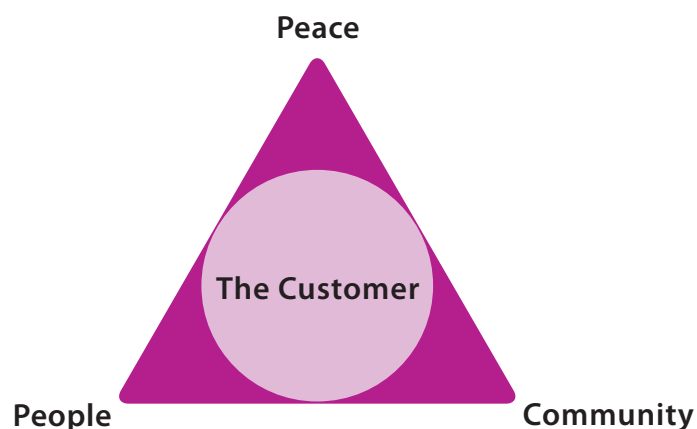


Aeon Environmental and Social Report 2011



Aeon Basic Principles



The word aeon (Aeon) has its origins
in a Latin root meaning "eternity."

**Aeon abides by the unchanging principles of
"pursuing peace, respecting humanity and contributing to local communities,
centered on customers."**

**The "Aeon Commitment" was established to help us implement these
principles and to guide us in our practice of the Customer-First philosophy.**

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

[People]: Aeon is a corporate group that respects human dignity and values personal relationships.

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

Aeon Commitment

We hope to create a future of limitless promise
by transforming daily life through our open, dynamic approach.

Editorial Policy

This report reports on characteristic initiatives of Aeon Group companies, primarily for the General Merchandising Store Business and Supermarket Business.

This report presents both environmental and social initiatives of Aeon Group companies, focusing on pure holding company Aeon Co.,Ltd. and the General Merchandising Store and Supermarket Businesses. Initiatives included in the report have been selected based on the level of public interest, the level of emphasis by Aeon and other factors. They include environmental conservation activities and social contribution activities conducted together with customers as well as initiatives conducted through products and at stores.

•Report Period

FY2010 (March 1, 2010 – February 28, 2011)*

*For operating companies with different fiscal years, the relevant time periods are indicated on each report section.

•Scope of Report

This report covers the 180 companies (as of February 28, 2011) that share the Aeon philosophy, centering on pure holding company Aeon Co.,Ltd., and the General Merchandising Store and Supermarket Businesses. "Aeon" in this report refers to overall scope. When a section applies to only certain operating companies, it is indicated as such.

•Target Audience

Our customers, shareholders, students, local residents who live in the neighborhood of the stores of the group, business partners, NPOs, NGOs, government, investors and Aeon people (Aeon employees)

•Reference Guidelines

Global Reporting Initiative (GRI)
Sustainability Reporting Guidelines (G3)
Environmental Reporting Guidelines (FY2007 Version),
Ministry of the Environment of Japan
Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan

Disclaimer

This report contains plans and strategies for the future of Aeon Group, as well as predictions and prospects regarding our performance. Such information is based on our determinations and convictions made based in accordance with the facts and information currently available to us.

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Executing sustainable management that balances Group growth with the development of society



Motoya Okada President
Aeon Co., Ltd.

岡田元也

Assisting disaster-stricken areas by remembering our core commitments to peace, people and community

We would like to express our deepest sympathies for all those who have suffered from the Great East Japan Earthquake. To do our part in overcoming this national tragedy, we at the Aeon Group will muster all of the resources at our disposal to steadfastly support efforts to rebuild and restore communities and livelihoods in the stricken areas.

As we undertake relief efforts, we believe it is essential to practice our basic principles. That means pursuing peace through prosperity for our customers, contributing to the development of the communities in which our customers live, and, as people, taking actions that are good for our customers.

When we started operating in front of stores and through emergency shops on rooftop parking lots in the aftermath of the disaster, when our stores in disaster-stricken areas served as emergency shelters for neighboring residents, and when we delivered emergency supplies from throughout the country to local governments, I noticed that people were smiling and those smiles reminded me of our basic role as a retailer in promoting peace through prosperity and contributing to the development

of communities. Furthermore, the initiative taken by Aeon people (Aeon employees) to organize immediate responses to the disaster and help the communities they serve—for example, by guiding people to shelter and reopening stores as quickly as possible—reaffirmed my belief in the potential of retailing as a business made possible by the cooperative efforts of individuals.

Launching the medium-term management plan in response to the three underlying megatrends

In October 2010, Aeon instituted an all-new medium-term management plan.

The formulation of this medium-term management plan takes into account Aeon 10 years into the future with a focus on the three underlying megatrends that will drive global changes in our operating environment. These megatrends include an “economic shift to Asia,” which will produce a new billion strong middle class in South Korea, China, Vietnam and India, “shift in population to urban areas,” in which urban areas with populations exceeding 10 million will double, and “shift to aging populations,” in which the population of persons 65 and older will increase by 1.4 times.

We have also established three growth strategies that will be used to capture growth opportunities resulting from these changes in our operating environment. These strategies include “strengthen our presence in Asian markets,” which focuses on working together as a Group to develop markets in China and the ASEAN region, “enhance our share in major urban markets,” which aims to multiply our stores, establish new operating formats and expand upon business opportunities in major urban areas, and “achieve a top share in senior markets,” which focuses on products, sales floors and services that are senior-friendly.

We stand committed to placing these strategies into action in order to help raise living standards for consumers in China and Asia, enhance the convenience of consumers in major urban areas, and promote comfortable environments where senior citizens can shop with peace of mind.

Established the Aeon Sustainability Principle as a means to sustainably developing society

In order to continue our contributions to society as a growth company, Aeon must not only execute its management plans, but also strengthen its CSR activities further under the aim of helping sustainably develop society. This is because, going forward, our customers in China and the entire Asian region will continue to

grow in number, while our supply chain, including procurement partners, continues to become more globalized, meaning the number of stakeholders affected by Aeon's business activities will grow more and more.

Under this awareness, we drew up the Aeon Supplier Code of Conduct, which has enabled us to work together with the supply chain, including our manufacturing partners, to pursue environmental conservation activities and establish appropriate working conditions. Moreover, international frameworks are at the heart of our management. In 2004, Aeon became Japan's first retailer to sign on to the United Nations Global Compact, a set of 10 principles laid out by the UN on human rights, labor, the environment and anti-corruption. We were also the first to acquire SA8000 certification, an international standard on protecting human rights in the labor market.

In addition, we need a CSR strategy that is integrated with our Group management strategy in order to continue to grow together with our stakeholders and local communities over the long term. To this end, together with formulating the medium-term management plan in October 2010, we formulated the Aeon Sustainability Principle in March 2011 that defines CSR activities for the entire Group. In this, we have laid out four key objectives for achieving sustainable management by 2020 that balances Group growth with the development of society. These are: 1) realization of a low-carbon society; 2) conservation of biodiversity; 3) better use of resources; and 4) dealing with social matters.

This resolution represents our commitment to stakeholders, and each year, we will manage and release our results by stipulating indicators to quantitatively measure our progress as a means to steadily evolving our initiatives going forward.

Our commitment to combine the heart and soul of every member of the Aeon Group

In 2010, Aeon, formerly known as Jusco Co., Ltd., celebrated the 40th anniversary of its founding. During the past 40 years, the market and society have both undergone significant changes, but the reason behind why Aeon was able to consistently achieve growth can be found in its daily commitment to its stakeholders. This has enabled us to constantly evolve and transform significant changes in our operating environment into growth opportunities. As new megatrends sweep toward us both in Japan and overseas, I believe we must once again seek out new challenges and new horizons in the retail industry in order to continue to realize unique

Aeon growth.

The key to successfully meeting these new challenges can be found in the awareness and actions of each and every member of the Aeon Group. Without forgetting my appreciation for the many people that have supported our successful history, and our commitment to assist the victims of the Great East Japan Earthquake, I believe the mission of management should be to trust the potential of the retail industry, which is built upon our three pillars of community, people and peace, develop human resources that will take on new challenges, as well as consolidate and lead the actions of these human resources in one direction.

Aeon's response to the Great East Japan Earthquake

At 2:46pm Japan Standard Time on March 11, 2011, an earthquake measuring magnitude 9, or Japan's largest ever recorded earthquake to date, struck off the coast of Sanriku in Miyagi Prefecture. This earthquake produced ground shaking greater than 5 on Japan's seismic intensity scale across an extensive area extending from the Tohoku region all the way to the Kanto region.

The earthquake also triggered a massive tsunami that brought with it unprecedented damage to the coastal areas of Eastern Japan.

Aeon extends its sincerest sympathy to those affected by the Great East Japan Earthquake and stands fully committed to supporting the recovery and reconstruction efforts of social infrastructure as well as the livelihoods of the people in the disaster-affected areas, by collectively utilizing the Group's many strengths.

This page provides a report on Aeon's main responses in the aftermath of the Great East Japan Earthquake*.

*Information appearing on this page is as of July 15, 2011. Please visit our website for the latest information.

Aeon's response after the Great East Japan Earthquake

Great East Japan Earthquake strikes at 2:46pm on March 11, 2011
Headquarters response team set up internally at 3:00pm

March	April	May	June
Efforts to reopen stores <ul style="list-style-type: none"> • Dispatches support teams • Restores product procurement and distribution network • Reopens first floor of Aeon Ishinomaki store 	<ul style="list-style-type: none"> • Reopens Aeon Kesenuma store on rooftop parking lot • Reopens entire Aeon Iwaki store 	<ul style="list-style-type: none"> • Initiates mobile sales 	
Efforts to restore and reconstruct local communities <ul style="list-style-type: none"> • Provides relief supplies to disaster-affected local governments based on disaster prevention agreements • Provides Aeon Ishinomaki Shopping Center as evacuation site • Provides ¥10 million in charitable donations to NPO Japan Platform 	<ul style="list-style-type: none"> • Donates school bags to the children of disaster-stricken areas • Donates first-round of disaster relief funds 	<ul style="list-style-type: none"> • Holds joint business fair together with producers from the Tohoku region 	<ul style="list-style-type: none"> • Provides ¥610 million to employees and their families who were affected by the disaster • Donates second-round of disaster relief funds • Provides support to employees that volunteer in disaster-affected areas
Supporting the recovery effort together with customers and employees across Japan <ul style="list-style-type: none"> • Begins accepting in-store donations and donations of loyalty reward points. 	<ul style="list-style-type: none"> • Uses the WAON card to help support the reconstruction effort. • Initiates the "Gambaro (Go) Japan! Yellow Receipt Campaign" to support the reconstruction efforts. • Holds first restoration support sale: April 8 to April 12 • Holds second restoration support sale: April 28 to May 2 		

Initial response after the Great East Japan Earthquake

Established "Headquarters Response Team"

Wide range of measures determined based on the prompt sharing of information on disaster-affected areas

At 3:00pm, immediately after the Great East Japan Earthquake, Aeon set up a headquarters response team headed by the president of Aeon Retail Co., Ltd. at the Makuhari head office, based on earthquake and disaster preparedness rules that lay out response protocol aimed at quickly restoring local communities and preventing the spread of human damage. At 5:00pm, an on-the-spot headquarters response team was established at the Tohoku Company (Sendai Office).

The headquarters response team used a teleconferencing system to share information promptly with the on-the-spot headquarters

response team as well as service companies and subsidiaries* in the disaster-affected areas. We also used this system to collect and grasp information on damage to stores, the safety of employees and our efforts to lead customers to safety. This information was in turn utilized to dispatch support teams, and develop various measures toward the restoration of product procurement and distribution functions and the provision of relief supplies based on disaster prevention agreements. As the situation changed with each passing minute, persons in charge on the ground at our stores in disaster-affected areas also strived to make decisions speedily in order to ensure the safety of our customers and the prompt reopening of our stores.

*Subsidiaries Aeon Retail Co., Ltd. and Maxvalu Tohoku Co., Ltd. and service companies Aeon Topvalu Co., Ltd. and Aeon Global SCM Co., Ltd., etc.

Efforts to reopen stores

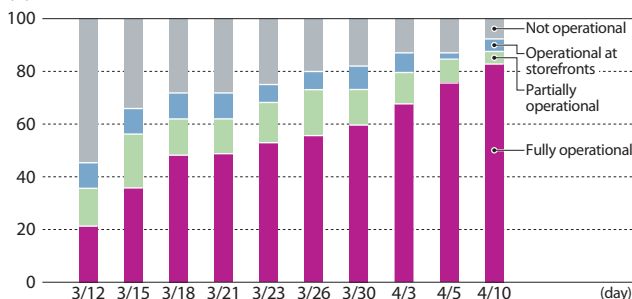
Situation regarding the recovery and reopening of stores

Approximately 97% of stores were fully operational one month after the earthquake

Immediately after the earthquake, we were forced to temporarily close approximately 65% of our 449 stores in the Tohoku region. As a retail-focused business, Aeon believed the quick reopening of its stores, which form an integral part of local communities' lifestyle infrastructure, would be the first step in returning daily life to normal for those victims of the disaster and would help contribute to the recovery efforts in disaster-stricken areas. To this end, we strived to reopen our stores first through sales operations at storefronts, followed by partial openings and then full reopenings.

Thanks to the assistance of countless individuals and the creative onsite innovations of each store, the recovery effort moved forward rapidly as approximately 70% of our stores were able to reopen in some format, such as sales at storefronts, on March 13, or the second day following the earthquake and tsunami disaster. Just two weeks after the earthquake on March 25, approximately 95% of our stores had reopened. One month later on April 11, approximately 97% of stores had reopened for business.

Situation of store reopenings in the Tohoku Region (%)



Operations were restarted on the first floor of Aeon Ishinomaki store on March 31



Operations were restarted on the rooftop parking lot of the Aeon Kesenuma store on April 1



Employees overcome with tears of emotion at a morning briefing prior to reopening

Restoring product procurement and distribution networks

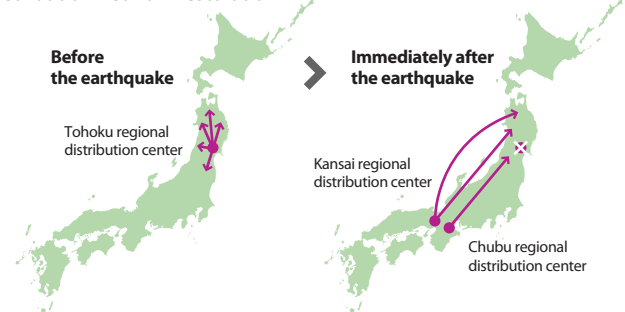
Stores reopened thanks to procurement networks in Japan and overseas.

Aeon promptly supplied products to disaster-affected areas by maximizing its own infrastructure, including its nationwide distribution network, product procurement routes that extend overseas and private brand Topvalu. In the process, we leveraged cooperation with business alliance partners Japan Airlines and the Japan Railway Group, and actively shared information with each of its partner manufacturers.

Later, we responded to water restrictions that caused a spike in demand for drinking water by leveraging our global procurement network spanning from South Korea and Canada to France to import emergency supplies of water.

Although our Tohoku regional distribution center (RDC) and other delivery bases were not operational and gasoline and vehicles were in short supply due to the earthquake, we developed roundabout routes originating from our RDCs in Kansai, Chubu and Kanto to ensure products made it to disaster-affected areas. Our conventional logistics infrastructure returned to normal operations during the month of April.

Distribution network restoration



Dispatch of employees locally

Helping quickly restore and reconstruct stores and communities in disaster-stricken areas

Immediately after the earthquake, members of Aeon's executive management as well as a total of more than 2,500 employees from Group companies were dispatched to areas impacted by the earthquake. Employees were assigned to teams, and helped confirm the safety of local employees, assisted at the Aeon Ishinomaki store, which had become an evacuation center, provided sales support to disaster-stricken stores, as well as physically sorted and helped ship out products from the Tohoku RDC by sheer force in numbers.



Group employees to disaster areas



Boarding a bus loaded with relief supplies

Aeon's response to the Great East Japan Earthquake

Efforts to restore and reconstruct local communities

Activities under disaster prevention agreements**Relief supplies provided to 6 prefectural and 14 city governments**

The Aeon Group has signed disaster prevention agreements with about 600 local governments throughout Japan to provide relief supplies and shelters in the event of a large scale disaster. Under these agreements, we have provided a total of approximately 2 million items, such as food, drinks, clothing and medicine, as relief supplies to 6 prefectural governments and 14 city governments in areas impacted by the Great East Japan Earthquake.

Aeon also plans to increase the number of prefectural governments with which it has concluded a comprehensive cooperation agreement, from 12 currently, in order to provide wider scale assistance and further strengthen its contributions to local communities during a large scale disaster.



Truck filled with relief supplies and heading to a disaster-stricken area

Afterwards, we continued with our fundraising efforts, and provided a total of around ¥350 million as the second-round of disaster relief funds to the disaster response headquarters of Iwate, Miyagi and Fukushima prefectures, which will require long-term assistance, as well as the NPO Association for Aid and Relief, Japan (AAR Japan).

Furthermore, Aeon together with its employees from Japan and overseas, board members and former board members contributed a total of ¥610 million as condolence money or special disaster relief money to assist those employees impacted by the earthquake.



Hosting a charitable donation event



School bags were donated to children of disaster-affected areas

Utilizing store space**Opening sections of a store as an evacuation center**

Aeon Ishinomaki store, designated as a wide-area evacuation site, opened each floor to disaster victims as an evacuation center. At its peak, the store accommodated approximately 2,500 local residents. In addition, a section of the store was opened as a living space for disaster victims for a further two weeks after the earthquake first struck.



Messages from disaster victims



Floors of a shopping center were open to disaster victims



Aeon pharmacists used store inventories to fill prescriptions for disaster victims

Relief supply donations and financial assistance**Aeon continues to provide donations to NPOs and disaster-affected prefectures**

Aeon has donated a total of approximately ¥5 billion to disaster-affected prefectures and NPOs in the form of donations received from its customers, funds raised by its employees, contributions from Group companies and relief supplies.

First, in light of the urgent need of assistance immediately after the earthquake, emergency disaster relief funds were donated to the NPO Japan Platform. In addition, in April a total of ¥4.1 billion in donations, contributions from Group companies and relief supplies were, as the first-round of disaster relief funds, delivered to the disaster response headquarters of Aomori, Iwate, Ibaraki, Chiba, Tochigi, Fukushima and Miyagi prefectures, in order to immediately be used to rebuild infrastructure in each prefecture and for other assistance programs.

Disaster relief fund recipients

Recipients	Amount of Donations
Miyagi Prefecture	¥1,200 million
Iwate Prefecture	¥1,200 million
Fukushima Prefecture	¥1,200 million
Ibaraki Prefecture	¥100 million
Chiba Prefecture	¥100 million
Aomori Prefecture	¥50 million
Tochigi Prefecture	¥50 million
NPO Japan Platform (JPF)	¥10 million
Association for Aid and Relief, Japan (AAR Japan)	Approximately ¥59.54 million

Providing support by taking leave for volunteer activities**Respecting employees' wishes to assist the disaster-stricken areas**

Aeon is committed to supporting the volunteer activities of employees in disaster-affected areas. As it is important to undertake activities that match with local needs, volunteer activities involve collaborating with Ishinomaki Disaster Volunteer Center to exchange information and have focused on the cleanup of damaged homes. Each program spans three days either during the week or over the weekend in which employees systematically take paid vacation or use long holidays or holidays following the policies of each company. In addition, as suggested by employees, family members who are of high school age and older are also welcome to join the volunteer program.

Currently there are two programs each scheduled for the months of July and August, while programs starting September and later will be decided accordingly following coordination with the local volunteer center.



Volunteers in action

Supporting the recovery effort together with customers and employees across Japan

Fundraising

Fundraising activities have been held at all stores and through Aeon Bank nationwide in Japan

During the period between March 12 and May 8, Aeon held fundraising activities at its 9,000 stores and offices in Japan and abroad as well as accepted donations by credit cards issued by Aeon Credit Service Co., Ltd. or by direct deposit in a special disaster relief account at Aeon Bank, Ltd. The amount of donations raised from customers as well as employees amounted to ¥1,370,255,978.

Gambaro (Go) Japan! Yellow Receipt Campaign held in support of the Great East Japan Earthquake reconstruction effort

Conducting sales and campaigns in support of the reconstruction efforts in the aftermath of the earthquake and tsunami disaster

With a network of shopping centers and general merchandise stores in local communities throughout Japan, Aeon believes it is important to take the lead in raising awareness to support the recovery of Japan as well as disaster-affected areas. To this end, we have held sales in support of the nation's recovery efforts together with our Group companies and customers.

From April 8 to 12, the Gambaro (Go) Japan! Special Relief Support Sale was held in about 22,500 specialty stores within our shopping centers throughout Japan, and 500 general merchandise stores directly operated by the Group, or a total of 23,000 stores. During the sale, each store set up a disaster relief donation box, where the Gambaro (Go) Japan! Yellow Receipt Campaign was held concurrently in support of the reconstruction effort from the Great East Japan Earthquake. Aeon has donated 1% of the total amount of all receipts submitted by customers in the campaign were made available for use in support of the earthquake relief effort.



A disaster relief donation box was set up at each store.

Support of reconstruction through e-money WAON Enabling fundraising using WAON loyalty reward points

Based on feedback from customers who would like to use their WAON loyalty reward points to assist disaster-affected areas, Aeon decided to enable fundraising using WAON points from April 1 to May 31. In addition, we have donated 0.1% of all purchases made using WAON between April 1 and April 30 at over 100 thousand WAON-affiliated stores throughout Japan to help with the disaster reconstruction efforts.

Support utilizing the unique features of each Group company

Each Group company is undertaking support activities which make use of their unique features.

Examples of support activities

■ Aeon Delight Co., Ltd.

Over 100 security guards have been dispatched to disaster-affected stores to ensure store safety and assist with the restart of business. The company has also arranged to receive and transport relief goods including fire extinguishers, power generators, fuel transport tanks, and portable toilets to areas in need.

■ MEGA PETRO Co., Ltd. (Group company that operates the PETRAS gas station chain)

The company is providing fuel supplies for the vehicles transporting emergency relief goods in collaboration with its business partners.

■ Aeon Bank, Ltd.

The company is providing financial services to customers affected by the earthquake including low interest mortgages and reconstruction loans.

■ Aeon Credit Service Co., Ltd.

The company launched a special emergency loan service for Aeon Card members in disaster-affected areas.

■ Ltd. Aeon Fantasy Co., Ltd.

Company mascot Lala-chan visited evacuation centers near the Aeon Ishinomaki store in order to cheer up local children. In response to a request from the Parents' Association for Food Allergy Patients, the company donated goods including hypoallergenic foods, sketchbooks, and crayons to evacuation centers in Fukushima Prefecture. In addition, flags to show support for children of disaster-affected areas were sent to stores located in these regions.

■ MINISTOP Co., Ltd.

The company contributed ¥5 for each soft serve ice cream purchased between April 1 and April 30 as a donation to local governments in disaster-affected areas.

Initiatives to conserve energy

Aiming to reduce peak time power use by 25% over 2010

The Japanese government has set a goal to reduce peak time power use by 15% over 2010, targeting businesses and households whose power is supplied by the Tokyo Electric Power Company and Tohoku Electric Power in order to prevent power shortages anticipated to occur in summer 2011 from the Tohoku to Kanto regions. The 370 Aeon stores located within this target area have set a target to reduce peak time power use by 25% over last year's figure, which is higher than the government stipulated goal. The stores aim to serve their role as a good corporate citizen that is closely tied to the community. To this end, a number of initiatives have been launched starting July 1 to reach this goal.

Measures aimed at reducing peak time power use by 25% over 2010

■ Initiatives aimed at reducing lighting.

- Reviews of in-store ambient lighting and brightness call for a reduction of 30-40% from original settings while maintaining a comfortable shopping environment for customers.

- Switch spotlights from incandescent light bulbs to LED light bulbs.

- Turn off exterior lighting and parking lot lights during certain hours of the day

■ Sell a portion of beverages cases at room temperature

- Sell juices and teas packaged in PET bottles and alcoholic beverages such as beer at room temperature or higher than the normal refrigerating temperature.

■ Air conditioning temperature and air volume control

- Set the onsite temperature to 28 degrees Celsius (25 degrees Celsius for sales floors with food items)

■ Install demand controllers

- Install control equipment that monitors power usage, and restrict power usage once energy consumption reaches a certain preset value, such that it cannot exceed this limit, to implement systematic control of power usage.

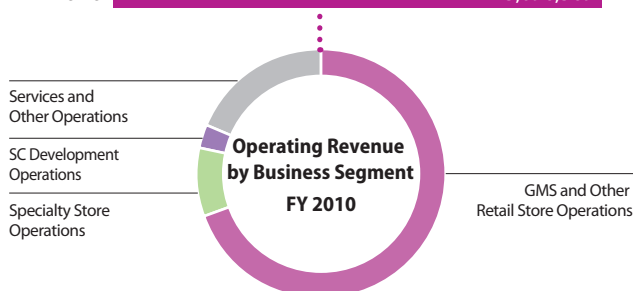
Instituting "summer time" operations across the Group

Aeon began shortening the hours of operation and usage of lights, elevators, and air conditioners at its head office and business offices on June 21 ahead of its store locations. In addition, a total of 276 business locations including stores, head office, and business offices under the Aeon Group have implemented the "summer time" system. This involves shifting the hours of operation and business to an earlier time with an aim of spreading out peak hours and reducing the total power usage.

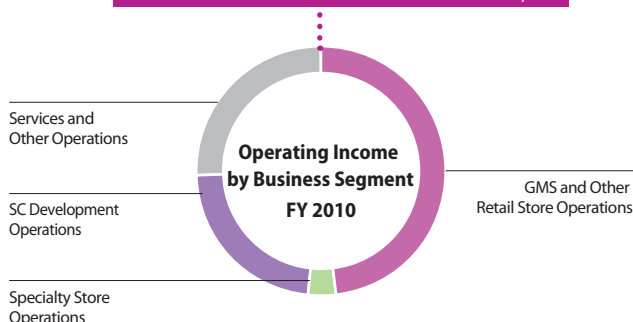
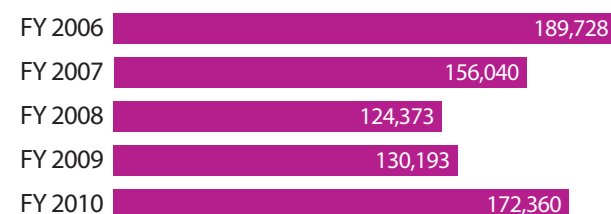
We are Aeon

Aeon develops community-oriented shopping centers anchored by flagship general merchandising stores. Our shopping centers include mall-type facilities made up of a variety of specialty stores covering a broad market range and smaller, more focused facilities with specialty stores and services needed for everyday living. We operate a wide variety of businesses to help our customers lead healthy, vibrant lives, including small supermarkets, convenience stores, drugstores, and general financial services.

Operating Revenue (Millions of Yen)



Operating Income (Millions of Yen)



General Merchandise Store (GMS) Business

Offering an attractive shopping environment to meet diversified customer needs

With operations based throughout Japan from Hokkaido to Okinawa, GMS operations are at the core of Aeon shopping centers. GMS offers clothing, food, and household goods to meet our customers' needs through sales floors with lifestyle-enhancing ideas.

- AEON Retail Co., Ltd.
- SUNDAY CO., LTD.
- Bon Belta Co., Ltd.
- AEON Hokkaido Corporation
- AEON KYUSHU CO., LTD.
- AEON RYUKYU CO., LTD.



Supermarket Business

As Japan's No. 1 supermarket chain

With approximately 1,300 stores operated by 19 companies throughout Japan, sales from supermarket operations exceed 1.8 trillion yen. Our supermarket business makes effective use of group synergies while earning the trust of customers and rooting our businesses in the local community.

- Maxvalu Chubu Co., Ltd.
- KASUMI CO., LTD.
- MAXVALU CHUKYO CO., LTD.
- Maxvalu Nishinohon Co., Ltd.
- Belc Co., LTD.
- MAXVALU NAGANO CO., LTD.
- Maxvalu Tohoku Co., Ltd.
- AEON KIMISAWA CO., LTD.
- MAXVALU HOKURIKU CO., LTD.
- Maxvalu Tokai Co., Ltd.
- KOHYO CO., LTD.
- MAXVALU MINAMI TOHOKU CO., LTD.
- Maxvalu Hokkaido Co., Ltd.
- MAXVALU KANTO CO., LTD.
- AEON RYUKYU CO., LTD. (Maxvalu)
- The Maruetsu, Inc.
- MAXVALU KITA TOHOKU CO., LTD.
- Inageya Co., Ltd.
- Maxvalu Kyushu Co., Ltd.



Discount Store Business

Offering greater convenience and low prices through low-cost operations

Our Discount Store Business rises to the challenge of improving the quality, price and lineup of everyday essentials and achieving low-cost operations to provide customers with genuinely low prices and high levels of convenience.

- AEON Retail Co., Ltd.
- Maxvalu Chubu Co., Ltd.
- Maxvalu Kyushu Co., Ltd.
- AEON Hokkaido Corporation
- Maxvalu Nishinohon Co., Ltd.
- MAXVALU NAGANO CO., LTD.
- AEON KYUSHU CO., LTD.
- Maxvalu Tohoku Co., Ltd.
- MAXVALU MINAMI TOHOKU CO., LTD.
- AEON RYUKYU CO., LTD.
- Maxvalu Tokai Co., Ltd.
- (Aeon Supercenters, Mega Marts, and The Big are operated by the above companies.)
- AEON SUPERCENTER Co., Ltd.
- Maxvalu Hokkaido Co., Ltd.



Strategic Small Size Store Business

Serving everyday life at neighborhood stores

This business serves our customers' daily lives with over 3,500 convenience stores operated in Japan and other Asian countries, small-sized supermarkets, and specialty stores selling boxed lunches and ready-made meals.

- MINISTOP CO., LTD.
- AEON Retail Co., Ltd. (My Basket stores, A Colle)
- RECODS Co., Ltd.
- ORIGIN TOSHU CO., LTD.



Drugstore & Pharmacy Business

Supporting our customers' health through specialized expertise and a diverse product lineup



Through alliances with nationwide drugstores and dispensing pharmacies, this business is engaged in developing new healthcare products and services and supporting the training of pharmacists who will play a role in providing community healthcare. We also focus on creating community healthcare stations through the development of "Records" stores and other new format stores that combine the benefits of drugstore specialization with convenience-store amenities.

- | | | |
|------------------------------|---|--|
| ■ CFS Corporation | ■ Welpark Co., Ltd. | ■ AEON KYUSHU CO., LTD.
(health and beauty care) |
| ■ TSURUHA HOLDINGS Inc. | ■ Shimizu Drug Co., Ltd. | |
| ■ KUSURI NO AOKI CO., LTD. | ■ AEON Retail Co., Ltd.
(health and beauty care) | ■ AEON SUPERCENTER Co., Ltd.
(health and beauty care) |
| ■ GROWELL HOLDINGS CO., LTD. | | |
| ■ Medical Ikkou Co., Ltd. | ■ AEON Hokkaido Corporation
(health and beauty care) | ■ AEON RYUKYU CO., LTD.
(health and beauty care) |
| ■ TAKIYA Co., Ltd. | | |

Financial Service Business

Offering comprehensive financial services with retail expertise



Our Financial Service Business provides global financial services centered on the credit card business in Japan and other countries in Asia. This business is also engaged in efforts to achieve greater customer satisfaction by offering financial services that take advantage of the unique characteristics of retail operations, such as full retail-featured banking at Aeon

- | | | |
|---|--|-------------------|
| ■ AEON CREDIT SERVICE CO., LTD. | ■ AEON THANA SINSAP
(THAILAND) PLC. | ■ AEON BANK, LTD. |
| ■ AEON CREDIT SERVICE
(ASIA) CO., LTD. | ■ AEON CREDIT SERVICE (M)
BERHAD | |

Shopping Center Development Business

Transforming from stores that just sell "goods," into producers that create various "events"



In Japan and overseas, our Shopping Center Development Business is developing and managing shopping centers that coexist in harmony with the local community. Efforts are being made to improve our services and facilities in response to the changing times and diversifying customer needs.

- | | |
|-----------------------|-----------------------------|
| ■ AEON Mall Co., Ltd. | ■ LOC DEVELOPMENT CO., LTD. |
|-----------------------|-----------------------------|

Service Business

Creating a comfortable environment at our shopping centers



Our Service Business provides various services to ensure that our customers enjoy the time they spend at our shopping centers. Efforts are also being made to improve facility services to ensure our customers' safety and comfort.

- | | | |
|--------------------------|--------------------------|----------------------------|
| ■ AEON DELIGHT CO., LTD. | ■ AEON Eaheart Co., LTD. | ■ Reform Studio Co., Ltd. |
| ■ AEON Fantasy Co., Ltd. | ■ AEON CINEMAS CO., LTD. | ■ Warner Mycal Corporation |
| ■ ZWEI CO., LTD. | ■ JUSVEL CO., LTD. | |

Specialty Store Business

Supporting the unique lifestyle of every customer



Through partnerships with companies both Japanese and foreign, this business operates specialty stores dealing in a wide range of products that include fashion, sporting goods and books. These stores can be found in shopping centers, as stand-alone stores, in station buildings, and in various other types and locations.

- | | | |
|-----------------------------|----------------------------|--------------------------------|
| ■ GFOOT CO., LTD. | ■ AEON BODY Co., Ltd. | ■ Mega Sports Co., Ltd. |
| ■ COX CO., LTD. | ■ Talbots Japan Co., Ltd. | ■ MEGA PETRO Co., Ltd. |
| ■ Taka:Q Co., Ltd. | ■ Branshes Co. Ltd. | ■ LAURA ASHLEY JAPAN CO., LTD. |
| ■ Abilities JUSCO Co., Ltd. | ■ PETCITY CO., LTD. | ■ AT Japan Co., Ltd. |
| ■ AEON FOREST CO., LTD. | ■ MIRAIYA SHOTEN CO., LTD. | ■ Claire's Nippon Co., Ltd. |

Digital Business

Creating a comfortable environment at our shopping centers



This business offers products and services through online shopping, online supermarkets and other online sources. Mail-order retailing is also offered via catalogues and TV. Responsibilities also include managing the e-commerce and mail order business of the Group as a whole.

- | | |
|------------------------|------------------------------|
| ■ AEON VISTY CO., LTD. | ■ Digital Direct Corporation |
|------------------------|------------------------------|

ASEAN Business

Interacting with customers through new multiple channels



The ASEAN Business operates 27 stores in Malaysia located mainly in shopping centers on the west coast of the Malay Peninsula, and 13 supermarkets in Bangkok, Thailand. A liaison office was also established in Vietnam in 2009.

- | | |
|----------------------|-----------------------------|
| ■ AEON Co., (M) Bhd. | ■ AEON (Thailand) CO., LTD. |
|----------------------|-----------------------------|

China Business

Mobilizing all available group resources to operate businesses in China



With shopping centers and GMS at the core of its operations, the China Business utilizes store development and operational expertise cultivated in Japan to operate financial businesses, services, specialty stores and a wide range of other businesses in China.

- | | | |
|--|--|-------------------------------------|
| ■ AEON Stores (Hong Kong)
Co., Ltd. | ■ Beijing AEON Co., Ltd. | ■ Qingdao AEON Dongtai
Co., Ltd. |
| ■ AEON South China Co., Ltd. | ■ Guangdong JUSCO Teem Stores
Co., Ltd. | |

Formulation of the Aeon Sustainability Principle and KPI

History of CSR activities

Full-fledged CSR activities launched in 1989

In 1970, Okadaya Co., Ltd., Futagi Co., Ltd. and Shiro Co., Ltd. merged to form Jusco Co., Ltd., Aeon's predecessor company. The company went on to expand its operations under the corporate motto at the time of "support local communities through commerce," as sales over the previous 40 years have grown from ¥500 million to ¥5 trillion, the number of stores has been expanded from 70 to 10,000, and the number of employees increased from 4,000 to 350,000. Amidst this continuing growth, Aeon engaged in a wide range of social contribution activities to demonstrate its leadership as a good corporate citizen, including the establishment of the Jusco Company Welfare Fund (now known as the Aeon Welfare Fund) in 1977 as a means to improve the welfare of people with disabilities. Underpinned by these activities, Aeon embarked on the full scale development of a framework to promote CSR activities from the latter half of the 1980s. After setting up the Aeon Group 1% Club (now known as the Aeon 1% Club) in 1989, we went on to establish the JUSCO Earth-Friendly Committee and the Aeon Group Environmental Foundation (now known as the Aeon Environmental Foundation) in 1990. Later in 1991 we initiated the "Aeon Hometown Forests Program," followed by the "Bring Your Own Shopping Bag" Campaign on a trial basis as well as the experimental "Collecting Recyclable Resources at Stores" Campaign. Each of these initiatives has been linked up with our current CSR initiatives.

Participation in the United Nations Global Compact

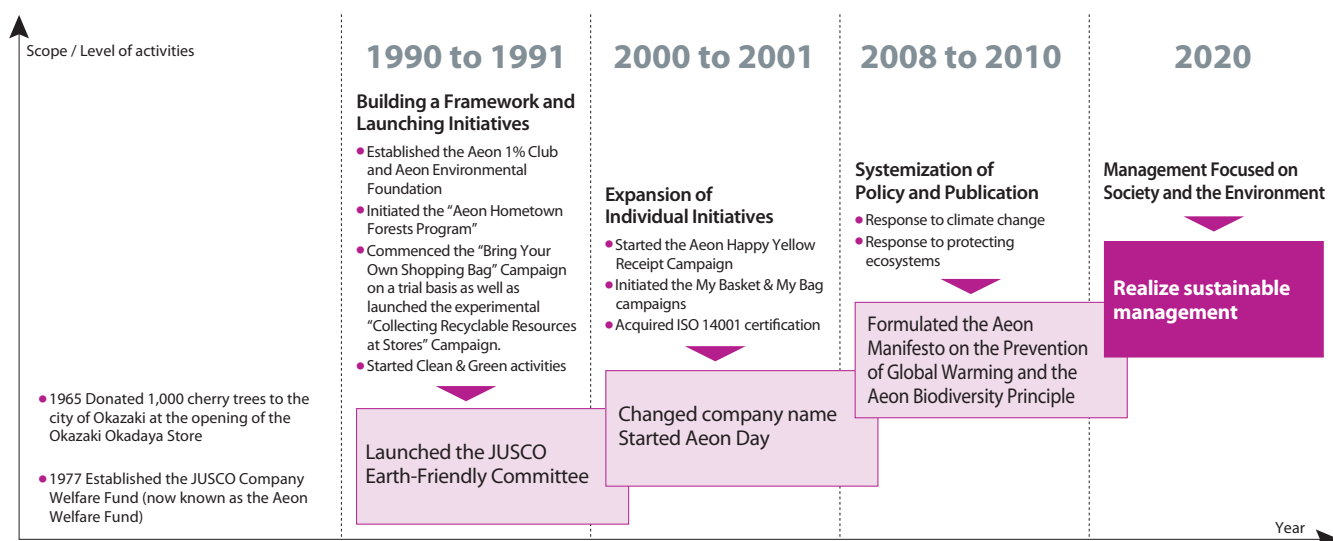
Strengthening CSR activities from a global perspective

In 2004, Aeon became the first retailer in Japan to participate in the United Nations Global Compact as a means to strengthening its CSR activities from a truly global perspective. Based on the 10 principles outlined in the Global Compact, we formulated the Aeon Supplier Code of Conduct (see pg. 55) and acquired SA8000 certification (see pg. 55), an international standard relating to human rights and working conditions.

Starting in 2008, we have participated in Supply Chain Subcommittee of the Global Compact Japan Network in order to promote CSR together with our supply chain partners, and through this organization, we hold ongoing discussions with member companies.



History of Environmental and Social Activities as well as Future Aspirations



Establishment of the Aeon Sustainability Principle

Established four key objectives and target indicators geared toward the realization of sustainable management

Symbolized by ISO 26000, an international guideline on CSR launched in November 2010, the belief that “various organizations must promote measures aimed at realizing a sustainable society” is today spreading around the world. Aeon’s business activities have also become much more globalized over the previous several years, while the number of our stakeholders as well as our own impact on the environment and society is increasing. In order to continue to grow going forward, Aeon must maintain a longer term perspective and steadily promote CSR activities on a Group-wide level.

To this end, Aeon formulated a new medium-term management plan as a growth strategy for the Group in October 2010 and the Aeon Sustainability Principle in March 2011, which functions as a key guideline for Group-wide CSR activities. We have announced both internally and externally that we will seek to achieve sustainable management by 2020 that balances Group growth with the development of society by tackling the four key objectives defined as: 1) realization of a low-carbon society; 2) conservation of biodiversity; 3) better use of resources; and 4) dealing with social matters.

Aeon has positioned the forward three-year period from fiscal 2011 as the time to build up a foundation aimed at sustainable management, and plans to monitor and release its progress in attaining the key performance indicators (KPI), which quantitatively evaluate the results of its initiatives to attain each of the four key objectives.

Aeon Sustainability Principle

Aeon aims to realize a sustainable society with stakeholders based on our basic principle of “pursuing peace, respecting humanity and contributing to local communities, centered on customers.”

With “realization of a low-carbon society,” “conservation of biodiversity,” “better use of resources” and “dealing with social matters” as pillars, we will think globally and advance activities locally and actively.



Formulation of the Aeon Sustainability Principle and KPI

KPI formulation process





Setting indicators that take into account matters of interest both internally and externally

When formulating its key objectives and setting KPI, Aeon closely reviewed initiatives from two perspectives, “matters of particular interest to stakeholders (A)” and “important matters for the growth of Aeon (B),” given the purpose of balancing Group growth with the development of society.

As for “A,” we first confirmed key matters based on international CSR guidelines and standards, including ISO 26000, GRI (G3) and the United Nations Global Compact, as well as Japan Ministry of the Environment Guideline Comparison Sheet issued by the Ministry of the Environment of Japan, and then narrowed these further by referring to inquiries and feedback provided by customers to our Group companies. Regarding “B,” we identified important matters from the management policies developed by Group companies and our medium-term management plan.

Based on these matters from “A” and “B” respectively, we defined the four key objectives noted above. In addition, we studied the nature of initiatives executed at our Group companies for each of the four key objectives and came up with approximately 20 items that will help us quantitatively ascertain our progress. The chart at right contains a list of the finalized items that were approved by our executive management team.

Moving forward, Aeon will monitor and make KPI public annually, as well as review these KPI on an annual basis in light of social trends and feedback from its stakeholders.

Key Issue	Main Category	Subcategory
Key Issue 1 Realization of a Low-carbon Society 	Reduce CO ₂ Emissions in Stores	Reduce Total CO ₂ Emissions
		Develop Eco Stores
		Improve Energy Efficiency
		Prevent Leakage of Fluorocarbons and Promote Use of Natural Refrigerants
	Reduce CO ₂ Emissions in Products and Logistics	Communicate CO ₂ Reductions to Customers
		Promote Visualization in Logistics
Key Issue 2 Conservation of Biodiversity 	Biodiversity Conservation in Products and Logistics	Communicate Biodiversity-friendly Products to Customers
	Biodiversity Conservation at the Store Level	Develop and Evaluate Indicators
	Actions Taken with Customers	Aeon Hometown Forests Program
Key Issue 3 Better Use of Resources 	Effective Utilization in Stores	Reduce Amount of Materials Used in Packaging and Containers
		Management System for Waste Emissions
	Together with Customers	Reduce Number of Plastic Shopping Bags
Key Issue 4 Dealing with Social Matters 	Community Involvement	Make Contributions to Local Communities
		Develop the Human Resources of the Future
	Accountable Procurement	Guidelines
	Promotion of Fair Trade	Promote the Aeon Supplier Code of Conduct
	Labor and Human Rights	Promote Diversity

	KPI	Scope Covered	Fiscal 2013 Target	Summary of Actions/Initiatives
	Total Annual CO ₂ Emissions	Consolidated Group companies in Japan	<ul style="list-style-type: none"> 2010: 2.50 million tons 2013: 2.25 million tons (20% reduction compared to 2006) *Emissions factor uses the adjusted emissions factor for 2010	(1) Make investments in energy conservation centered on lighting solutions (2) Step up measures to operate stores with reduced amounts of energy (3) Conduct energy management training courses
	ZEco Store Development	Consolidated Group companies in Japan	Formulate concept of and develop next-generation Eco Stores that aims to reduce CO ₂ emissions by 50%	(1) Formulate concept for next-generation Eco Stores (Future Stores) (2) Select suitable properties from among our supermarkets (3) Undertake design and development using the new concept
		Consolidated Group companies in Japan	Re-examine concept behind standard Eco Stores and apply standards to all new stores	(1) Re-examine concept for each type (general merchandising store and supermarket) (2) Apply standards to new stores
	Total Energy Use (crude oil equivalent: thousands of kiloliters)	Consolidated Group companies in Japan	<ul style="list-style-type: none"> 2010: 1,550 thousand kl 2013: 1,400 thousand kl (10% reduction) 	(1) Make investments in energy conservation centered on lighting solutions (2) Step up measures to operate stores with reduced amounts of energy (3) Conduct energy management training courses
	Improvement in Energy Management of Stores Number of Employees Completing [Passing] the Energy Management Seminar	Consolidated Group companies in Japan	Increase the accumulated number of employees that have taken the seminar to 600 by 2013	(1) Conduct energy management training courses for store managers (2) Continue to hold the course divided into focus areas including air conditioning, lighting and refrigerated display cases (3) Follow up after the training course
	Improvement of Energy Consumption Unit of China Businesses	5 companies in China: Beijing AEON Co., Ltd., Qingdao AEON Dongtai Co., Ltd., AEON South China Co., Ltd., Guangdong JUSCO Teem Stores Co., Ltd., AEON Stores (Hong Kong) Co., Ltd.	Reduce energy consumption by 15% on a basic unit basis compared to 2010 (Example: Energy use per total floor area) *Chinese government target is to reduce energy consumption per GDP unit by 16% of 2010 levels in 2015 (12th 5-year plan)	(1) Continue to conduct energy management training courses (2) Operate stores using an energy conservation check-list (3) Promote investments in energy conservation
	Measures for Ascertaining Replacement Amount and Preventing Leakage of Fluorocarbons used in Refrigerated Display Cases	Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	Ascertain replacement amount of fluorocarbons and implement leakage prevention measures	(1) Formulate rules for ascertaining replacement amounts (2) Examine and execute leakage prevention measures
	Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants on a Trial Basis	Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	Shift trials from 1 system conventionally to multiple systems in new general merchandising stores and supermarkets	Start to resolve challenges relating to regulations, safety and costs through partnerships with external stakeholders
	Number of Products with CO ₂ Visualization (number of product SKUs for which CO ₂ emissions are calculated)	Private Brand (PB) products	<ul style="list-style-type: none"> 2010: 21 SKUs 2013: 100 SKUs *SKU numbers of products given priority for CO ₂ reductions	(1) Ensure transparency and fairness using self-calculation guidelines <ul style="list-style-type: none"> Streamline through system accreditation (2) Step up communication to customers <ul style="list-style-type: none"> Appeal benefits to customers Market contributions to a more affordable lifestyle and a low-carbon society (3) Eliminate waste through CO ₂ emission analysis and cost analysis (4) Expand the number of products in the initiative (in particular, TOPVALU KYOKAN SENGGEN products)
	CO ₂ Emissions per Case during Shipment from Distribution Center to Store	Aeon Global SCM Co., Ltd.	Reduce CO ₂ emissions per case during shipment by 5% compared to fiscal 2010	(1) Improve fuel efficiency by introducing energy-friendly vehicles <ul style="list-style-type: none"> Trial use of large, natural gas-powered vehicles Promote greater use of eco-friendly vehicles (2) Continue to hold the eco-driving accreditation course (3) Expand the system for recognizing good, eco-friendly drivers (4) Visualization of emissions occurring during shipment of PB products from the factory to the store
	Visibility of Biodiversity-friendly Products	Private Brand (PB) products	Visibility of Biodiversity-friendly PB products in a consumer survey: 40%	(1) Step up communication of biodiversity initiatives <ul style="list-style-type: none"> Develop core PB products and market accordingly Market regionally developed products (regional TOPVALU) in each region (2) Expand the number of biodiversity-friendly products developed <ul style="list-style-type: none"> Provision of TOPVALU Marine Stewardship Council (MSC) certified products: ¥11,000 million (7.3% share of total TOPVALU marine produce category sales) (3) Verify visibility and criterion and analyze the results
	Formulation and Evaluation Indicators for Impacts on Ecosystems	Consolidated Group companies in Japan	Formulate indicator measuring the impact commercial facilities have on the surrounding ecosystem and evaluate stores based on relevant standards	(1) Participate in the corporate network "Japan Business Initiative for Biodiversity" (2) Formulate an impact indicator for the above-mentioned initiative (3) Study offset methodology
	Maintenance and Management Situation of Forests	Consolidated Group companies in Japan	<ul style="list-style-type: none"> 2011: Develop structure 2012: Phased implementation 2013: 100% implementation 	(1) Formulate manual and improve managerial skills in regional training (2) Create program management ledger for each store (3) Establish budget for each store and systematically maintain and manage forests
	Amount for Third-Party Processing Required under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (basic unit per 100 million in net sales)	Consolidated companies subject to third-party processing requirements (38 companies as of 2010)	<ul style="list-style-type: none"> 2010: 55 tons 2013: 47 tons (15% reduction) 	(1) Reduce materials used in stores, such as plastic shopping bags <ul style="list-style-type: none"> Change packaging material specifications Re-examine provision methods (2) Properly follow legal requirements for calculating usage amounts
	Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions	Consolidated Group companies in Japan	Cumulative total of more than 250 persons <ul style="list-style-type: none"> 2011: 50 persons 2012: 100 persons 2013: 100 persons 	(1) Partner with external specialist organizations to compile training curriculum (2) Continue to conduct rank-based waste management training
	Percentage of Customers Declining Plastic Shopping Bags (nationwide store average)	Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	<ul style="list-style-type: none"> 2010: 61.5% 2013: 70.0% 	(1) Based on agreements with local governments, increase the number of stores no longer offering free plastic shopping bags (2) Approach local governments in areas that still offers free plastic shopping bags
	Yellow Receipt Campaign Submission Rate	20 Consolidated companies in Japan for General Merchandising Store, Supermarket and Shopping Center Development businesses	Submission rate of greater than 20% in all stores taking part in the campaign (In 2010, 46.5% of stores had submission rate of under 20%)	(1) Thoroughly promote campaign in stores (2) Increase the number and location of submission boxes (3) Promote greater participation by marketing the campaign in various media including the corporate website
	Number of Aeon Cheers Clubs	Consolidated Group companies in Japan	<ul style="list-style-type: none"> 2010: 191 clubs 2013: 400 clubs 	(1) Support the Aeon 1% Club Secretariat to establish new clubs (2) Host store leader training and efficiently manage the clubs (3) Provide more information in stores
	Compilation of CSR Procurement Guidelines (sustainable procurement and purchasing guidelines)	Consolidated Group companies in Japan	Develop preliminary management structure based on guidelines	(1) Establish working group internally <ul style="list-style-type: none"> Evaluate impact on business activities Ex.: Social responsibility in terms of biodiversity and other areas (2) Link with the Supplier Code of Conduct
	Number of Aeon Supplier Code of Conduct Accredited Suppliers	TOPVALU Manufacturing Partner Factories	TOPVALU Brand Manufacturing Factories Have 1,200 factories acquire accreditation (2010: 1,006 factories) Accreditation Rate: More than 90%	(1) Develop system for second-party audits overseas (2) Bolster training for audit staff (3) Create foundation for third-party audits overseas
	Confirmation status of Fair Trade Manufacturers for the TOPVALU Brand	TOPVALU Manufacturing Partners	Confirm manufacturers at least once in 3 years	(1) Formulate guidelines (2) Confirm manufacturers based on guidelines
	Ratio of Female Executive Officers	Consolidated Group companies in Japan and overseas	<ul style="list-style-type: none"> 2020: 30% *Ratio of Female Executive Officers = Female Executive Officers / Total Executive Officers	Actively develop female managers under the management training program.
	Ratio of Employees of Foreign Nationality	Aeon Co., Ltd.	<ul style="list-style-type: none"> In 2020: Make ratio of non-Japanese employees to Japanese employees 1:1 	(1) Actively hire human resources around the world (2) Centrally manage human resource information

Corporate Governance

Basic Approach

Aeon engages in ongoing efforts that address the three core management challenges of corporate governance reform, Group management reform and execution of the Group's corporate social responsibility as a means to building a foundation that will continually enhance the corporate value of the entire Aeon Group.

Corporate Governance Framework

Aeon operates under the "Company with Committees" system of corporate governance. Supervisory and executive functions of management have been clearly divided, with supervisory functions assigned to directors and executive functions fulfilled by executive officers. Executive officers have been given wide-ranging authority to work toward the realization of our medium-term and long-term goals, which serves to facilitate timely managerial decision-making. At the same time, we have strengthened the supervisory role of directors to ensure the transparency and objectiveness of managerial decisions and thereby increase returns to shareholders.

Corporate Governance Framework (As of May 31, 2011)

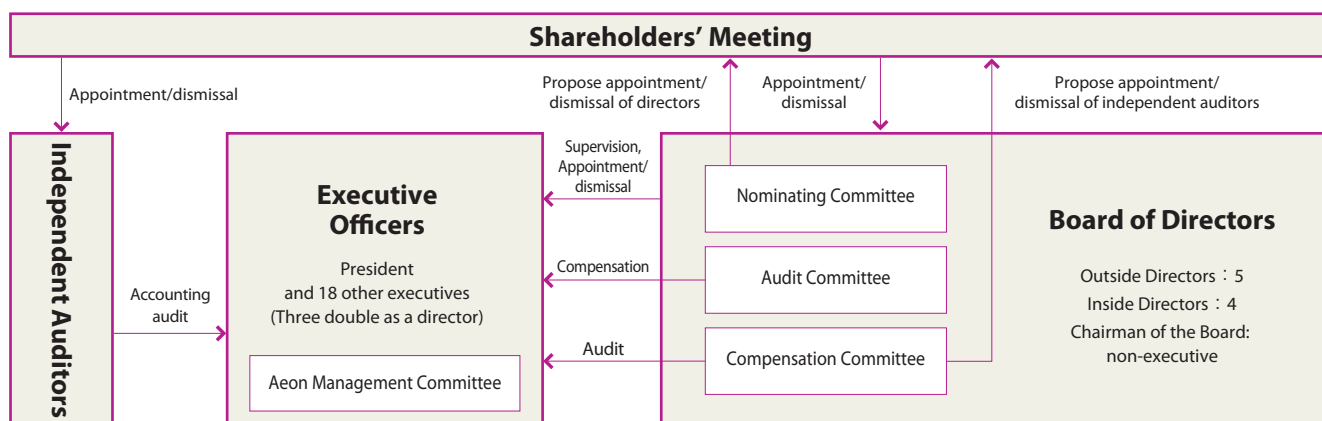


Figure) Group Management Structure

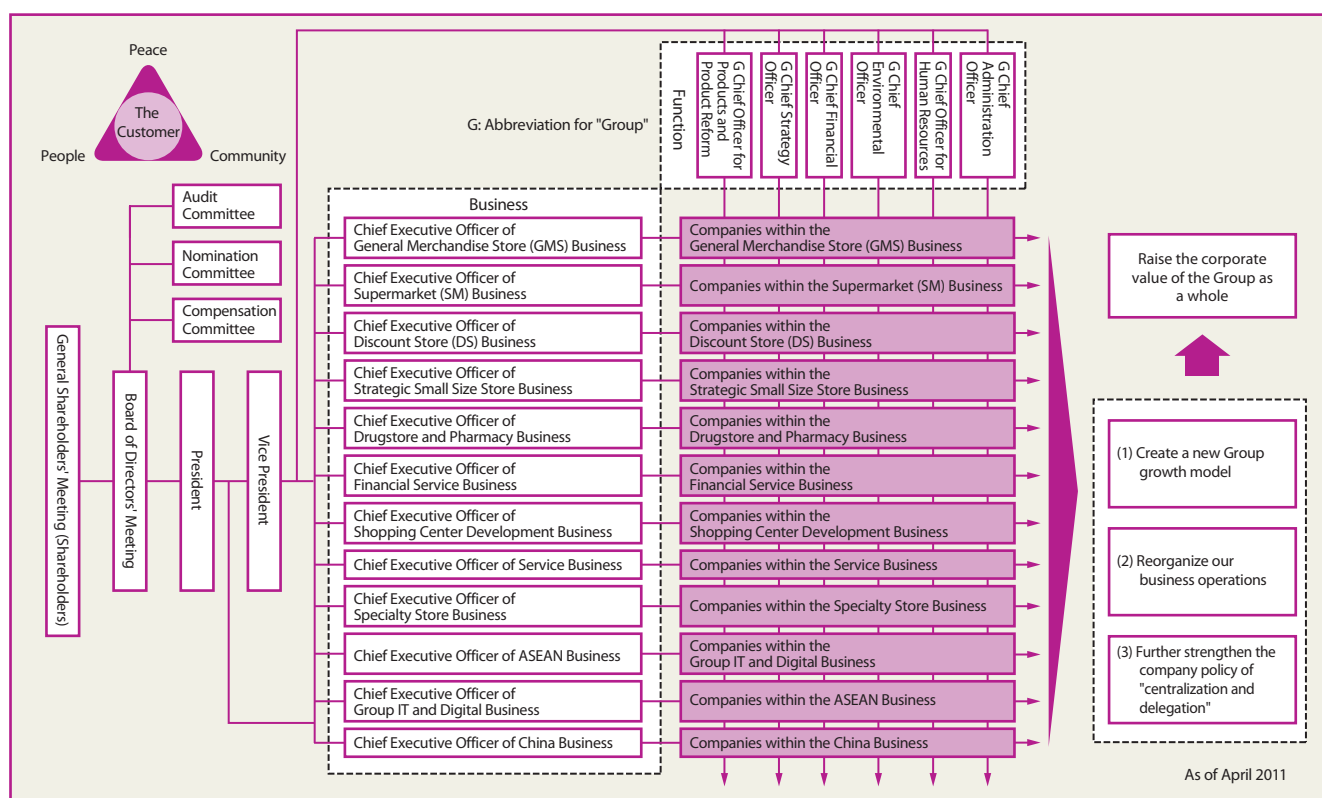


Chart) Board of Directors' Meeting and Corporate Committees

	Held	Main Role
Board of Directors' Meeting	8 times per year	<ul style="list-style-type: none"> Oversees the execution of work duties of directors and executive officers Determines matters that must be decided by the board of directors as stipulated by Article 416 of Japan's Companies Act and matters that cannot be mandated to executive officers.
Audit Committee	13 times per year	<ul style="list-style-type: none"> Oversees the execution of work duties of directors and executive officers Determines resolutions concerning whether to appoint, dismiss or reappoint the Company's auditor to be submitted to the general shareholders' meeting
Nomination Committee	3 times per year	<ul style="list-style-type: none"> Determines resolutions concerning the appointment and dismissal of directors to be submitted to the general shareholders' meeting
Compensation Committee	3 times per year	<ul style="list-style-type: none"> Determines compensation of individual directors and executive officers

Internal Control Systems

Internal control systems are being further developed by reinforcing systems for promoting corporate ethics, the foundation of internal control. We are working to disseminate and instill good corporate ethics in all employees of the Aeon Group in accordance with the Aeon Code of Conduct, which was established in 2003. In addition, an internal reporting channel (hotline) has been set up as a part of our monitoring activities.

Overall internal control design and operation is overseen by the Internal Audit Department, which reports to the Aeon Management Committee (highest level management committee) and Audit Committee.

Group Management

Under the unchanging premise of its Customer-First philosophy, Aeon's Group management seeks to harmonize its strong operating companies, which are located closest to its customers, with its pure holding company, which can respond agilely to a myriad of changes in operating environment, in order to maximize the value it provides to its customers. This also represents the key to unlocking the Group's continuous development.

By transitioning to a pure holding company structure as part of our group management reform, we will be able to build a new growth model for the Group, streamline our business operations and further strengthen efforts to centralize and delegate. This structure will also enable us to seek even greater corporate value for the entire Aeon Group through Group-wide strategic planning, optimum allocation of management resources, generation of Group-wide synergies and adherence to basic principles.

Basic Approach

Aeon regards risk management as an important task of management that is the responsibility of each department. Based on this recognition, daily risk management is handled at the company and department level, while internal control divisions monitor the status of risk management at each department.

The Risk Management Committee performs reviews of and makes decisions regarding external risk factors, such as new infectious diseases, that cannot be addressed by individual companies, and risks found in products, facilities and services across the entire Aeon Group,

We work to foresee, predict and prevent risks with particularly high impact potential by assembling interdivisional task forces.

Response to Incidents, Accidents and Natural Disasters

Aeon's Risk Management Rules has been established to set out the reporting route and response procedures in the case of an incident, accident or natural disaster, so that the Group General Affairs Department can immediately set up a response headquarters, and the subsequent impact can be minimized.

A natural disaster response system has been established in which the situation of each Group company and store is reported over the Company's intranet or the Internet, and information is promptly shared with each Group company and the response headquarters. In addition, certain Group companies, including Aeon Co., Ltd. and Aeon Retail Co., Ltd., have implemented an emergency call system in which information is immediately reported to the Company's management team and the safety of employees is confirmed whenever an earthquake measuring greater than 6 on Japan's seismic intensity scale occurs.

Compliance and Corporate Ethics

Basic Rules

—Aeon Code of Conduct

Aeon established the Aeon Code of Conduct in 2003 in order to express the Aeon Basic Principles in terms of a specific set of guidelines. Education and training on the code, establishment of a hotline, and monitoring activities were all also started in 2003 in conjunction with establishment of the code.

The Aeon Code of Conduct makes explicit to Group employees criteria for action, consideration and judgment in order to serve customers. It is intended as a shared set of values for the Aeon Group.

Training on the Aeon Code of Conduct for Group companies in Japan began on a full-fledged basis in 2004. The same training has been provided by Group companies overseas since 2006.

Our Commitment

1. Aeon people are always grateful to the many other individuals who provide support and help, never forgetting to act with humanity.
2. Aeon people value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. Aeon people actively seek out ways to exceed customer expectations.
4. Aeon people continually challenge themselves to find new ways to accomplish the Aeon ideas.
5. Aeon people support local community growth, acting as good corporate citizens in serving society.

Promotion Framework

The Corporate Ethics Team was established to promote compliance and the code of conduct throughout the Aeon Group, and is under the direct control of the chief officer for Group human resources at Aeon Co., Ltd. The Corporate Ethics Team develops and executes policies for the overall Aeon Group based on an annual plan and proposes and recommends specific measures to address various problems and issues facing the company. The status of compliance issues and initiatives as well as the promotion of the code of conduct pertaining to the overall Group are reported to the Aeon Executive Meeting, which is Aeon Co., Ltd.'s executive organ, and to the Audit Committee (outside directors).

Companies in the Aeon Group have appointed managers in charge of promoting the code of conduct and have established administrative offices for the same purpose. These managers conduct training at their respective companies, conduct fact-finding investigations for matters reported through the hotline, respond to questions, and report to Aeon Co., Ltd.

Additionally, each store and business office selects one to three employees to serve as leaders in charge of promoting the code of conduct. They work as instructors to disseminate and instill corporate ethics at the workplace level.

Code of Conduct Hotline

Aeon set up the Aeon Code of Conduct Hotline for employees in 2004. The hotline can be used not only to report non-compliance and improprieties, but also to speak to someone about various workplace issues, such as not being able to speak with a boss or encountering something that is troubling. The hotline handles a wide variety of reports and consultations. It is available to all employees working at the Aeon Group. There are two lines in operation, one for internal consultations and another to connect and consult with an outside party.

Reports and consultations are passed on to Group companies concerned as feedback through managers appointed in charge of promoting the code of conduct. Within two weeks time, an investigation is conducted to ascertain the facts behind each report or consultation, with the results reported directly to Aeon Co., Ltd. In addition, all consultation matters are conveyed to the executive management team of Aeon Co., Ltd. and the presidents of all Group companies in a weekly and monthly report.

Implementing the Aeon Code of Conduct Survey

Every year since 2003 we have conducted an anonymous survey of employee awareness in October to ascertain the extent to which the Aeon Code of Conduct has penetrated the organization as well as to gather information on workplace issues, employee working formats, motivation levels and the like. This survey is used as a basis for assessing employee awareness and corporate culture across the entire Aeon Group, including its overseas locations, through evaluation of the visibility of promotional activities, the personal commitment of employees and the situation of each workplace. Its findings are also compiled, analyzed as well as shared with Aeon Group companies, and are used in the review of more effective employee training methods.

In 2010, we received 6,501 responses to this survey from 63 Group companies in Japan, representing an 81% response rate, and 19,747 responses from 17 Group companies outside of Japan (9 from China and 8 from the ASEAN region), representing a 90.6% response rate. While the survey results showed that most employees in Japan and overseas feel their job is satisfying or rewarding, responses also showed that workplace communication needs to be improved.

Based on these results, we plan to focus efforts on enhancing workplace communication in 2011.

Promoting Corporate Ethics at Group Companies Overseas

Aeon has been conducting compliance training, establishing hotlines and instituting monitoring systems at Aeon Group companies overseas since 2006. These activities to disseminate and instill compliance are currently being conducted at 18 Group companies in China and the ASEAN region.

Education and Training

Aeon conducts training to disseminate and instill corporate ethics, primarily through four programs: training for executive management, training for code of conduct promotion leaders, general training, and training for new employees. A code of conduct curriculum is also incorporated into problems asked on hiring examinations and in recruitment training.

● Training for Executive Management (since 2003)

Executive management from Group companies learns about and shares the situation surrounding corporate ethics and risk management both within and outside their own respective companies. The curriculum aims to empower participants with the ability to make their own decisions based on the Aeon Code of Conduct and to lead as well as set a precedent for general employees.

● Training for Code of Conduct Promotion Leaders (since 2003)

Participants learn about corporate ethics and case method practices. They also acquire skills for conducting study sessions at their own workplaces on the material covered.

● General Training (since 2006)

All employees of the Aeon Group participate in general training once a year to review the Aeon Code of Conduct. Reconfirming the necessity of corporate ethics helps create a shared set of values among employees.

● Training for New Employees (since 2004)

New employees of Group companies receive training as a part of new employee orientation. Through the Aeon Code of Conduct, employees learn about acting and making decisions while putting customers front and center.

Creating Support and Awareness-Raising Tools

In addition to training programs, Aeon also creates a variety of tools to disseminate and instill its code of conduct.

For example, the monthly Aeon Code of Conduct Newsletter presents issues reported or consulted on via the Aeon Code of Conduct hotline. Every month 200,000 copies are created and distributed to employees of Aeon Group companies. The newsletter has been very well received by employees, promoting some to revisit to code of conduct and raising awareness of the hotline.

Environmental Management

Formulation of the New Environmental Policy System

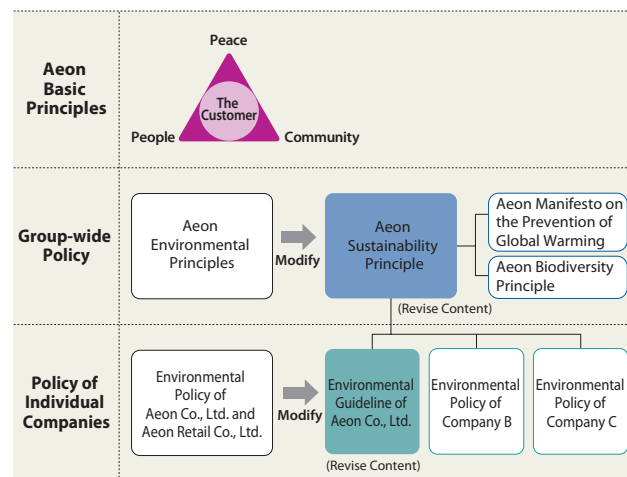
In March 2011, Aeon established the Aeon Sustainability Principle as well as revised and renamed the Aeon Environmental Principles as the Environmental Guideline.

The Aeon Sustainability Policy replaces the existing Aeon Environmental Principles as the fundamental policy that governs the environmental and social contribution activities that all Aeon Group companies should take part in. In addition, the Aeon Manifesto on the Prevention of Global Warming and the Aeon Biodiversity Principle also represent environmental goals and policies for the entire Group.

The Environmental Guideline was created by revising the previous Aeon Environmental Principles based on the focused target areas of the Aeon Sustainability Principle as well as a revision to the framework of the purpose and goals of environmental conservation activities undertaken by Aeon Co., Ltd. and Aeon Retail Co., Ltd. Since the Aeon Group encompasses a multitude of business areas, the challenges that each Group company faces may differ depending on their operating format and sector. As such, effective measures are conducted following the environmental guidelines and environmental management systems developed by each Group company based on their own unique characteristics.

Targets for the following fiscal year are determined by sharing environmental activities undertaken across the entire Group under the guidance of the Group Chief Environmental Officer as well as by an evaluation of the progress toward meeting previous targets.

Environmental Policy System



Environmental Guideline*

We strive to balance enriching lifestyles with environmental conservation by providing safe and comfortable stores, products and services to our customers.

We also operate an environmental management system to execute measures, perform regular reviews, and promote continual improvements.

- We will strive to reduce the emission of greenhouse gases in all of our business activities in order to realize a low-carbon society.**
 - (1) We will continually improve the energy efficiency of our stores.
 - (2) We will strive to reduce the emission of greenhouse gases in all phase of our products' supply chain.
- We will promote conservation activities and ascertain the benefits and impact of our business activities on natural ecosystems.**
 - (1) We will strive to develop and procure products that use properly managed resources in consideration of sustainability.
 - (2) We will promote tree planting and raising activities as well as undertake activities that safeguard the ecosystems of local communities.
- We will strive to implement resource conservation and resource recycling initiatives in order to use resources in a sustainable manner.**
 - (1) We will promote "reduce, reuse and recycle" for all the resources we use.
 - (2) We will strive to select raw and general materials that have less of an impact on the environment.
- We will comply with environmental related laws, ordinances and regulations, and strive to prevent pollution. In addition, we will widely make public and spread awareness of this policy to our employees and all stakeholders who support our business activities.**
- We will develop partnerships with many stakeholders, including our customers, and widen the reach of our initiatives.**

Enacted March 1, 2011
Motoya Okada
President
Aeon Co., Ltd.

*Environmental Guideline of Aeon Co., Ltd. is applied in the following group companies.
Aeon Co., Ltd., AEON Retail Co., Ltd., Aeon Supercenter Co., Ltd., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KITA TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU CHUKYO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD.

ISO Certification

As of February 28, 2011, 32 companies in the Aeon Group have acquired ISO 14001 certification, the international standard for environmental management systems.

List of ISO-Certified Companies
(As of February 28, 2011)

● ISO9001 ● ISO14001

Aeon Co., Ltd.	●	Aeon Credit Service Co., Ltd.	●
Aeon Retail Co., Ltd.	●	Ryukyu JUSCO Co., Ltd.*1	●
Aeon Supercenter Co., Ltd.	●	Maxvalu Kyushu Co., Ltd.	●
Maxvalu Minami Tohoku Co., Ltd.	●	Maxvalu Hokkaido Co., Ltd.	●
Maxvalu Kita Tohoku Co., Ltd.	●	Aeon Delight Co., Ltd.	●
Maxvalu Kanto Co., Ltd.	●	LAURA ASHLEY Japan Co., Ltd.	●
Maxvalu Chukyo Co., Ltd.	●	Mega Sports Co., Ltd.	●
Maxvalu Nagano Co., Ltd.	●	COX CO., LTD.	●
Maxvalu Hokuriku Co., Ltd.	●	Maxvalu Tokai Co., Ltd.	●
Aeon Integrated Business Service Co., Ltd.	●	Research Institute For Quality Living Co., Ltd.	●
Maxvalu Tohoku Co., Ltd.	●	Qingdao Aeon Dongtai Co., Ltd.	●
AEON FOOD SUPPLY Co., Ltd.	●	Guangdong JUSCO Teem Stores Co., Ltd.	●
Maxvalu Nishinohon Co., Ltd.	●	AEON South China Co., Ltd.	●
Maxvalu Chubu Co., Ltd.	●	MYCAL Corporation*2	●
AIC Inc.	●	Aeon Hokkaido Corporation	●
Aeon Mall Co., Ltd.	●	Aeon Global SCM Co., Ltd.	●
Aeon Kyushu Co., Ltd.	●		

*1 Changed company name to AEON RYUKYU CO., LTD., May 21, 2011.

*2 Aeon Retail merger in March 2011

Environmental Education

Aeon provides time in its various training sessions for learning about Aeon's environmental principles and policies in order to raise the awareness of employees regarding the environment.

Since fiscal 2008 we have encouraged employees to take the Certification Test for Environmental Specialists® (Eco Test)*. Department managers at the head office and higher ranked personnel as well as store managers and others take the test. Since 2008 a total of 4,497 Aeon personnel have passed.

Companies that have acquired ISO 14001 certification provide training for their employees. For example, Aeon Retail has established a web-based training tool and requires employees to keep an ISO 14001 handbook with them. Training seminars for internal environmental auditors led by outside instructors are also held every year to facilitate smooth operation of the environmental management system. As of February 2011, a total of approximately 1,480 employees have attended the seminars since 2000, when ISO certification was acquired.



Environmental Specialist Certification

* The Certification Test for Environmental Specialists is a certification program sponsored by the Tokyo Chamber of Commerce and Industry. It was started in 2006 in order to develop human resources who possess broad-reaching basic knowledge of environmental issues and who can utilize their awareness of these issues in everyday activities, and to help build a sustainable society with a healthy balance between the environment and the economy.

Environmental Accounting

	Aeon Group Total			GMS (includes some SM and SuC)			SM		
				Companies covered: Aeon Retail, Aeon Hokkaido, Aeon Kyushu, Ryukyu Jusco, Mycal, Aeon Supercenter			Companies covered: Maxvalu Hokkaido, Maxvalu Tohoku, Maxvalu Tokai, Maxvalu Chubu, Maxvalu Nishinohon, Maxvalu Kyushu		
	Environmental conservation costs	Economic benefits of environmental conservation	Environmental conservation benefits	Environmental conservation costs	Economic benefits of environmental conservation	Environmental conservation benefits	Environmental conservation costs	Economic benefits of environmental conservation	Environmental conservation benefits
	24,210	21,616	244	19,368	17,994	130	4,842	3,622	114
Eco Store	103,193	144,467	7,305	69,082	68,113	4,519	34,111	76,354	2,786
SM	205,022	562,527	24,715	138,188	449,508	20,283	66,834	113,019	4,432
GMS	8,008	76,342	2,391	4,522	57,428	1,644	3,486	18,914	747
Operations	340,433	804,952	34,655	231,160	593,043	26,576	109,273	211,909	8,079

● The following 17 Group companies are subject to environmental accounting.

Aeon Retail Co., Ltd., Aeon Hokkaido Co., Ltd., Aeon Kyushu Co., Ltd., Ryukyu Jusco Co., Ltd., Mycal Corporation, Aeon Supercenter Co., Ltd., Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., and Maxvalu Kyushu Co., Ltd., MAXVALU KITA TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU CHUKYO CO., LTD., MAXVALU HOKURIKU CO., LTD., MAXVALU NAGANO CO., LTD.,

● The report compiles the costs (monetary) and benefits (monetary and CO₂ reduction) of environmental measures and energy conservation measures conducted by the companies at their stores.

Costs associated with new and upgraded facilities are tabulated based on annual depreciation expense, not total investment. The report covers facilities that were built or upgraded in fiscal 2010. Facilities built or upgraded prior to fiscal 2010 are not included in the figures.

● The following represent specific costs recognized for each item.

Eco Stores: Costs are compiled for investments in environmental equipment and facilities, and photovoltaic power systems (at both new and existing stores)

New Stores: Costs are compiled for installation of various facilities and equipment in a standard format with ecological specifications.

Existing Stores: Costs are compiled for installation of various facilities and equipment associated with energy efficiency repairs at existing stores.

Operations: Costs are compiled for operational improvements, including installation of system and programs for energy use transparency.

Environmental Management

FY2010 ISO 14001 Targets and Performance

AEON Retail Co., Ltd., Aeon Supercenter Co., Ltd., Maxvalu six companies *

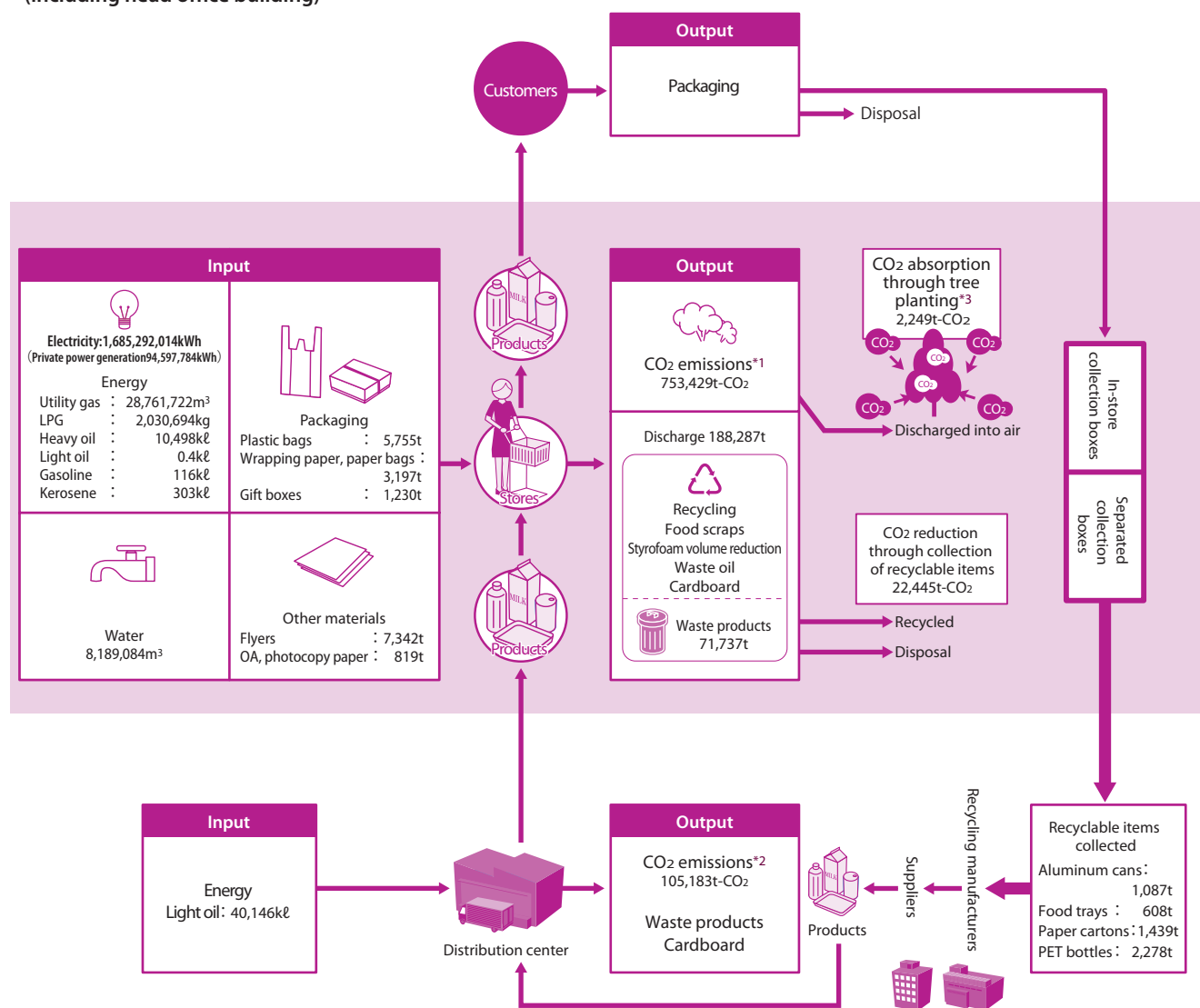
◎=Achieved △=Did not achieve, but will continue to make efforts

Environmental Policies		Targets	Performance	Percentage over target	Evaluation	Department responsible
Work together with customers	Energy saving	Reducing use of resources FY10: Reducing use of resources more than 5%	Achieved 6,488,404kg, versus target of 6,761,619kg	96.0%	◎	Department of Environment and Social Contribution
		Increase the amount of recyclable items collected at stores FY10: Review and standardize of recycling	Amount of recyclable items: 14,979,149kg (100.4% of previous year) • Transparent containers collection store; Increasing 111 stores from July, 2011 • Examining a recycling collection scheme by AEON DELIGHT CO., LTD.	100.4%	◎	Department of Environment and Social Contribution General Affairs Division
	Environmental conservation	Continue tree-planting and tree-growing activities (Aeon Hometown Forest program) FY10: Promoting tree-growing activities at existing stores	Total number of trees planted through FY2010: 7,753,160 at 734 locations (the group total)	—	◎	Department of Environment and Social Contribution
Provide environmentally conscious products	Environmental conservation	Increase sales of environmentally friendly products and "Cool Biz" / "Warm Biz" products FY10: Achieve sales target (exceed the previous year) for environmentally friendly products and "Cool Biz" / "Warm Biz" products	TOPVALU Gurinai: Sales of ¥24,998 million, 95.8% of previous year TOPVALU KYOKAN SENGEN: Sales of ¥2,911 million, 114.2% of previous year SELF+SERVICE: Achieved sales of ¥3,367.6 million, versus target of ¥3,764 million CoolishFact: Sold 1.67 million units, versus target of 1.84 million units	96.5% 98.1% 91.1% 100.1%	△ △ △ △	Corresponding product divisions SELF+SERVICE Department
	Resource saving	Further develop carbon footprint labeling and actively expand sales to customers FY10: Start sales of carbon footprint-labeled products	Sales of three winter gift products (Super Clean White Gift, Canola Oil Gift, Gurinai Akita Komachi)	—	◎	Product Strategy Department
Implement store management that minimizes environmental impact	Energy saving	Reduce electricity use: 5% reduction compared to previous year *Establish CO ₂ emission measurement rules at stores during fiscal 2009 FY10: Reduce electricity use by 5% compared to fiscal 2008	Store electricity use: Achieved 1,780.4 million kWh, versus target of 1,848.8 million kWh	99.5%	◎	General Affairs Division
		Promote the Eco Store concept for new and existing stores and increase installation of energy efficiency devices FY10: Make every new mall-type shopping center an Eco Store	Opened new mall-type shopping center, Aeon Tsuchiura Shopping Center, as Eco Store in fiscal 2009	—	◎	Construction Department General Affairs Division (Facility Management Group)
	Resource saving	Keep sales losses from discarding food products at 0.9% or less (FY10 target)	Achieved rate of 0.73%, versus target of 0.9%	81.1%	◎	Store Operations Department Food Products Division
	Environmental conservation	Thoroughly clean grease traps and comply with water quality standards for wastewater FY10: Require concessions/restaurant partners to comply with wastewater standards and ensure thorough cleaning	319 stores subject to inspection and 319 stores inspected Number of stores with outstanding issues: 2 stores with violations of voluntary standards 7 stores with legal violations *Restaurant partners are provided video training, food sanitation training, grease trap cleanup training and other training to ensure they comply with wastewater standards.	—	×	General Affairs Division (Facility Management Group)

* MAXVALU KITA TOHOKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU CHUKYO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD.

Environmental load in business activities

Aeon Retail Co., Ltd. (including head office building)



*1 Calculations based on energy consumption of equipment at stores and business places.

*2 Aeon Retail Co., Ltd. CO₂ emissions are calculated from the transit and delivery of CO₂ emissions managed by Aeon Global SCM Co., Ltd.

*3 Calculated based on the group-wide total number of trees planted under the "Aeon Hometown Forest" program.

Key Issue 1

Realization of a Low-carbon Society



Guided by the Aeon Manifesto on the Prevention of Global Warming, we are creating stores with low environmental burdens and developing environmentally friendly products, both in an effort to reduce CO₂ emissions.

Initiatives Taken to Date Aimed at Realization of a Low-carbon Society

1990 Launched the JUSCO Earth-Friendly Committee

2005

Opened the Aeon Chikusa Shopping Center, the first Aeon Eco Store



2008

Formulated the Aeon Manifesto on the Prevention of Global Warming

Becoming the first retailer in Japan to name a specific goal for reducing output of CO₂

2008

Opened Aeon Lake Town, one of Japan's largest environmentally friendly shopping centers



FY 2010 Progress

	FY2012 Reduction Targets (Vs. FY2006)	FY2010 Reductions
At Stores * Energy source	500 kilotons-CO ₂	730 kilotons-CO ₂
Through Products and Logistics	570 kilotons-CO ₂	390 kilotons-CO ₂
With Customers	310 kilotons-CO ₂	230 kilotons-CO ₂
Purchases of CO ₂ Emissions Credits	470 kilotons-CO ₂	40 kilotons-CO ₂
Total	1,850 kilotons-CO₂	1,390 kilotons-CO₂

Achieved 75% at the end of 2010

Future Initiatives Aimed at Realization of a Low-carbon Society

2011

Formulate KPI

The chart at right presents Aeon's KPI. Initiatives are already underway aimed at achieving our KPI targets set for fiscal 2013.

Total Annual CO₂ Emissions 2.25 million tons

Formulate concept of and develop next-generation Eco Stores that aims to reduce CO₂ emissions by 50%

Number of Products for which CO₂ Emissions during the Lifecycle have been Calculated 100 SKUs

Reduce CO₂ emissions per case during shipment by 5% compared to fiscal 2010

2013

*Please refer to pages 13 and 14 for more information on our KPI.

1. At Stores

Developing Eco Stores

Aeon's Eco Stores target 20% lower CO₂ emissions than conventional stores. Ever since our first Eco Store, the Aeon Chikusa Shopping Center, was opened in May 2005, we have continued to develop Eco Stores.

Our 11th Eco Store, the Aeon Itamikoya Shopping Center (Itami City, Hyogo Prefecture) opened in March 2011. This shopping center actively incorporates natural power. This "solar and green" shopping center has more than 1,000kW-worth of solar panels – one of the largest applications of solar energy by a commercial facility in Japan – and 10,000m²-plus of green space on walls, on roofs, and in parking lots. It also employs high-efficiency air-conditioning and lighting and, for construction materials, uses wood from forest thinnings and recycled materials to save energy and resources.

Through various technologies and innovative approaches, the Aeon Itamikoya Shopping Center aims to achieve CO₂ emissions 30% lower than those of stores we developed in the past.

From fiscal 2011 onwards, we will drive forward further initiatives for achieving the two objectives listed under KPI: 1. Formulating the concept for the next-generation Eco Stores aimed at 50% CO₂ emission reduction and developing the stores, and 2. Re-examining the concept of standard Eco Stores and applying the standards to all new stores.

The Progress of Eco Stores and Eco Shopping Centers

	Shopping Center (SC) Name		Amount of CO ₂ Reductions (Annual)
2005	Aeon Chikusa SC Aeon Co., Ltd. (now Aeon Retail Co., Ltd) Aeon's first eco store	1 st Store Aichi Prefecture	729t-CO ₂ <small>(Actual value)</small>
2006	Aeon Kashima SC Aeon Co., Ltd. (now Aeon Retail Co., Ltd) First eco store in the Kanto region	2 nd Store Chiba Prefecture	1,656t-CO ₂ <small>(Actual value)</small>
	Aeon Dainichi SC Aeon Co., Ltd. (now Aeon Retail Co., Ltd) First eco store in the Kansai region	3 rd Store Osaka	4,769t-CO ₂ <small>(Actual value)</small>
2007	Aeon Kagoshima SC Aeon Kyushu Co., Ltd First eco store in Kyushu	4 th Store Kagoshima Prefecture	1,507t-CO ₂ <small>(Actual value)</small>
2008	Aeon Tomakomai SC Aeon Hokkaido Corporation First conversion of an existing store	6 th Store Hokkaido	3,300t-CO ₂ <small>(Actual value)</small>
	Aeon Laketown MORI zone certified for "S" ranking under the CASBEE system.	7 th Store Saitama Prefecture	11,895t-CO ₂ <small>(Actual value)</small>
	Aeon Hiezu SC Aeon Retail Co., Ltd Additional floor space added to an existing store	8 th Store Tottori Prefecture	2,247t-CO ₂ <small>(Actual value)</small>
2009	Aeon Tsuchiura SC Aeon Retail Co., Ltd	10 th Store Ibaraki Prefecture	3,600t-CO ₂ <small>(Target value)</small>
2010	Aeon Itamikoya SC Aeon Retail Co., Ltd.	11 th Store Hyogo Prefecture	3,900t-CO ₂ <small>(Target value)</small>

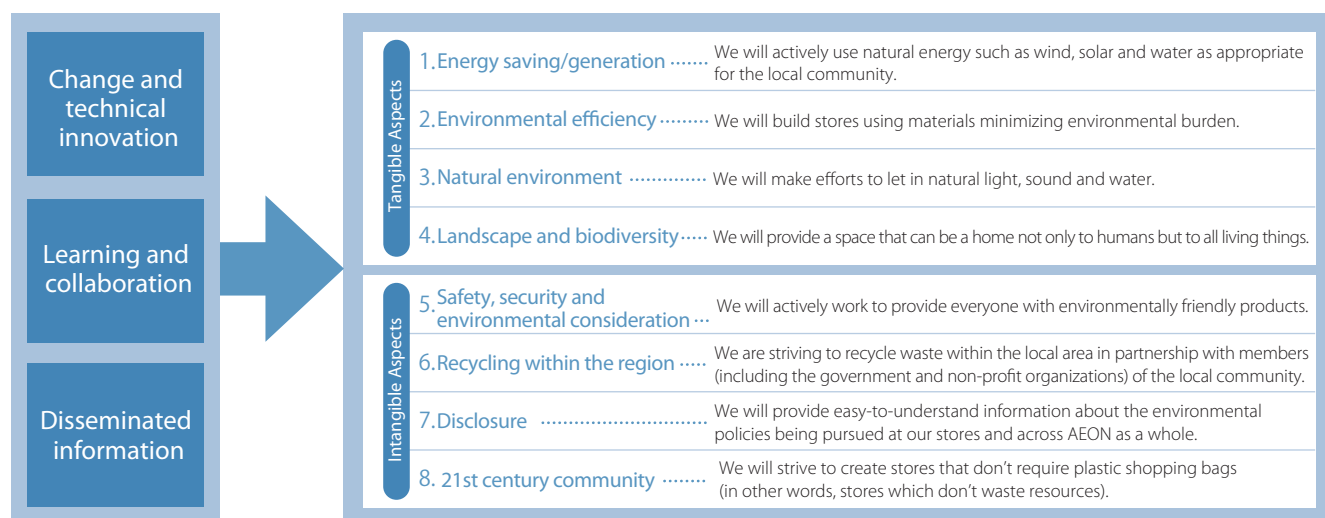


Aeon Itamikoya Shopping Center



Solar panels

The concepts and eight approaches of Eco Stores Concepts



Reducing CO₂ Emissions at Existing Stores

Aeon continues to install energy efficient facilities like canopy lighting in food display cases and works to thoroughly reduce unnecessary lighting, by turning off every other row of lights, for example.

In addition to installing energy efficient facilities, our employees are involved in actively conserving energy at stores and business offices. They have been steadily generating results through persistent daily efforts, turning off unnecessary lights and turning off the power on devices not in use.



Canopy lighting



Every other light turned off

The Japanese government has set a goal to reduce peak time power use by 15% over 2010, targeting businesses and households whose power is supplied by the Tokyo Electric Power Company and Tohoku Electric Power in order to prevent power shortages anticipated to occur in summer 2011 from the Tohoku to Kanto regions. Aeon, however, has set a reduction goal of 25% over last year's figure, which is higher than the government stipulated goal. The stores aim to serve their role as a good corporate citizen that is closely tied to the community. To this end, a number of initiatives have been launched starting July 1, 2011 to reach this goal (see pg. 8).

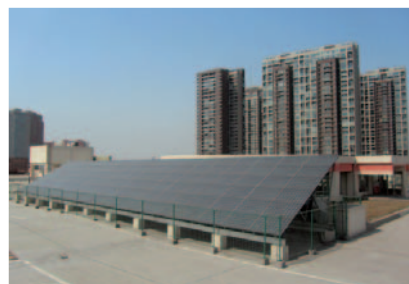
Aeon Group's Activities — Companies Based in China

Aeon operates 29 general merchandise stores and 8 supermarkets in China (as of September 2011), and is actively working to develop stores with a lower impact on the environment.

For example, Aeon Mall Tianjin TEDA, opened in October 2010, is advancing the cause of reducing CO₂ emissions through its use of solar panels, a green roof, and LED lighting. It is also using recycled components for some facilities to help conserve resources. In addition, AEON South China Co., Ltd.*, which operates eight stores, standardized energy conservation checklists and started to share its progress toward achieving targets set out for each store and sales floor at the time of its merger in 2009, which helped the Company reduce the amount of electricity and gas it used in 2010 by 10% compared to 2009.

As an energy conservation target for its five companies in China, Aeon plans to reduce their energy consumption unit in fiscal 2013 by 15% compared to fiscal 2010, and is undertaking a variety of actions aimed at achieving this goal.

*After Shenzhen AEON Co., Ltd. and AEON (China) Co., Ltd. merged in 2009 the new entity's name was changed to AEON South China Co., Ltd.



Solar panels installed at Aeon Mall Tianjin TEDA

TOPICS

Aeon Lake Town: Japan's First Winner of Sustainable Design Award

In November 2010, Aeon Lake Town won the Sustainable Design Award, a first for a Japanese shopping center, at the Asia Shopping Centre Awards hosted by the International Council of Shopping Centers, Inc. It also won a gold award in the category of innovative design and development.

Sustainable Design Award is presented to shopping centers that take into account environmental protection of the local community and its sustainability. Aeon Lake Town's environment-conscious initiatives including solar panels, hybrid gas ecosystem and quick recharging stations for electric vehicles as well as holding of environmental events such as exhibitions of ecological themed artwork have been instrumental in earning accolades as an eco-friendly shopping center.

2. Through Products, Distribution

Developing and Selling Products that Contribute to CO₂ Emission Reduction

Aeon develops and sells products that help reduce CO₂ emissions.

In fiscal 2010, we introduced LED light bulbs that last 40 times longer and use 90% less electricity than conventional bulbs.

We are also working to develop and sell products that can indirectly but effectively reduce CO₂ emissions during use by our customers. For example, in our TOPVALU line of products we have developed and sell HEATFACT labeled functional innerwear, as well as the wearable blankets. We market these products to help reduce the use of heating and air conditioning units, which results in reduced CO₂ emissions.



TOPVALU KYOKAN SENGEN LED light bulbs

Expanding Carbon Footprint Labeling for Products

Carbon footprint (CFP) labeling refers to labeling a product to show the CO₂ emissions it generates through its lifecycle, from raw materials to processing, distribution, consumption, disposal and recycling.

Informing customers regarding the CO₂ emissions of everyday products further increases their interest in the environment, and ascertaining CO₂ emissions given off in the various processes that make up a product's lifecycle helps spur initiatives for reducing CO₂ emissions.

In June 2008, Aeon participated in the CFP seminar hosted by the Ministry of Economy, Trade and Industry and has been implementing the related operations in collaboration with METI.

From fiscal 2009 onwards, we have been driving forward an in-house project along with the METI project.

In February 2010, we applied and received approval for draft development plan for Product Category Rules (PCR), which defines the criteria for CFP calculation and labeling method, for five products (TOPVALU Gurinai bell peppers from Miyazaki Prefecture, TOPVALU uncured ham, TOPVALU spray dry instant coffee, TOPVALU KYOKAN SENGEN LED light bulbs (warm white) and TOPVALU KYOKAN SENGEN LED light bulbs (neutral white)).

Aeon will continue actively working toward the viability and popularization of the carbon footprint program from the standpoint of a retailer in direct contact with customers on a daily basis, by increasing sales of CFP-labeled products and other such efforts.



TOPVALU Gurinai bell peppers from Miyazaki Pref.

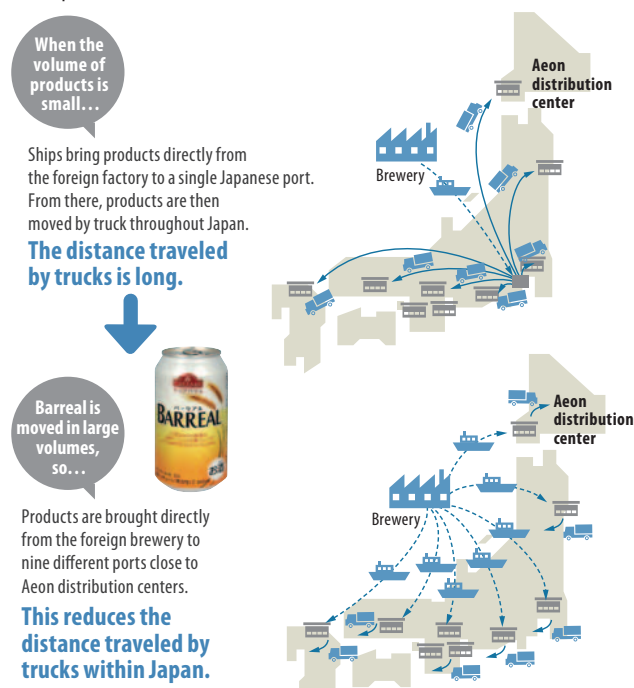
Reducing Distribution-related CO₂ Emissions

Aeon is employing various shipping innovations to reduce CO₂ emissions related to distribution. As an example, for TOPVALU Barreal, the new genre of beer we introduced in June 2010, we have cargo ships bring stocks from the foreign brewery directly to nine different Japanese ports located near Aeon distribution centers. That reduces CO₂ emissions by cutting the distance that must be traveled by trucks within Japan.

Regarding to truck transportation generally, we have increased our distribution efficiency by, for instance, using large trucks that can carry bigger loads and using return trips, as well, to move goods. Furthermore, we are converting our fleet of trucks to ever-more fuel-efficient models that place lower burdens on the environment. We are also teaching our drivers environmentally friendly driving skills to reduce fuel consumption. In fiscal 2010, we conducted this training at 27 locations throughout Japan for a total of 575 drivers.

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

Example of reduction in truck transportation
(transportation of TOPVALU Barreal)



Initiatives for the Realization of a Low-carbon Society

3. With Customers

Carbon Offset Initiatives

In fiscal 2010, Aeon worked on three occasions to offset all or part of its greenhouse gas emissions which it was unable to reduce by purchasing emissions credits generated from CO₂ emission reduction activities in other locations.

Carbon Offset Campaign

Aeon carried out two carbon offset campaigns targeting specific food products and household products. We purchased emissions credits (certified emissions reductions, or CER: Kyoto Mechanism credits) related to a wind power generation project in India (transferred to the government free of charge) to offset CO₂ emissions in delivery, store sales and disposal of products.

[1st time]

- Period: From May 22, Saturday, through June 20, Sunday, 2010
- Participating companies: 20 Group companies (consolidated)
- Amount of emissions credits purchased: 2,148 tons-CO₂

[2nd time]

- Period: From October 22, Friday, through November 21, Sunday, 2010
- Participating companies: 20 Group companies (consolidated)
- Amount of emissions credits purchased: 1,424 tons-CO₂

●Eco Gifts

Aeon purchased emissions credits (certified emissions reductions, or CER: Kyoto Mechanism credits) related to a biomass power generation project in India (transferred to the government free of charge) to offset CO₂ emissions in delivery of gifts for Mother's Day, Father's Day, and traditional midsummer and end-of-the-year gift seasons in fiscal 2010.

[1st time]

- Period: From March through July, 2010
- Participating companies: 20 Group companies (consolidated)
- Amount of emissions credits purchased: 2,050 tons-CO₂

[2nd time]

- Period: From October through December, 2010
- Participating companies: 20 Group companies (consolidated)
- Amount of emissions credits purchased: 2,000 tons-CO₂

●Sale of My Baskets with Carbon Offsets

Aeon sold My Baskets with Carbon Offsets and purchased CO₂ emissions credits (certified emissions reductions, or CER: Kyoto Mechanism credits) related to a biomass power generation project in India (transferred to the government free of charge) to offset CO₂ emitted in the process from production through delivery of My Baskets.

- Period: From March 2010 through February 2011
- Participating companies: 21 Group companies
- Amount of emissions credits purchased: 556 tons-CO₂

Purchase of CO₂ emissions credits in Japan

In August 2010, Aeon purchased Japanese CO₂ emissions credits equivalent to approximately 15,000 tons-CO₂, the biggest purchase by a single company in Japan, based on the Domestic Clean Development Mechanism*. We utilized the proceeds from pay plastic bags*, as stores discontinued free plastic bags, for purchasing the emissions credits.

Aeon until now has been purchasing CO₂ emissions credits generated from overseas emission reduction projects. With the establishment of an emissions credits system in Japan, we allocated half of the funds to purchase Japanese emissions credits.

This enables Aeon not only to help energize the greenhouse gas reduction projects across Japan but also to help the nation achieve the emissions reduction targets under the Kyoto Protocol through amortization of those credits.

*Domestic Clean Development Mechanism: The Domestic Credit Certification Committee under the Japanese government certifies emission reductions as domestic credit achieved through efforts aimed at curbing greenhouse gases by small and medium-sized enterprises and businesses engaged in agriculture and forestry using technologies and funds provided by large companies, and large companies utilize such credits to achieve their targets under voluntary action plans.

*Proceeds from plastic bags = selling price – (consumption tax – purchasing cost)

Key Issue 2

Conservation of Biodiversity



Aeon's business activities would be impossible without agricultural and marine products – gifts from the cultivation of plants and harvests of sea life. Understanding this, we created the Aeon Biodiversity Principle, which provides fundamental guidance for our development of ecologically conscious products and stores, and tree-planting and other activities.

Initiatives Taken to Date Aimed at Conservation of Biodiversity

1990 Launched the JUSCO Earth-Friendly Committee

1991
Initiated the "Aeon Hometown Forests Program"

The Jaya Jusco Stores (now known as AEON Malaysia) Malacca store was the first location to undertake this tree-planting project.



2006
Became the first retailer in Japan to sell marine products certified as sustainable by the Marine Stewardship Council



2010
Established Aeon Biodiversity Principle

Future Initiatives Aimed at Conservation of Biodiversity

2011 **Formulate KPI**

The chart at right presents Aeon's KPI. Initiatives are already underway aimed at achieving our KPI targets set for fiscal 2013.

Visibility of Biodiversity-friendly PB products in a consumer survey
40%

Formulate indicator measuring the impact commercial facilities have on the surrounding ecosystem and evaluate stores based on relevant standards

Aeon Hometown Forests Program Maintenance and Management Situation of Forests

2013

*Please refer to pages 13 and 14 for more information on our KPI.

1. At Stores

Conserving the Ecosystem When Developing Stores

Aeon pays great attention to conservation and creation of ecosystems in developing its stores through initiatives such as promoting green purchasing of construction materials and planning and implementing biodiversity evaluation and environmental burden reduction measures when opening stores. Examples of these initiatives include the Aeon Hometown Forests Program and installing biotopes at some of our shopping centers.

Although we have taken part in a wide range of initiatives to date, we did not quantify or evaluate the specific effects these have had on reducing our impact on the environment or conserving ecosystems.

Going forward, based on the Aeon Biodiversity Principle, we plan to formulate indicators for measuring the impact our commercial facilities have on ecosystems, as well as subjectively evaluate the results obtained through these indicators with 2013 set as the target year.

Aeon Group's Activities – Ministop Co., Ltd. Increasing FSC-certified Stores

In December 2009, Ministop opened the nation's first FSC-certified convenience store, Ministop Koshigaya Lake Town East.

Ministop followed this up, in February 2011, with the opening of the Ministop Hamamatsu Toyoyasu store in the Shizuoka Prefecture city of Hamamatsu. This store uses not only wood products that are 100% FSC-certified but also a solar power system and LED lighting.

Ministop is planning to actively develop more environmentally conscious stores using domestic FSC-certified wood products in the future.



Store under construction



MINISTOP store

Aeon Biodiversity Principle

Basic Principle

Grasping the impact our overall corporate activities have on the ecosystem, we actively focus on reducing the impact on the ecosystem and conservation activities, working in collaboration with our stakeholders, including our customers, local authorities and non-profit organizations.

We focus on the following points related to the ecosystem in our corporate activities:

Through our corporate activities, we

1. Remain conscious of blessings and burdens.
2. Engage in initiatives that protect and nurture.
3. Disclose information on our activities.

Action Guidelines (Excerpt)

1. Products: We will set sustainability targets for resource-managed fresh seafood and processed by products, engage in their purchase and sale while sharing those targets with our business partners, and communicate related information to customers.
2. Stores: We will continue to promote treeplanting campaigns with customers at new store sites and continue to develop Eco Stores with less environmental impact than conventional facilities.
3. With Customers: Through tree-planting campaigns and other programs, we will share environmental awareness and learn together with everyone.

2. With Customers

Aeon Tree-Planting Activities

Aeon has run the Aeon Hometown Forests Program since 1991. Whenever a new store is opened, we join together with our customers to plant trees on the site. In 2010 we planted a total of 96,668 seedlings at 23 locations.

In addition, the Aeon Environmental Foundation organizes treeplanting campaigns to reestablish forests devastated by natural disasters. In fiscal 2010 we conducted tree-planting in Japan at Lake Shikotsu in Hokkaido, Miyake Island in Tokyo, Minamishimabara in Nagasaki, and other locations, and overseas in Vietnam, Laos, Cambodia and other countries.

Altogether we have planted 9,475,492 trees as of February 28, 2011.

We will continue conducting tree-planting activities with a view to achieving our 2012 goal of planting 11 million trees.

* Combined total of Aeon Hometown Forests Program and Aeon Environmental Foundation

Aim of the Aeon Hometown Forests Program

When we began the Aeon Hometown Forests Program, we asked Professor Emeritus Akira Miyawaki of Yokohama National University, a global authority on plant ecology, to act as an advisor. Professor Miyawaki helped us create shopping center environments enveloped in greenery and filled with the songs of birds and fragrance of trees.

Our focus

We plant native trees – those that are best suited for the local natural environment.

Our focus

At each location, local customers take the lead in planting trees one by one.

Our focus

At each location, local customers take the lead in planting trees one by one.

Trees Planted by Area (As of February 2011)



Planting trees near the Great Wall

China
1,113,117

Laos
96,500

Japan
7,756,797

Viet Nam
25,000

Cambodia
10,744

Thailand
225,500

Malaysia
224,184

Kenya
3,450



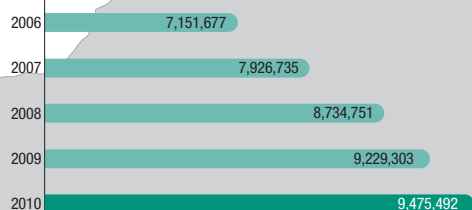
Aeon Hometown Forests Program



Planting trees on Miyake Island

Australia
200

Total Number of Trees Planted



The Elementary Student Rice Paddy Project

Wanting children to understand something of the gifts of nature and the importance of eating, Aeon began the Elementary Student Rice Paddy Project in 2008. This project is a cooperative effort undertaken with local agricultural cooperatives and NPOs to teach children about food by having them experience everything from the planting through the harvest, and, ultimately, the sale of rice at a retail store. In fiscal 2010, we expanded this project to include Akita, Iwate, Shiga, and Saga prefectures.

The students help to grow our TOPVALU Gurinai Specially Cultivated Rice, using less than half the chemicals and synthetic fertilizer normally used by commercial growers.

In fiscal 2011, about 230 elementary school students from Akita, Iwate, Shiga, and Saga prefectures are participating in the project and activities, similar to fiscal 2010. The project plans to offer the rice to be harvested in coming fall for preparing school meals at elementary schools in the areas affected by the Great East Japan Earthquake.



TOPVALU Gurinai Specially Cultivated Rice grown in the Elementary Student Rice Paddy Project

Highlight – Activity in Shiga Prefecture

This project also teaches children about biodiversity. In Shiga Prefecture, for example, students participate in the Fish Cradle Paddy Project the prefectural government is advancing. The aim of this project is to protect a species of carp unique to Lake Biwa.

In the past, canals connected Lake Biwa with adjacent rice paddies. In spring of each year, carp would travel up these streams to rice paddies to spawn. After hatching, the fry would then spend time developing in the paddies before making their way to the lake. In recent years, however, canal modifications have made it impossible for fish to travel between the lake and rice paddies and invasive species have greatly reduced Lake Biwa's carp habitat. The Fish Cradle Paddy Project aims to help the carp overcome these challenges by releasing adults into rice paddies to spawn, allowing the eggs to hatch, and then releasing the fry when they are about 2cm long into canals.

The project has sparked interest in protecting Lake Biwa's native species and engendered greater "hometown" appreciation among children who have participated in it.



Children searching a paddy for fry to return to Lake Biwa



Releasing carp fry into a canal

TOPICS

Cleaning of ecosystems throughout Japan - The Aeon Happy Clean Campaign

The Aeon Happy Clean Campaign took place between May and October 2010. During this period, approximately 10,300 customers, local government employees, NPO personnel, employees, and others worked together to clean seashore, riverside, wetland, woodland, and other ecosystems in 28 locations across Japan.



Clean-up activities

3. Through Products, Distribution

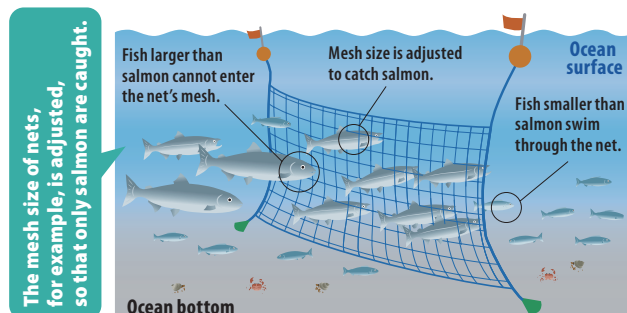
Selling MSC-certified Products

The Marine Stewardship Council (MSC) certification, also known as the marine eco-label, assures consumers that marine products were harvested through properly managed fishing practices. The aim of the MSC certification is to help protect limited marine resources. Aeon has been selling Alaskan red salmon, salmon roe and other MSC-certified seafood since 2006 and added salted mackerel and seasoned cod roe to the list in fiscal 2010. In total, we now offer customers 11 MSC-certified products across 22 species—more than any other retailer in Japan. Since October 2010, we have been selling these products in approximately 1,200 stores and are gradually increasing that number.



MSC-certified TOPVALU salted wild salmon

Adjustment of mesh size to catch only the desired species



Selling FSC-certified Products

The Forest Stewardship Council (FSC) has a system for certifying that wood products and paper were manufactured using timber from properly managed sustainable forests. Aeon has been selling notebooks and other products using FSC-certified paper since 2008.

Introducing FSC-certified Paper as Clothing Price Tags and Labels

In December 2010, we announced that we would become the first Japanese retailer to use clothing price tags and labels made of FSC-certified paper. This initiative is aimed at strengthening our efforts to preserve sustainable forests by not only focusing on products and stores but also utilizing FSC-certified materials in indirect materials such as frequently used price tags and labels.

Use of these tags and labels is slated to begin on products sold beginning in 2011 and will gradually expand from there.

Offering TOPVALU Gurinai Products

Aeon's TOPVALU Gurinai is a line of delicious, nutritious and environmentally-friendly agricultural, livestock and marine products that are produced taking full advantage of the powers of nature. We are making efforts to provide safe and secure products through the establishment of standards aimed at minimizing food safety hazards in vegetables and fruits and by building an interactive system to connect producers and customers.

Moving forward, we will actively disseminate information to improve awareness of MSC/FSC certification so as to gain customer understanding and at the same time expand the lineup of certified products.

TOPICS

MIDORI Prize for Biodiversity Established by the Aeon Environmental Foundation

2010 was not only the International Year of Biodiversity (declared by the UN) but also the 20th anniversary of the establishment of the Aeon Environmental Foundation. In celebration of both, the Aeon Environmental Foundation established the MIDORI Prize for Biodiversity to promote the conservation of biodiversity and the sustainable use of natural resources by recognizing and supporting individuals who have helped to promote biodiversity.

The prize winners for 2010 include Jean Lemire of Canada, a biologist, adventurer, and filmmaker; Gretchen C. Daily of the U.S., a professor at Stanford University; and Emil Salim of Indonesia, a Member of the Advisory Council to President Yudhoyono and former Minister of State for Population and the Environment. German Chancellor Angela Merkel was presented with the Special MIDORI Prize for Biodiversity.



October 27, 2010 Award Ceremony



Aeon Group's Activities – Branshes Co., Ltd. Protect the Homes of the Fish – Branshes' Coral Forest Project

Inspired by a desire to “bequeath a beautiful, safe and exciting sea to the children of the future,” kids apparel retailer Branshes Co., Ltd. in July 2009 launched the “Protect the Homes of the Fish – Branshes' Coral Forest” project. The company has initiated measures to restore the coral reefs in Okinawa, fast disappearing due to the rise in sea temperatures and deteriorating water quality.

Under the project, Branshes Co., Ltd. develops and sells original hand towels and uses 10% of their sales for planting corals in Okinawa sea. The company entrusts coral planting to Sea Seed, which specializes in farming and transplanting of corals. Branshes Co., Ltd. features the planted corals on its website and will continue with activities to protect the ocean ecosystem.

Better Use of Resources



To make maximum use of limited resources, Aeon not only reviews any excessive use of resources in the course of its business activities and reduces waste but also promotes initiatives to have customers participate in resource saving activities.

Initiatives Taken to Date Aimed at Better Use of Resources

1990 Launched the JUSCO Earth-Friendly Committee

1991

Commenced the "Bring Your Own Shopping Bag" campaign, "Collecting Recyclable Resources at Stores" Movement on a trial basis



2000

Launched the My Basket campaign



2007

Began the "Stop Free Plastic Shopping Bags" program

756 stores discontinue free plastic bags at the end of 2010



Future Initiatives Aimed at Better Use of Resources

2011

Formulate KPI

The chart at right presents Aeon's KPI. Initiatives are already underway aimed at achieving our KPI targets set for fiscal 2013.

Reduce Amount of Materials Used in Packaging and Containers
15% reduction

Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions Cumulative total of more than 250 persons

Percentage of Customers Declining Plastic Shopping Bags (nationwide store average)
70%

2013

*Please refer to pages 13 and 14 for more information on our KPI.

1. At Stores

Promoting Green Purchasing

We began “green purchasing” efforts in 1996. When purchasing stationery and other office supplies, we adequately consider their necessity and make purchasing decisions while prioritizing products with low environmental impact. This is done as a matter of course for office supplies, but we are also expanding the scope of green purchasing to include display cases, shelving and other fixtures used on sales floors as well as construction materials and the like.

●Construction materials

We commenced green purchasing for construction materials in fiscal 2001. When developing new general merchandise stores, we strive to use products procured through green purchasing for construction materials and increase the range of items subject to green purchasing. In fiscal 2010 we conducted green purchasing for 14 types of construction materials.

Proper Management of Waste Disposal

Aeon holds internal training courses on a regular basis aimed at improving its management of waste disposal.

Each year the Waste Management Training Course, which was developed together with an external specialist organization, is held for environmental managers of Group companies. We also provide training on proper waste separation practices to general employees of Group companies and stores.

For example, Aeon Retail Co., Ltd. has created a training material for store employees that it uses to conduct training courses on waste management in store operations.

Recycling Food Product Wastes

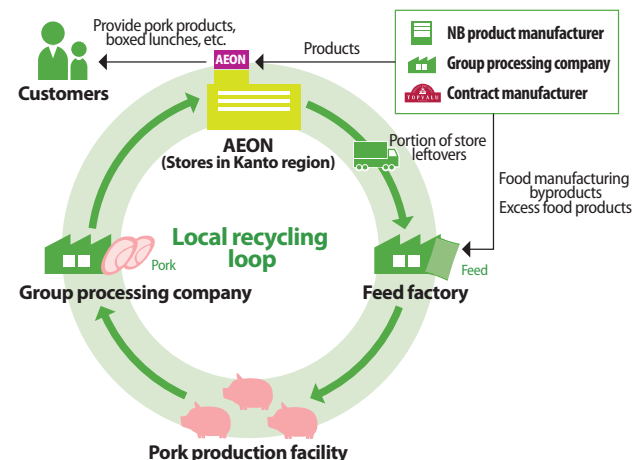
Aeon works to reduce food product waste generated by our stores and promotes effective use of waste as a resource.

In May 2008 present day Aeon Retail Co.,Ltd., became the first company in Japan’s retail industry to acquire recycling business plan certification* under Japan’s food recycling law, which was revised in December 2007. The company built a recycling loop that involves collecting food waste generated at stores, turning the waste into feed, and then selling pork from pigs raised on the feed at Aeon stores. Pork from pigs raised on recycled feed has been sold at select stores in the Kanto region since June 2008.

Aeon Retail’s food recycling ratio in fiscal 2010 was X.X%. The food retail industry must achieve a recycling ratio of 45% by fiscal 2012. Aeon will continue to promote food recycling initiatives to achieve this target.

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

Building A Local Recycling Loop



Aeon Group’s Activities — Maxvalu Chubu Co., Ltd. Maxvalu Tokai Co., Ltd. Waste cooking oil is recycled as biodiesel fuel

Maxvalu Chubu and Maxvalu Tokai recycle waste cooking oil used by their stores’ prepared foods departments for deep frying and turn it into biodiesel fuel that is used to power the companies’ vehicle fleet. A closed recycling loop has been created whereby a waste product produced by the company is then recycled by the same company.

Maxvalu Chubu uses the fuel in three company vans that run on biodiesel while Maxvalu Tokai uses the fuel in one delivery truck and three company vans.

2. With Customers

Reducing Use of Plastic Bags

In 1991, Aeon embarked on efforts to conserve petroleum, the raw material for plastic bags, and cut CO₂ emissions from the production of plastic bags by calling on customers to use their own shopping bags. This was the beginning of the "Bring Your Own Shopping Bag" campaign, which we supplemented with the "My Basket" campaign in 2000.

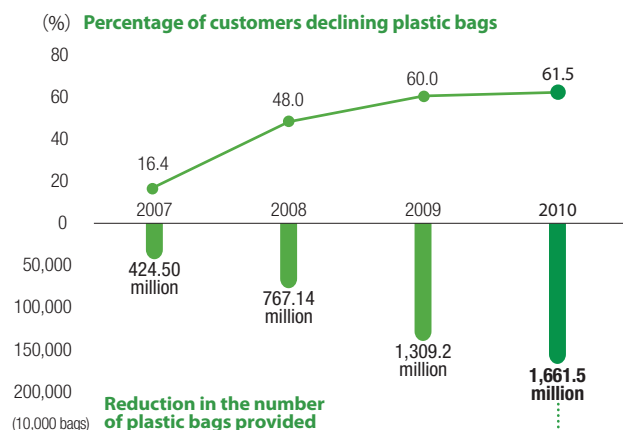
In 2007, we became the first national retail chain to begin the "Stop Free Plastic Shopping Bags" program (at some stores). Our current goal is for at least 1,000 stores to discontinue free plastic bags by 2012, and we are continuing our efforts together with local residents by crafting agreements with community organizations and local governments.

By the end of February 2011, we had expanded our efforts to cover 756 stores throughout Japan, greatly increasing the number of people who decline plastic bags and significantly cutting the number of plastic bags distributed.

In our KPI established in August 2011 we have included the percentage of customers declining plastic bags as an evaluation indicator for our activities. Going forward, we will continue to take further actions toward achieving a 70% rate of customers declining plastic bags by fiscal 2013.

Percentage of Customers Declining Plastic Bags and Total Plastic Bag Reduction

Total of 20 consolidated companies (Percentage is calculated by averaging figures for the final month of the fiscal year from each company involved.)



Conservation of Resources (total for Aeon)

Oil barrels (200 ℓ)

Saving of approx. 152,000 barrels

Formula (courtesy of the Japan Polyolefin Film Industry Association)

The total energy used to manufacture a plastic bag (raw materials, resin, manufacturing, shape forming) is 17,124kcal/kg. The energy used to manufacture a 99g plastic bag divided by the calorific value of the raw materials comes to 18.3mℓ (11.5mℓ crude oil solidified in the bag and 6.8mℓ crude oil emitted as CO₂ during the manufacturing process).

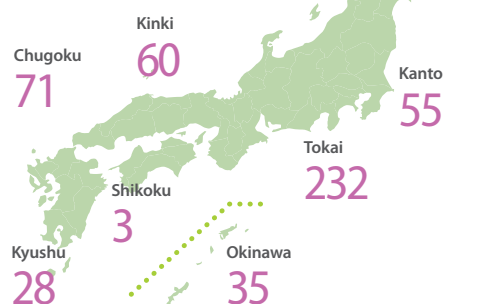
Reduction in the number of plastic bags provided during fiscal 2009
 $1,661,550,000 \text{ bags} \times 18.3 \text{ mℓ} \div 1,000 = 30,406,365 \text{ ℓ}$
 $30,406,365 \text{ ℓ} \div 200 \text{ ℓ} = 152,000 \text{ barrels}$

Stores stopping free plastic shopping bags

Total stores (2007 to 2011.02)

756

(Total for 22 Aeon Group companies)



Use of profits from sales of plastic bags

Profits from plastic bag sales* (Companywide)
 Period: Fiscal 2010

Companywide: About **¥200 million**

Purchase and donation of emissions credits
 Helping to achieve Japan's CO₂ reduction target

Approx. **¥100 million**

Contributions to local communities
 Contributing to environmental conservation for local communities

Approx. **¥100 million**

* Buyable plastic bag income = Sales price - (consumption taxes + purchase cost)

Reducing Waste by Collecting Resources at Stores

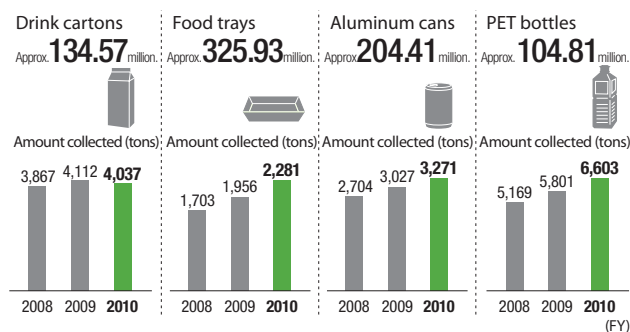
Aeon stores have resource collection bins for items like drink cartons, food trays, aluminum cans, and PET bottles, and encourage customers to recycle. Collected drink cartons and aluminum cans are recycled and some are used as raw materials for TOPVALU KYOKAN SENGEN brand products. Food trays and PET bottles are also appropriately recycled.



Collection bins at a store

Amounts Collected by Store Bins

Total of 21 consolidated companies



Drink carton (100p) = 30 g, Food tray = 7 g, Aluminum can (350p) = 16 g, PET bottle = 63 g (FY)

3. Through Products, Distribution

Promoting Our Eco Products Brand TOPVALU KYOKAN SENGEN

The TOPVALU KYOKAN SENGEN brand Aeon began developing and marketing in 2000 is a line of eco-products emphasizing the “4Rs” – reduce, reuse, recycle, and returnable.

Through this brand, we aim to bring customers products that are truly attractive combinations of high quality and reasonable prices, and show that environmentally friendly products do not have to cost more.

In fiscal 2010, we introduced a liquid bulbs and laundry detergent that is twice as effective as conventional detergent.



TOPVALU KYOKAN SENGEN
herbal fragrance concentrated
laundry detergent

Reducing Containers and Packaging

Aeon, in careful consideration of the impact on the quality of product contents and safety during shipment, is working to reduce the amount of materials it uses in containers and packaging.

Our efforts to reduce these materials include making product containers lighter and more thin-walled, switching to recyclable materials, as well as using less containers and packaging through developing tray-less products and promoting loose sales.

Moving forward, we plan to take further actions in order to achieve our fiscal 2013 target of reducing the required amount of container and packaging for third party processing (per ¥100 million in net sales) under the Act for Promotion of Sorted Collection and Recycling of Containers and Packaging by 15% compared to fiscal 2010.

Expanded Use of Returnable Containers and Reused Hangers

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

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

the clothing and the amount of hangers used only for transport.

In fiscal 2010 we used 24.3 million cases of returnable containers, 24.53 million cases of agricultural product containers, and 10.15 million reusable hangers, which helped us substantially reduce cardboard waste.

Returnable Container, Agricultural Product Container
Reusable Hanger



Aeon Group's Activities — SELF + SERVICE Collecting Clothing for Recycling into Bioethanol

SELF+SERVICE, a specialty shop for clothing and accessories began collecting used clothing in 2003 and has gradually expanded recycling applications.

In 2010, the company collected some 41,000 articles of clothing. We are also participating in the FUKU-FUKU Project administered by JEPLAN Co., Ltd. which recycles clothing into bioethanol. Through this initiative, 28,000 articles of clothing were collected at 49 SELF+SERVICE stores.

Dealing with Social Matters



As a member of both local communities and international society, Aeon stands fully committed to addressing a multitude of social matters as well as promoting sustainable corporate activities.

Initiatives Taken to Date Aimed at Dealing with Social Matters

1977 Established the JUSCO Company Welfare Fund (now known as the Aeon Welfare Fund)

2001

Started the Aeon Happy Yellow Receipt Campaign

Cumulative total of
¥1,364.33 million
in goods donated as
of February 2011



2003

Established the Aeon Supplier Code of Conduct

2004

Commenced sales of TOPVALU Fair Trade Coffee



2004

Aeon announced its participation in the United Nations Global Compact

Future Initiatives Aimed at Dealing with Social Matters

2011 **Formulate KPI**

The chart at right presents Aeon's KPI. Initiatives are already underway aimed at achieving our KPI targets set for fiscal 2013.

Aeon Happy Yellow Receipt Campaign Submission Rate
Greater than 20%

Number of Aeon Cheers Clubs
400 clubs

Number of Aeon Supplier Code of Conduct Accredited Suppliers
1,200 factories

Make ratio of non-Japanese employees to Japanese employees
1:1 * Fiscal 2020 Target

2013

* Please refer to pages 13 and 14 for more information on our KPI.

1. Giving Back to the Community

Aeon Happy Yellow Receipt Campaign

There are many volunteer organizations out in the community that could use some help. There are also many Aeon customers who want to help and encourage the activities of these organizations. However, there are actually only limited ways of making support and encouragement a reality for both sides. Realizing that we could play a major role as a member of the community, Aeon started the Aeon Happy Yellow Receipt Campaign in 2001 to support volunteer organizations together with our customers.

The campaign involves customers depositing yellow receipts received on Aeon Day—every month on the 11th—into a box labeled with the activities of local volunteer organizations, and Aeon donating items worth 1% of total receipts received to the organizations. Volunteer organizations have their activities publicized to large numbers of people and customers get the opportunity to help out local organizations involved in their communities.

In fiscal 2010 the campaign was conducted by 21 companies and 1,156 stores. Items worth a total of ¥277.82 million were donated to 21,622 organizations.

In our KPI established in August 2011 we have included the Yellow Receipt Campaign submission rate as an evaluation indicator for our activities. Going forward, we will continue to take further actions toward achieving a greater than 20% submission rate at all stores taking part in the Yellow Receipt Campaign by fiscal 2013.

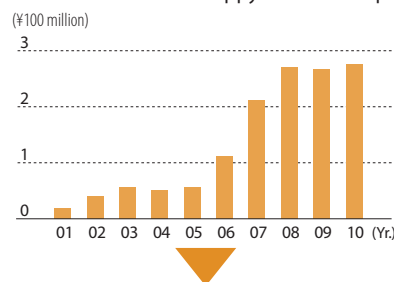


Deposit box

How Aeon Happy Yellow Receipt Campaign works



Trends in donation from Aeon Happy Yellow Receipt Campaign



Cumulative total of
¥1,364.33 million
in goods donated
as of February 2011

Clean & Green Activities

Aeon is actively involved in community landscaping projects around its stores. Clean & Green Activities, conducted since 1991, consist of employees volunteering to clean up parks and rivers around stores and areas surrounding public facilities. These activities have been conducted every month on the 11th, Aeon Day, since 2001.



Cleaning up around a store

Issuing Gotochi (Local) WAON Cards

WAON is e-money that can be used not only at Aeon stores but also at merchants that join the system. Working with communities throughout Japan, Aeon had issued 25 different Gotochi (Local) WAON cards as of the end of February 2011. When customers use their Gotochi (Local) WAON cards (with some exceptions), they not only help to invigorate the local economy but also promote local tourism, contribute to the preservation of cultural assets, and conserve the environment.



Himeji-jo WAON
Part of the proceeds from the purchase is used for preservation and inheritance of Himeji Castle



Shizuoka Fujisan
Part of the proceeds from the purchase is used for improvement of the environment surrounding Mt. Fuji



Shiga Mother Lake WAON
Part of the proceeds from the purchase is used for preservation of Lake Biwa

Comprehensive Cooperation Agreements with Local Governments

Aeon has entered into cooperation agreements with local governments to effectively apply our respective resources in a variety of ways, such as by promoting disaster preparedness, social welfare, and environmental conservation, and to use Gotochi (Local) WAON cards to invigorate commerce and tourism. This began with a June 2010 agreement with the government of Osaka Prefecture, and we have since entered into agreements with 11 prefectural governments as of the end of February 2011.

Based on these agreements, we have, for example, agreed to provide emergency supplies and space for emergency shelters in times of disaster, hold local product fairs and promote local tourism through our stores, and work with local governments to plan and market boxed lunches made with local agricultural products. Through activities like these, we help to invigorate local economies and improve services for daily life.

Fiscal 2010 Agreements with Local Governments

- June 2010 Osaka Prefecture
- October 2010 Yamagata and Mie prefectures
- November 2010 Miyagi and Gifu prefectures
- December 2010 Shimane and Shizuoka prefectures
- January 2011 Tottori Prefecture
- February 2011 Shiga, Yamanashi, and Iwate prefectures



Morioka Sansa Dance Performance at Aeon Lake Town (Saitama Prefecture)



Iwate Prefecture Fair sponsored by AEON Malaysia

Promoting Local Cultures

As a member of the local community, We respect regional cultures and traditions and are involved in promoting local cultural life. We actively participate in local and traditional events, support the transmission of that local culture and history to the next generation and actively help in event management.

In fiscal 2010, we supported a large number of local traditional events, including Morioka *Sansa Odori* Festival, Akita *Kanto* Festival, and *Yosakoi* Festival in Kochi. We also support local cultural events and sports festivals.

We also launched the Hometown Discovery Program for Supporting Local Traditional Performing Arts starting in fiscal 2010. In the program, Aeon stores host performances of local traditional performing arts and entertainment that have been passed down through the generations for the local community.

Assistance through Aeon Welfare Fund

Aeon established the Aeon Welfare Fund in 1977. The fund conducts a variety of support activities to help people with disabilities attain greater autonomy, more fully participate in society and improve their overall welfare. Employees contribute ¥50 to the fund every month and management matches this donation for a total contribution of ¥100. This money is used to fund donations of welfare-use vehicles and volunteer activities.

In fiscal 2010, we donated a total of 4 vehicles to 4 welfare facilities located around the country. In total, we have donated 25 vehicles to date. Volunteer activities consisted of visits to 774 facilities nationwide. Employees visit the facilities in person and help out at Christmas parties or with major cleaning projects. Aeon employees visited a total of 6,959 facilities during the period from fiscal 1991 to fiscal 2010.



Donating a welfare-use vehicle



Hosting a *mochitsuki* (rice cake making) event for welfare facilities

Aeon Group's Activities — Maxvalu Nishinohon Co., Ltd., Aeon Retail Co., Ltd.'s Nishi Nihon Regional Company, MYCAL CORPORATION

Supporting the Himeji Castle Daitenshu Restoration Project

Maxvalu Nishinohon Co., Ltd., based in Himeji, jointly with Aeon Retail's Nishi Nihon Regional Company and MYCAL CORPORATION*, carried out Himeji Castle Happy Future Project to support a major renovation work at the castle from May 2010 to March 2011.

Under the campaign, every time a customer purchases any of the products subject to the campaign, Aeon and some 30 manufacturers who cooperated in the initiative donate ¥1 – ¥0.5 each by Aeon and the manufacturer – to the Himeji Castle Daitenshu (castle tower) preservation fund. Maxvalu Nishinohon carried out the campaign at all its 162 stores located in Hyogo, Okayama, Tokushima and other prefectures with Aeon Retail's Nishi Nihon Regional Company doing the same with eight stores and MYCAL with four stores. The campaign was able to raise a total of ¥16.6 million for donation thanks to the cooperation from great many customers.

* Aeon Retail merger in March 2011



The project's point of purchase advertising



Donation presentation ceremony

Aeon Group's Activities—Aeon Ryukyu Co., Ltd. Supporting Rescue Helicopter Operations

In the northern part of Okinawa Prefecture, the population is declining and aging, and there is a shortage of hospitals, which creates various emergency medical care problems like the inability of ambulances to transport people to hospitals in time. In response to this, MESH Support, an NPO, operates an air ambulance to transport those in need by helicopter, an effort which has been supported by Aeon Ryukyu Co., Ltd. since 2008. Part of our assistance is provided through the sale of special goods, with a portion of the proceeds donated to MESH Support. These goods, which we began to sell in September 2009, were developed in cooperation with suppliers. In fiscal 2010, funds related to the sale of these goods, storefront collections, and other funds came to around ¥12,840,000. As of the end of fiscal 2010, we have provided MESH Support with financial assistance totaling ¥28,170,000.



The MESH Support Rescue Helicopter

Aeon Group's Activities – Companies Based in China Promoting Various Activities Aligned to the Unique Needs of the Local Communities Surrounding Our Stores

Each of our five companies in China actively promotes environmental and social action programs, including tree planting and Clean & Green Activities, also conducted in Japan, aligned to the unique needs of the local community.

● Guangdong JUSCO Teem Stores Co., Ltd.

The Mini Tomato Club (similar to the Aeon Cheers Club in Japan) hosts a contest for eco-friendly hand-made goods aimed at raising awareness toward the environment in local children.

Hands out free LED light bulbs to members of local communities surrounding each store to raise awareness of energy conservation and reducing peoples' carbon footprint.

● AEON South China Co., Ltd.

Provides supplies to assist disadvantaged families during Chinese New Year.

● Qingdao AEON Dongtai Co., Ltd.

Employees visit assisted living facilities and seniors living alone as well as provide supplies.

Responsibilities to Local Communities

2. Assistance for Recovery from Disaster

Signing Disaster Prevention Agreements

Aeon strives to ensure that employees working at our stores constantly act as members of the community. The same applies during natural disasters. We continue to sign disaster prevention agreements with local authorities throughout Japan, pledging cooperation and support in the event of an emergency in an effort to be of use to people in the local community.

We have signed 1,150 disaster prevention agreements with 629 local government bodies (as of February 28, 2011) and assist with local disaster prevention activities, including providing emergency suppliers in the event of a disaster, providing car parks for use as evacuation points and organizing joint emergency drills.

Introducing Balloon Shelters

Aeon has promoted installation of "balloon shelters"—large tents for use in emergency evacuations—since 2004 to be ready in the event of an earthquake or other major natural disaster. The tents have been placed at a total of 28 locations, primarily shopping centers around the country (as of February 28, 2011). The tents are lightweight and easy to carry, so those stored close by can be brought to locations affected by disasters.



A balloon shelter. Balloon shelters can be easily inflated with a special blower and be ready for use in around 40 minutes. They come two to a set and one set has room for around 100 people to lay down.

Supporting Disaster Recovery

When a serious disaster strikes, Aeon responds immediately to help victims get back on their feet as quickly as possible. We provide emergency financial assistance, give our customers an opportunity to help through a Reconstruction Support Donation Campaign at our stores, and match employee and customer contributions, basically one-for-one. All of the funds are then presented to the embassy of the affected nation or to aid organizations.

In fiscal 2010, we provided emergency funds to assist victims of natural disasters in countries like Australia and Brazil, and provided both emergency assistance and funds from storefront collections to help those stricken by earthquakes in Chili, China, and New Zealand. Together with emergency relief for disasters occurring in Japan, we donated a total of ¥144 million (including ¥39,620,000 contributed by customers) to embassies and other organizations.



Presenting relief funds to the Chilean Embassy to help Chilean earthquake victims

* See pgs. 5 to 8 for Aeon's responses to the Great East Japan Earthquake.

Fundraising Activities (FY 2010)

Main fundraising activities (Japan)

Activity	Activity period	Participating Companies	Funds raised from customers and employees	Aeon 1% Club Contributions	Total Amount	Donees
Chile Earthquake Relief Efforts	March 2, 2010 – March 14, 2010	79 Aeon Group companies	¥25,632,114	¥26,367,886	¥52,000,000	Embassy of the Republic of Chile in Japan
Donation to the 2010 Yushu Earthquake victim emergency support in China	April 17, 2010 – April 30, 2010	79 Aeon Group companies	¥13,994,341	¥16,005,659	¥30,000,000	Embassy of the People's Republic of China in Japan
Donation to the school establishment support in Vietnam	April 1, 2010 – April 16, 2010 May 1, 2010 – June 14, 2010	92 Aeon Group companies	¥40,249,138	¥59,750,862	¥100,000,000	The People's Committee of Vietnam's Hue Province
24-hour television	July 2, 2010 – September 5, 2010	88 Aeon Group companies	¥274,959,499	—	¥274,959,499	Nippon Television Network Corporation "24-Hour Television Charity Committee"
AEON and UNICEF Safe Water Campaign	October 19, 2010 – November 23, 2010	61 Aeon Group companies	¥18,538,017	¥21,621,465	¥40,159,482	The Japan Committee for UNICEF
Total Amount			¥373,373,109	¥123,745,872	¥497,118,981	

Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees	Accumulated funds	Donee
Red Feather Community Chest	October 1, 2010 – October 31, 2010	¥13,194,121	¥178,510,976 (1983-2010)	The Central Community Chest of Japan

Emergency Disaster Relief (FY 2010)

Relief recipients	Donation date	Aeon 1% Club contribution
Support for the Chile earthquake disaster	March 1, 2010	¥3,000,000
The 2010 Yushu Earthquake victim emergency support in China	April 16, 2010	¥10,000,000
Donation to the foot-and-mouth disease damage support in Miyazaki	May 26, 2010	¥10,000,000
Donation to the debris flow victim support in Gansu, China	August 11, 2010	¥10,000,000
Donation to the torrential rain victim support in Amami, Kagoshima Prefecture	November 2, 2010	¥3,000,000
Donation to the heavy snow damage and victim support in San-in (Tottori Prefecture)	January 11, 2011	¥3,000,000
Donation to the heavy snow damage and victim support in San-in (Shimane Prefecture)	January 11, 2011	¥3,000,000
Donation to the natural disaster reconstruction support in various areas in Australia	January 14, 2011	¥5,000,000
Donation to the flood and landslide reconstruction support in Brazil	January 28, 2011	¥5,000,000
Donation to the 2011 Christchurch Earthquake victims in New Zealand	February 24, 2011	¥10,000,000

Other contribution

Donee	Amount
Save the Children Japan	¥3,110,082

* Aeon supports Save the Children Japan's child poverty reduction activities in Japan by contributing funds of 0.1% of the receipts turned in by customers for purchases made at Aeon 40th anniversary sale events. (four times during the year over 20 days)

* See pgs. 5 to 8 for Aeon's responses to the Great East Japan Earthquake.

TOPICS

Selling Products with Donation to Support Recovery from Chile Earthquake and New Zealand Earthquake

In an effort to assist in the recovery from the Chile Earthquake that occurred in February 2010, Aeon decided to donate ¥20 to the affected areas for each bottle of new Chilean wine (imported by Cordon Vert CO., LTD.*) sold. We sold these donation-linked wines at about 630 stores including those directly managed by Aeon Group throughout the country as well as through the liquor retail chain YaMaYa CORPORATION group stores and donated a total of approximately ¥1.18 million through the Embassy of the Republic of Chile in Japan.

Also, following the New Zealand Earthquake in February 2011, we conducted a campaign to donate ¥10 for every bottle of New Zealand wine sold and ¥1 for every piece of pumpkin, corn and kiwi sold at about 1,200 stores under Aeon Group throughout Japan starting in March 2011. As a result, we donated a total of approximately ¥4.23 million through the New Zealand Embassy Tokyo, Japan.

* Cordon Vert CO., LTD.: A liquor importer jointly established by Aeon and YaMaYa CORPORATION

3. Assistance to Developing Countries

School Construction Support Project

In partnership with the Japan Committee for UNICEF, Aeon is helping to build schools in parts of Asia where they are sorely needed. In stores and other facilities operated by Aeon Group companies across Japan, we collect donations from customers for the School Construction Support Project. To date, we have helped to construct a total of 326 schools in Cambodia, Nepal, and Laos, giving around 110,000 children a chance to go to school.

For the three-year period beginning in 2010 and extending through 2012, our plans call for supporting the construction of 30 schools in Vietnam's Hue Province.



Vietnamese school children



Former school



New school

Launch of Aeon UNICEF Safe Water Campaign

In Cambodia and Laos, untold numbers of children must perform domestic labor in the form of gathering and carrying water. Unable to attend school, these children are losing their chance at an education.

Aeon wanted to provide safe drinking water that would allow these children to devote time to studying rather than retrieving water. We, therefore, launched the Aeon UNICEF Safe Water campaign in October 2010. Through this campaign, we not only collect donations from customers in our stores but also contribute ¥5 from the sale of every bottle of TOPVALU Mineral Water to make it possible for even greater numbers of our



Gravity-driven water pump

customers to help children in Asia.

With customer donations, funds from mineral water sales, and a contribution from the Aeon 1% Club, we were able to send ¥40 million to the Japan Committee for UNICEF in December 2010. As a result, the Safe Water Campaign is giving 32,000 children a year access to safe drinking water.

This campaign is scheduled to take place for the three-year period between 2010 and 2012.



Young girl collecting water from a turbid pond



Presentation of donation to Japan Committee for UNICEF

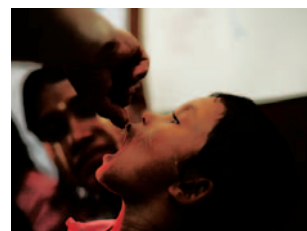
PET-bottle Caps Recycle Campaign

Since 2008, Aeon has been collecting PET bottle caps from customers at our stores with Fashion Service NANIWA, a business partner. As recyclable resources, collected caps are sold for cash, which is then contributed to three different international organizations*1 supporting children in Asia's developing countries.

In fiscal 2010, cash from 316,240,000*2 bottle caps was donated to these organizations, which used these funds to provide vaccines, nutritious food, and school supplies to children in Myanmar, Vietnam, and Thailand.

*1 The three international organizations are: Japan Committee Vaccines for the World's Children (JCV) Save the Children Japan Plan Japan

*2 Caps collected from August 21, 2009 through August 20, 2010.



Vaccination of children in Myanmar



School supplies for children in Thailand



Nutritious food for children in Vietnam

4. Nurturing the Next Generation

Aeon Cheers Club's Activities

The Aeon Cheers Club provides hands-on opportunities for children first- to ninth-year students to learn about the environment. Through the Aeon Cheers Club, children living near Aeon stores come together once a month to participate in various environmental activities with the support of store employees. Activities follow a six-year cycle of annual themes. The themes are "garbage", "recycling", "resources (energy)", "the sun and nature", "plants", and "animals".

The theme for fiscal 2010 was "animals." Over the year, approximately 3,600 children participated in nature observations, animal studies, and other store-based activities through 190 clubs all over Japan.

In our KPI established in August 2011 we have included the number of Aeon Cheers Clubs as an evaluation indicator for our activities. Going forward, we will continue to take further actions toward boosting the number of Aeon Cheers Clubs to more than 400 by fiscal 2013.



Kids listening to an explanation at a nature observation event



Presentations on the year's activities

Promoting Dietary Education

We engage in a variety of dietary education activities at stores and schools.

● Dietary education classes are conducted at stores

Include such activities as shopping games, vegetable quizzes and salad-making exercises. Participants learn the importance and fun of food through seeing, hearing, touching, making and eating.

In fiscal 2010 the classes were held 21 times by Aeon Retail for 675 elementary school students and seven times by Maxvalu Nishinohon for 678 students.



Dietary education classes

● Dietary education outreach program

Aeon Retail also conducts a dietary education outreach program. Employees visit elementary schools as company instructors and hold classes related to food.

Nine classes were held in fiscal 2010 and they were attended by 210 elementary school students.



Dietary education outreach program

● The Elementary Student Rice Paddy Project

See pg. 32

TOPICS

Contribution of funds to reduce child poverty in Japan

Aeon supports Save the Children Japan's child poverty reduction activities in Japan by contributing funds of 0.1% of the receipts turned in by customers for purchases made at Aeon 40th anniversary sale events. These events were held four times during the year over 20 days and contributed around ¥3,110,000 in total.



Presentation ceremony

International Youth Exchange Opportunities

Through domestic and international activities, Aeon provides learning and international exchange opportunities for teens.

● Teenage Ambassadors program

Every year since 1990, Aeon has invited Teenage Ambassadors from countries around the world to come to study the environment and experience high-school life in Japan.

Through fiscal 2010, we had brought 508 high school students from 14 countries to Japan as Teenage Ambassadors. And since 2006, we have been sending Japanese high school students abroad to spend time in the countries of their visiting peers.

In fiscal 2010, 20 high school students from Naples, Italy were invited to visit the city of Kagoshima for the 50th anniversary of the two cities' sister city relationship. The Italian students stayed with home-stay families and attended classes which helped to foster cultural exchange with their Japanese counterparts.

In fiscal 2011, 20 high school students from Kagoshima City will visit the city of Naples.



Teenage Ambassadors from Naples, Italy visiting a high school in Kagoshima city

● The Aeon Scholarship program

2006 was also the year in which we created the Aeon Scholarship program. Through the end of fiscal 2010, we had provided scholarships to a total of 1,237 foreign students attending 11 universities in Japan, 6 universities in China, and 2 universities in Thailand.

In fiscal 2011, we also plan to begin offering the scholarship to Vietnamese students attending university in Vietnam, as well as expand the scope of the program to include more universities.



Aeon Scholarship recipients participating in a tree-planting event at an Aeon store

● The Asian University Student Exchange Forum

In fiscal 2010, Aeon inaugurated the Asian University Student Exchange Forum. In the initial edition of the forum, Japanese university students were sent to Vietnam to discuss biodiversity with their local counterparts.

In the future, discussion topics will be widened to include themes like "the environment and economics" and participating countries will be expanded to include Thailand, Malaysia, Indonesia, and China. A key purpose of the forum is to provide a place where young adults who are tomorrow's leaders can develop understanding of values different from their own.



Discussion at the Asian University Student Exchange Forum

Aeon Group's Activities

— Aeon Co. (M) Bhd. (Aeon Malaysia)

Administering a Children's Welfare Foundation

Aeon Co. (M) Bhd. (Aeon Malaysia) established the "With All Our Hearts" (WAOH) Malaysian JUSCO Foundation^{*1} in 2004 to help improve living, education and medical conditions for Malaysian children. The foundation is funded with a portion of sales proceeds and through charity activities.

In fiscal 2010, approximately 320,000 ringgit^{*2} was donated to care facilities, children's cancer centers, schools and other worthy organizations.

^{*1} The foundation changed its name to "With All Our Hearts" (WAOH) Malaysian Aeon Foundation in January 2010.

^{*2} Currency of Malaysia. 320,000 ringgit is equivalent to around ¥ 8.97 million.



Visiting hospitalized children (AEON Malaysia)

Aeon Group's Activities—Companies Based in China Providing a Wide Range of Assistance to Children in Need

Our companies in China also provide assistance to children in need locally.

● Guangdong JUSCO Teem Stores Co., Ltd.

Works together with its business partners to donate down coats to elementary schools located in disadvantaged areas of Gansu and Sichuan.

● Qingdao AEON Dongtai Co., Ltd.

Works together with the Red Cross Society to hold the Fukukayu Charity Event at the end of the year, donating all proceeds for the medical expenses of children suffering from congenital heart disease.

● AEON South China Co., Ltd.

Invites children living in social welfare facilities to its stores to experience shopping.

● AEON Stores (Hong Kong) Co., Ltd.

Holds a charity calendar sale in order to provide assistance to children with physical or mental disabilities.

Aeon Group's Activities—Aeon Fantasy Co., Ltd. Campaign to Make Children's Dreams Come True

Since 2003, Aeon Fantasy Co., Ltd., which is engaged in family entertainment service such as operating indoor amusement parks in shopping centers around the country, has been conducting a campaign to realize the dreams of children. The campaign is carried out twice a year, in July under the theme "Fantasy Tanabata – Wish upon a star" and in December under the theme "Lala-chan Santa will help you realize your dream".

From the many dreams submitted through mobile phones, over the website and by postcards, the company selects 10 families who will be visited by Lala-chan, the mascot. Lala-chan then helps them in realizing dreams such as "I want to make Lala-chan bread for everyone living in evacuation centers," "I want to dance Yosakoi together," and "I want to become a rock star and dance on stage."



Lala-chan bread cooking

Aeon Group's Activities—Aeon Forest Co., Ltd. Participating in a Campaign to Stop Trafficking of Children

United Kingdom cosmetics specialty store The Body Shop (operated by Aeon Forest Co., Ltd. in Japan) is partnering with international NGO ECPAT* in a worldwide campaign called Stop Sex Trafficking of Children & Young People in order to eradicate trafficking of children under the age of 18 for the sex trade.

Activities in Japan have included a signature campaign demanding improved government actions, sales of products with charity donations built in to the price, and the collection of general donations. In fiscal 2010, the following results were achieved.

Signature Campaign: Collected more than 200,000 signatures in Japan

(The campaign has collected more than 6 million signatures worldwide. As of June 30, 2011)

Donations Collected In-store: ¥2,195,347

(Total for the campaign period running between July 23, 2010 and October 17, 2010)

Donations from the Sale of Products: ¥788,100

(Total for the campaign period running between July 23, 2010 and October 17, 2010)

* ECPAT: An international NGO comprised of 83 member organizations from 75 countries around the world. In addition to directly assisting children victims and raising awareness among potential targets, ECPAT works together with governments to plan and implement measures to protect children. In Japan, ECPAT/STOP Japan works to end child prostitution and pornography both in Japan and overseas.

Responsibilities to Customers

1. Product Safety and Security

Product Safety and Security

Aeon developed its own TOPVALU brand of products to make daily life better for customers. From product planning and design, to selection of manufacturers, finalization of product specifications, manufacturing management, and sales, we strive to create products from the customer's perspective.

During product planning and design, our development, quality assurance, and customer service people scrutinize potential raw material suppliers, investigate possible safety concerns, examine the use of additives, research manufacturing processes and consider other key issues to ensure that the final product is safe and poses no health risks.

We select manufacturers by first performing Aeon Supplier Code of Conduct* audits, product safety examinations, and plant hygiene inspections, examining the results and then entering into agreements with those companies we think can provide the products we expect.

To ensure that is the case, manufacturers make prototypes, customer monitors and employees evaluate these prototypes, we

7 TOPVALU brands



5 TOPVALU Commitments

- Reflecting the opinions of customers in products**
We invite customers to test products and give their opinions about quality and function.
- Offering reassuring products with consideration for safety and the environment**
We reduce the use of food additives and use raw materials and packaging with less environmental impacts.
- Presenting necessary information in an easy-to-understand format**
We clearly indicate information on nutrition and genetically modified ingredients.
- Providing products at affordable prices**
We offer product prices that are more affordable than those of national brands.
- Guaranteeing customer satisfaction**
We give a refund or exchange a product if the customer is not satisfied.

reconsider matters like raw materials, additives, and manufacturing processes; and we finalize product specifications. Supplied products are inspected and the ones that pass are sent to stores.

Even after a product is introduced, we perform regular product quality evaluations, and conduct plant hygiene inspections and other types of manufacturer audits to ensure our products pose no safety or security issues.

* Aeon Supplier Code of Conduct: Aeon has developed a code of conduct that manufacturers must abide by. The use of this code of conduct is our attempt to ensure that suppliers comply with national and local laws, operate safe, healthy work environments, respect human rights, and guarantee their workers appropriate working conditions and wages.

TOPVALU Quality Assurance



TOPVALU Product Labeling

TOPVALU products are labeled with accurate, straightforward information that customers need. We intend to provide even more detailed information in the future to accommodate increasing customer concern over food product labeling.

Food Allergen Labeling

Information on food allergens is provided on product labels. The information covers use of seven officially designated ingredients* and 18 other secondary items as well as whether any allergens are handled in the manufacturing process. Inspections are also conducted every year to confirm labeling accuracy.

* The seven ingredients, which are the most common allergens, are wheat, milk, eggs, buckwheat, peanuts, prawns and crab. The Ministry of Health, Labour and Welfare also recommends labeling 18 secondary items (soy beans, roe, squid, mackerel, salmon, abalone, chicken, pork, beef, kiwi fruit, bananas, peaches, apples, oranges, gelatin, yams, walnuts, and matsutake mushrooms).

● Labeling of Genetically Modified Ingredients

In April 2001 the Ministry of Health, Labour and Welfare began giving approval to genetically modified foods only if their safety could be confirmed and made it mandatory to label their use. But even before this, in September 2000, Aeon began labeling TOPVALU products in response to urging from our customers. Labeling is provided even for items not mandated by law. In order to confirm label accuracy, products subject to labeling (separate items) undergo testing for genetically modified DNA every year.

● Labeling of Place of Origin of Ingredients for Processed Foods

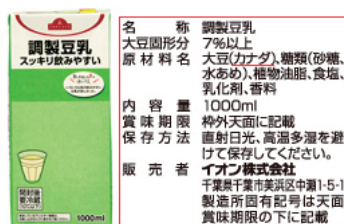
We carry out labeling of the place of origin of ingredients as much as possible, not just limiting it to the food groups for which such labeling is mandated by Japanese Agricultural Standards (JAS) law*. In addition, we have established clear quality standards for ingredients irrespective of their place of origin and sign agreements with manufacturers, and carry out testing for food allergens and DNA not to mention investigations related to ingredient standards and residual pesticides.

* Act for Standardization and Proper Labeling of Agricultural and Forestry Products

Food Allergen/Genetically Modified Ingredients Labeling



Labeling of Place of Origin of Ingredients



Disclosing Traceability Information

Aeon promotes traceability, which enables product production locations, production methods and distribution routes to be recorded and retained and disclose information to customers.

● Producer Data Search System Provides Searchable Information on Fruit and Vegetable Products

In 2003 we established the Producers Data Search System for AEON's TOPVALU Gurinai products to give customers online access to information on producers. We also added a barcode function that allows customers to access producer data by reading the QR code. In addition to traceability information, customers are also presented with tasty recipes using the scanned ingredient.

In fiscal 2010 a cumulative total of approximately 350 agricultural products were labeled with QR codes.

● Domestic Beef Safety Confirmation System Provides Production History and Distribution Routes for Each and Every Cow

Aeon established the Domestic Beef Safety Confirmation System in 2002, prior to enforcement of the Beef Traceability Act*, in order to provide peace of mind to customers buying beef. The system allows customers to find out information about beef products from cattle raised in Japan, including where the cow was raised, who raised it and what feed it was raised on. The system is available via a website, or, at some stores, information terminals with touch panels have been set up.

* Enforced in December 2004, the law's formal name is the Act on Special Measures concerning the Management and Relay of Information for Individual Identification of Cattle.

Ensuring Food Sanitation Control

Under the Aeon Food Sanitation Certification System established in 1995, Aeon engages in a variety of activities to prevent the occurrence of food-related incidents such as food poisoning and contamination (implementing 19 companies related with GMS Business and SM Business).

● Quality Keepers

Aeon has assigned “Quality Keepers” at stores to verify store sanitation levels and product quality. Quality Keepers check store products and food preparation areas at stores, and if a problem is found, they order improvements. In addition, sales staff inspect a list of items related to sanitation and quality management, including a temperature management chart that is used to record temperature management for display cases, refrigerators and freezers, and sell-by dates that are set for each product.

● Sanitation Training for Employees

Employees in the food departments of Aeon stores must undergo sanitation training at least once a year. Employees review basic sanitation knowledge and rules for food preparation areas. Practical skills tests are also conducted for each person based on a test booklet.

● Audits of Food Preparation Areas

Food preparation areas are audited at least twice a year. Audits are continued until certain established standards are met.

● Sanitation Contests

We hold a sanitation contest once a year and honor stores recognized as excellent in audits of food preparation areas.

Aeon Group's Activities——Maxvalu Tokai Co., Ltd. Behind-the-Scenes Store Tours

In January 2010, Maxvalu Tokai Co., Ltd. began conducting behind-the-scenes store tours for customers.

Except for newly opened stores, all Maxvalu stores conduct two tours every Saturday. Tours are led by employees and assistant customer store managers* entrusted with managing product quality and improving customer service and who also answer questions about food safety and security, and gather input and requests concerning quality assurance, while leading customers through the back sections of stores.

In fiscal 2010, 495 tours were conducted for 1,505 participants.



Behind-the-scenes store tour

* Stores appoint a local customer selected from applicants as assistant store manager, who monitors sanitation and quality control.

Responsibilities to Customers

2. Store Safety and Security

Designing Stores Based on Universal Design Concepts

Aeon developed its own building standards based on the Heartful Building Law enacted in 1994 (revised in December 2006 and renamed the new Barrier Free Law*). We use the standards when building new stores and remodeling existing locations. We are also committed to incorporating universal design principles into store development processes to strengthen store function and design.

As of February 28, 2011, 657 of our facilities had been certified as compliant with the new Barrier Free Law.

* The Act for Buildings Accessible to and Usable by the Elderly and Physically Disabled Persons, or Heartful Building Law, was revised to become the new Barrier Free Law in December 2006.



Step-free entrance



Remote controlled car parking for physically disabled customers



Priority benches



Large direction signs in multi-story car parks

(All photos are from Aeon LakeTown)

Training Service Care-Fitters to Assist Seniors and People with Disabilities

We encourage Aeon employees to acquire Care-fitter* certification to help ensure that seniors and people in need of assistance can shop at our stores with total peace of mind. Certification training includes simulating the experience of being elderly and practicing providing assistance to people with disabilities.

Certified Care-fitters numbered 8,750 as of February 28, 2011.

* Care-fitter certification is administered by the non-profit Nippon Care-Fit Service Association.



Training exercise: Experiencing the world as an elderly person might



Qualification certificate for service care workers

Training Staff to Help Those with Dementia

In 2007 Aeon became the first member of the retail industry to begin company-wide participation in the Million Supporters strategy for people who suffer from dementia, organized by the Ministry of Health, Labor and Welfare and the NPO Community-Care Policy Network.

We also run seminars to train our employees to act as supporters so that they can have understanding and provide appropriate support. The number of trained supporters for those with dementia had reached 21,757, with 484 staff members qualified as "Caravan Mate" training course instructors as of February 28, 2011.

Through this initiative Aeon is working to support people with dementia and their families in partnership with local community members.



The badge and orange band worn by staff specially trained to assist customers with dementia



Role-playing in Caravan Mate training

Raising Safety Levels of Store Facilities and Fixtures

Aeon pursues safety for facilities and fixtures used in its stores to prevent accidents involving customers. In addition, automated external defibrillators (AED) have been set up at stores in the event a customer or employee faints.

● Safety Measures for Escalators

There has been an increase in recent years in accidents involving children getting caught in the gap between an escalator and the wall at shopping malls and department stores. Aeon stores work to prevent escalator-related incidents by setting up barriers or dividers to prevent exposure to such gaps.



Safety Measures for Escalators

● Establishing Parking Lot Guardrails

Accidents often occur in the parking lots of retail complexes caused by drivers mixing up the gas and brake pedals. We have therefore established parking lot guardrails in order to prevent cars from crashing into stores and ensure the safety of customers.



Parking Lot Guardrails

● Installing Automated External Defibrillators (AED)

Automated external defibrillators, or AED, administer an electric shock to people experiencing sudden cardiac arrest as a way to resuscitate them. As of the end of February 2011, Aeon has installed a total of 1,242 AED units at 846 stores and shopping centers. In addition, store management, security guards and other staff members are trained in emergency lifesaving techniques.

Fire Prevention, Disaster Preparedness and Crime Prevention at Stores

Aeon has established fire prevention, disaster preparedness and crime prevention measures at its retail facilities, which are visited by large numbers of customers, in order to respond quickly and appropriately and ensure the safety of customers if an incident occurs.

● Fire Prevention and Disaster Preparedness at Stores

Aeon stores check safety and disaster preparedness measures on a daily basis, while security staff and store managers also conduct a final inspection after stores are closed.

Fire prevention drills are conducted twice a year and earthquake response drills are run once a year. Full store employees as well as temporary, part-time and tenant employees participate in the drills. They are conducted to help us respond quickly and ensure the safety of customers in the event of a fire or earthquake.



An emergency drill in Sennan (Osaka prefecture)

● Installing Security Cameras to Strengthen Crime Prevention Measures

There have been a number of incidents at supermarkets over the past several years involving food products with needles or other dangerous objects. Aeon has therefore installed security cameras in food departments and begun using needle detectors at its stores. If a needle were to be discovered, it would be promptly delivered to the police or healthcare center and customers would be informed through an in-store display or announcement in order to prevent additional injury or damage.

We are also conducting crime prevention drills to ensure the safety of customers in the event an incident or accident occurs in a store.

Measures to Combat New Flu Viruses for the Safety of Customers and Employees

Aeon formed a project team in 2006 as a measure to address risks from the outbreak of infectious diseases such as the global spread of highly pathogenic H5N1 avian influenza in humans. We established Rules for New Flu Viruses in September 2006 and have since been readying infection prevention measures in order to ensure the safety of customers and employees.

In conjunction with the global spread of the new flu virus H1N1 starting in the spring of 2009, we revised the rules based on the latest information and re-distributed them to Aeon Group companies. We also distributed the New Flu Virus Handbook to store employees in order to raise awareness of new flu viruses. Moreover, a list of new flu supplies was provided at stores for customers in the form of a pamphlet and awareness-raising poster. We also gave out information on helpful measures at home and placed an alcohol-based disinfectant spray at store entrances for customers to use on their hands.

In fiscal 2010, we launched our Influenza Infection Reporting System. This system identifies the influenza infection status in each store and business location for all Group companies in Japan, and integrates this information with nationwide data on the spread of influenza provided by the Ministry of Health, Labour and Welfare. This combination of data helps narrow down areas for which measures can be taken to prevent the spread of influenza.

Aeon Group's Activities —Maxvalu Nishinohon Co., Ltd. Crime Prevention Training

All Maxvalu Nishinohon Co., Ltd. stores have been designated 110-Ban Stores, which are stores that offer emergency, evacuation, and first-aid services to crime and accident victims. These stores also promote safe communities.

As part of these efforts, stores also hold annual crime prevention training with the assistance of local police. In fiscal 2010, 20 stores conducted this training. Through training to deal with matters like muggings at ATMs and bank transfer fraud by offering sanctuary to victims and contacting police, these stores are raising crime awareness among both local customers and employees.



Crime prevention training

3. System for Addressing Customer Feedback

Placing Suggestion Boxes

Aeon puts the customer's perspective at the heart of management. We strive to create conditions in which customers feel free to provide suggestions and to promptly incorporate customer comments into product lineup and service improvements, environmental conservation activities and other areas.

The Suggestion Boxes and Communication Boards (bulletin boards for comments and suggestions) at our stores represent one such initiative. Comments and suggestions provided by customers are replied to directly by a store representative and posted for others to see. We receive many suggestions from customers about things that are difficult for stores and employees to notice. The suggestions are utilized to improve product lineups and services and in environmental conservation activities and other initiatives.



Suggestion Box and Communication Board

Customer Service Department Broadly Collects Comments and Requests

The Customer Service Department at Aeon headquarters receives product and service related comments and requests from customers that visit our stores. Comments and requests, which come in via the phone, Internet, letters and other channels, are responded to after checking with the relevant departments. In addition, for TOPVALU products, we have set up a call center and collect customer suggestions.

This information is reported to directors and executive officers, as well as shared with employees of relevant departments through systems that manage customer feedback.

Aeon headquarters received 54,362 comments and inquiries from customers in fiscal 2010, an decrease of 8.9% (5,287) over fiscal 2009. Approximately 25% of these were suggestions or comments regarding products, 8% were suggestions or comments on services, 53% were questions about products and 14% were questions about services. In fiscal 2010 there was a decline in the number of customer comments and inquiries received compared to the previous three years due to a drop in the number of major scandals and incidents where food products were either mislabeled, contaminated or tampered with. However, we continue to receive a steady number of customers inquiries on product safety and quality assurance.

Aeon is committed to listening to the comments of each individual customer and using this information to improve products and services.

Kohyo Co., Ltd.'s Mislabeled Product Origins and Preventative Measures

On November 30, 2010, Kohyo Co., Ltd., a subsidiary of Aeon headquartered in Osaka City, was ordered to cease relevant advertisements and take remedial measures by the Consumer Affairs Agency of Japan, based on Article 6 of the Act against Unjustifiable Premiums and Misleading Representations, for mislabeling the origin of "live horned turban" (a marine snail) advertised in a newspaper insert. This incident occurred from April 1, 2010 to May 7, 2010 when Kohyo Co., Ltd. took out newspaper ad inserts on 10 separate occasions that listed the daily special as "live horned turban from Shimane Prefecture or other domestic sources." The origin country, however, of the actual product was South Korea. After this mistake was uncovered, Aeon Co., Ltd. and Kohyo Co., Ltd. launched a joint investigative committee that included third parties to review the incident. The results showed that the reason for the labeling mistake was because the origin country of the product was not thoroughly crosschecked with the country of origin listed on the newspaper ad insert. Aeon considers this problem as problem for all of its Group companies. Together with building a structure to prevent similar reoccurrences, we will take actions to ensure that the Group companies comply with laws more thoroughly.

1. Promoting Supplier Code of Conduct

Business Dealings in Accordance with Aeon Supplier Code of Conduct

Aeon has been taking measures to raise the level of its quality management structure to ensure the quality of TOPVALU products, which we plan and develop on our own. At the same time, we formulated the Aeon Supplier Code of Conduct for contract manufacturers in 2003 to fulfill our responsibilities to the society such as maintaining proper commercial transactions with manufacturers and ensuring appropriate workplace conditions at manufacturing sites. We demand compliance with this code of conduct in all our business dealings.

The code covers compliance with national and local laws, respect for human rights, and safe, healthy working conditions, among other topics. Compliance pledges have been received from approximately 500 manufacturing partners. There is also a system in place whereby Aeon certified auditors and outside agencies conduct audits of partner production sites to check compliance with these requirements and promote improvements.

Audit of Contract Manufacturers

The Aeon Supplier Code of Conduct (CoC) stipulates that suppliers must continually undergo second-party audits by Aeon auditors and third-party audits by professional outside auditing firms.

As of February 28, 2011, third-party audits have been conducted for 1,172 factories. CoC Individual Support Sessions are held on an ongoing basis to rectify areas in need of improvement. A formal certification ceremony is also held every year for companies passing CoC audits.



Scene of an audit

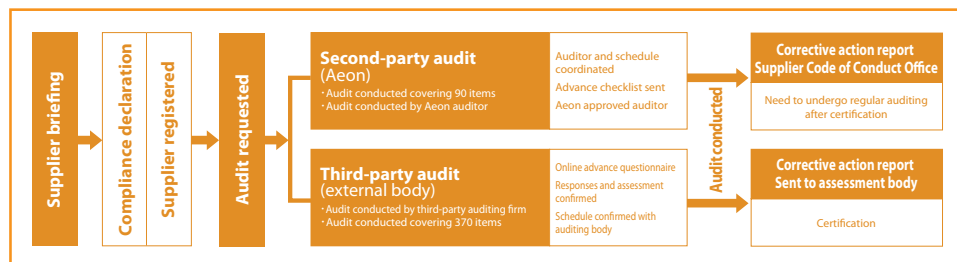
Aeon Supplier Code of Conduct

(Business Code of Conduct) Requirements Conform with legally stipulated social responsibility standards in countries where manufacturing and procurement takes place

Conform with national laws and regulations

- 1. Child labor:** Illegal child labor is prohibited
- 2. Forced labor:** Forced, prison and bonded labor are prohibited
- 3. Safety, hygiene and health:** Provide safe, healthy workplaces
- 4. Freedom of association and right to group negotiations:** Respect employee rights
- 5. Discrimination:** Discrimination on the basis of place of origin or creed is prohibited
- 6. Disciplinary action:** Cruel punishment of employees is prohibited
- 7. Working hours:** Comply with laws related to working hours
- 8. Wages and benefits:** Comply with laws related to wages and benefits
- 9. Management responsibility:** Pledge compliance with the Aeon Supplier Code of Conduct
- 10. Environment:** Work to prevent environmental pollution and damage
- 11. Business dealings:** Comply with local laws on commercial transactions
- 12. Certification, auditing and monitoring:** Accept certification, auditing and monitoring under the Aeon Supplier Code of Conduct
- 13. Ban on gift-giving:** Gift-giving between Aeon and suppliers is prohibited

Aeon Supplier Code of Conduct-certification procedure



Cumulative Total Number of Code of Conduct-Certified Factories

(the cumulative total of factories obtaining certification as a result of third-party audits)

FY 2006	211 factories
FY 2007	471 factories
FY 2008	732 factories
FY 2009	931 factories
FY 2010	1,172 factories

Acquisition of SA8000 International Certification on Human Rights and Employment

After establishing the Aeon Supplier Code of Conduct, in 2004 we acquired SA8000 certification, an international standard, becoming the first Japanese retailer to do so.

The standard establishes normative guidelines for protecting the human rights of workers on international labor markets. It requires compliance in eight areas that include protecting human rights and nondiscriminatory employment practices as well as development of a related management system and ongoing improvement to it. Certification applies to head office processes and TOPVALU supplier management by Aeon Co.,Ltd. and Aeon Retail Co.,Ltd. and AEON TOPVALU CO., LTD. SA8000 certification was renewed in January 2008 after passing a renewal audit that is administered every three years.

Aeon will continue to pursue appropriate business processes together with suppliers on the twin basis of the Aeon Supplier Code of Conduct and SA8000.

Objectives of Aeon SA8000

1. We will respect the basic human rights of employees at the workplace and establish comfortable working conditions by ensuring safety, security and health.
2. Along with our suppliers, who are equal business partners, we will respect laws related to human rights and labor standards and will continue to make improvements to help build a society where universal human rights are protected and efforts are constantly made to improve working conditions.

Policies for Promoting Aeon SA8000

1. We will respect international norms and laws related to human rights and labor standards and will make improvements on an ongoing basis.
 - a. Child labor: We will prohibit child labor and take remedial measures.
 - b. Forced labor: We will reject forced labor in all its forms.
 - c. Health and safety: We will ensure the health and safety of employees and provide healthy work environments.
 - d. Freedom of assembly and collective bargaining rights: We will ensure freedom of assembly and the right to collective bargaining.
 - e. Discrimination: We will not discriminate on the basis of nationality, race, sex, academic background, religion, physical disability or age.
 - f. Disciplinary action: We will not engage in corporate punishment, psychological or physical force, or verbal abuse.
 - g. Working hours: We will observe laws and labor agreements related to working hours, breaks and days off.
 - h. Compensation: We will observe laws related to payment of fair wages.
2. We will conduct training programs to fully educate all employees in order to make this policy a reality, conduct regular reviews of this initiative and work to make improvements on an ongoing basis.
3. We will encourage business partners (suppliers) to create and observe a code of conduct related to human rights and labor standards and to work together with Aeon to make improvements on an ongoing basis.
4. We will work to broadly disclose this policy and provide appropriate information and we will practice corporate social accountability.

2. Collaboration with Business Partners

Promoting Food Artisan Project

Aeon has conducted the Food Artisan Project since 2001 with many producers across the country dedicated to preserving local flavors. The project seeks to preserve local culinary cultures. Local producer organizations, government agencies, universities and other research institutions, and retailer Aeon work to develop mechanisms to support local regions. Everyone involved pools their wisdom and works to publicize the ingredients and traditional techniques that support exceptional local culinary cultures.

So far, we have taken initiatives to pass on the cultivation and culinary culture of the following four items: Sakurajima daikon radish, a traditional vegetable of Kagoshima Prefecture; Annou imo, a sweet potato from Tanegashima in Kagoshima Prefecture; olives from Shodoshima in Kagawa Prefecture; and cereal grains from Iwate Prefecture.

In June 2011, we established the “Delicious *Junsai* Promotion Committee” jointly with local organizations in Mitane Town, Akita Prefecture, which is the largest producer of *junsai*, or water shield, in Japan. We have been taking initiatives in carrying out research on more efficient harvesting techniques and product publicity to boost demand of Akita *junsai*, demand for which has been falling due to a shortage of pickers, expansion of Chinese produce in the market and other factors.



Junsai from Akita Prefecture



Picking *junsai*



Environmental assessment by children

Direct Business Dealings with Fishery Cooperatives

Aeon has done business directly with fishery cooperatives since 2008 in an effort to raise customer satisfaction by providing even fresher fish while at the same time helping maintain cultural practices associated with consuming fish through a sustainable fishing industry.

We began direct dealings with JF Shimane (Shimane Prefecture), JF Ishikawa (Ishikawa Prefecture), JF Amaha (Chiba Prefecture), JF Enoshima Katase (Kanagawa Prefecture) and JF Yamagata (Yamagata Prefecture) in 2010, direct dealings were newly started with Hiroshima Fishery Cooperative.

Through dialogue with the National Federation of Fisheries Cooperatives Associations Aeon intends to continue conducting initiatives that benefit our



Sales floor



All fish caught by this fishing vessel is purchased by Aeon

Environmental Conservation Activities with Our Business Partners

Aeon conducts a variety of environmental conservation activities together with business partners.

For example, we conduct cleanup campaigns together with local suppliers in Hokkaido, Tohoku, Kanto/Tokai, Chubu, Kinki, Chugoku/Shikoku, and Kyushu / Okinawa. Business partners also participate in Aeon's tree-planting efforts.

In addition, we work with manufacturers to improve containers and packaging, for example by using shared containers to raise loading efficiency. Joint efforts are also made to reduce CO₂ emissions to help prevent global warming.

3. Practicing Fair Trade

Developing and Selling Fairtrade Products

Responding to customers' requests to help the world's underprivileged through their daily shopping, Aeon began developing and marketing Fairtrade* coffee and other products in 2004.

In November 2010, we produced TOPVALU Fairtrade Chocolate to incorporate a suggestion from Chuo University students and requests from our customers for goods that are easy to buy. This chocolate is now being sold at approximately 3,500 of our stores across Japan.

TOPVALU Fairtrade Chocolate is made with Fairtrade-certified cacao beans imported from the Dominican Republic. Processing these beans in Japan lowers the cost of the finished product and results in the flavor Japanese customers prefer. TOPVALU Fairtrade Chocolate is the first Fairtrade-certified chocolate to be manufactured in Japan.



Courtesy call paid together with Chuo University students to the Dominican Ambassador to Japan

* Fairtrade means doing business with producers that need support in developing countries and setting product prices at appropriate levels given the labor involved. The initiative helps producers attain economic and social autonomy while also supporting environmental conservation.

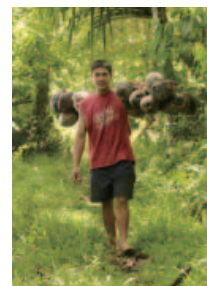
Making an international contribution through the Fair Trade scheme



Aeon Group's Activities—The Body Shop Practicing Community Fair Trade

The Body Shop, a beauty products chain based in the U.K. (managed in Japan by Aeon Forest Co., Ltd.), conducts its own fair trade program called Community Fair Trade, which is based on the concept of "Trade not Aid." The program was started by the late Anita Roddick, founder of The Body Shop, and is involved in a variety of initiatives, including establishing fair wages and labor conditions and raising awareness of AIDS.

In fiscal 2010, In fiscal 2009, Community Trade for coconuts was started with the Samoan nonprofit Women in Business Development. At present, high quality ingredients and products are purchased from some 25,000 people through trade with almost 30 partners in over 20 countries. Approximately one-tenth of total ingredients are procured through Community Trade and nearly 70% of products found at The Body Shop have Community Trade ingredients.



Samoan producer (The Body Shop)

1. Promoting Diversity

Basic Principles on Personnel and Basic Approach to Personnel

On August 21, 2008 we established our Basic Principles on Personnel and Basic Approach to Personnel in order to further raise the motivation of each and every employee in conjunction with switching to a pure holding company. We develop personnel-related systems and programs on the basis of these basic principles and approach.

Basic principles on personnel

With the primary objective of management based on respect for human rights, the Aeon Group's basic principles on personnel revolve around listening to employees' aspirations, understanding employees' feelings and making the most of what employees have to offer, based on the guiding philosophy of ensuring that all Aeon people lead a full life at work, at home and in the community.

Basic approach to personnel

Creating a corporate environment in which human resources can continue to grow as they work over the long term

Dealing with personnel based on ability and achievement, not nationality, age, gender or category



Promoting Positive Action

We are working to promote Positive Action, which seeks to make us a company where both men and women can flourish, through participation in a council to promote women's workplace performance sponsored by the Ministry of Health, Labour and Welfare.

We drew up the Positive Action Declaration in April 2010. It states our commitment to providing all employees with an equal opportunity to perform at the workplace and to creating workplaces that are pleasant places to work for both men and women.

In fiscal 2011, much like in fiscal 2010, we will promote workplaces that are easy to work in from a work-life balance perspective, workplaces where women in particular feel their work is valuable at every stage of life, as well as equal opportunity employment, recruitment and placement.

Increasing Employment for People with Disabilities

Led by Aeon Retail, Aeon is working to establish conditions that allow people with disabilities to work with a sense of purpose.

As of June 2011, Aeon Co., Ltd. has an employment ratio for people with disabilities of 1.82%*. This ratio for the total of all Aeon Group consolidated subsidiaries also exceeds the legally required level.

Aeon also established a special subsidiary Abilities JUSCO Co., Ltd. in an effort to increase employment of people with disabilities. People with disabilities take on the challenge of realizing their own potential, working at seven Scrum CD stores in the Tohoku region alongside able-bodied staff (as of February, 2011).

* Aeon Co., Ltd. has received accreditation for applying the Special Subsidiary Company System to applicable Group companies. Therefore, the ratio is reported based on the total for Aeon Co., Ltd. (parent company), Abilities JUSCO Co., Ltd. (special subsidiary company) and Aeon Retail Co., Ltd. (affiliated company).

Hiring Employees of Foreign Nationality

Since its founding, Aeon has recruited and hired human resources under the basic policy of treating all with fairness based solely on their skills and performance and not on nationality, gender, age, or other personal attributes.

To meet the goal to expand our presence in the Asia region outlined in our three-year medium-term management plan, which started in fiscal 2011, we plan to aggressively hire young human resources, who will form the cornerstone of future management not only in Japan, but also in China (including Hong Kong), Malaysia, Thailand, Indonesia and Vietnam.

By the year 2020, we aim to employ an equal number of Japanese and non-Japanese staff in our global operations.

Promoting Equal Opportunities for Part-time Employees

We have developed various programs that allow part-time employees to thrive at the workplace.

For example, Aeon Retail Co has a system that makes it possible for all employees to utilize the same training and hiring programs. It instituted the Community Employee* Program in 2004 to eliminate differences in roles, expectations and treatment depending on employee classifications (full employee or part-time employee) and to enable the continued growth of all employees depending on ability, performance and motivation. The program eliminates differences in educational and hiring opportunities and makes it possible for anyone to take on the challenge of a higher position.

* Community Employee is a collective designation for Aeon Retail employees working in a specific location and not subject to geographic transfer. There are both hourly wage positions and monthly salaried positions.

Community Employee Career Advancement

People who enter the company as Community Employees have the option of switching to managerial work after learning Aeon's Basic Principles and etiquette, mastering coursework for specified programs and attaining a certain level of achievement. They also have the opportunity to switch to the main career track, which carries with it the possibility of job transfer and relocation.

Improving System for Employing the Elderly

Aeon Retail raised its mandatory retirement age to 65 in 2007 in order to address Japan's aging population.

Employees are allowed to choose to continue working in their current format or switch to a format that lets them work where they want without the possibility of relocation.

Responsibilities to Employees

2. Securing Work-Life Balance

Establishing Four Career Paths for Employees

We have a variety of programs that allow employees to choose a way of working that matches their own values. For example, we established four career paths in 2004. Under this system employees may choose to take on the challenge of a different career path. Also, there are no difference in opportunities for acquiring qualifications or applying for new positions depending on the path, and employees are able to participate in various training programs regardless of the path.

The four career paths available to AEON Retail Co., Ltd. employees

- National (N) staff: Can essentially be transferred anywhere in Japan or overseas
- Regional (R) staff: Can be transferred anywhere within a specific regional block
- Community-based staff: No transfer requiring relocation. Option of daily/monthly salary or hourly wage.
- Contract workers: No transfer requiring relocation. Part-time only

Establishing Various Childcare and Nursing Care Support Programs

We believe that for each person to achieve work-life balance conditions must be in place that allow employees to work with peace of mind. The Aeon Group has therefore established various childcare and nursing care support programs.

To take one example, Aeon Retail Co., Ltd. makes childcare leave available for up to April 20 of the year the child enters middle school. The legal requirement is until the child enters elementary school, but workers often want to take time off after that in order to attend parents' days at school and the like. In addition to enhancing such support programs, Aeon Retail is working to promote programs among employees in line with an action plan created based on the Act for Measures to Support the Development of the Next Generation. As a result of these efforts, the company acquired the Kurumin nextgeneration certification* in January 2010.

For employees with families for which nursing care is deemed necessary, we have established a nursing care leave program and a nursing care work program that provide time off or shortened working hours so the employee can provide the required nursing care.

* Aeon Group companies certified as of June 2010: AEON Mall Co., Ltd. and AEON CREDIT SERVICE CO., LTD., Maxvalu Chubu Co., Ltd., KASUMI CO., LTD., MYCAL CORPORATION*1, Maxvalu Nishinohon Co., Ltd., SUNDAY CO., LTD., RYUKYU JUSCO CO., LTD.*2, AEON Retail Co., Ltd.

*1 Aeon Retail merger in March 2011

*2 Changed company name to AEON RYUKYU CO., LTD., May 21, 2011.

Welfare Programs

A general Aeon Group friendly society foundation, the Aeon Good Life Club administers support programs to help members and their families live life to the fullest.

Main Welfare Programs

Support for living with peace of mind	Assistance for childcare costs and aid for nursing care leave
Support for medium/long-term provisions	Group life insurance and consultation desk for savings/insurance/medical, etc.
Support for joyful living	Discounts on lodging, theme parks, etc.

Responsibilities to Employees

3. Support for Human Resources Growth

Personnel and Training Systems

Employees are one of Aeon's most important management resources. This is because each employee is a unique presence that concretely expresses Aeon's principles to customers through products, services and customer interactions. Aeon has established personnel systems based on abilities and performance and training systems to support ongoing growth so that employees engage in their work with a sense of its value.

For example, Aeon Retail has established three different job areas, that correspond to the skills and working formats of working people. Training is conducted to provide employees, in a regular, ongoing manner, with the knowledge and skills that are needed depending on their job area.

● Aeon Business School Trains Core Personnel

The Aeon Business School is a backbone education system for training core personnel, who will be the driving force for our future business development. Employees with a willingness to take on challenges systematically learn the knowledge and skills necessary for the jobs they aspire to.

In fiscal 2010, ten courses were held and a total of 273 people participated.

TOPICS

Distribution of a booklet of customer thank you notes

We prepared a booklet called Happy Letter Book and distributed it to Aeon Group employees as part of the projects commemorating our 40th anniversary.

Happy Letter Book compiles thank you notes and words of encouragement from customers. Employee happiness rests on customer feedback, which in turn would lead to gratitude towards customers and local communities – Aeon continues to aspire to be such a Group.



Happy Letter Book

● Internal Job Posting System Encourages Participation in New Ventures

Aeon has instituted an internal job posting system that broadly calls on employees to participate in new business ventures and other projects. With the corporate environment changing at a dizzying pace, workers can no longer just leave their careers up to their companies. This system makes it possible for employees to take charge of their own jobs and positions.

In fiscal 2010, the Aeon Group accepted applications from its employees for jobs within its Asian businesses (including leaders, managers and members) as well as with TOPVALU Collection Co., Ltd., Aeon Marketing Co., Ltd., Aeon Retail Co., Ltd.'s My Basket Business and DS Business.

We intend to continue actively placing motivated personnel in new positions.

● Wide Array of Internal Certification Systems for Specific Jobs

Aeon has established a wide array of internal certification systems for specific jobs in order to deliver safer and more secure products and services. Eight of these certifications have been accredited by the Ministry of Health, Labour and Welfare and recognized for their high quality. The knowledge and skills of certified personnel are also utilized to raise customer satisfaction.

Aeon's in-house qualifications

In- house qualifications	Number of qualifications holders*
◎Fresh fish master (grade 1)	11
◎Fresh fish master (grade 2)	1,363
◎Fresh fish master (grade 3)	3,099
Baby advisor	577
Fashion advisor	333
Liquor advisor	195
Fish advisor	213
Digital advisor	280
Home appliance advisor	66
General appliance advisor	46
Cycle advisor	897
Senior cycle advisor	76
Beauty advisor	381
Handcraft advisor	150
Travel advisor	56
Room style advisor	40
◎Hot deli master	2,079
◎Sushi master	2,045
◎Farm product master	1,014
◎Greenery master	366
◎Gardening master	161
Checkout certification (grade 2)	976

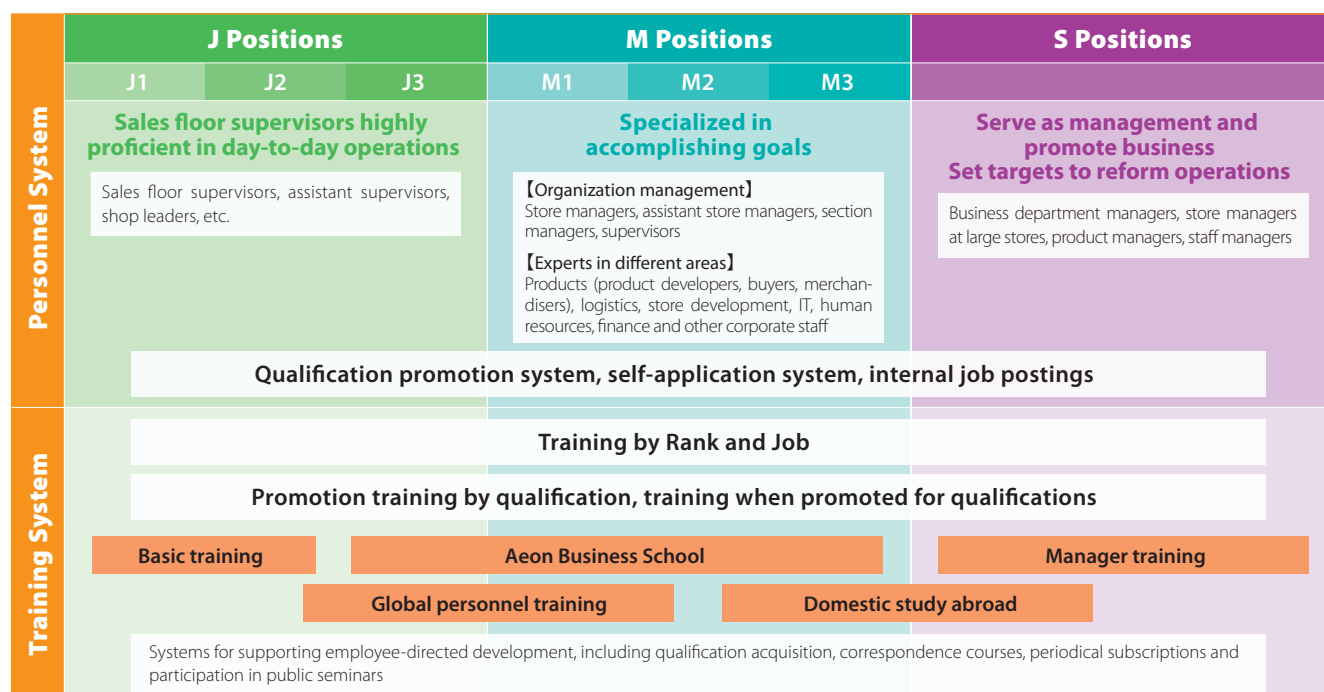
◎ denotes qualifications accredited by the Ministry of Health, Labor and Welfare.

*Total for Aeon Retail Co., Ltd., Aeon Hokkaido Corporation, SUNDAY Co., Ltd., Aeon Kyushu Co., Ltd., Aeon Supercenter Co., Ltd., MYCAL CORPORATION*¹, Ryukyu JUSCO Co., Ltd.*², Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku, Maxvalu Chubu Co., Ltd., Maxvalu Kyushu Co., Ltd., MAXVALU KITA TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU CHUKYO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD.

*¹ Aeon Retail merger in March 2011

*² Changed company name to AEON RYUKYU CO., LTD., May 21, 2011.

Personnel and Training Systems (AEON Retail Co., Ltd.)



4. Creating Pleasant, Comfortable Workplaces

Health and Safety Committees

Health and Safety Committees are organized at the store and business office level in order to ensure the safety and health of employees and promote the creation of pleasant, comfortable working conditions.

For example, at Aeon Retail, store managers, managers of personnel and general affairs departments, employee representatives and labor union representatives attend the committee meetings, which are held once a month. Safety and Sanitation Committees discuss employee working conditions and points of improvement for workplace environments, with the involvement of both labor and management.

Labor Union Status

Aeon emphasizes dialogue between labor and management, and discussions are held with the labor union through Safety and Sanitation Committees and the labor-management council.

Additionally, Aeon Retail's labor union began allowing part-time employees to become members in conjunction with establishment of the Community Employee Program in 2004. As a result, as of the end of February 2011, the labor union had 81,855 members, including 63,945 part-time employees. After the Aeon Retail merger in March 2001, our labor union was reborn in June 2011, as the Aeon Retail Workers Union, and today total membership stands at 101,087 (including 79,845 part-time employees). We actively work to incorporate employee feedback through workplace meetings participated in by union members.

Employees Healthcare

Aeon is working to raise the percentage of employees receiving regular health exams in order to help employees maintain or improve their health. Based on the results of the exams, follow-up is provided depending on the urgency of the problem, and if re-evaluation is necessary, employees are encouraged to get checked out at a hospital and report the results to the company.

A counseling office is provided to support good mental health. It is one of the member services of the Aeon Good Life Club, a general foundation run by the Aeon Group.

Setting Up Hotline for Employees

Aeon set up the Aeon Code of Conduct Hotline for employees in 2004. The hotline can be used not only to report non-compliance and improprieties, but also to speak to someone about various workplace issues, such as not being able to speak with a boss or encountering something that is troubling. The hotline handles a wide variety of reports and consultations. It is available to all employees working at the Aeon Group.

There are two lines in operation, one for internal consultations and another to connect and consult with an outside party.

5. Respecting Human Rights

Human Rights-related Training

Aeon respects the human rights of all people and does not discriminate on the basis of nationality, race, sex, academic background, religion, mental or physical disability, or any other attribute. Each and every Aeon employee strives to listen closely to co-workers and make the company a place where people respect one another as equals.

To accomplish this Aeon holds training programs to facilitate correct understanding and deepen awareness of a variety of issues, among all employees including issues pertaining to social discrimination, people with disabilities, foreign residents, abuse of power, diversity, and work-life balance.

The Aeon Group as a whole trains employees on human rights issues at training for new executive officers, training for new employees of the Aeon Group, Aeon Business School (personnel training course), and the like. At training for new employees of the Aeon Group, participants acquire basic knowledge related to human rights that is required of employees.

At the individual company level as well, efforts are made to raise human rights awareness through a variety of in-house training programs.

Chronology of Aeon's Environmental Conservation and Social Contribution Activities

Primary environmental conservation and social contribution activities

Year	Activity
1965	Donation of 1,000 cherry trees to the city of Okazaki at the opening of the Okazaki Okadaya Store
1977	Established the JUSCO Company Welfare Fund (now known as the Aeon Welfare Fund)
1979	Established Cultural Foundation of Okada
1989	JUSCO Group is renamed Aeon Group, and the Aeon Group 1% Club (now known as the Aeon 1% Club) is established
1990	Launched the JUSCO Earth-Friendly Committee The Aeon 1% Club started the "Small Ambassadors" (now known as "Teenage Ambassadors") Program as a part of its international cultural and personnel exchange activities
1991	Launched the Aeon Hometown Forests Program, with Jaya JUSCO Stores Malacca Store (Malaysia) as its first store Established the Aeon Group Environment Foundation (now known as the Aeon Environment Foundation) Started Clean & Green activities Commenced the Bring Your Own Shopping Bag campaign on a trial basis Began trial operation of the food tray collection and recycling campaign
1992	Planted trees at JUSCO Shin Hisai Store (now known as Hisai store) – the first store in Japan under the Aeon Hometown Forests Program
1993	Started development of organic and other agricultural produce as the Green Eye (now known as TOPVALU Green Eye) private label
1994	Formulated the independent Aeon Heart Building Design Standards based on the Heart Building Law (the Barrier Free New Law from December 2006). Opened JUSCO Minamikata Store as the first building in Japan certified under the Heart Building Law
1995	Introduced returnable food container and reusable hanger systems
1996	Launched the Environment Committee Founded the JUSCO Children's Eco Club (now known as the Aeon Cheers Club)
1998	Established the Aeon Group Environment Foundation and conducted the 1st tree planting in the Great Wall Forest Rejuvenation Project
2000	Launched the My Basket and My Bag campaigns Started sales of TOPVALU Kyokan Sengen products Commenced development of SELF + SERVICE ecology shops Acquired ISO 14001 certification across the entire company
2001	Changed company name to Aeon Co., Ltd. and started the Aeon Day Started the Aeon Happy Yellow Receipt Campaign Aeon 1% Club starts support for the construction of schools in Cambodia (total of 149 schools from 2001 to 2003)
2002	Started Aeon Clean Road Activities in partnership with the Volunteer Support Program of the Ministry of Land, Infrastructure, Transport and Tourism
2003	Began use of biomass packaging materials Formulated the Aeon Supplier Code of Conduct
2004	Formulated the Basic Policy for the Prevention of Global Warming Announced participation in the Global Compact advocated by the United Nations Achieved SA8000 certification for Aeon Co., Ltd. TOPVALU supplier management systems and Aeon corporate operations Commenced sales of TOPVALU Fair Trade Coffee under the TOPVALU label Aeon 1% Club starts support for the construction of schools in Nepal (total of 57 schools from 2004 to 2005)
2005	First eco store, Aeon Chikusa SC, opens
2006	Second eco store, Aeon Kashiwa SC, Third eco store, Aeon Dainichi SC, opens Stores and shopping centers acquire chain of custody certification for processing and distribution of MSC certified products (MSC-CoC), the first such certification by a general merchandiser in Japan Aeon 1% Club starts support for the construction of schools in Laos (Total of 120 schools from 2006 to 2009)
2007	Review of the process of issuing plastic shopping bags (discontinuing the free provision of plastic shopping bags in food departments) begins with the JUSCO Higashiyamanijou Store Aeon Co., Ltd. becomes the first company in the general retailing industry to sign an agreement on initiatives towards the establishment of a recycling-oriented society with the Japanese Ministry of the Environment Forth eco store, Aeon Kagoshima SC, open
2008	Aeon formulates the Aeon Manifesto on the Prevention of Global Warming, becoming the first retailer in Japan to name a specific goal for reducing output of CO ₂ "Aeon Clean Japan" campaign started as an initiative to mark Aeon's 250th anniversary Ran a carbon offsetting campaign for the CO ₂ produced when delivering year-end gifts Fifth eco store, Taki Crystal Town CS, Sixth eco store, Aeon Tomakomai SC, Seventh eco store, Aeon Laketown, Eighth eco store, Aeon Hiezu, Eco shopping mall (ninth eco store), Aeon Mall Kusatsu, opens
2009	Trial sales of "Carbon Footprint" product labeling for nine varieties across seven TOPVALU products Tenth eco store, Aeon Tsuchiura SC, opens Aeon Environmental Foundation establishes Japan Awards for Biodiversity Participated in Japan Climate Leaders' Partnership as a founding member
2010	Established Aeon Biodiversity Policy The "Great Wall Forest Rejuvenation Project" by the Aeon Environmental Foundation, the number of seedlings planted had reached one million MIDORI Prize for Biodiversity Established by the Aeon Environmental Foundation
2011	Established the Aeon Sustainability Principle Eleventh eco store, The Aeon Itamikoya Shopping Center opens



Peter D. Pedersen
E-Square, Inc.

Evaluation of Report Contents

Like the previous year's report, I feel Aeon's Environmental and Social Report 2011 features content that helps foster pertinent CSR communication with stakeholders. This year's report narrows its focus to four key issues, which provides for a more systematic manner of delivering information. Overall the report left a favorable impression on me as it also includes updates based on the areas for improvement that I pointed out in last year's independent review, and provides easy-to-understand information on the emergency measures implemented by the Aeon Group in the aftermath of the Great East Japan Earthquake.

• Particular Strengths

Aeon's report is split into different media depending on the target reader. Information pertinent to customers is mainly included in the print edition, while information for professionals, such as financial institutions, ratings agencies or NGOs, is featured in the online version. This approach conveys Aeon's proactive stance toward accurately disclosing information in a more focused manner. OK

The report covers the Aeon Sustainability Principle, which was enacted in March 2011, and indicates the four key issues as well as KPI tied to each. The report also more clearly outlines Aeon's commitment to achieving sustainable management by balancing Group growth with the development of society, as well as specific initiatives it will take to fulfill this commitment. Moreover, I applaud the fact that the scope of goals and targets, which predominantly focused on Aeon Retail Co., Ltd. in previous reports, has been greatly expanded to include all consolidated Group companies in Japan (and certain businesses in China) as a result of the new KPI.

By discussing what Aeon aspires to achieve and what actions it has taken to address the four key issues, as well as including the newest KPI in parts of each chapter, the report enables readers to better understand the actions that Aeon has taken with sincerity in each of these initiatives.

• Further Improvement Possible

I believe it would be beneficial to feature an explanation concerning the process for determining the four key issues and KPI. The details surrounding how the CSR action policy of the entire Aeon Group was finalized through dialogue are of

interest to not only Aeon people (Aeon employees) but also other stakeholders as well.

I felt that the relationship between the four key issues, chapters and sub-chapters as well as the subsequent layout of the report was somewhat difficult to understand.

Specifically, there were areas where the link between the main text and description of KPI and chapter titles were unclear in the section entitled "Dealing with Social Matters." Slightly modifying the layout of chapters and including a list of related pages for easy reference will, I believe, make it easier for readers to find information as well as make the overall report easier to read.

I would also like to suggest including interviews with Aeon people and other stakeholders in the main body of the report as one method of involving stakeholders more. By having stakeholders talk about their own thoughts and beliefs, the report will foster a greater closeness with readers as well as a broaden understanding of the Group through offering different perspectives.

Evaluation of Report Contents

I believe the bar for the quality of company-wide initiatives will be raised one level higher thanks to the Group's key issues and newest KPI, both established in 2011. This is because it will also provide an opportunity to reaffirm the importance of and relationship between individual initiatives taken to date, and make it possible for more focused initiatives to be taken on a company-wide basis. While I believe Aeon will regularly revise its key objective and KPI going forward, I hope that it will actively incorporate external perspectives into its management as well by holding stakeholder dialogue and other means. As is expounded in the Aeon Code of Conduct, the company is supported by a great many people. As such, a key to promoting CSR management will be the extent to which engagement is deepened with both internal and external stakeholders.

In closing, Aeon views Asia as a new growth opportunity for the Group, as approximately 10% of its operating income already originates from markets in Asia. In the previous fiscal year, Aeon also showcased its activities in China in a special feature article. I hope that Aeon continues to undertake CSR activities in the Asia region and report on these, in order to align the direction of its CSR management with business strategy.

I have high expectations for Aeon's CSR initiatives going forward.



Yukiyo Komatsu

Group Chief Environmental Officer
Aeon Co., Ltd.

I would like to express my deepest sympathies to all of those who have suffered from the Great East Japan Earthquake. I also pray for the good health and rapid return to more normal living conditions for all those affected.

As the Group Chief Environmental Officer, I would like to take this opportunity to report on Aeon's environmental and social initiatives for fiscal 2010 and directions for the future.

The Great East Japan Earthquake and Aeon's Social Responsibilities

Aeon established a Headquarters Response Team in the immediate aftermath of the earthquake, and distributed emergency supplies as a member of local communities. Also we got stores back up and running as quickly as possible as a part of the infrastructure of daily life. Finally, we gave customers all over Japan a chance to help financially and assist those in need in other concrete ways as a national retail chain.

Each and every employee renewed their sense of social responsibility through disaster support activities. Moving forward, Aeon will continue its efforts to help disaster victims by identifying ways we can contribute and acting on them.

Focus on Environmental and Social Contribution Activities

Aeon conducted the Aeon Happy Clean Campaign in celebration of the 40th anniversary of the establishment of Jusco Co., Ltd. and in support of the objectives established in the tenth meeting of the Conference of the Parties to the Convention on Biodiversity (COP 10). In this project, we joined with customers to clean beaches and woodlands in 28 locations across Japan, and we believe everyone who participated came away with a better

understanding of the importance of protecting biodiversity.

Aeon has established a firm base from which to pursue environmental and social contribution activities. Key elements include the JUSCO Earth-Friendly Committee, established in 1990; the Aeon Hometown Forests Program (P9), the "Bring Your Own Shopping Bag" campaign (P11), the Aeon 1% Club (P5), and the Aeon Environmental Foundation (P9). Across the various activities, we have been consistent in our commitment to being among the first to act, continuing the activities we initiate, and working together with customers. These qualities will continue to underpin Aeon's environmental and social contribution activities as we expand the scope of our endeavors.

The Medium-Term Management Plan and Sustainable Management

In October 2010, Aeon announced that its medium-term management plan would consist of pursuing growth in Asian, senior, and major urban markets. Aeon's growth must go hand-in-hand with conservation of the environment and be socially sustainable. The way we manage our business, in other words, must be sustainable.

We have laid out four key objectives for pursuing sustainable management. These are: 1) realization of a low-carbon society; 2) conservation of biodiversity; 3) better use of resources; and 4) dealing with social matters. In working toward a sustainable international society, all of these objectives must be achieved, and Aeon, which is globalizing its operations, bears an even greater responsibility for achieving these objectives.

Moving forward, we will consider, commit to and advance concrete policies for achieving the four objectives, monitor our progress, and issue annual reports to readers.

GRI Guidelines Indicators

Section	Index	Aeon Environmental and Social Report (2011)
1 Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	p.3 President's Commitment
1.2	Description of key impacts, risks, and opportunities	
2 Organization Profile		
2.1	Name of the organization	Front cover
2.2	Primary brands, products, and/or services	p.49-50 TOPVALU
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	p.9-10 Aeon Group's Business
2.4	Location of the organization's headquarters	Back cover
2.5	Number of countries where the organization operates, and names of countries that either have major operations or are specifically relevant to the sustainability issues covered in the report	p.9-10 Aeon Group's Business
2.6	Nature of ownership and legal form	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> • Number of employees • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided 	p.9 Settlement Report
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> • The location of, or changes in operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) 	
2.10	Awards received in the reporting period	
3 Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	p.2 Report period
3.2	Date of most recent previous report (if any)	May 7, 2010
3.3	Reporting cycle (annual, biannual, etc.)	p.2 Report period
3.4	Contact point for questions regarding the report or its contents	Back cover
Report scope and parameters		
3.5	Process for defining report content, including:	
	• Determining materiality	p.2 Editorial Policy
	• Prioritizing topics within the report	p.2 Scope of report
	• Identifying stakeholders the organization expects to use the report	p.2 Target audience
3.6	Parameters of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	p.2 Editorial Policy p.2 Scope of report
3.7	State any specific limitations on the scope or parameters of the report	p.2 Editorial Policy p.2 Scope of report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	p.20 Environmental Accounting p.21 ISO14001 Targets and Performance p.22 Flow of Environmental Impact in Business Activities
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	p.23 Aeon Manifesto on the Prevention of Global Warming
3.11	Significant changes from previous reporting periods in the scope, parameters, or measurement methods applied in the report	
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report	p.67-72 GRI Guidelines Indicators
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	p.65 Independent Review

4 Governance, Commitments and Engagement

Governance

4.1	Governance structure of the organization, including committees under the highest governing body responsible for specific tasks, such as setting strategy or organizational oversight.	p.15-16 Corporate Governance
4.2	Indicate whether the Chair of the highest governing body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	p. 3 President's Commitment
4.3	For organizations that have a unitary board structure, state the number of members of the highest governing body that are independent and/or non-executive members.	p.15-16 Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governing body.	p.15-16 Corporate Governance p.63 Part-time employees also join the labor union
4.5	Linkage between compensation for members of the highest governing body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	
4.6	Processes in place for the highest governing body to ensure conflicts of interest are avoided.	p.15-16 Corporate Governance
4.7	Process for determining the qualifications and expertise of the members of the highest governing body for guiding the organization's strategy on economic, environmental, and social topics.	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	p.12 Aeon Sustainability Principle p.17 Aeon Code of Conduct p.19 Aeon Environmental Principles
4.9	Procedures of the highest governing body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	p.11 Joining the Global Compact p.55 SA8000
4.10	Processes for evaluating the highest governing body's own performance, particularly with respect to economic, environmental, and social performance.	

Commitments to External Initiatives

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	p.16 Risk Management p.17-18 Compliance
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	p.11 Joining the Global Compact p.55 SA8000
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in governing bodies • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic 	

Stakeholder Engagement

4.14	List of stakeholder groups engaged by the organization	
4.15	Basis for identification and selection of stakeholders with whom to engage	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	

5 Management Approach and Performance Index

Economic

	Disclosure(s) on Management Approach	
	Goals and Performance	
	Policy	
	Additional Contextual Information	

Economic Performance Index

Aspect: Economic Performance		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	
EC3	Coverage of the organization's defined benefit plan obligations	
EC4	Significant financial assistance received from government	
Aspect: Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	

GRI Guidelines Indicators

EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	p. 55 Aeon Supplier Code of Conduct
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	
Aspect: Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	p.11 Aeon Environmental Foundation p.11 Aeon 1% Club p.40-43 Giving Back to the Community p.43-44 Assistance for Recovery from Disaster p.45 Assistance to Developing Countries p.51-53 Store Safety and Security p.57 Fair Trade
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	
Environmental		
	Disclosure(s) on Management Approach	p.12 Aeon Sustainability Principle p.19 Aeon Environment Principles
	Goals and Performance	p.13 Formulation of KPI p.18 ISO14001 Targets and Results p.19 Aeon Manifesto on the Prevention of Global Warming
	Policy	p.12 Aeon Sustainability Principle p.19 Aeon Manifesto on the Prevention of Global Warming p.21 ISO14001 Targets and Performance p.30 Aeon Biodiversity Principle
	Organizational Responsibility	p.19-22 Environmental Management p.65 Group Chief Environmental Officer's Commitment
	Training and Awareness	p.20 Environmental Education
	Monitoring and Follow-up	
	Additional Contextual Information	p.20 Environmental Accounting p.22 Flow of Environmental Impact in Business Activities
Environmental Performance Indicators		
Aspect: Materials		
EN1	Materials used by weight or volume	p.22 Flow of Environmental Impact in Business Activities
EN2	Percentage of recycled input materials used	
Aspect: Energy		
EN3	Direct energy consumption by primary energy source	p.22 Flow of Environmental Impact in Business Activities
EN4	Indirect energy consumption by primary source	p.22 Flow of Environmental Impact in Business Activities
EN5	Energy saved due to conservation and efficiency improvements	p.21 ISO14001 Targets and Performance
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	p.24 Eco Stores
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	p.24 Eco Stores
Aspect: Water		
EN8	Total water withdrawal by source	
EN9	Water sources significantly affected by withdrawal of water	
EN10	Percentage and total volume of water recycled and reused	
Aspect: Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	p.29-34 Preserving Biodiversity
EN13	Habitats protected or restored	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	p.30 Aeon Biodiversity Principle
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	
Aspect: Emissions, Effluents, and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	p.22 Flow of Environmental Impact in Business Activities
EN17	Other relevant indirect greenhouse gas emissions by weight	p.22 Flow of Environmental Impact in Business Activities
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	p.22 Flow of Environmental Impact in Business Activities p.23 Aeon Manifesto on the Prevention of Global Warming p.24 Eco Stores
EN19	Emissions of ozone-depleting substances by weight	
EN20	NOx, SOx, and other significant air emissions by type and weight	
EN21	Total water discharge by quality and destination	
EN22	Total weight of waste by type and disposal method	

EN23	Total number and volume of significant spills	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	
Aspect: Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	p.24 Eco Stores p.26 Carbon footprint initiatives p.27 Carbon offsets p.33 TOPVALU Gurinai p.33 MSC certification (marine eco-label)/FSC certification p.37 Plastic bag Reduction p.38 TOPVALU KYOKAN SENGEN
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	
Aspect: Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	
Aspect: Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	p.27 Logistics Initiatives
Aspect: Overall		
EN30	Total environmental protection expenditures and investments by type	p.20 Environmental Accounting
Social Performance Index		
Labor Practices and Decent Work (Fair Employment Conditions)		
	Disclosure(s) on Management Approach	
	Goals and Performance	p.13 Formulation of KPI
	Policy	p.12 Aeon Sustainability Principle p.17 Aeon Code of Conduct p.59 Basic Principales on Personnel
	Organizational Responsibility	p.17-18 Compliance p.59-63 Responsibilities to Employees
	Training and Awareness	p.17-18 Compliance p.59-63 Responsibilities to Employees
	Monitoring and Follow-up	p.17-18 Compliance
	Additional Contextual Information	
Labor Practices and Decent Work (Fair Employment Conditions) Performance Index		
Aspect: Employment		
LA1	Total workforce by employment type, employment contract, and region	
LA2	Total number and rate of employee turnover by age group, gender, and region	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	
Aspect: Labor/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	
Aspect: Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	
LA8	Education, training, counseling, prevention, and riskcontrol programs in place to assist workforce members, their families, or community members regarding serious diseases	
LA9	Health and safety topics covered in formal agreements with trade unions	
Aspect: Training and Education		
LA10	Average hours of training per year per employee by employee category	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in planning the end of their careers	p.61-62 Support for Human Resources Growth
LA12	Percentage of employees receiving regular performance and career development reviews	

GRI Guidelines Indicators

Aspect: Diversity and Equal Opportunity		
LA13	Composition of governing bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	
LA14	Ratio of basic salary of men to women by employee category	
Human Rights		
	Disclosure(s) on Management Approach	
	Goals and Performance	p.11 Joining the Global Compact p.13 Formulation of KPI p.55 Aeon Supplier Code of Conduct p.55 SA8000
	Policy	p.11 Joining the Global Compact p.13 Formulation of KPI p.55 Aeon Supplier Code of Conduct p.55 SA8000
	Organizational Responsibility	p.11 Joining the Global Compact p.55 Aeon Supplier Code of Conduct p.55 SA8000 p.63 Respecting Human Rights
	Training and Awareness	p.55 Aeon Supplier Code of Conduct p.55 SA8000 p.63 Respecting Human Rights
	Monitoring and Follow-up	p.11 Joining the Global Compact p.55 Aeon Supplier Code of Conduct p.55 SA8000
	Additional Contextual Information	
Human Rights Index		
Aspect: Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	
Aspect: Non-Discrimination		
HR4	Total number of incidents of discrimination and actions taken	
Aspect: Freedom of Association		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	p.11 Joining the Global Compact p.55 Aeon Supplier Code of Conduct p.55 SA8000
Aspect: Child Labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	p.11 Joining the Global Compact p.55 Aeon Supplier Code of Conduct p.55 SA8000
Aspect: Forced and Compulsory Labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	p.11 Joining the Global Compact p.55 Aeon Supplier Code of Conduct p.55 SA8000
Aspect: Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	p.11 Joining the Global Compact p.55 Aeon Supplier Code of Conduct p.55 SA8000
Aspect: Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	
Society		
	Disclosure(s) on Management Approach	
	Goals and Performance	p.13 Formulation of KPI
	Policy	p.12 Aeon Sustainability Principle p.17-18 Compliance
	Organizational Responsibility	p.17-18 Compliance p.40-48 Responsibilities to Local Communities
	Training and Awareness	p.17-18 Compliance
	Monitoring and Follow-up	p.17-18 Compliance
	Additional Contextual Information	

Social Performance Index		
Aspect: Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	
Aspect: Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	p.17-18 Compliance
SO4	Actions taken in response to incidents of corruption	
Aspect: Public Policy		
SO5	Public policy positions and participation in public policy development and lobbying	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	
Aspect: Anti-Competitive Behavior		
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	
Aspect: Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	
Product Responsibility		
	Disclosure(s) on Management Approach	
	Goals and Performance	
	Policy	p.17 Aeon Code of Conduct
	Organizational Responsibility	p.49-51 Product Safety and Security
	Training and Awareness	p.49-51 Product Safety and Security
	Monitoring and Follow-up	p.49-51 Product Safety and Security
	Additional Contextual Information	
Product Responsibility Performance Index		
Aspect: Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	p.54 System for Addressing Customer Feedback
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	
Aspect: Product and Service Labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	p.54 System for Addressing Customer Feedback
Aspect: Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	
Aspect: Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	
Aspect: Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	

Everyday Eco. Now in Progress.



**Aeon is wholly committed to protecting the environment—
from encouraging use of
My Bag and My Basket, to selling fresh fish unpackaged,
recycling and tree planting.
Together with our customers we want to create a pleasant,
promising day, every day.
The momentum of Everyday Eco continues to build.**

<http://www.aeon.info/environment/maieco/>

