throughout the year via a supporter.



Junior Environment Correspondent Program 2002

Children recognized the importance of the global environment through on-site learning using a floating environmental school "Uminoko" and Lake Biwa Museum in Shiga Prefecture.



Participation in the Milk Carton Recycling Contest 2002

The "large recycling box" made by children won an incentive award in the group category.



"Finding the homes" of red dragonflies

Children marked the wings of 700 red dragonflies in July and searched for the marked dragonflies in September.



Junior Eco-Club National Festival

Children of each club submitted the summary of that year's activities in the form of report boards, and the clubs selected from all over Japan participated in the Junior Eco-Club National Festival in Sasebo, held in Sasebo City in Nagasaki Prefecture. In FY 2002, the clubs of the JUSCO Goshono Store, JUSCO Yamagata-Minami Store, JUSCO Toride Store, and Kyushu JUSCO Saga-Yamato Store were chosen from ÆON's clubs.

"5 A DAY" Campaign



< Our Goals >

We will provide a place for our children, who will lead the next generation, with a place to learn about the importance of eating habits through actual experiences.

FY 2002 Status

[Companies engaged] 3 GMS companies (in Japan)

[Launch] FY 2001

[Achievement] Dietary classes for elementary school students 8 times throughout the year

We disseminate the importance of eating habits through dietary classes.

To support healthy eating habits in our customers, ÆON launched a "5 A DAY" Campaign that recommends an intake of more than 5 servings of vegetables and more than 200g of fruit per day (more than 550g and 5 kinds in total) in June 2001, prior to any other companies. It originally started out in the United States in the late 1980s to improve eating habits that were said to account for 35% of the cause of cancer. We began this action to have our children, leaders of the next generation, properly understand the importance of balancing their diet with fruits and vegetables every day, and the kinds, items, and standard amount of fruits and vegetables to be taken daily.

Food corners of the stores are libraries of live materials

The class starts with Ms. Mayumi Morino, a national registered dietitian, explaining the Food Pyramid, which illustrates the desirable daily intake of food. She makes it easy to understand by using a picture, saying, "Make sure you eat a lot of bread and rice, which are the large pictures at the bottom, and only a small amount of sweets, the small pictures at the top." Then, children are divided into groups and play a shopping game to collect the vegetables and fruits of the color assigned to each group from the store. After that, they prepare a salad by themselves using locally-grown vegetables and eat it. It is a 70-minute class including the question and answer session. The 10th "5 A DAY" class was held at the JUSCO Marinpia Store as part of the "Chiba Regional Agriculture and Forestry FIVE A DAY" initiative of the Chiba Branch Office of Chiba Prefecture. A total of 47 children in the 5th grade of Takasu Dai-ni Elementary School attended the class.



Food Pyramid

(It illustrates the balance of food necessary for a healthy diet; released by the U.S. Department of Agriculture in 1992)

Lots of fruit will make you strong and sharpen your concentration!



Stores that have held dietary classes

December	13, 2001	JUSCO Shimoda Store
February	20, 2002	Maxvalu Chino Store
May	15, 2002	JUSCO Suwa-No-Mori Store
May	23, 2002	JUSCO Handa Store
June	12, 2002	Maxvalu Yamagata Store
July	3, 2002	JUSCO Rakunan Store
August	22, 2002	JUSCO Joetsu Store
October	28, 2002	JUSCO Yagoto Store
November	15, 2002	JUSCO Marinpia Store
February	14, 2003	JUSCO Marinpia Store

The ÆON Cup 2002 World R.G. Club Championship

This event, to which ÆON is the crown sponsor, has been organized as a sporting event under the theme of "Peace" ever since athletes seeking peace voluntarily gathered and held the event at the time of the Bosnian conflict in 1994. A portion of the admission fees collected from the 2002 event was donated to refugee children through the United Nations High Commissioner for Refugees (UNHCR) Regional Office for Japan and the Republic of Korea.





1) Social Contribution Activities Conducted Together with Customers

ÆON 1% Club



The ÆON 1% Club was established in 1989 to carry out various activities in the fields of environmental conservation, international exchanges of culture and human resources, and promotion of regional cultures and societies. Selected companies in ÆON fund activities such as the Ecological Musical, among many others, with 1% of their pretax profits. In FY 2002, a total of 433 million yen was allocated, bringing the cumulative total of funding to 5.53 billion yen.

[ÆON 1% Club Members]

ÆON Co., Ltd.	Laura Ashley Japan Co., Ltd.
ÆON Credit Service Co., Ltd.	ÆON Forest Co., Ltd.
Ministop Co., Ltd.	Gourmet D'Or Co., Ltd.
Kyushu JUSCO Co., Ltd.	ÆON Fantasy Co., Ltd.
Ryukyu JUSCO Co., Ltd.	Certo Co., Ltd.
Maxvalu Hokkaido Co., Ltd.	ÆON Techno Service Co., Ltd.
Maxvalu Tohoku Co., Ltd.	Reform Studio Co., Ltd.
Maxvalu Tokai Co., Ltd.	Zwei Co., Ltd.
Maxvalu Chubu Co., Ltd.	Food Supply JUSCO Co., Ltd.
Maxvalu Nishinohon Co., Ltd.	AIC Inc.
Nishikyushu WellMart Co., Ltd.	ÆON Mall Co., Ltd.
Home Wide Corp.	Diamond City Co., Ltd.
Blue Grass Co., Ltd.	

Major Activities of the ÆON 1% Club

"Teenage Ambassadors" Program

This program is conducted as part of the international cultural and personnel exchange activities to deepen international understanding and to cultivate friendship among young people, the leaders of the next generation. A total of 304 students have been invited to Japan from 11 countries, starting with those from Malaysia in 1990. We invited 24 high school students from Indonesia in FY 2002. Through home-stays and trial school attendance, they interacted with Japanese high school students and also shared time to discuss environmental problems. We plan to invite students from Guangdong, China in FY 2003.



Fund-Raising for the Cambodia School-Building Project

The ÆON 1% Club and the Japan Committee for UNICEF started a three-year campaign in FY 2001 to raise funds in order to build 20 schools or more per year in Cambodia, where the educational system has been destroyed by the civil war. ÆON donated the funds collected from customers and the donation from the ÆON 1% Club to the Japan Committee for UNICEF, which resulted in the opening of 21 schools in FY 2001 and 57 schools in FY 2002.



Cambodia School Opening Ceremony Tour

Among the elementary schools built under the Cambodia School-Building Project, 3 schools held their opening ceremonies in March 2002. A total of 176 volunteers from Japan participated to interact with the local children and celebrate the school opening. During this tour, we planted nursery trees of indigenous species (e.g., lauan and teak) near Angkor Wat with the local people.



Fund-Raising for Afghanistan Reconstruction

In October 2002, we raised funds to help the people of Afghanistan lead their lives with a better feeling of security. We deposited the funds collected from customers and the donation from the ÆON 1% Club to Japan Platform, which utilized the funds for support activities.



Support Activities for Clearing Landmines

In March 2002, we raised funds and sold a picture book featuring a rabbit called Sunny, Not Mines, But Flowers (illustrations: Shomei Yoh; story: Fusako Yanase), to help clear the landmines in Afghanistan.



We donated the funds collected from customers, the donation from the ÆON 1% Club, and a part of the income from the sales of the picture book to an NPO, the Association for Aid and Relief, which utilized the funds for clearing landmines and other related activities.

Ecological Musical

The ÆON 1% Club is presenting ecological musical performances on the theme of "The Importance of Nature and Forests" in conjunction with the Furusato Caravan theater troupe. To participate in the performance children are selected through auditions held in the local area. From FY 1997 to FY 2002, we presented Kumagon No Mori (Kuma-gon's Forest) and Kamegamori No Shibaten (The Water Imps of the Forest Kamegamori) to 56,683 audiences at 49 venues nationwide.



Exchange Exhibition of Children's Eco-Pictures

Since 1993, we have held exchange exhibitions of eco-pictures to develop children's interest in the natural environment and their concern for nature. In FY 2002, more than 8,000 pictures were applied for the exchange exhibition, which was held at JUSCO stores at 20 locations in Japan and 4 overseas locations.



Cultural Foundation of Okada



The Cultural Foundation of Okada was established in 1979 (approved as a foundation in 1980) to promote cultural development in Mie Prefecture. Operating with an endowment of 10 million ÆON stocks, the Foundation engages mainly in activities such as donating art-work to museums, providing subsidies to art exhibitions and art promotion, giving commendations to artists, and bringing up young artists. Over 400 works (including Western and Japanese modern paintings) worth a total of 1.1 billion yen have been donated to date.



ÆON Environment Foundation



The ÆON Environment Foundation was founded in 1991 to continuously facilitate and support the implementation of activities for environmental conservation in Japan and developing countries. Since 1991, the Foundation has offered grants to organizations and individuals through public invitation and selection. A cumulative total of 1,077,970,000 yen has been awarded throughout the years. ÆON supports the Environment Foundation.

Support for Environmental NGOs

The ÆON Environment Foundation supports environmental NGOs in the belief that citizen initiatives are indispensable for conserving both global and local environments. FY 2002 marked the 12th year of our sponsorship program. Through the public media, we invited grant applications from July 1 to August 31, 2002 centered on the basic theme of "Protecting the Earth's Future" with 7 specific themes, including "Tree-planting, Greening and the Prevention of Desertification" and "Wildlife Protection and the Conservation of Ecosystems." From among the 257 applications, we extended the FY 2002 grant sponsorship to 137 projects according to our selection criteria.

List of Sponsored Projects by 7 Themes (FY 2002)

Theme	Sponsored Projects
Tree planting, greening, and prevention of desertification	21
Protection of wildlife and conservation of ecosystems	9
Purification of the natural environment	3
Collection and dissemination of environmental information	37
Environmental education activities	51
Participation in international environmental conferences, etc.	7
Other issues and global environmental conservation activities	9

ÆON Environment Foundation Grants Extended to Date to Publicly Invited Applicants

FY	Applications	Sponsored Projects	Grants (million yen)
1991	109	59	81.64
1992	122	74	80.03
1993	138	75	80.00
1994	146	86	79.30
1995	130	87	79.00
1996	157	112	80.00
1997	184	138	100.00
1998	190	129	99.50
1999	204	130	100.00
2000	251	147	99.30
2001	325	184	99.20
2002	257	137	100.00
Total	2,213	1,358	1077.97

Tree-Planting to Restore Forest in Shiretoko

The ÆON Environment Foundation conducted tree-planting to restore the forest in Shiretoko in collaboration with the Hokkaido Railway Company, Shari Town, and the Shiretoko Naturetopia Foundation. It participates in the "Shiretoko 100-Square-Meter Movement" to purchase a formerly cultivated area that was facing the risk of being over-developed and to restore greenery in the area. About 750 people took part in the tree-planting on September 5, 2002. It was implemented as part of a plan that looks 100 years ahead with a view to regenerate the natural ecological cycle. The principal activities involved planting red yeddo spruce, and strapping PET bottles to tree trunks to prevent deer from eating the barks of young or full-grown trees.



Orangutan Forests Campaign

From November 29 to December 25, 2002, ÆON companies conducted a "Save Orangutan Forests" fund-raising through gift-wrapping to support tree-planting activities for saving the endangered orangutans. We asked customers to donate 10 yen when they selected ÆON's original wrapping paper designed by Mr. Jimmy Ohnishi. We also sold 50,000 orangutan stuffed dolls. We donated the funds collected by customers, the donation from the ÆON Environment Foundation, and part of the income from the sale of the stuffed dolls to the World Wide Fund for Nature Japan.





1) Social Contribution Activities Conducted Together with Customers

ÆON's Fund-Raising Activities



We raise funds to help domestic and overseas locations hit by natural disasters such as earthquakes and floods and for various other support activities by calling on customers for their cooperation at our stores or our employees calling on each other for contributions. It is one of the major social contribution activities that ÆON engages in as a whole group. We will continue to promote activities that our customers, our employees, and ÆON can conduct in concerted effort.



Cooperative relationships with the organizations registered with the Happy Yellow Receipt Campaign and the members of the ÆON Junior Eco-Club are continuing to expand.

Major Fund-Raising Activities in FY 2002

Fund (No. of companies engaged)/Period	Funds Collected from Customers and Employees	Donation from ÆON	Total Amount	Recipient Organization
Fund-Raising for Clearing Landmines (44 companies) Mar. 8 – Mar. 28, 2002	14,598,590 yen <small>Including part of income from the sales of picture books</small>	16 million yen <small>donated from ÆON 1% Club</small>	30,598,590 yen	Association for Aid and Relief, Japan
Fund-Raising for the Cambodia School-Building Project (60 companies) Apr. 21 – Jul. 21, 2002	64,486,324 yen	63 million yen <small>donated from ÆON 1% Club</small>	127,486,324 yen	Japan Committee for UNICEF
Fund-Raising to Support Areas Hit by Earthquakes in Northern Afghanistan (56 companies) Mar. 29 – Apr. 14, 2002	13,128,545 yen	7 million yen <small>donated from ÆON 1% Club</small>	20,128,545 yen	Japan Committee for UNICEF
Fund-Raising for Afghanistan Reconstruction (67 companies) Sep. 27 – Oct. 27, 2002	29,604,515 yen	30 million yen <small>donated from ÆON 1% Club</small>	59,604,515 yen	Japan Platform
Fund-Raising for the Orangutans' Forests Campaign (14 companies) Nov. 29 – Dec. 25, 2002	10,864,669 yen <small>Including income from the sales of stuffed dolls</small>	10 million yen <small>donated from ÆON Environment Foundation</small>	20,864,669 yen	World Wide Fund for Nature Japan

Fund-Raising Activities Continued in FY 2002

Fund (No. of companies engaged)/Period	Funds Collected in FY 2001	Funds Collected in FY 2002	Cumulative Amount of Funds	Recipient Organization
Red-feather Community Chest Campaign Oct. 1 – Oct. 31, 2002	6,085,963 yen	5,704,310 yen	110,436,764 yen <small>(FY 1983 ~ 2002)</small>	Central Community Chest of Japan
Guide Dog Fund-Raising (15 companies) Aug. 1 – Sep. 26, 2002 Nov. 1 – Dec. 20, 2002	12,848,048 yen	13,233,581 yen	129,725,066 yen <small>(FY 1989 ~ 2002)</small>	National Association of Guide Dog Institutes
Fund-Raising for the National Bone Marrow Bank Jan. 21 – Feb. 20, 2003	5,372,686 yen	5,589,766 yen	12,234,373 yen <small>(FY 2000 ~ 2002)</small>	Japan Marrow Donor Registry Promotion Conference

ÆON Welfare Fund



The ÆON Welfare Fund was established in September 1977 under a cooperation between labor union and management to help improve the welfare of children and adults with severe mental or physical disabilities at welfare institutions nationwide. Presently, 38 companies participate in the fund. In this system, both labor union and management contribute 100 yen per month per employee, which is reserved as funds to be contributed under ÆON's Facility Benefits program, Volunteer Benefits program, or Special Benefits program.

FY 2002 Status

Facility Benefits ... 15 facilities
(donation of 1 million yen per facility)

Volunteer Benefits ... 402 facilities
(donation of 50,000 yen per facility plus volunteer activities)

Volunteer, Charity, and Fund-Raising Activities by ÆON Group Companies



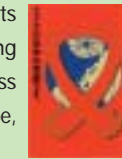
< Our Goals >

At ÆON, we believe that it is important to join forces with customers and employees to devote our full effort to tackle issues that require immediate attention. We have great faith that our persistence in continuing these activities will create a driving force that will gain momentum throughout the world.

AIDS Campaign

[Company engaged] ÆON Forest Co., Ltd.
[Launch] FY 1997

The Body Shop's 6th AIDS Campaign in 2002 "AIDS is everybody's issue. AIDS is the world's issue." publicized that the underlying problem of AIDS is in the social environment created by humans, such as in poverty and gender bias. Through the sales of campaign items attaching a "red ribbon" to indicate understanding toward AIDS (a part of the proceeds is donated) and raising funds at the stores, The Body Shop called for support of awareness-raising activities for women and youths in Cambodian rural areas who cannot protect themselves from HIV infection due to a lack of knowledge and information. In FY 2003, it will make greater efforts to conduct campaigns and events involving customers to support the 7th International Congress on AIDS in Asia and the Pacific to be held in Kobe, and particularly young activists against AIDS.



JF Charity Fund-Raising

[Company engaged] Gourmet D'Or Co., Ltd.

As part of the social contribution activities of the foodservice industry, we conduct "JF Charity Fund-Raising" with the cooperation of our customers, mainly in November and December of each year. The raised funds are donated to and effectively used by the World Food Programme (WFP), which provides food to people around the world who are suffering from hunger and plants trees for environmental conservation, and the Special Olympics Nippon, which is engaged in volunteer activities related to the Olympic Games for people with mental retardation, as well as the Sukoyaka Dietary Life Association and the National Land Afforestation Promotion Organization. The funds raised in FY 2002 totaled 19,073,325 yen.



Hananowa (Flowering & Greening) Campaign

[Company engaged] Ministop Co., Ltd.
[Launch] FY 1991

The Hananowa Campaign is an activity started by the Foundation for Flowering & Greening with the hope of having our children, who will lead the future generation, learn about the importance of nature and life through planting and growing flowers and greenery. Ministop Co., Ltd. has been sponsoring this activity for the past 12 years. In FY 2002, 2,668 elementary schools applied and 452 schools chosen by lottery were donated flower and tree saplings. Ministop donates the funds collected from customers at the stores and 1% of the nationwide sales of soft ice cream under the "Saturday is a soft ice cream day" program launched in May 2002 to the Hananowa Campaign.



Sponsoring the Special Olympics Nippon National Summer Games (Tokyo)

[Companies engaged] Ministop Co., Ltd. and ÆON Forest Co., Ltd.
[Launch] FY 2001

The Special Olympics Nippon National Summer Games (Tokyo) was held for 3 days between August 15-17, 2002. Ministop Co., Ltd. provided about 3,000 free packed lunches to those among the 1571 athletes and coaches, 4,800 volunteers, and 551 staff members who gathered at the Takadanobaba and Yoyogi venues. It also helped distribute and clear away the packed lunches inside the venues. ÆON Forest Co., Ltd. offered such goods as The Body Shop foot care products. It was very impressive when the winning athletes proudly showed their medals to ÆON members.



Tokimeki Purchase Point Gift Campaign

[Company engaged] ÆON Credit Service Co., Ltd.
[Launch] FY 1996

ÆON Credit Service Co., Ltd. offers credit card holders the option of donating refunds from the Tokimeki Purchase Point Gift Campaign to environmental conservation and social welfare activities. The funds collected in FY 2002 amounted to 6,078,500 yen of which 4,038,500 yen was donated to the Japan Braille Library and 2,040,000 yen to the National Land Afforestation Promotion Organization.



THE BODY SHOP URL

<http://www.the-body-shop.co.jp/>

MINI STOP URL

<http://www.ministop.co.jp>



2) Environment Conservation Activities Conducted Together with Customers

ÆON Hometown Forests Program

< Our Goals >

We plant trees with the local residents to revive "chinju no mori" (grove of a village shrine), which used to be a symbol of coexistence between nature and man. For more than 10 years, we have planted trees together with about 450,000 customers. The scope of our activities is not limited to inside Japan, but we also actively participate in tree-planting activities worldwide.

FY 2002 Status

[Companies engaged] ÆON group companies
 [Launch] FY 1991
 [Result] Planted 304,617 trees.

We plant saplings with customers at the lots of our shopping centers and distribution centers

Since the launch of the program in 1991, we have planted 4,562,585 trees with about 450,000 customers at 350 sites. In FY 2002, we planted 304,617 trees at 44 sites.



The power of forests is a life necessity.

ÆON conducts a tree-planting activity each and every time a new store or distribution center opens. By creating a forest around the store, the trees take in carbon dioxide, which causes global warming, and absorb the thermal energy of the sun. A forest also has many other benefits. For example, the forest soil with its high water-holding capacity could serve as a dam by absorbing water during heavy rainfalls, and the developed tree roots prevent mudslides. Considering that it also has a high healing effect, there is no doubt that "chinju no mori," or a forest, is a very important presence in our lives. Since the power of forests is an indispensable factor for "a future of limitless promise," ÆON will continue to plant trees together with customers.



The reason that we started the ÆON Hometown Forests Program

"A civilization of mankind flourishes where there is greenery and water, and it perishes after it consumes all the greenery and water. This has been proven by the Greek civilization and the Egyptian civilization. Thus, the present civilization may turn to ashes in few hundred years' time." Based on this idea from Mr. Takuya Okada, Honorary Chairman of ÆON, who was early in recognizing the fears of environmental destruction, ÆON started the program with the local community in 1991 from the Malacca store of Jaya JUSCO Stores Bhd. (Malaysia).

We plant trees that suit the individual locations.

ÆON embarked on its tree-planting activities in support of the view of Mr. Akira Miyawaki, Professor Emeritus of Yokohama National University who said, "We should realize that our concern for trees and greenery is a self-defense impulse we have as a living organism in reaction to the deterioration of our own living environment." Since 1989, we have been working under the guidance of Professor Miyawaki who advocated the tree-planting method of "mixing various native tree species and letting them compete for growth."



Mr. Akira Miyawaki, Professor Emeritus

We not only plant saplings, but also hold a "Tree Growing Festival" to watch the trees grow.

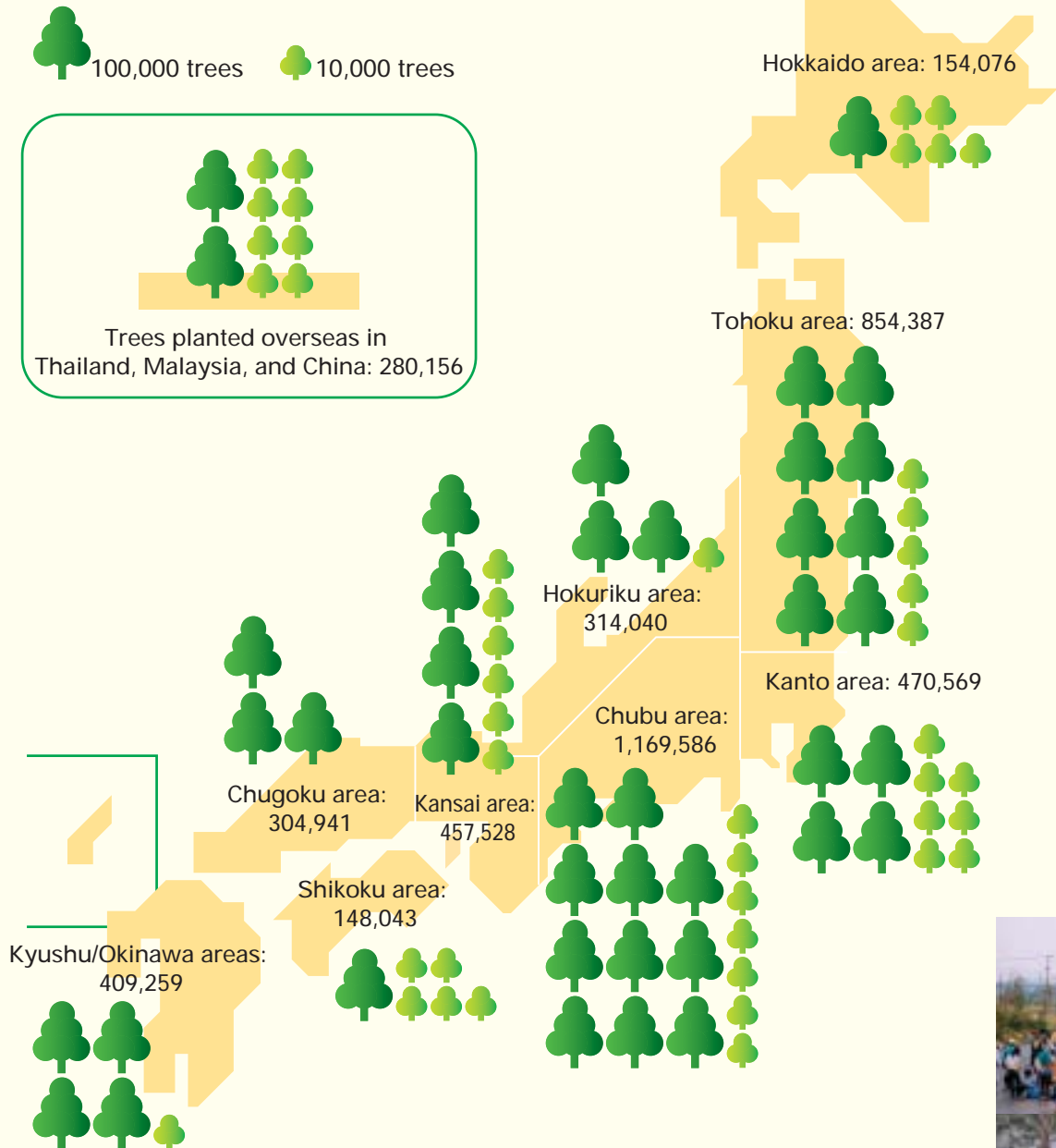
We not only plant saplings under the ÆON Hometown Forests Program, but hold a "Tree Growing Festival" every year with our customers to watch how the trees we have planted have grown during the Greenery Week centered on April 29th. Such activities as weeding and cutting the protruding branches are said to also be effective for controlling diseases and pests. In FY 2002, we applied fertilizers, weeded, and supplemented new saplings to replace the dead ones at 101 stores nationwide.



Policy for FY 2003

We are scheduled to plant a total of 330,000 trees throughout the year at the newly opening stores and distribution centers.

ÆON Hometown Forests Program Map



Cumulative Total of Trees Planted





2) Environment Conservation Activities Conducted Together with Customers

Bring Your Own Shopping Bag Campaign (Initiatives to reduce the use of plastic shopping bags)



< Our Goals >

The Bring Your Own Shopping Bag Campaign is a resource-saving activity carried out jointly with customers. It not only reduces waste, but also reduces oil consumption and prevents air pollution caused by incineration.

FY 2002 Status

[Companies engaged] 3 GMS companies (in Japan), 7 supermarket companies, and 1 convenience store company
[Launch] FY 1991

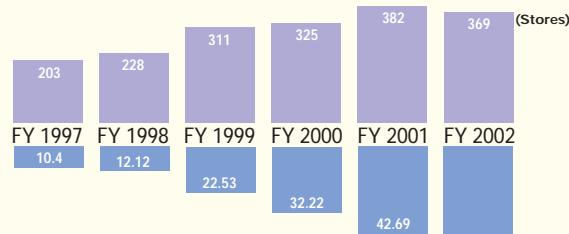
[Result] The annual decrease in the use of plastic shopping bags was 135.6% over the previous year (in the case of AEON Co., Ltd.)

[Initiatives for cutting down on plastic shopping bags]

- 1 Asking customers to bring their own shopping bags to reduce the total volume of shopping bags used.
- 2 Selling My Basket and My Bags as a part of the campaign
- 3 Handing out only the required number of shopping bags to reduce the volume of grocery bags used.
- 4 Developing shopping bags that are lighter in weight by 10-20%.

Bring Your Own Shopping Bag Campaign and the decreasing consumption of plastic shopping bags (in the case of AEON Co., Ltd.)

Number of stores implementing the campaign (Stores closed or transferred during the term are included.)



Decreased number of plastic shopping bags 57.90 (million bags)

Resource-saving effect (in the case of AEON Co., Ltd.)

Saved approximately **10,005 barrels** (200 liters) of petroleum.

According to calculations by the Association of Plastics Manufacturers in Europe (APME), the amount of energy consumed for manufacturing 1,000 plastic shopping bags in petroleum equivalent is 32 kg. Decreased number of bags in 2002 (57,900,000) x 0.032 kg = 1,852,800 kg 1 kg petroleum = 1.08 liters (taken from "Energy- A Warning from the Future" by the Research Institute of Economy, Trade, and Industry); thus consumption of petroleum was cut down in FY 2002 by 1,852,800 kg x 1.08 liters = 2,001,024 liters 2,001,024 liters / 200 liters = 10,005.12 barrels

Reducing the environmental load by using more lightweight plastic shopping bags

[Companies engaged] Ministop Co., Ltd.
[Launch] FY 2002
[Result] Approx. 10% lighter than the conventional bags

Ministop Co., Ltd. started to use the same plastic shopping bags as a major convenience store chain, Lawson, Inc. The two companies had used bags with their company logos printed on them, but they took a bold step to use same bags under the shared concept of reducing the environmental load and the cost by using the same bags without the logos. This measure proved successful in reducing both the environmental load and the procurement cost at the same time. In addition, the thickness of the bag was made as thin as possible compared to the conventional one, resulting in about a 10% reduction of weight. All of the stores have been gradually shifting to use the new bags since January 2003 as they used up existing stocks of conventional bags.



Let's start by doing what we can, step by step.
Save Resources
Your Decline of Plastic Shopping Bags is Appreciated

The bag bears a message to customers in place of the company logo.

Participation in the Sugunami Eco Stickers Project

Supporting the objective of Sugunami Ward's initiative to reduce the use of plastic shopping bags, Ministop Co., Ltd. has participated in the Sugunami Eco Stickers Project since November 2002. All of the Ministop stores in the ward participate in the project and ask customers to cooperate in reducing the use of plastic shopping bags.



* What is the Sugunami Eco Stickers Project?
A sticker worth 4 yen (the company and Sugunami Ward bearing 2 yen each) is given to customers who have declined plastic shopping bags. The customer can use 25 collected stickers as a 100 yen shopping coupon to shop at the stores participating in the Eco Sticker Project. The project aims at reducing the use of plastic shopping bags and promoting the shopping streets in the ward through the joint effort of Sugunami Ward, stores within the ward, and customers to encourage people to use their own shopping bags.



MINI STOP URL
<http://www.ministop.co.jp>

My Bag and My Basket Campaign

[Companies engaged] 3 GMS companies (in Japan) and 7 supermarket companies
[Launch] FY 2000
[Result] Cumulative number of times My Baskets have been used: 436,658
* Period: June 1, 2000 - February 20, 2003

As one of our initiatives to reduce the use of plastic shopping bags, we sell My Baskets and My Bags, which are well received by customers, as part of a system that eliminates the need to transfer items from shopping baskets into plastic shopping bags. This system was based on a suggestion dropped in the Opinion Box by a customer, and after its introduction attracted many customer ideas for improvement. We will continue to call for further participation through in-store announcements, posters, and hand-outs.



My Basket
Damaged baskets are replaced free of charge. Optional bottom trays for preventing drips are available. My Baskets can be left at the Temporary Storage counter while shopping in other departments in the store.



My Bag (grocery basket type)



My Bag (tote bag type)

How to use a My Basket

Step 1



Purchase a My Basket at the Service Counter for 300 yen, which is refunded when the basket is returned.

Step 2



Place the My Basket on the cart, and the store grocery basket on top of it.

Step 3



The customer goes through the checkout counter as usual. The checker will transfer the purchases from the store grocery basket to the shopper's My Basket.

Step 4



Get a stamp on the Shopping Bag Stamp Card. When 20 stamps have been accumulated, present it at the Service Counter in exchange for an environmentally conscious product (product differs by store).

Step 5



My Basket is taped as proof of purchase and is then ready to be taken home.

How to use a My Bag

Step 1



Purchase a My Bag at the Service Counter for 1000 yen.

Step 2



Hand the My Bag to the checker. Purchases will be placed in the My Bag.

Step 3



Get a stamp on your Shopping Bag Stamp Card. When 20 stamps have been accumulated, exchange it for an environmentally conscious product (product differs by store).

Step 4



Drawstrings allow the customer to close the My Bag to prevent purchases from falling out.

Step 5



My Bag conveniently fits in standard size bicycle baskets.

The Shopping Bag Stamp Card system is used as a drive

[Companies engaged] 3 GMS companies (in Japan) and 7 supermarket companies
[Launch] FY 1991

When customers decline the plastic shopping bag from the checker, they receive a Shopping Bag Stamp Card and 1 stamp for each time they go through checkout. When 20 stamps have been collected, the card is redeemed for an environmentally conscious product (product differs by store). Although it was only initially implemented at the grocery section, the card was made usable anywhere in stores in response to numerous customer requests.



Shopping Bag Stamp Card

No Plastic Shopping Bag Day

The 5th of every month is the No Plastic Shopping Bag Day designated by the Japan Chain Stores Association. This campaign, launched in October 2002, is carried out by 6,200 stores of 101 member companies to call on customers' cooperation to reduce the use of plastic shopping bags.

※ Similar campaigns are also conducted in department store operations under different campaign names.



2) Environment Conservation Activities Conducted Together with Customers

In-Store Recycling



< Our Goals >

Waste turns into resources through recycling. We aim at collecting every single one of our recyclable containers with the cooperation of our customers.

FY 2002 Status

[Companies engaged] GMS (in Japan) and supermarket operating companies

We appreciate our customers' cooperation in collecting recyclable resources.

Since the Container and Package Recycling Law was enacted two years ago, we have been promoting recycling activities by installing in-store collection boxes for aluminum cans, food trays, milk cartons, and PET bottles (in some areas). To make the most of recycled resources, we have also established a system for converting them into TOPVALU Kyokan Sengen products.



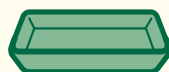
Annual average number of containers collected per store (in the case of AEON Co., Ltd.)



231,607
Aluminum cans



161,490
Milk cartons



464,979
Food trays



146,044
PET bottles

The numbers were derived based on the following weights: an aluminum can (350ml) = 15g; a food tray = 5g; a milk carton (1,000 ml) = 30g; and a PET bottle (500ml) = 50g.

Collected amounts per container (in the case of AEON Co., Ltd.)

Aluminum cans

Number of stores	FY	Collected amount (t)
279	1998	390
306	1999	503
320	2000	726
324	2001	938
325	2002	1,129

Aluminum cans can be distinguished from steel cans by the aluminum mark. Any contents remaining inside will lower the quality of reprocessed products.

Food trays

Number of stores	FY	Collected amount (t)
294	1998	384
311	1999	471
325	2000	643
331	2001	758
330	2002	767

If trays are stored at home for some time, washing them with hot water will prevent unpleasant odor.

Milk cartons

Number of stores	FY	Collected amount (t)
296	1998	862
316	1999	1,006
325	2000	1,306
332	2001	1,442
330	2002	1,598

After use, wash, cut open, dry, and tie cartons together with a string. Any milk remaining will impart an odor to reprocessed products.

PET bottles

Number of stores	FY	Collected amount (t)
88	1998	230
128	1999	445
145	2000	769
155	2001	1,030
189	2002	1,380

Our challenge is to increase participating stores. Crush the bottles before disposing them in the collection box. Bottles containing oils cannot be recycled.

Products utilizing recycled materials <Examples> (Effective use of in-store collected materials)



TOPVALU 共環宣言
Cooker-wide topper for 3 burners

It is made entirely out of our recycled aluminum cans.



TOPVALU 共環宣言
Coreless toilet rolls

30% of each roll is made from the milk cartons collected at our stores and 70% is from recycled paper.

Campaign for Preventing Global Warming



< Our Goals >

In order to protect the global environment, we are making various attempts with our customers to prevent global warming.

We have started the CO2 Diet Campaign.

FY 2002 Status

[Companies engaged] AEON Forest Co., Ltd.
[Launch] FY 2002

All of The Body Shop stores run by AEON Forest Co., Ltd. conducted campaigns for preventing global warming in sync with the holding of the World Summit on Sustainable Development (Johannesburg).

The messenger for global warming prevention was named "Hearton."

After inviting suggestions from the public to name a white bear messenger for global warming prevention at stores and on the Web site, The Body Shop received as many as 4,518 name suggestions. After careful deliberations, The Body Shop picked the name "Hearton."



Let's take the challenge! CO2 diet efforts by 200,000 people

We informed customers of the fact that the increased emissions of carbon dioxide from homes are presenting a problem in Japan, and we proposed specific emission-cutting measures as the "CO2 Diet." Customers who were willing to practice the "CO2 Diet" proposed by Hearton were asked to sign a green sticker at the store and place it onto a board of a world map as a declaration that they would enter this campaign. A huge world map with green land is complete when about 800 customers make this declaration. We emphasized that the effect would be



doubled or even larger if a customer entered with a friend or in a group of 10 – a greater number of participants would enlarge the force to protect the global environment.

We propose the CO2 diet and call on the participation of customers.

The annual amount of CO2 emitted from a single household is 3,360 kg. According to the emission cut proposed in the Kyoto Protocol, the target CO2 diet is 561 kg. For example, one can cut 65 kg of CO2 emission by reducing the time of running a shower by just 1 minute, and cut 31 kg of CO2 emission by easing the air-conditioner temperature setting by 1 degrees Celsius. Also, such small ideas and considerations as bringing one's favorite shopping bag to a store to prevent over-wrapping and turning off the light switch when not using the room are very effective for cutting CO2 emissions.

We conduct a Stop Idling Campaign.

We continue to support the "Stop Idling" campaign, which reduces air pollution-causing exhaust gas by encouraging drivers to turn off engines when the vehicle is stopped for deliveries or other reasons. CO2 emissions are reduced by 500 g - 1 kg when an idling engine is turned off for 1 hour. We also encourage customers through in-store announcements.



Stop Idling Campaign sticker



THE BODY SHOP URL

<http://www.the-body-shop.co.jp/>



3) AEON's Activities for the Local Communities and our Planet

Efforts for Preventing Global Warming



< Our Goals >

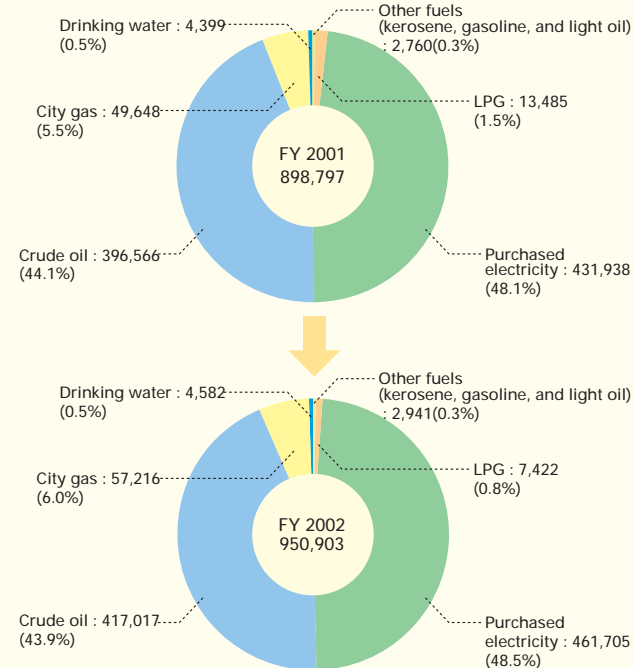
We consider the adverse impacts of global warming on air temperatures, climates, and the ecological systems as serious problems, and continue our efforts to cut energy consumption, etc. as much as possible.

We make aggressive energy conservation efforts.

In April of 1995, AEON began introducing total energy conservation systems using highly efficient energy-conserving equipment customized for each store. By FY 2002, a total of 197 stores had been equipped with the system. Cogeneration systems that make secondary use of the exhaust heat of gas turbines have also been installed. To reduce water use, we use sensors to prevent water from running continuously and sensors for toilet seats that adjust water flow according to the time on the toilet seat, which have produced favorable results. Furthermore, all employees are involved in reducing the use of air conditioners, lighting, and other electrical equipment according to the "Energy Management Rules"

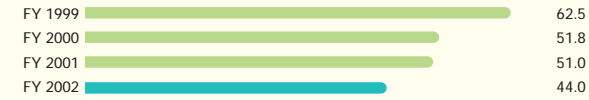
In the case of AEON Co., Ltd.

CO₂ emission by category (basic unit:t-CO₂)



In the case of AEON Co., Ltd.

Changes in electricity use by fiscal year (base unit:wh/m²·h)



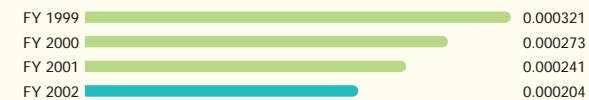
Changes in gas (city gas) use by fiscal year (base unit:m³/m²·h)



Changes in crude oil use by fiscal year (base unit:l/m²·h)



Changes in water use by fiscal year (base unit:m³/m²·h)



We will start a tree-planting business in Australia.

AEON Co., Ltd. invested in a joint tree-planting business in Australia to acquire emission rights. We will plant 1,000 hectares of the Australian indigenous tree, the eucalyptus, on pasture lands in the Adelaide District of South Australia State in Australia every year starting in 2003, with a plan to plant trees in a total of 10,000 hectares in 10 years. Sustainable forest management will be carried out by replanting trees after cutting the first-planted trees in order to contribute to conservation of the local environment and promotion of the local economy.

Company name: Adelaide Blue Gum Pty Ltd. (ABL)
 Investors: Mitsubishi Paper Mills Limited, Hokuetsu Paper Mills, Ltd., Tokyo Gas Co., Ltd., Nippon Yusen K.K., Chubu Electric Power Company, Inc., Mitsubishi Corporation, and AEON Co., Ltd.

Environmental Impacts Generated from Business Activities



< Our Goals >

We will continue our efforts to assess the wide-ranging environmental impacts related to all of our operations in detail and to cut the environmental load as much as possible.

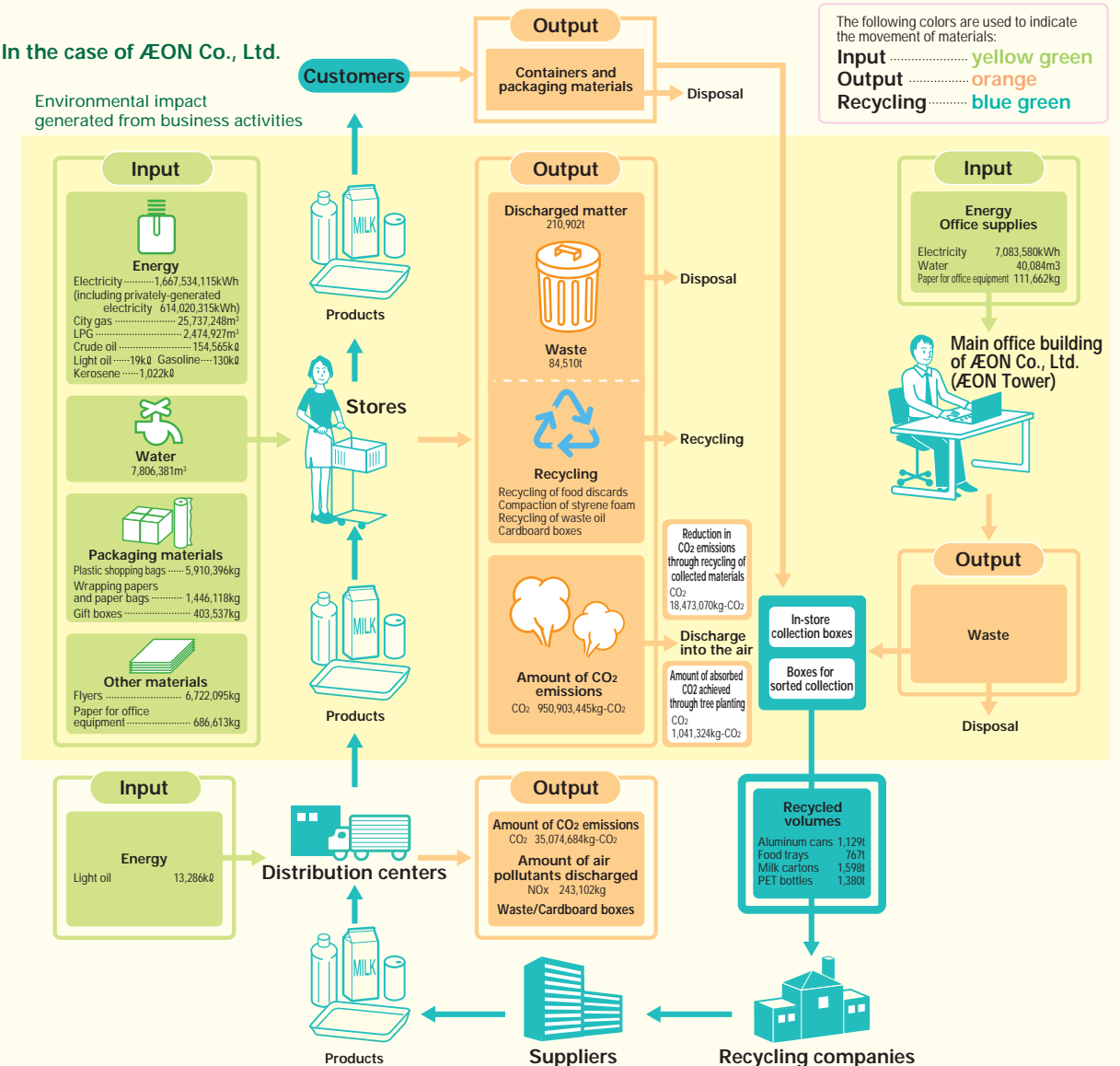
FY 2002 Status

[Companies engaged] AEON Co., Ltd., Kyushu JUSCO Co., Ltd., Ryukyuu JUSCO Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Nishinihon Co., Ltd., Nishikyushu Well Mart Co., Ltd., Diamond City Co., Ltd., AEON Mall Co., Ltd., AEON Credit Service Co., Ltd., Certo Co., Ltd., Food Supply JUSCO Co., Ltd., AIC Inc., and Yurin Co., Ltd.

We will gain precise understanding of the environmental load we account for in order to decrease the load.

The impact on the environment generated from business activities can be classified into that generated directly by our stores and offices and that generated indirectly by suppliers and by customers who use our products. In addition to the direct environmental impact, we at AEON consider it our responsibility to deal with the indirect impact arising from the manufacturing and delivery of products by suppliers as well as the packaging materials and food discards that are generated at our customers' homes. We will make every effort to minimize our consumption of resources including water, energy, and packaging materials, while reducing CO₂ emissions and promoting recycling. We will continue to correctly assess and reduce the impact of our operations on the environment.

In the case of AEON Co., Ltd.





3) AEON's Activities for the Local Communities and our Planet

Waste Reduction



< Our Goals >

To realize a recycling-oriented society, we will make exhaustive effort to reduce waste, promote recycling, and reuse recycled materials.

FY 2002 Status

[Companies engaged] AEON group companies

All employees take responsibility in reducing waste.

We have initiated various efforts in line with the "Waste Management Rules" established in April of 2000. The Rules were based on the following three principles: Reduce (minimizing the use of items that become waste), Reuse (maximizing the reuse of items), and Recycle (recycling

unusable items into raw materials or converting them into heat). By reviewing the waste and reusing what we can, we succeeded in reducing the amount of waste discarded. We also promote the use of returnable containers and encouraged suppliers to deliver clothing on hangers. Furthermore, we are working to increase employee awareness of their role to reduce waste.

[Waste Management Rules]

- 1 Implement daily work duties with the objective of reducing waste generation as much as possible.
- 2 Order only the required quantity of sales promotional items and materials.
- 3 Be especially careful to avoid the excessive use of containers, packaging and materials when selling a product, in consideration for the time when waste is generated at the customer's home.
- 4 Actively provide environmental information in the store.
- 5 Contact the relevant departments at the company headquarters when an excessive amount of waste is generated or anticipated, in order to prevent pollution and avoid its expansion.

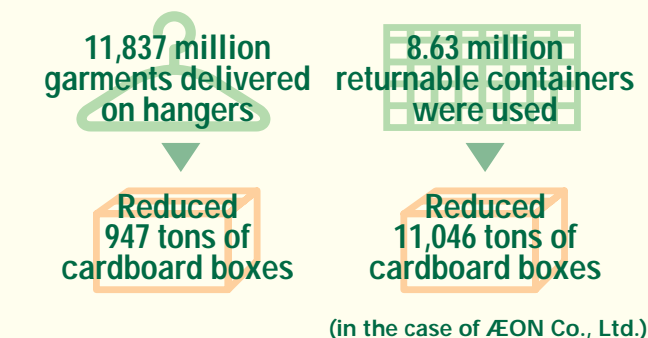
Survey of actual waste conditions in store operations (in the case of AEON Co., Ltd.)

Classification standard	Items		FY 2001 recycle rate 57.7%	FY 2002 recycle rate 59.9%
Cans and bottles	1 Cans	Aluminum cans/steel cans	Empty cans 67.7% Waste oil cans 18.2%	Empty cans 90.5% Waste oil cans 44.2%
	2 Bottles	Clear/brown/others	41.6%	46.9%
Cardboard boxes	3 Cardboard boxes	Cardboard boxes	100%	100%
Waste cooking oil	4 Waste cooking oil	Deep-frying oil (industrial waste)	100%	100%
	5 Paper	Newspapers/magazines/copy paper	36.6%	75.2%
Combustible waste	6 Food discards	Leftovers/unused parts of fish (fish bones)	14.6%	18.0%
	7 Miscellaneous refuse (Combustible waste that cannot be separated)	Unclassifiable flammable waste	0.0%	0.0%
Styrene foam	8 Styrene foam (industrial waste)	Boxes for transporting food products/packing materials	60.8%	75.3%
	9 Food trays	Containers for delicatessen, fish, meat, and vegetables (the contents are classified as food discards)		
Plastic waste	10 Plastic waste	Vinyl, discarded fixtures, etc.	Plastic hangers 13.9% Vinyl/plastic 4.6%	Plastic hangers 27.2% Vinyl/plastic 26.6%
	11 Bulky waste	Discarded household appliances, etc.	—	3.7%
Non-combustible waste	12 Fluorescent light tubes	Tubes used in stores (industrial waste)	0.0%	13.2%
	13 Batteries	Batteries used in stores	2.9%	9.9%
PET bottles	14 Non-combustible waste	Unclassifiable waste/pottery/glass/discarded furniture, etc	0.0%	18.9%
	PET bottles	PET bottles	41.6%	90.9%

Note: The FY 2001 survey was conducted on either Friday, July 27 or Friday, August 3 in 2001 at 268 JUSCO stores, 2 Maxvalu stores, and 34 Megamart stores. The garbage composter was used at 48 of these stores.
Note: The FY 2002 survey was conducted on either Friday, August 2 or Friday, August 9 in 2002 at 220 JUSCO stores, 52 Maxvalu stores, and 35 Megamart stores. The garbage composter was used at 48 of these stores.

We reduce waste by improving food transportation.

We use returnable containers to transport fruits and vegetables from farms and sell them individually or by weight. We also use reusable hangers to transport garments. As a result, the use of trays, packaging, and cardboard boxes for transportation has decreased. We have even succeeded in using returnable containers for imported banana transport, which was said to be impossible due to the difficulties in temperature adjustment and jostling problems. In addition, we have been using compactors to reduce and recycle styrene foam boxes used for packing fresh food. As of February 2003, there were 40 compactors in operation. AEON also recovers 100% of its waste cooking oil from stores and recycles it into soap, animal feed, and fertilizer.



We promote recycling through the installation of garbage composters.

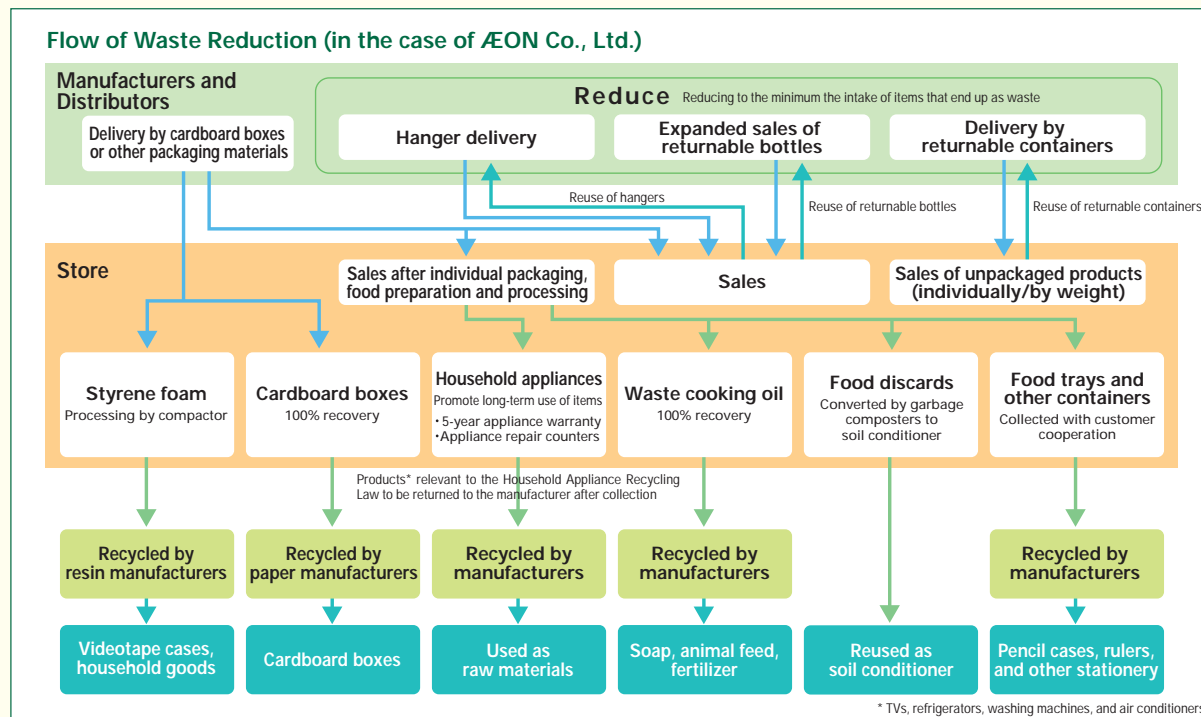
In addition to the effort to reduce the volume of food discards from unsold items, leftovers and the manufacturing process, we began installing garbage composters in 1994 to process food discards on-site at stores. As of February 20, 2003, AEON operates 74 composters and converts an average of 14.8 tons of food discards into compost daily. The resulting soil conditioner is given away free of charge to customers on the "Customer Appreciation Days," the 19th and 20th of each month.

We reduce discarded products by creating guidelines for selling out items.

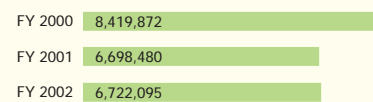
We have created separate guidelines for selling out of each food category of agricultural produce, fishery and livestock products, service deli, and daily bakery goods. A manual describes procedures to avoid running short of product or having leftovers by properly managing time in the kitchen and switching over to more popular processing methods as needed. Employee awareness is raised by clearly specifying rules to be observed for the preservation of freshness and high quality.

We encourage the use of returnable bottles.

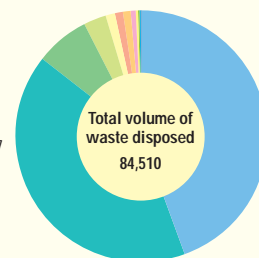
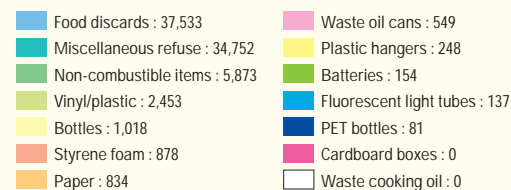
We have targeted a 40% increase in sales of bottled beer from 1998 sales levels by 2002. The system for collecting, washing, sanitizing, refilling and reselling beer bottles has been in place for some time and now about 99% are reused. In FY 2002, we have achieved 102.8% over the previous year.



Reduction in paper use by minimizing advertising flyers (unit: pieces of paper)



FY 2002 waste by category (at stores) (unit: tons)





3) AEON's Activities for the Local Communities and our Planet

Green Purchasing and Procurement



< Our Goals >

We will strive to reduce the impact on the Earth by constantly thinking about using only the necessary and least amount of items for a minimal environmental impact.

FY 2002 Status

[Companies engaged] AEON group companies

[Launch] FY 1996

[Result] Implemented Green Purchasing and Procurement for office materials, materials for packaging and sales, and construction materials.

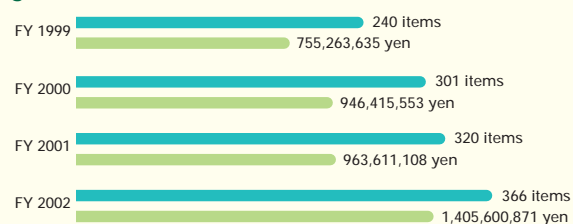
Taking a step further in the Green Purchasing and Procurement

AEON began Green Purchasing in 1996. We have been steadily making such effort as to place only the office supplies complying with the Green Purchasing Guidelines on the supply list, to use recycled PET bottle materials for the uniform, and to use 100% used paper for flyers, which may now seem to have become common awareness.

In FY 2001, we also launched Green Procurement for construction materials, and purchased 14 items including recycled stone concrete. The 100% recyclable textile flooring that reduces the use of adhesives by 75% has been used in many new stores after it was first used at the Mikawa Store in Yamagata Prefecture.



Changes in Green Purchase Amounts



Green Purchasing Guidelines (Criteria for product selection)

- Products with environmental labeling
- Products with environmental consideration for the manufacturing stage
 - Use of recycled, surplus, or waste materials
- Products with environmental consideration for use
 - Minimal consumption of resources or energy during use
 - Capable of repair, part replacement or refilling
 - Reduced use of packaging or packing materials
- Products with environmental consideration for the disposal or recycling stage
 - Classified waste, recyclable
 - Durability enabling long-term use
- Products that do not generate toxic substances at the use or disposal stage

We review whether each item is truly necessary.

Our effort to reduce environmental impact through Green Purchases would be meaningless if we used the items wastefully. For example, we introduced an "electronic conference" system for part of our meetings to abolish the use of paper in in-house meetings. We plan to adopt this system in many other meetings in the future.



Electronic conference screen

[Merits]

- No need to use paper
- No need to travel from various locations to the meeting place
- No need for transportation/accommodation fees
- Attendants can concentrate on the meeting
- Allows the participation of multiple attendants and accelerates the communication speed

Policy for FY 2003

We will make new attempts towards material procurement by making the most of the merit of scale from a strategic viewpoint that looks at the entire group.

Distribution System



< Our Goals >

Restructuring of our distribution network is one of the important pillars in AEON's management strategy. Our major goal is to outpace the global competition by dramatically revising the high-cost distribution structure. We will concurrently give consideration to the future of the environment by restraining the emissions of such gases as CO₂ and NO_x.

FY 2002 Status

[Companies engaged] GMS (in Japan) and supermarket operating companies

[Launch] FY 2001

[Result] 6 distribution centers opened

We are reorganizing the distribution centers and reviewing the system.

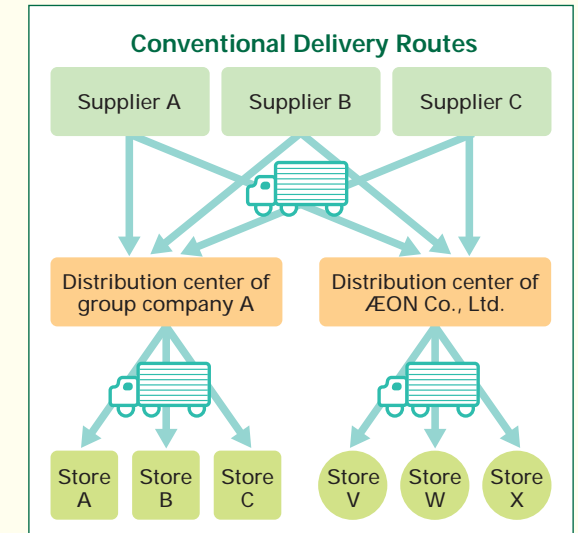
We will reorganize our distribution centers that have been scattered to 126 locations by FY 2004. We are streamlining delivery trucks and revising the delivery routes through a consolidation of distribution operations with other group companies to reduce delivery mileage and emissions of such gases as CO₂ and NO_x.

We opened distribution centers at 6 locations in FY 2002.

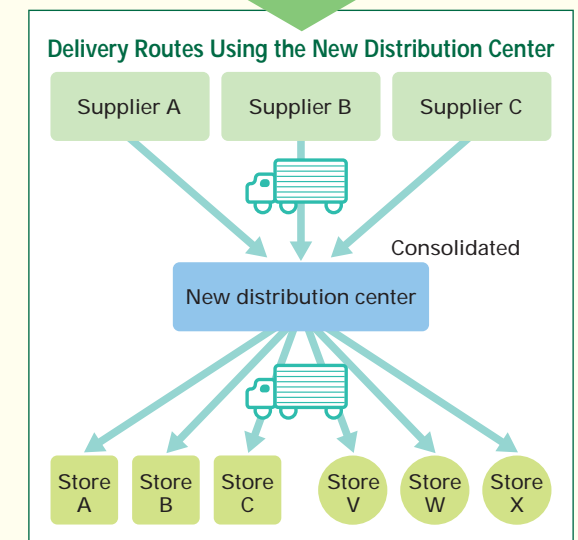
Starting with the opening of the Sendai Regional Distribution Center (RDC) in June 2001, we established new distribution centers at 6 locations in FY 2002. Since the opening of the new distribution centers, we have been verifying the changes in the number of trucks in operation on the center-supplier routes and center-store routes.

Various efforts are also made by the group companies.

Yurin Co., Ltd. has commenced an effort to increase the amount of load per truck to reduce the number of delivery trips, while Maxvalu Nishinohon Co., Ltd. started to review the delivery routes to cut down the fuel for the delivery. Ministop Co., Ltd. has been introducing natural gas (CNG) vehicles that emit less CO₂ since 1998.



Improvements



Policy for FY 2003

We will further reorganize and consolidate distribution centers by the end of FY 2003 to reduce the environmental load and delivery cost.

Report of the Environmental Accounting Results

Characteristics of FY 2001 Environmental Accounting	Future Directions
<p>① The figures are from the total of 4 companies: AEON Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., and Ryukyu JUSCO Co., Ltd.</p> <p>② The figures for the above individual companies are available on the AEON Web site.</p> <p>③ The items were categorized according to the environmental targets of ISO 14001 to make them an integral part of the environmental management system.</p> <p>④ As for the monetary effect, only the real economic effects were calculated. Deemed effects, such as the risk aversion, were not included.</p>	<p>① The report for this year only covers the results of 4 companies, but we will increase the number of group companies to be reported in the future.</p>

FY 2002 Environmental Accounting Calculation Standards		Accounting period: one-year period from February 21, 2002 to February 20, 2003; companies: AEON Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., and Ryukyu JUSCO Co., Ltd.; unit: million yen	
Calculation Standards for the Environmental Conservation Costs		Standards for Posting the Economic Effect	
① Compound Cost	Calculation of compound costs, which include costs not related to environmental purposes, are carried out in the following order of priorities: (1) add up the differences; (2) add up the proportional divisions (use common sense to divide the compound cost among the items of expenses); (3) add by the rule of thumb (use in the personnel expenses item); and (4) add up the total and provide a special note.	① Reduction effect of energy conservation measures	The (estimated) reduction effect in annual electricity consumption of investments made in equipment that reduce impact on the environment was added.
② Personnel expenses	The personnel expenses of departments and sections directly engaged in environmental conservation activities (Environmental & Social Contribution Department and those in charge of ISO promotion) are added up (added at a 50% rate when the person in charge has other job duties).	② Reduction effect of water conservation measures	The (estimated) reduction effect in annual water consumption of investment made in water-saving equipment was added.
③ Investment	The amounts of investment for equipment and facilities related to the reduction of environmental burden during the accounting period (acquisition price in the case of leasing) are added.	③ Reduction effect from the use of fewer and thinner shopping bags	The total of (no. of stamp cards collected x 20 x no. of bags per shopping x unit price of a plastic shopping bag) (Rate of customers who bring their own shopping bags = no. of stamp cards collected x 20 / no. of customers checking out at food registers)
④ Depreciation expenses	Depreciation expenses for FY 2002 were not added due to difficulties in calculating the figures from past asset registers and the fact that the method for calculating the cumulative total of depreciation has not yet been established.	④ Reduction effect from the use of fewer cardboard boxes due to the use of returnable containers and reusable hangers for deliveries	The reduction cost is calculated by the amount of decrease in the weight (kg) of cardboard boxes that are replaced by returnable containers and reusable hangers in deliveries. (Cost for treating municipal waste is 14.4 yen/kg.)
⑤ Development cost for environmentally conscious products and SELF+SERVICE	The development cost includes the personnel expenses for staff in charge of the development of environmentally conscious products (the proportions are added up according to the ratio of the staff's engagement in such work), expenses for monitoring surveys of the products, and expenses for the products' packaging design. The development cost of SELF+SERVICE includes the personnel expenses for the headquarters' staff and fees for the design consultants.	⑤ Income from in-store recycling activities	Income from the sales of valuable materials (milk cartons and aluminum cans) derived from in-store recycling activities is included in the calculation. Based on the survey of individual stores, the average unit sales price (excluding donations) was 4.7 yen/kg for milk cartons and 20.6 yen/kg for aluminum cans.

Objectives and Targets for FY 2002		Description of Initiative	Environmental Conservation Costs		Environmental Conservation Effects		Company names listed in the order of acquisition of ISO 14001 certification				Details of Activities
			Investment in 2002	Expenses in 2002	Economic Effect in 2002	Result of Activities (Activities that do not indicate a company name are those of AEON Co., Ltd.)	AEON Co., Ltd.	Maxvalu Tohoku Co., Ltd.	Maxvalu Chubu Co., Ltd.	Ryukyu JUSCO Co., Ltd.	
Provision of environmentally conscious products	Development and sales of environmentally conscious products	Expand the development and sales of the environmentally conscious TOPVALU Kyokan Sengen brand products				The sales amount of environmentally conscious products in FY 2002, including TOPVALU Kyokan Sengen, TOPVALU Green Eye, and SELF+SERVICE, totaled 29.47 billion yen, or 1.88% of the total sales. SELF+SERVICE opened 7 new stores in FY 2002, to bring the total number of stores to 24. The sales amount was 1 billion yen for Maxvalu Chubu Co., Ltd., and 85.5 million yen for Ryukyu JUSCO Co., Ltd.	○	○	○	○	P11~P14, P19
	Development and sales of TOPVALU Green Eye products	Expand the development and sales of TOPVALU Green Eye products; increase contracted production sites		45			○	○	○	○	
	Development of SELF + SERVICE stores	Develop and expand the SELF + SERVICE stores		132			○				
Initiatives for energy and resource conservation	Reduction in electricity consumption	Install energy-saving equipment	302		84	In FY 2002, an energy-saving system was introduced to 19 stores (44 stores in FY 2001). The reduction in electricity consumption resulting from this system was 2.1 million kWh (6.3 million kWh in FY 2001). Night shutters were installed at 36 stores (60 stores in FY 2001). The reduction in electricity consumption was 0.6 million kWh (2.2 million kWh in FY 2001).	○	○	○	○	P42
	Reduction in water consumption	Install water-saving facilities and rainwater utilization systems	27	15	61	The water-conservation equipment using water-saving valves was installed at 40 stores in FY 2002, resulting in the conservation of 23,000 m3 of water (87 stores and 79,000m3 in FY 2001). A system for utilizing rainwater was not installed at any stores (1 store, resulting in the conservation of 9,000 m3, in FY 2001).	○	○	○	○	
	Reduction in the consumption of copy paper and office paper	Utilize e-mail and promote two-sided copying					○				—
	Increase in the number of customers who bring their own shopping bags	Step up the promotion of the Bring Your Own Shopping Bag campaign and the My Basket, My Bag campaign		189	110	Implementation of the My Bag, My Basket campaign helped improve the number of customers who bring their own shopping bags to 6.7% (5.3% in FY 2001). The reduction in the use of plastic shopping bags amounted to 57.9 million bags that year (42.69 million bags in FY 2001).	○	○	○	○	P38~P39
	Reduction in the use of plastic shopping bags	Reduce waste by reducing the thickness of plastic shopping bags					○				—
	Increase in efficiency of the distribution system	Increase efficiency of delivery routes, reduce the number of deliveries, and increase loading efficiency				No thinner plastic shopping bags were introduced in FY 2002.	○				P47
Initiatives for waste reduction and reutilization	Promotion of waste separation	Promote recycling by installing garbage composters	99	3	1		○				P45
		Promote recycling by installing styrene foam compactors	11			In FY 2002, AEON introduced garbage composters to another 7 stores (5 stores in FY 2001) and treated 245 tons of composted soil. In total, 74 stores have such equipment installed, and the overall amount of composted soil treated was 5,408 tons (5,091 tons in FY 2001).	○		○		
	Reduction in the use of cardboard boxes at stores	Reduce the use of cardboard boxes by utilizing returnable containers			163	In FY 2002, 3 units of styrene foam compactors were installed (6 units were installed in FY 2001) and 4 tons of styrene foam were treated. In total, 40 units have been installed. Maxvalu Chubu Co., Ltd. also added 1 unit to make it a total of 2 units.	○		○		
		Reduce the use of cardboard boxes by delivering garments on reusable hangers			14	The use of 8.6 million cases of returnable containers (6.8 million cases in FY 2001) reduced 11,046 tons (8,699 tons in FY 2001) from the amount of cardboard boxes being disposed of by the stores.	○			○	
Promotion of in-store recycling activities	Promote in-store recycling activities		155	25	The use of reusable hangers for the delivery of 11.84 million garments (11.48 million in FY 2001) reduced 947 tons (918 tons in FY 2001) from the amount of cardboard boxes being disposed of by the stores.	○	○	○	○	P40	
Green purchasing	Formulation and implementation of green purchasing standards	Formulate and implement green purchasing standards				The collection totals for recycling were as follows: aluminum cans 1,129 tons (938 tons in FY 2001), milk cartons 1,598 tons (1,422 tons in FY 2001), food trays 767 tons (758 tons in FY 2001), and PET bottles 1,380 tons (1,030 tons in FY 2001).	○	○	○	○	P46
Tree-planting activities	Continued implementation of AEON Hometown Forests Program	Implement the AEON Hometown Forests Program in the cooperation of local community	225	166		Green purchasing standards were implemented in the purchase of 366 items (320 items in FY 2001) of office supplies, totaling 1.405 billion yen (964 million yen in FY 2001), and 14 items of construction materials, including tiles made of waste materials, recycled carpets, etc.	○	○	○	○	P36~P37
Compliance with legal regulations		Measure soot and smoke, and test water quality; implement measures to comply with the Container and Packaging Recycling Law		332		It is now an established activity to plant the saplings of native species with local customers at shopping centers and distribution centers in Japan and overseas. In FY 2002, 212,000 trees (205,000 trees in FY 2001) were planted at 17 sites, costing 372 million yen. As of the end of FY 2002, a cumulative total of 4.56 million trees have been planted.	○	○	○	○	P44~P45
		Treat municipal waste from business operations properly		2,616		248 million yen was paid (231 million yen in FY 2001) in fees for commissioning contractors to perform remanufacturing mandated by the Container and Packaging Recycling Law (415 million yen for FY 2002 minus 167 million yen refunds from the FY 2001 adjustment). For the prevention of air and water pollution, a measurement for soot and smoke and a water inspection were carried out.	○	○	○	○	
		Treat industrial waste properly using the manifest system		1,135		These are expenses for properly treating the waste disposed of by stores and business offices incurred by commissioning contractors to treat municipal waste that results from business activities.	○	○	○	○	
Voluntary measures for pollution prevention		Take voluntary initiatives to prevent the pollution of air, water, and soil, and to prevent ground subsidence, foul odors, and light pollution	144	315		These are expenses for commissioning contractors to treat industrial waste disposed of by stores and business offices (132,000 items, such as household electric appliances and furniture, were handled, costing 306 million yen; likewise, approximately 7,800 items were handled, costing 26 million yen, at Ryukyu JUSCO Co., Ltd.).	○	○	○	○	—
Community-based environmental communication activities		Carry out activities to protect nature and to improve and maintain scenery		10		These are expenses for major initiatives such as building banks to block oil coming from delicatessen sections; installing, inspecting, and cleaning grease traps; installing air-conditioning at the depository room for food discards; inspecting underground tanks for leakage, etc.	○	○	○	○	P27
		Carry out environmental activities with local community		47		These include expenses for the Clean Activities undertaken on AEON Day, the 11th of each month.	○	○		○	P30, P32
		Disclose environmental information		936		These are expenses for AEON Junior Eco-Club activities (154 organizations and 3,510 members), ecological musical (performed in 7 cities), and exhibitions of children's eco-pictures, etc.	○		○	○	—
		Give donations to environmental protection organizations and support their activities		48		These are expenses for disclosing environmental information, such as producing television commercials for environmentally conscious products and hosting environmental exhibitions, as well as preparing and publishing the environmental report and environmental Web site.	○		○	○	P28~P29
Maintenance and management costs for environmental conservation activities		Provide employees with environmental education		5		These are expenses for the AEON Happy Yellow Receipt Campaign, including materials for making the depository boxes and presentation boards (1.02 million yen). In September 2002 and March 2003, products worth a total of 29.17 million yen were donated to local volunteer organizations (2,637 organizations) in the communities around the stores.	○	○	○	○	—
		Maintain and administer the environmental management system		24		In order to increase the environmental awareness of employees and to facilitate the operations of the environmental management system, we invited outside instructors to host a seminar for Training Internal Environmental Auditors, providing training for 154 internal environmental auditors in FY 2002 (179 people in FY 2001). There are 561 internal environmental auditors in total.	○	○	○	○	
		Cover personnel expenses for administering environmental conservation activities		237		These are fees for the surveillance (regular audit) conducted in June 2002 and expenses for educational materials used for promoting ISO.	○	○	○	○	
Cost for rehabilitating environmental damages		Enact measures to tackle soil pollution and the destruction of nature		3		These represent personnel expenses for employees in charge of the environmental and social contribution activities and ISO promotion at the company headquarters, as well as employees in charge of environmental activities and ISO promotion at various other companies and operation headquarters. ●There were 3 incidents of cooking oil leakage, all of which were dealt with within the AEON sites before the leakage went beyond the sites. ●There were 3 incidents of sewage water leakage from water-purifier tanks. ●Approximately 90 liters of lubricating oil leaked from a store's private electric generator due to engine failure, but the oil was completely absorbed and collected within the store's site.	○		○		P25

Report of Aeon's ISO 14001 Targets and Performance

Targets and Performance of Aeon Co., Ltd.

◎=Achieved △= Did not achieve but will continue to make efforts

Environmental policies	Environmental objectives (to be achieved by the end of FY 2002)	Targets for FY 2002	Performance in FY 2001	
1. Efforts to provide environmentally conscious products	Development and sales of environmentally conscious products	Home fashion, non-foods, books, and stationery	TOPVALU Kyokan Sengen: 2.38 billion yen 99.1% △	
		Agricultural products	TOPVALU Green Eye: 27.04 billion yen 98.3% △	
		SELF+SERVICE	SELF+SERVICE: 830 million yen 86.5% △	
		Total	Total sales: 30.25 billion yen (1.93% of overall sales) 92.4% △	
	Establishment of environmentally conscious standards for private brand containers and packaging materials	Indication of the container/packaging "material" and the "identification mark" under the law on all private brand products	All-out efforts made to indicate the identification marks	109.3% ◎
		Use of cardboard boxes made with 80% or more recycled paper for the packaging of 95% or more of all private brand products		97.8% △
	Promotion of environmentally conscious sales methods	Achieve 50% of agricultural products sales through unpackaged produce sales	43.0%	85.9% △
		Increase of fishery product delivery without the use of styrene foam containers to 100 items	Achieved 100 items	101.0% ◎
		Introduction of recyclable mannequins at 50 more stores	Introduced at 50 stores	100.0% ◎
		Optional target for stores	Enhanced management of forms for the manifest system in conjunction with the enactment of the Home Appliances Recycling Law Implementation verified by internal audit	—
	Achievement of 1.4% shares of products with a 5-year warranty in total home appliances sales	1.23%	87.9% △	
2. Initiatives for energy and resource conservation and waste reduction	Promotion of energy conservation	2% reduction in electricity consumption compared to FY 2001; basic unit: 48.9wh/m ² .h	Basic unit: 44.0 wh/m ² .h 90.0% ◎	
		2% reduction in water consumption compared to FY 2001; basic unit: 232.8cc/m ² .h	Basic unit: 204.1 cc/m ² .h 87.7% ◎	
	Promotion of resource conservation	Strict implementation of the rules for office paper use; identification of the precise amount of use	174,036,250 pieces used	—
		10% reduction in Administration Center printouts; 39.84 million pieces	46,945,599 pieces output	117.8% △
		Maintenance of the same level of copy counter use as FY 2001; 95,715,221 pieces	96,590,285 pieces used	100.9% △
		20% increase in the collection of stamped cards compared to FY 2001 (achievement of 6.5% in the rate of customers bringing their own shopping bags)	32.5% increase in the collection of stamped cards compared to FY 2001 (rate of customers bringing their own shopping bags: 6.7%)	102.9% ◎
	5% reduction in the use of plastic shopping bags compared to FY 2001; 345.5 kg/100 million yen sales	342 kg used	102.5% △	
3. Initiatives for reutilization, recycling, and green-purchasing toward building a recycling-oriented society	Promotion of waste separation activities at stores to reduce waste	Recycling trays of discarded products and milk cartons	Milk cartons recycled at 151 stores and food trays at 195 stores △	
		Optional target for stores	Achievement of a 17% recycling rate for food discards 139.4% ◎	
	Promotion of resource recovery activities at stores to reduce waste generated from homes	Optional target for stores	Management of the actual collected amounts or increase in the collected amounts	Aluminum cans: 1,088,870 kg; 116.1% compared to FY 2001 (on an all-store basis) ◎ Milk cartons: 1,546,197 kg; 107.6% compared to FY 2001 (on an all-store basis) ◎ Food trays: 779,037 kg; 103.2% compared to FY 2001 (on an all-store basis) ◎
			Annual use of 7.5 million returnable containers	8.63 million cases 115.0% ◎
			Achievement of use of reusable hangers for delivery of 13 million garment items	11,837,521 items 91.1% △
		Formulation of green purchasing standards; implementation and expansion of green purchasing	Materials obtained through green procurement, such as recycled crushed concrete, used for the construction of new stores	—
4. Cutting down of CO ₂ emission to prevent global warming	Promotion of increased efficiency in the distribution system	2% reduction in the mileage of delivery vehicles compared to FY 2001 (basic unit)	Mileage: 46,500,530 km; increased 9.4% from FY 2001 111.6% △	
		2% reduction in CO ₂ emissions per 1m ² floor space for a single opening hour compared with FY 2001; 30.32g/m ² .h	Basic unit: 24.31 g/m ² .h 80.1% ◎	
5. Promotion of tree-planting activities with the cooperation of local communities	Continued implementation of Aeon Hometown Forests Program	Planting of 220,000 trees at 14 locations	212,000 trees planted at 17 locations 96.4% △	
		Optional target for stores	Increase in the Junior Eco-Club membership Membership: 3,510 (increased 12% over FY 2001); 154 clubs — ◎	

* Targets and Performance are on comparable store basis.

Environmental Policies	Environmental objectives (to be achieved by the end of FY 2005)	Targets for FY 2003
1. Efforts to provide environmentally conscious products	Sales of environmentally conscious products for 3.0% of overall sales	Sales of environmentally conscious products for 2.0% of overall sales; formulation of new standards for environmental consciousness
	Reduction in the amount of plastic packages and containers used for TOPVALU products (basic unit)	Launch of experimentation toward reducing the amount of plastic packages and containers used for TOPVALU products
2. Initiatives for energy and resource conservation and waste reduction	5% reduction in electricity consumption compared to FY 2002 (basic unit)	2.0% reduction compared to FY 2002
	2% weight reduction in plastic/paper packaging materials compared to FY 2002	0.5% reduction compared to FY 2002
	Achievement of 30% in the rate of customers bringing their own shopping bags	Achievement of 14.5% in the rate of customers bringing their own shopping bags
	20% reduction in the amount of sales losses from discarding products compared to FY 2002	5% reduction compared to FY 2002
	Achievement of 30% in the recycling rate for food discards	Achievement of 25% in the recycling rate for food discards
	Introduction of the measurement and separation of waste at the model stores of regional companies, Maxvalue, and Megamart (6 stores) to prepare for the introduction in all stores	Selection of 3 pilot stores in the Kanto area and establishment of a system model including man-hours.
	20% reduction in the amount of paper waste compared to FY 2002	Promotion of "less paper" efforts within the headquarters based on the initiatives of the Working Style Reform Meeting
3. Initiatives for reutilization, recycling, and green purchasing toward building a recycling-oriented society	Introduction of returnable containers for fishery products and curbing of waste styrene foam	Use of returnable containers for 30 fishery products items (introduced to Kanto Regional Company in the second half term)
	Implementation of paper recycling at all offices (headquarters, regional companies, and stores)	Identification of the actual amounts recycled at all offices (headquarters, regional companies, and stores), and ensuring implementation at every single office
	Increase of construction material items subject to green procurement	Use of 10% or more of specific materials acquired through green procurement (7 items) where these materials can be used in constructing new stores
	Establishment of ecological stores standards	Further adoption of environmental considerations at stores (e.g., rooftop greenery, reutilization of rainwater)
	Further expansion of green purchasing	Clarification of the Aeon Green Purchasing standards, and only listing items that comply with the standards on the office supply order list (except when no compliant item is available)
4. Cutting down of CO ₂ emissions to prevent global warming	5% reduction of CO ₂ emissions compared to FY 2002 (basic unit)	Formulation of an anti-global-warming vision
	100% replacement of delivery vehicles to those clearing the diesel regulations	100% introduction of regulation-clearing vehicles to the Kanto area (Tokyo, Kanagawa, Chiba, and Saitama); introduction of a cumulative total of 15 natural gas vehicles
5. Promotion of tree-planting activities with the cooperation of local communities	Continued implementation of Aeon Hometown Forests Program	Planting of 330,000 trees at 30 locations (23 stores and 7 distribution centers)
6. Promising compliance to law and abiding by any requests that the company has decided to take on	Establishment of system to prevent soil pollution	Formulation of a policy, decision and implementation of measures, and establishment of a verification process

Summary of Activities in FY 2002

Three years have passed since Aeon Co., Ltd. was certified to ISO 14001. The most prominent achievement was that we were able to form a footing for all of Aeon to conduct not merely temporary, but organized and continuous environment conservation activities. While we have always placed importance on carrying out environment conservation activities "together with customers," we take the same attitude in promoting ISO. At the regular examination in 2002, the independent efforts made at the respective stores where we directly interact with our customers were highly regarded. This must be a sign that Aeon's Basic Principles have penetrated into the promotion of ISO and that environment conservation activities have taken root. In FY 2002, we dramatically reviewed our approach, centering on a "change in awareness and a change of action" among individual employees. The weight has been shifted from company-wide activities to activities based on the "original operations" of the respective divisions and stores with the aim of having all employees "engage in environment conservation activities as part of their work." Unfortunately, however, FY 2002 was a year in which environmental accidents occurred at Aeon stores, some of which had adverse effects on the local environment. We immediately introduced fundamental measures for preventing recurrences, but we truly regret that these incidents ever occurred in the first place. As for compliance with law and risk management, we will share information and strive to make further improvements, considering them as Aeon's common issues. In line with the shift to an operating holding company in 2003, we will aim to establish an environment conservation activity system for the entire group. From company-based environmental management systems to an Aeon-wide environmental management system - a system where the individual companies reduce environmental load through means suitable for the respective industry and operations with ISO 14001 as the common tool and under the same principles, objectives, and goals; and further developing the management system to also encompass social responsibility. Aeon employees will join together to work toward this new goal.



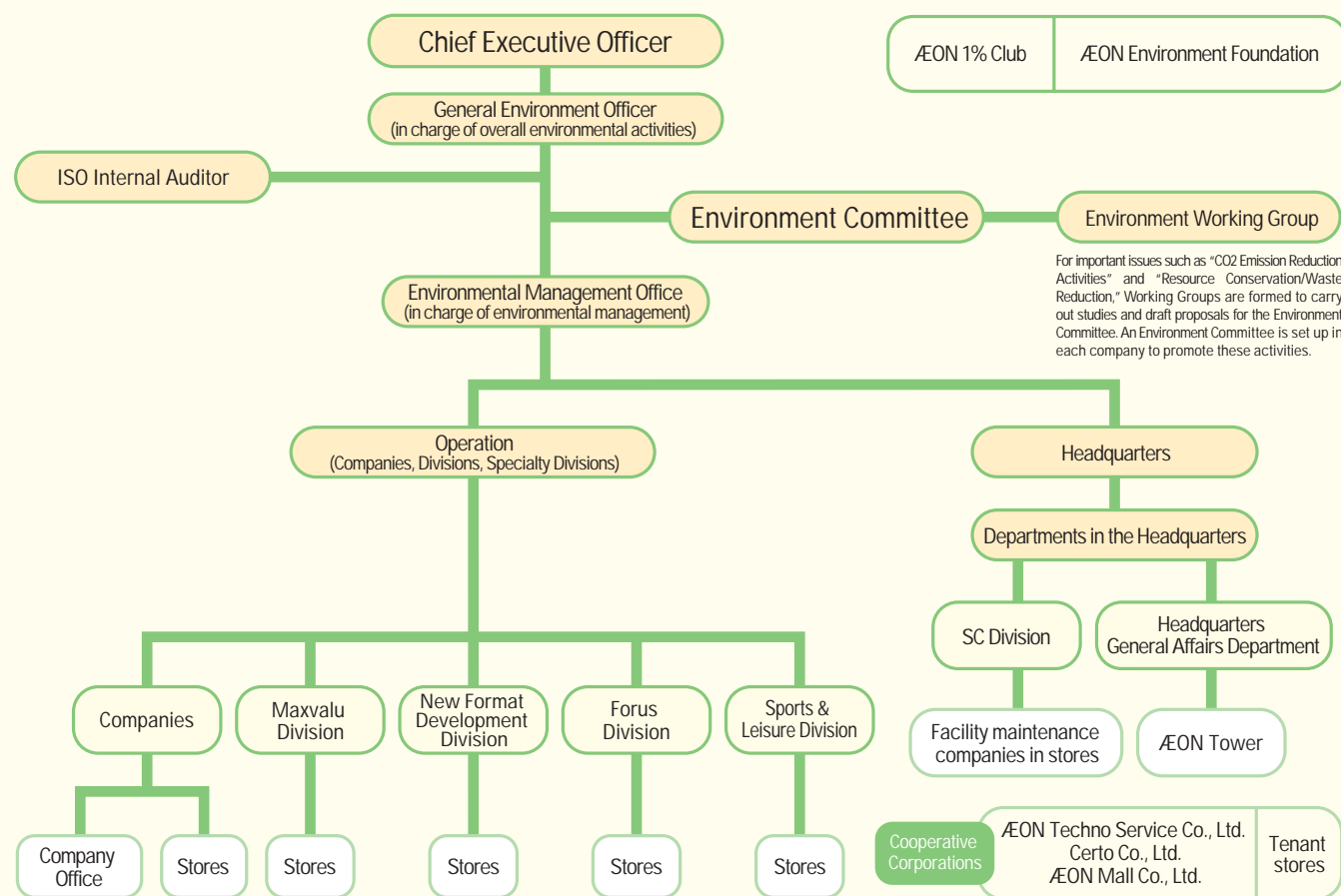
Naoki Hayashi
Managing Director in charge of environmental management

ÆON Environmental Management Promotion System

We aim at promoting group-wide environmental management.

At ÆON, environmental conservation activities are considered an important management agenda, and we have created an environmental management promotion system that combines business activities with environmental activities. The number of companies certified to ISO 14001, which is the international standard for environmental management systems, has become 14 as of February 20, 2003. We have been making an effort to reduce the environmental load by setting up an environmental management system lead by the company president in each company, establishing an Environment Committee in the group as an organ for deliberating environmental problems, and assigning tasks to individual companies according to their industries and operations. Furthermore, the Environment Committee is attended by group companies' directors to make the committee decisions shared within the whole group a consistent ÆON policy. While sharing common goals, philosophies, and systems, we will respect the uniqueness of the individual companies in promoting environmental conservation activities.

Environmental Management Organization (In the case of ÆON Co., Ltd.)



The following companies are certified to ISO 14001 (in the order of certification)

ÆON Co., Ltd.	ISO14001
Maxvalu Tohoku Co., Ltd.	ISO14001
Quality Control Center Co., Ltd.	ISO9002
Certo Co., Ltd.	ISO14001
Food Supply JUSCO Co., Ltd.	ISO14001
Maxvalu Nishinoh Co., Ltd.	ISO14001
Diamond City Co., Ltd.	ISO14001
Maxvalu Chubu Co., Ltd.	ISO9001 / ISO14001
AIC Inc.	ISO14001
ÆON Mall Co., Ltd.	ISO14001
Kyushu JUSCO Co., Ltd.	ISO14001
ÆON Credit Service Co., Ltd.	ISO9001 / ISO14001
Yurin Co., Ltd.	ISO14001
Ryukyu JUSCO Co., Ltd.	ISO14001
ÆON Techno Service Co., Ltd.	ISO9002
Nishikyushu Well Mart Co., Ltd.	ISO14001

Evaluation by a Third Person

Comments on the ÆON Environmental and Social Report 2003



Prof. Akio Morishima
Chair of the Board of Directors
Institute for Global Environmental Strategies

Starting from this FY 2003 report, the title has changed from "ÆON Environmental Report" to "ÆON Environmental and Social Report" with a subtitle, "Sustainability Report." It is well-known that the term "sustainability" was used in the UN Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, 10 years ago. Since the progressive depletion of resources around the world and destruction of the natural environment caused by mass production and mass consumption in the 20th century are great risks to the future survival of mankind, the need to create a sustainable economy and society that achieve balance between environmental conservation and development was advocated. Furthermore, in the World Summit on Sustainable Development (WSSD) held in Johannesburg, South Africa, in 2002, there were calls for not only environmental conservation, but also changes in the social systems.

I highly value this FY 2003 report as a clear expression of ÆON's attitude to place importance on not only environmental conservation, but also social contribution, in response to such a global trend. The particularly notable point is that ÆON emphasizes its policy to act "together with customers" more strongly than in its previous reports. It is important to aim at open management, develop reliable products, and engage in social contribution activities "together with customers."

The most effective way for ÆON, whose main operation is retailing, to contribute to building a sustainable society is to

provide safe and environment-friendly products to customers and help customers choose environment-friendly, recycling-oriented lifestyles. In order for customers to make such choices, the employees at the stores must have sufficient knowledge and be able to provide explanations to customers as required.

Every year, I visit ÆON stores to inspect how the ÆON's Basic Principles are actually permeated at the stores, and this year was no exception (though it was only the Kyoto-Rakunan Store this year).

I find the number of TOPVALU products – ÆON's private brand focusing on safety, environmental conservation, and recycling – increasing every year. They take up a large part of the store space and are often displayed at very eye-catching locations. The employees at the store recognize those products as their private brand, and I also heard that they were selling extremely well. The TOPVALU brand, consisting of such sub-brands as "Kyokan Sengen," "Green Eye" and "SELECT," is designed fashionably, so I asked some customers whether they paid attention to the environmental friendliness of the product or safety of the food in choosing TOPVALU. As a result, I could not get clear answers for clothing, but I found customers selecting TOPVALU foods for their "safety."

I also witnessed the store's positive efforts to reduce/process waste and collect food trays and other resources. From the viewpoint of an "Environmental and Social Report," I also highly regard ÆON's effort to introduce level (barrier-free) passages usable by wheelchairs at stores, which appeared for the first time in this year's report. The store I inspected was also a friendly, barrier-free store. Evaluating ÆON's environmental activities for my fifth year, I am very happy to see ÆON's sustainable management policy gradually being put into practice at the stores. I expect the group to further strengthen employee education and achieve even closer communication with customers in the future.

March 31, 2003





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ÆON Co., Ltd. is certified to ISO 14001,
an international standard for
environmental management systems.

Please use the contact information below for any enquiries and comments on this report or our environmental and social activities.

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