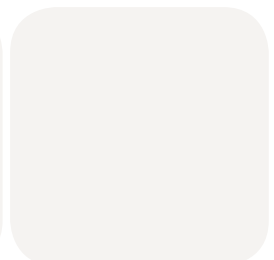
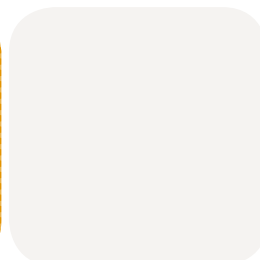
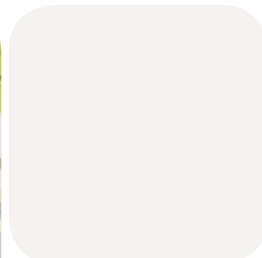
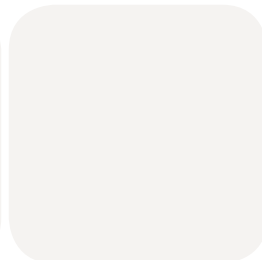
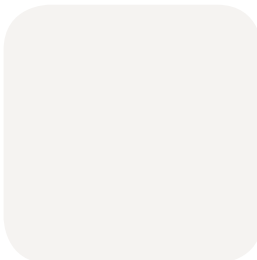
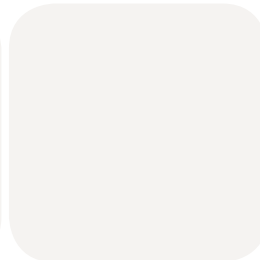
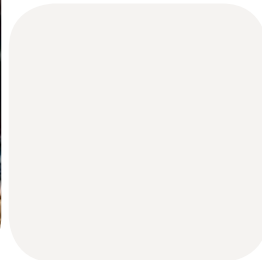
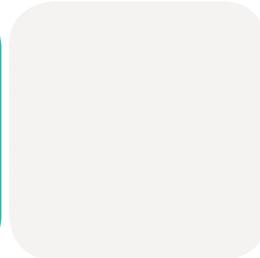
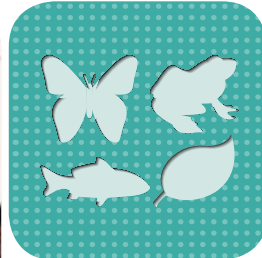
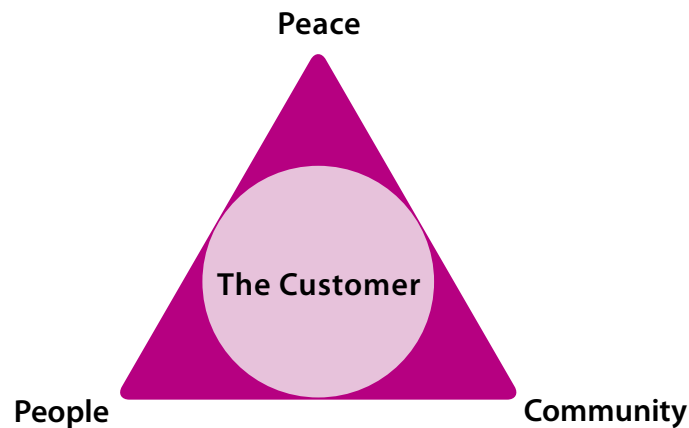


Aeon Environmental and Social Report 2014



Aeon Basic Principles



The word ÆON (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, always with the customer's point of view as its core."

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.

The 2014 edition provides a Special Issue section, under the heading of "Asia's pre-eminent retailer", that introduces three themes about "tree planting activities that exceeded 10 million lines in 2013," "efforts Aeon supplier CoC, which aims to build a sustainable supply chain," "4 shifts of medium-term management plan". As for initiatives undertaken during fiscal 2013, particular attention is given to key issues one through four established as key performance indicators. Information is also provided on our ongoing support to those in need following the Great East Japan Earthquake.

•Report Period

FY 2013 (March 1, 2013 – February 28, 2014)*

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

•Scope of Report

This report covers the pure holding company Aeon Co., Ltd. and its consolidated subsidiaries 263 companies, 31 companies equity-method affiliates (as of February 28, 2014).

When a section applies to only certain operating companies, it is indicated as such.

The Aeon 1% Club Foundation, whose activities are funded by donations made by major Aeon Group companies totaling 1% of their pre-tax profits, and the Aeon Environmental Foundation, which takes part in activities to protect the Earth's environment, also appear in this report.

•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

ISO 26000: Guidance on social responsibility

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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AEON 1% Club Foundation

What is a company's role in society? What do customers expect from Aeon? What should Aeon's aims be as a company? The Aeon Group 1% Club (now, the Aeon 1% Club Foundation) was inaugurated in 1989 in response to such questions, and with the philosophy that Aeon should be a company that, for the future and for the community, makes proper use of the benefits we receive from our customers.

Our major group companies contribute 1% of pre-tax profits for a variety of activities centered around environmental conservation, international cultural and 'people to people' exchanges and human resources development, and revitalization of local culture and communities. As a retailer, we are positioned to carry out programs with our customers and we intend to continue to value joining hands with our customers.

AEON Environmental Foundation

We aim to foster plentiful life and an earth that has a variety of riches. Without the earth's riches, all living things, including humans, could not survive. To protect the earth's environment, it is essential that private enterprises and citizen groups work together with local and national government agencies. The Aeon Environmental Foundation (formerly Aeon Group Environmental Foundation) was founded in 1990 with the intention of supporting and giving assistance to like-minded groups actively developing activities to protect the global environment.

Since the start, Aeon Environmental Foundation has been implementing tree-planting activities around the world, as well as a variety of joint environmental protection initiatives, such as development of human resources in the fields of the environment and biodiversity.

Aeon aspires to be 'Asia's pre-eminent retailer' by imbuing each and every Aeon Group employee with Aeon's core values and principles.



Group CEO,
President of AEON CO., LTD.

岡田元也

Motoya Okada

Promoting Sustainable Management Business Opportunities in Solutions to Social Problems

Since its establishment over 250 years ago, we at Aeon have continuously acted to fulfill our mission as a retailer. That mission starts with our 'customer first' philosophy and commitment to offering our customers safe and convenient high value products and services. We are also dedicated to strengthening relations with the people of local communities through our activities and contributions to community development.

We have maintained our philosophy while responding to changing times in collaboration with like-minded companies aiming to keep up to date with the times technically and socially. The Aeon Group has today become the largest retailer in Japan and in Asia, with 420,000 employees and over

6 trillion yen in sales.

Our scale of business is expanding, and along with this our position of influence on people's lives, on society, and on the environment, Aeon will continue to honor our basic principle of 'pursuing peace, respecting humanity and contributing to local communities, centered on our customers.' In order to practice the dual objectives of 'Aeon Group growth' and 'Societal development' we need to give attention to a variety of challenges endangering a healthy and sustainable society. In solving the individual problems, we can also discover business opportunities. Together with our stakeholders, we must promote the growth of 'sustainable management.'

In order to promote sustainable management, Aeon's Medium-term Management Plan (FY 2011-2013) identified "4 Shifts:" Senior Shift and Digital Shift, to allow people in an ageing and digitalizing society to shop for merchandise and services in our stores with confidence; Urban Shift, to provide new stores and new types of businesses responding to the needs of people with urban lifestyles; and Asia Shift, to provide safe and reliable products and services to the people of the remarkably expanding markets of China and ASEAN countries.

The new Medium-term Management Plan starting from FY2014, built on the previous Medium-term Management Plan, is intended to accelerate and strengthen these '4 Shifts' in order to respond to the diversification of customer needs. Aeon is also reinforcing its TOPVALU brand as it celebrates its 40th anniversary, and implementing product-oriented reforms.

Strengthening Global CSR Base to Support Sustainable Business Management

In order to respond to stakeholder expectations and societal demands, it is important to strengthen global CSR along with promotion of the '4 Shifts.'

It is essential to construct a 'sustainable supply chain' that takes into consideration global production site environmental and working condition issues, in addition to product safety and quality assurance. Aeon is committed to the realization of appropriate production environments,

and in 2003 formulated the “Aeon Supplier CoC” (Code of Conduct) for compliance of our TOPVALU manufacturing partners. 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 anticorruption. We were also the first among Japanese enterprises to acquire SA8000 certification, an international standard on protecting human rights in the labor market.

Moreover, we formulated the Aeon Sustainability Principle in 2011 to strengthen and increase CSR activities for the entire Group. In this, we have laid out four key issues: 1) realization of a low-carbon society; 2) conservation of biodiversity; 3) better use of resources; and 4) addressing social issues. We have also established key performance indicators (KPI) for individual activities.

Looking ahead to 2020 environmental targets, the Aeon ECO Project is developing next-generation ‘smart Aeon stores’ as part of our ‘building towns’ and ‘building communities’ initiatives (P.30).

In February 2014, we launched the ‘Aeon Sustainable Procurement Principles’ and began efforts for sustainable natural resource procurement.

Planting Over 10 Million Trees

Desiring to “Bequeath the irreplaceable earth beautifully to the next generation,” Aeon has been engaging our customers and related persons in tree planting activities in Japan and overseas since 1991. By 2013, the number of trees planted surpassed 10 million. We once again thank all who cooperated. We remain committed to continued involvement and activities to plant and nurture trees.

Establishing ‘Glocal’ Management Structure through Japan, China and ASEAN Headquarters Cooperation

In order to continue promoting sustainable management, it is necessary for the entire Aeon group to have complementary perspectives on global and local management.

Aeon Japan is strengthening corporate governance and compliance, as well as management systems that

assure safety and quality control, and sharing accumulated experience and expertise with Aeon Group’s China Headquarters and Aeon ASEAN Headquarters. At the same time, it is also important to flexibly respond to changing market and local needs by encouraging store and product development, human resource training, environmental conservation and social contribution activities, and by fostering the diversity of Aeon people in every locale.

Aeon Group’s China Headquarters and Aeon ASEAN Headquarters are cooperating with Aeon Japan in strengthening CSR promotion systems. In addition, local oriented plans are being incorporated through collaboration with the Aeon 1% Club Foundation and the Aeon Environment Foundation.

Aiming for Diversity through a Diverse Workforce

With the aim of further accelerating “glocal” business growth, Aeon recruits human resources with diverse character, capabilities, and values through such efforts as conducting recruiting orientation sessions in countries around the world, particularly in China and ASEAN, and expanding educational and career programs. In 2013, we established a Diversity Promotion Office in Japan, with the aim of cultivating individuals who can be active globally. For FY 2014, we formulate the ‘Aeon Diversity Declaration’ as a guideline towards the configuration of Aeon in 2020.

For our senior management, the mission of utmost importance in the current environment of globalization is our group policy of ‘customer first.’ It is an essential element of the thinking of every member of the Aeon Group, and allows us to promote, in our uniquely innovative Aeon way, sustainable management and sustainable development of Asia, and to contribute to the revitalization of the Japanese economy and areas affected by the Great East Japan Earthquake.

Aeon will continue, through dialogue and cooperation with our diverse stakeholders, to incorporate new sustainability viewpoints and to grow in the mid and long-term to become Asia’s pre-eminent retailer.

Aeon Group Overview

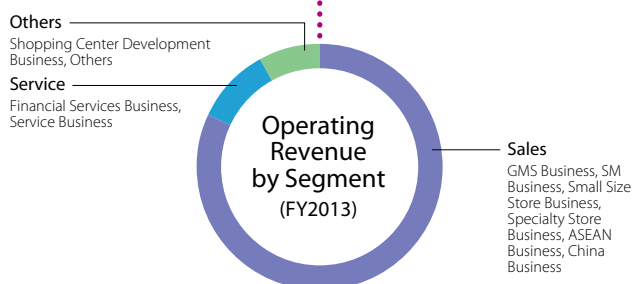
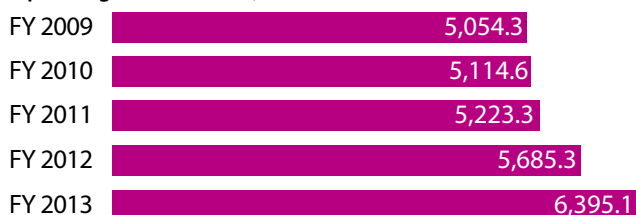
The Aeon Group consists of around 300 companies in Japan, China and ASEAN, employing over 420,000 people unified in the aim of contributing to a comfortable and convenient lifestyle for our customers.

Aeon is mainly a GMS (General Merchandise Store) enterprise, but is expanding to large mall-type regional commercial area shopping centers (SC) as well as a variety of local commercial area specialty shops that supply life's daily necessities and offer specialized services to the local community. In addition, in support of our customers' healthy and comfortable life, we are developing a variety of businesses such as small supermarkets, convenience stores, drug stores, and general financial services.

More than 420,000 Aeon employees, in around 300 Aeon Group companies in Japan, China and ASEAN, are striving to contribute to the convenient and comfortable living of our customers and to achieve global 'customer satisfaction.'

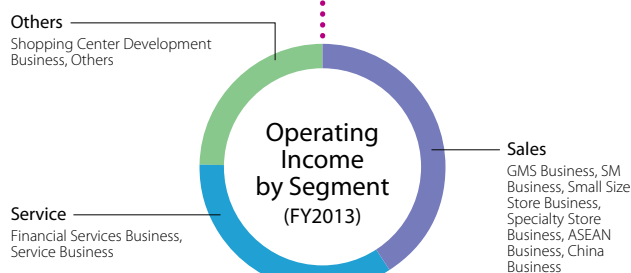


Operating Revenue (billion yen)



* The graph was created based on values simply totaled without consolidated adjustments.

Operating Income (billion yen)



* The graph was created based on values simply totaled without consolidated adjustments.

Major Group Companies by Business Segment

Sales

GMS Business: AEON Retail Co, Ltd., The Daiiei, Inc., AEON Hokkaido Corporation, SUNDAYCO, LTD., AEON KYUSHU CO, LTD., AEON RYUKYU CO, LTD., JOY Co., Ltd., Bon Belta Co., Ltd.

SM Business: Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Hokkaido Co., Ltd., Maxvalu Kyushu Co., Ltd., ©The Maruetsu, Inc., ©Inageya Co., Ltd., ©KASUMI CO., LTD., ©Belc CO., LTD., AEON MARKET CO., LTD., CREATE Co., Ltd., KOHYO CO., LTD., SANYO MARUNAKA CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., marunaka CO., LTD., ©ichimaru Co., Ltd.

Discount Store Business: AEON SUPERCENTER CO., Ltd., AEON BIG CO., LTD.

Small Size Store Business: MINISTOP CO., LTD., ORIGIN TOSHU CO., LTD., My Basket CO., LTD., RECODS. Co., Ltd.

Drugstore & Pharmacy Business*1: CFS Corporation, ©WELCIA HOLDINGS CO., LTD., ©Medical Ikkou Co., Ltd., ©TSURUHA HOLDINGS Inc., ©KUSURI NO AOKI CO., LTD., SHIMIZU YAKUHI Co., LTD., TAKIYA Co., Ltd., ©Welpark Co., Ltd., ©ZAG ZAG Co., Ltd.

Specialty Store Business: GFOOT CO., LTD., COX CO., LTD., ©Taka: Q Co., Ltd., Abilities JUSCO CO., Ltd., AEON FOREST CO., LTD., AEON PET CO., LTD., AEON BODY Co., Ltd., Claire's Nippon Co., Ltd., Cosmeme CO., LTD., Talbots Japan Co., Ltd., Branshes Co., Ltd., MIRAIYA SHOTEN CO., LTD., Mega Sports Co., Ltd., MEGA PETRO Co., Ltd., LAURA ASHLEY JAPAN CO., LTD., AT Japan Co., Ltd.

Service

Financial Services Business: AEON Financial Service Co., Ltd., AEON CREDIT SERVICE (ASIA) CO., LTD., AEON THANA SINSAP (THAILAND) PLC., AEON CREDIT SERVICE (M) BERHAD, ©AEON LEIT Investment Corporation, AEON BANK, LTD., AEON CREDIT SERVICE CO., LTD., AEON HOUSING LOAN SERVICE CO., LTD., AEON Product Finance Co., Ltd., AEON INSURANCE SERVICE CO., LTD., AEON Reit Management Co., Ltd.

Service Business: AEON DELIGHT CO., LTD., AEON Fantasy Co., Ltd., ZWEI CO., LTD., AEON Eaheart Co., LTD., AEON ENTERTAINMENT CO., LTD., AEON CULTURE CO., LTD., AEON COMPASS CO., LTD., KAJITAKU Co., Ltd., Reform Studio Co., Ltd.

Others

E-commerce Business: AEON Direct Co., Ltd., AEON Link Co., Ltd.

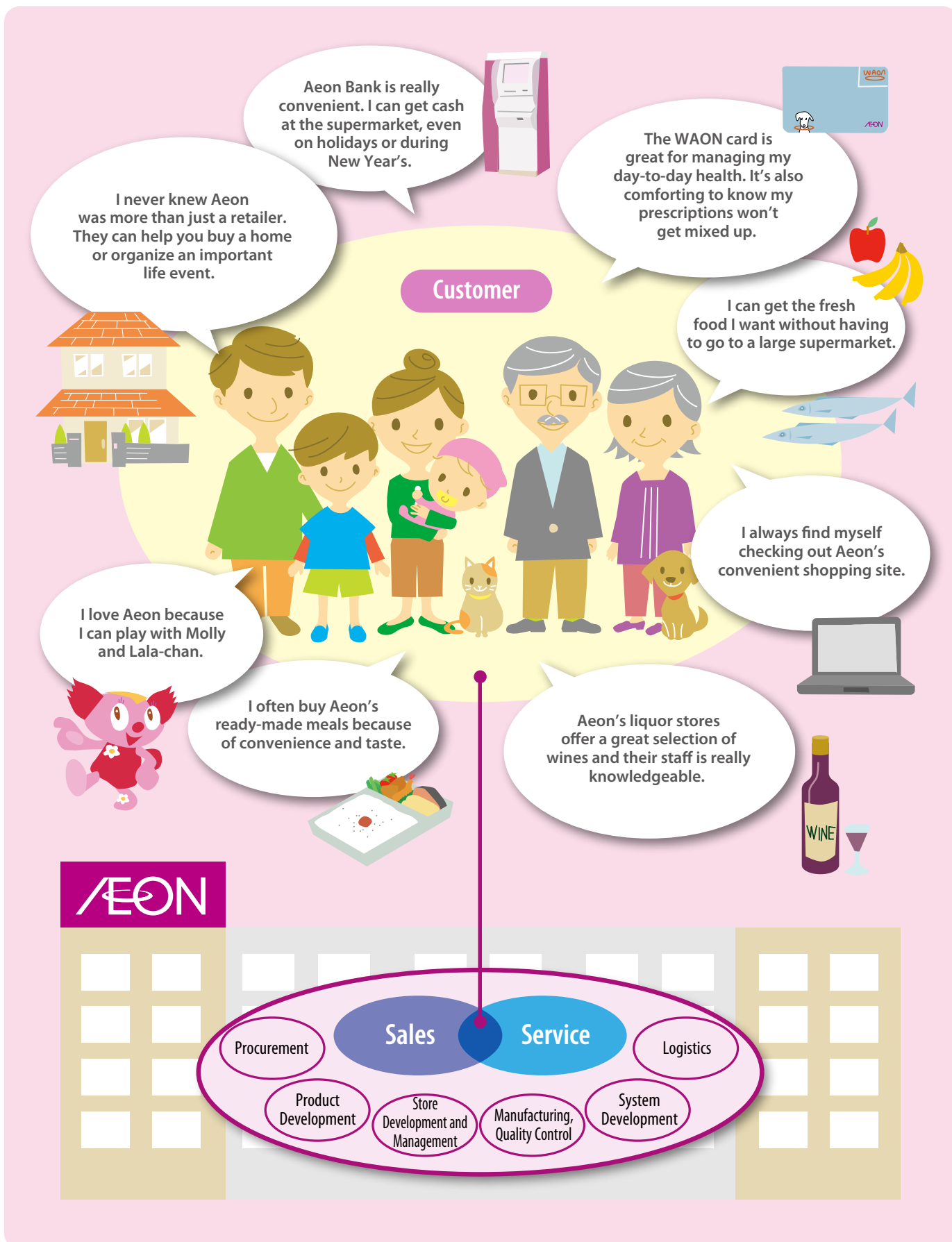
Shopping Center Development Business: AEON Mall Co., Ltd., AEON TOWN Co., Ltd.

Overseas

ASEAN Business: AEON ASIA SDN. BHD., AEON Co., (M) Bhd., AEON BIG (M) SDN. BHD., AEON INDEX LIVING SDN. BHD., AEON (CAMBODIA) Co., Ltd., AEON (Thailand) CO., LTD., AEON VIETNAM CO., LTD., PT. AEON INDONESIA
China Business: AEON (CHINA) CO., LTD., AEON Stores (Hong Kong) Co., Ltd., AEON EAST CHINA (SUZHOU) CO., LTD., AEON (HUBEI) CO., LTD., AEON South China Co., Limited., BEIJING AEON CO., LTD., GUANGDONG AEON TEEM CO., LTD., QINGDAO AEON DONGTAI Co., LTD.

*1 Those are Hapcom member companies which operate drugstore and pharmacies.

*2 © Equity-method affiliates ◇ Affiliated companies (As of March 1, 2014)



KPI (key performance indicator) based on the Aeon Sustainability Principle

History of Aeon's CSR Activities

Serving the Local Community through Commerce

Aeon's predecessor company, JUSCO, Inc., came into being in 1970, as the result of a merger between three companies – Okadaya, Inc., Futagi, Inc., and Shiro, Inc. JUSCO expanded business with the mission statement at the time of 'support the community through commerce.' In the 40 years since then, sales have increased from 500 million yen to 6 trillion yen. The number of stores has expanded from 70 to 16,375 and the number of employees has increased from 4000 to 420,000.

In view of such continued growth, the JUSCO Company Welfare Fund (the present Aeon Welfare Fund) was established in 1977, demonstrating the company's contribution to society as a corporate citizen.

Against this background, in the second half of the 1980s Aeon built a system to promote CSR activities in earnest. In 1989 the Aeon Group 1% Club (the present Aeon 1% Club Foundation) was established and in 1990 the JUSCO Earth-Friendly Committee was formed, along with the Aeon Group Environment Foundation (the present Aeon Environment Foundation).

In 1991, a variety of activities were begun that are linked to present day CSR activities - the 'Aeon Hometown Forests Program,' the experimental 'Bring Your Own Shopping Bag' and the 'Collecting Recyclable Resources at Stores' campaigns.

CSR Activity Principles

Based on the United Nations Global Compact

With a view to reinforcing its global perspective on CSR, Aeon in 2004 became Japan's first retailer to sign the United Nations Global Compact. Based on the 10 principles outlined in the United Nations Global Compact, Aeon formulated its "Aeon Supplier Code of Conduct" (CoC) (P. 56), and acquired SA8000 certification (P. 58), an international standard related to human rights and labor conditions.

Since 2008, Aeon has participated in the Supply Chain Sub-committee of the Global Compact Japan Network in order to promote CSR together with our supply chain partners. Dialog with member companies is ongoing.

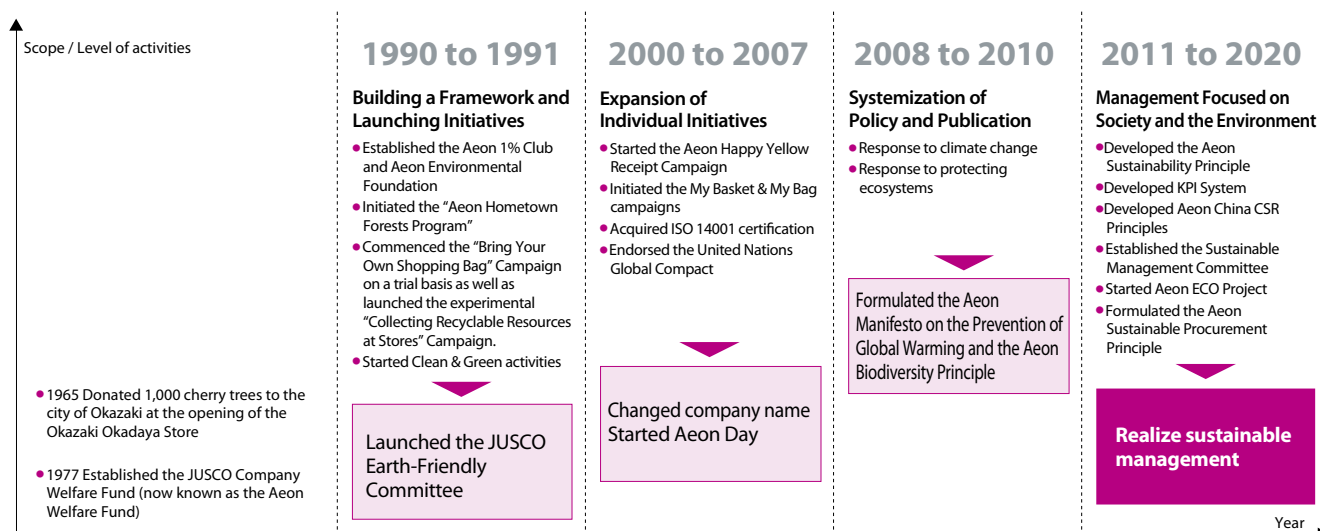


Basic CSR Activity Principles and Key Issues

'4 Key Issues' for Sustainable Management

With the launch in November 2010 of the ISO26000, an international CSR guideline, the idea spread that 'all kinds of organizations must promote measures in support of a sustainable society.' In the past few years, Aeon's business activities have

History of Environmental and Social Activities as well as Future Aspirations



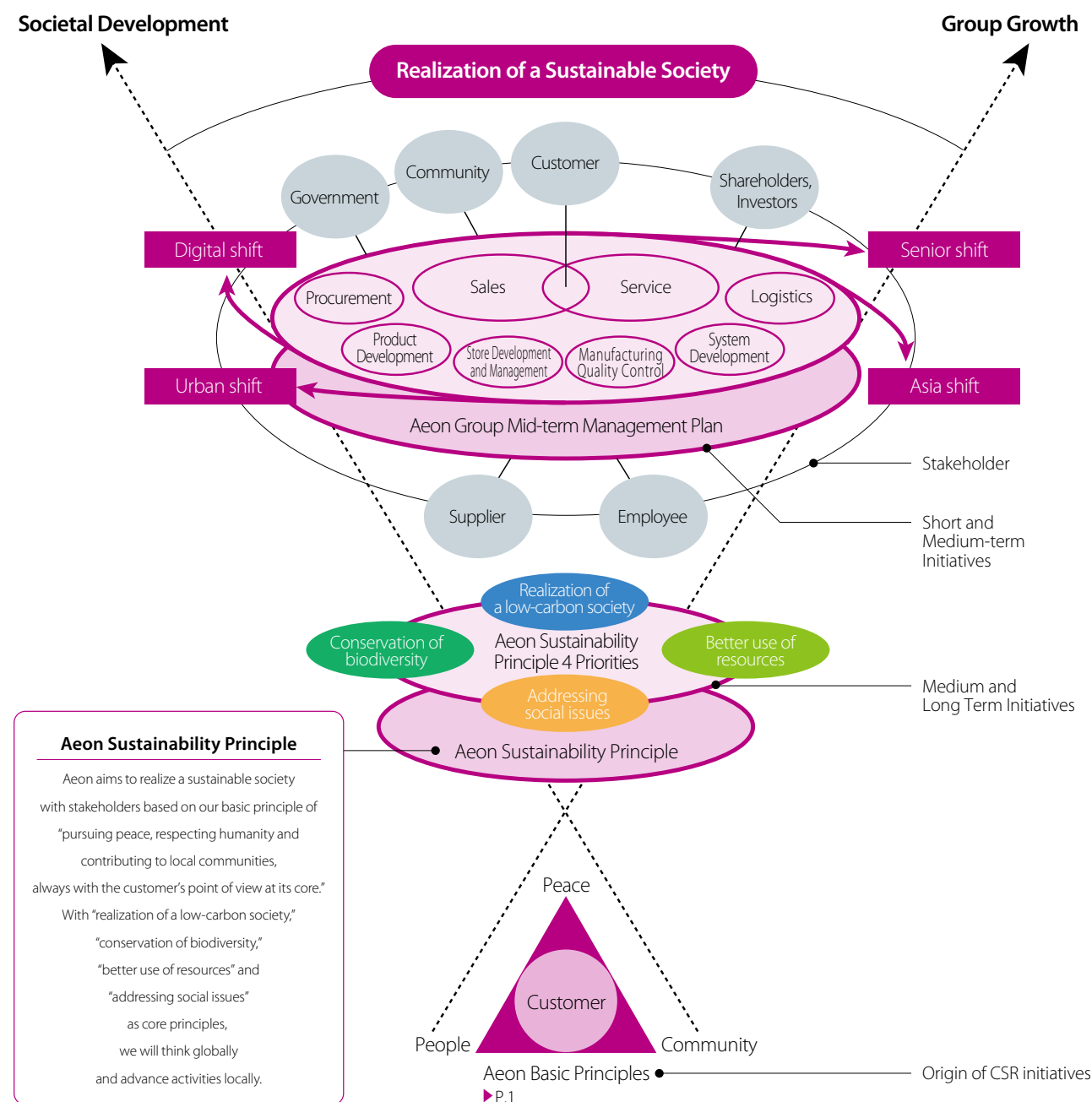
become substantially more globalized and as the number of stakeholders has increased, Aeon's influence on society and impact on the environment has also increased dramatically.

In March of 2011, Aeon formulated its 'Aeon Sustainability Principle' to promote CSR activities throughout the Aeon Group of companies, and publicly announced its intention to achieve sustainable management through balancing 'Aeon Group growth' and 'societal development.' In order to make steady progress in achieving sustainable management, Aeon decided

to address 4 key issues, each having its KPI (Key Performance Indicator) quantitative indicators to assess achievement. The 4 issues are: 1) realization of a low-carbon society; 2) conservation of biodiversity; 3) better use of resources; and 4) addressing social issues. Aeon will be verifying objectives based on social tendencies and on stakeholder feedback, and will annually report on the KPI of the objectives through publications such as the 'Social and Environment Report.'

For fiscal year 2013 targets and results, please see page 23-26.

Aeon's Sustainable Management



Asia's Pre-Eminent Retailer

— Major initiatives 2013-2014

CSR (environmental and social) initiatives

April 2013

Disaster Resistant 'Smart Aeon'

Aeon Mall Osaka Dome City was opened

► See page 30



July 2013

A First for the Retailing Industry in Japan!

Aeon Obtains

ISO 50001 Certification

► See page 28



November 2013

The number of

trees planted reached 10 million

on the occasion of a tree-planting event at Aeon Mall Makuhari New City

► See page 11



February 2014

The Aeon

Sustainable Procurement

Principle / Aeon Sustainable Seafood Procurement Policy was formulated, in addition, Aeon initiated sale of ASC certified products

► See page 36



April 2014

Aiming to **promote diversity,**

formulated the medium and long-term action plans

► See page 67

Aeon strives through various initiatives to pursue sustainable management and shares results with our stakeholders while making efforts to resolve problems inhibiting the development of a sustainable society.

In response to the rapid ageing of Japanese society, the deterioration of urban shopping environments, and changes in consumer marketing, Aeon is developing e-commerce, along with new stores, products and services to realize a Senior Shift

that allows people to shop with convenience and confidence.

Aeon is also coordinating with stores to promote omni-channel capability Digital Shift activities, and responding to Urban Shift with new stores that reflect the lifestyles of urbanites.

Aeon is also responding to Asian market changes related to the lifestyle needs of a rapidly growing middle-income class in China and ASEAN, and developing retail, investment, financial, and service industries as part of Aeon's Asia Shift. Our

Growth strategies based on Aeon Group Medium-term Management Plan



December 2013

Urban small size stores
'My Basket'
arrives at 424 stores
(Promotion of Urban Shift)
▶ See page 19

February 2014

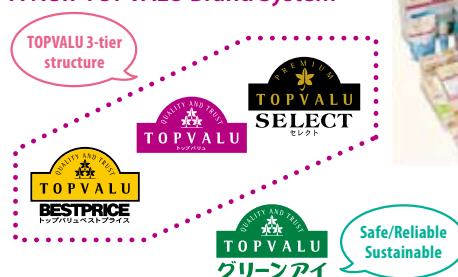
TOPVALU, which celebrated its
40th anniversary,
has brand renewal
▶ See page 60

March 2014

Announces the
**new Medium-term
Management Plan**
of the Aeon group
▶ See page 19



A New TOPVALU Brand System



June 2014

**First store
in Cambodia**

"Aeon Mall Phnom Penh" was
opened
▶ See page 19



Tohoku Reconstruction Initiatives



March 2013

Opened in Sendai, Miyagi Prefecture,
first urban stores in Tohoku
The Big Express Shogen store
▶ See page 72

TOPVALUE private brand, is strengthening its management foundation, concentrating on products that reflect legal, environmental, and work safety consciousness and are connected to 'sustainable supply chain creation.' In terms of human resources development, Aeon Japan is working with Aeon China Headquarters and Aeon ASEAN Headquarters to advance management and measures to improve educational opportunities and promotion of diversity.

Aeon has been contributing to environmental protection while building trust with community people through engagement in tree planting activities begun in 1991 and achieving a result of more than 10 million trees planted in 2013. Aeon intends to become Asia's pre-eminent retailer, responding to the expectations of our stakeholders and to the needs of society through strengthening our foundation and practicing sustainable management

Highlight

1

Towards the Next 10 Million Trees

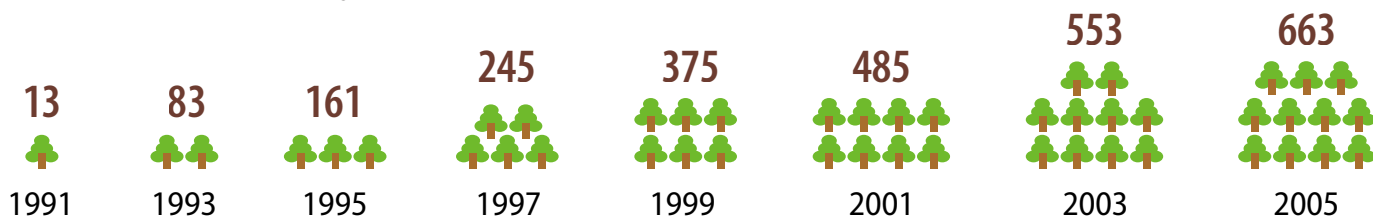
In 2013, the number of trees planted through The Aeon Hometown Forests Program, a project to plant trees with our customers at new store sites, and the Aeon Environmental Foundation, a non-profit organization dedicated to regeneration of forests worldwide, exceeded 10 million.

Faithful to the original intention of our tree planting activities, to bequeath irreplaceable earth beautifully to the next generation, we will continue to plant and nurture trees together with our customers and stakeholders throughout the world.



Correction to the figure for number of trees planted (unit: 10,000)

* Combined total for the Aeon Hometown Forests Program and Aeon Environmental Foundation



The Origin of Tree Planting Activities

Around 50 years ago, in the 1960s, Takuya Okada, then president of JUSCO (present day Aeon) and currently Aeon Honorary Chairman and Advisor, noticed that the Nandina Heavenly Bamboo flowers in the garden of his home in Yokkaichi city, Mie prefecture had stopped blooming. He assumed that was a result of the earth's changing environment. He also felt a sense of crisis, realizing that the pollution accompanying economic growth would create social problems and that the loss of nature's richness would be connected with a loss of sources of wealth. The result was contemplation on how a retailer could improve the situation, and establishment in 1991 of The Aeon Hometown Forests Program. Since that time, Aeon has been planting trees with our customers at new store sites, taking advantage of our special close relation to the community as a retailer.



A booklet was distributed to Aeon people to highlight the significance of Aeon's tree planting activities as an expression of Aeon's Basic Principles.

Creating a Space for Lively Communication

People of all ages, from children to senior citizens, enjoy getting together to plant trees and exchange conversation. It is Aeon's desire to expand opportunities for such occasions of exchange through tree planting.

Laying a Foundation for Peace

Environmental problems threaten to destroy the health and well-being of everyone on Earth...Aeon's business is conducted in close contact with the lives of people and Aeon's tree planting activities aim to create a peaceful society by solving issues of the environment.

Growing Together with Communities

Aeon is building forests vital to regions by planting native trees. Further, learning and sharing that occurs through the process of planting trees is also something Aeon wishes to continue to foster.

10 Million Trees Planted: Commemoration and Campaigns

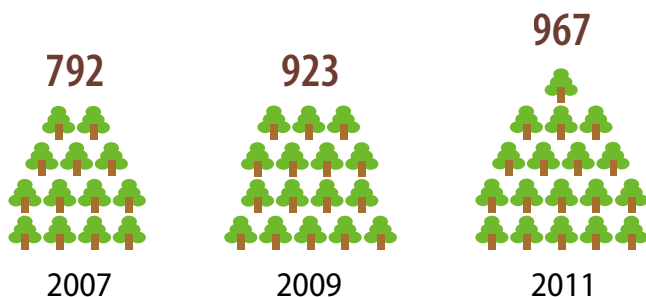
Aeon conducted various commemorative events and campaigns with our customers in Japan, China, and ASEAN in 2013 to mark the achievement of more than 10 million trees planted, keeping in mind the original objectives and our commitment to go on planting trees.

"Customer Wish Messages" Project

Aeon carried out a campaign at stores in Japan, China, and Malaysia, where customers wrote 'thinking of the future' on strips of paper that were then pasted on boards. In Japan, starting in 2014, one tree for each panel will be planted in areas affected by the Great East Japan Earthquake.



Tree Planting Activities in Malaysia



The "My favorite tree" Project

Members of the Aeon Cheers Clubs in Japan, China, and Malaysia made wooden plaques with the phrase "Thinking of Trees and Forests." They attached these to their favorite trees.



The wooden plaques were made from Rikuzentakata Iwate Prefecture cedar trees destroyed by the tsunami following the Great East Japan Earthquake. Aeon people helped as volunteers in gathering the wood.

Photo: Aeon Cheers Club members writing the phrase "thinking of the trees and forests"

Around 3,500 Participate to Celebrate More Than 10 million Trees Planted

The number of trees planted reached 10 million on November 17, 2013 on the occasion of a tree-planting event at Aeon Mall Makuhari New City as part of the Aeon Hometown Forests Program. Around 3,500 people participated on that day, and around 30,000 saplings were planted.



Unveiling of Monument Celebrating 10 Million Trees



Letting Forests Grow



1991: The first Aeon Hometown Forests Program store Aeon Malacca SC (former, Malaysia Jusco Malacca)



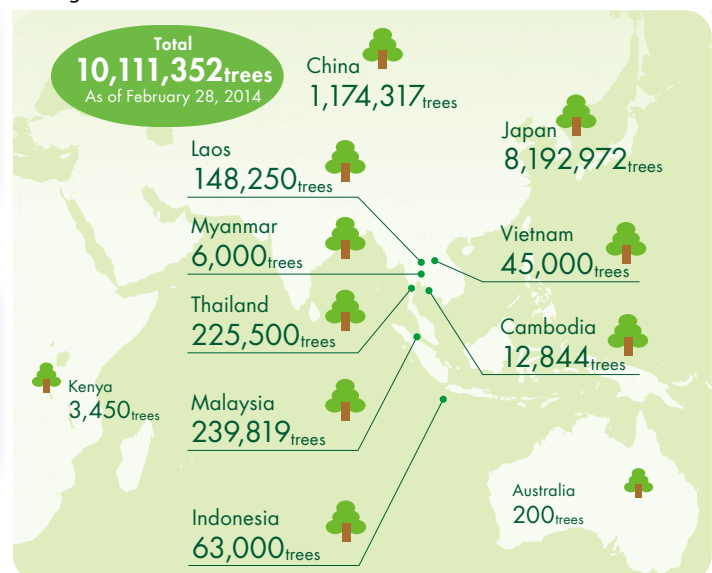
1992: The first Aeon Hometown Forests Program Japan store Aeon Hisai (former, Jusco Shin Hisai)



1998: Initiated Tree planting project to revitalize the forests at the Great Wall of China Aeon Environmental Foundation (former, Aeon Group Environmental Foundation)

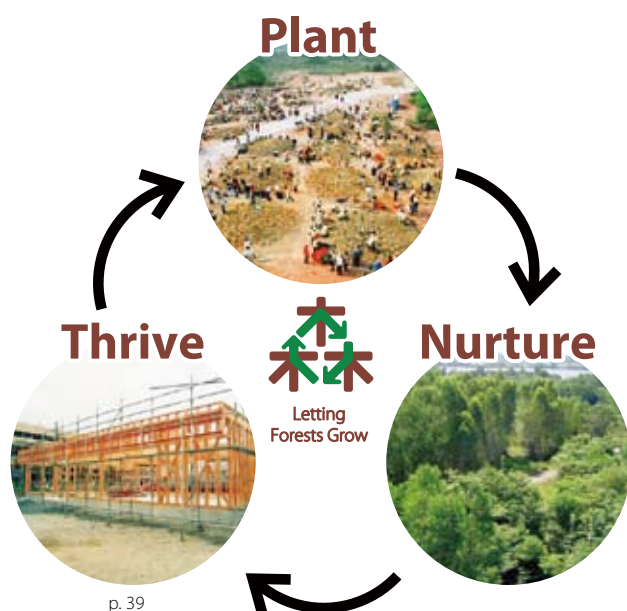


2012: Aeon Joining Hands Reforestation Program (Aeon Town Shioyama) Carrying out tree planting in the Great East Japan Earthquake area



Towards the Next 10 Million Trees: Plant, Nurture, Thrive

Looking to the next 10 million trees, Aeon will continue to plant trees – to enrich people's lives around the world, and for protection from the devastation of tsunami and natural disasters. We plan to strengthen our activities to develop forests and to actively promote initiatives related to construction materials and store merchandise produced from forest materials. We would like to enrich people's lives with the bounty of nature brought about by forestation, and take a long-term perspective in cooperation with those involved in agriculture, forestry, and fisheries.



Plant

Planting the Next 10 Million Trees – for the regions and for the future

Through the 'Aeon Hometown Forests Program' we plant trees with customers on the grounds of Aeon stores, and in 2012 initiated our 'Tohoku Reconstruction Hometown Forests Program' to plant 300,000 trees within 10 years. We continue these activities as well as carrying out activities on the theme of biological diversity conservation through tree planting in Japan and overseas under the Aeon Environmental Foundation.

VOICE

I am an advisor on tree planting activities in Malaysia and I belong to an agency that carries out tree planting for the benefit of the environment and living in harmony with nature. The resulting trees and forests play an important role for wildlife habitats and also for our education. I will continue to work with Aeon in their efforts to bequeath a green earth to the future.



Tree Planting Activities in Malaysia



Dr. Ang Lai Hoe
Forest Research
Institute Malaysia (FRIM)



Close UP!

Increasing Tree Care After 10 Million Mark

Our aim for the 'Aeon Hometown Forests Program' is to have the planted trees grow as much as possible like natural forests. For that reason, our ideal is to entrust growth to natural forces and to allow shrubs and tall trees to grow naturally side by side without human interference. However, since the shape and area of the planted areas are limited, weeding is necessary in the first five years after planting. Newly established stores carry out annual tree maintenance events in connection with the 'Aeon Hometown Forests Program' during their first three years, weeding and cleaning the planted areas with customers. From fiscal 2014, weeds and refuse in the planted areas are being removed as part of the 'Clean and Green activities' (p. 47) conducted on the 11th day of every month. This practice was instituted on June 11, 2014 at Aeon stores across Japan, with Aeon people, neighborhood customers, Aeon Cheers Club children, local volunteer organizations and, depending on the store, student interns, participating. Aeon is committed to continuing to promote compassion through the tree maintenance initiatives.



Nurture

Growth of Forests Enriches Lives

Aside from tree planting events on our store grounds, we are also promoting systematic maintenance for planted areas and formulating projects to train biodiversity conservation specialists and forestry industry professionals. from a long-term perspective.

VOICE

Thanks to the activities of the Aeon Environmental Foundation over 12 years beginning in 1998, the forests around the Great Wall of China were gradually revitalized and the area of the Great Wall is now covered with green again. Around 600 people joined in on "The Great Wall Tree Cultivation Project" maintenance activities conducted in September 2013. This kind of international environmental protection activity plays an important role in rehabilitating the eco-system around Beijing, and in building ties of friendship between Japan and China.



The Great Wall Tree Cultivation Project (2013)



Genwu Zhao
Deputy Secretary General
of People's Government of
Beijing Municipality

Thrive

Construction Materials and Products from Forest Thinning and Planted Forests

In cooperation with our business partners, we are actively making use of timber thinned from forests or wood from planted forests as building materials for our stores. We are also looking at use of certified sustainable wood and pulp as material for product development.

VOICE

Aeon Forest Co., Ltd. is promoting the franchise in Japan of British cosmetics maker The Body Shop. The Body Shop's combs and foot files made of FSC* certified wood. We are engaged with Eco-Friendly products.

*FSC (Forest Stewardship Council system authenticating products made from properly managed sustainable forests.)



The Body Shop FSC Certified Products



Mika Hashimotoe
AEON FOREST CO., LTD.
(The Body Shop)

VOICE

Our desire is that the trees grow, and that we grow, too

In March 2012, 1000 people attended an 'Aeon Hometown Forests Program' tree planting event prior to our store opening. From the following year, the people who planted trees and members of Aeon Cheers Club, around 200 people, continue to participate in the annual tree maintenance event held in every April. Further, neighborhood customers who participated in the 'Sapling Foster Parents Campaign of the Tohoku Reconstruction Hometown Forests Program' to grow trees in the earthquake and tsunami affected areas, brought back to the affected areas many seedlings they had nurtured. Along with the growth of the trees planted through the cooperation of customers and community, Aeon Mall Funabashi also achieved great growth this working to become an oasis of recreation and relaxation.



Masataka Koizumi
Mall Manager
Aeon Mall Funabashi

Highlight

2

Realizing a “Sustainable Supply Chain” with our Partners Worldwide

TOPVALU, Aeon's private brand launched in 1974 as a reflection of our 'customer first' corporate philosophy, is celebrating its 40th anniversary in 2014. TOPVALU has grown to become Japan's largest private brand, representing around 6000 daily necessities and annual sales of 7.4 trillion yen. During this 40 year period, Aeon has kept to the 'Five TOPVALU Commitments' (p. 59), working together with our domestic and international suppliers to address management system issues related to improved factory working conditions, product quality and safety, and environment protection, and also has been focused on creating a 'sustainable supply chain' based on a procurement policies respecting biodiversity conservation.



“Aeon Supplier CoC” – Supporting a Sustainable Supply Chain

In recent years, awareness of human rights, compliance, and the environment has risen worldwide. Against this background, corporations, including Aeon, have to make efforts to implement corrective measures by properly understanding conditions at the source related to the environment, legal compliance, production site and workplace. At the same time, our customers are becoming more conscious of supply chain acceptability in their purchasing habits and selection of products.

Aeon formulated the Aeon Supplier CoC (Code of Conduct) in 2003 in order to insure appropriate business practice, working conditions, and fulfillment of social responsibilities among TOPVALU supply chain partners. Suppliers are asked to comply with 13 requirements, including conforming with national and regional laws and regulations, respecting human rights, providing proper working and wage conditions, safety, hygiene and health conditions in the workplace, etc., and based on these we audit and work together with suppliers to improve conditions and build a “sustainable supply chain.”

As of February 2014, around 900 targeted suppliers have submitted declarations of CoC compliance.

Aeon Supplier Code of Conduct

- 1. Child labor:** Illegal child labor is prohibited
- 2. Forced labor:** Forced, prison and bonded labor are prohibited
- 3. Health and Safety:** Provide safe, healthy workplaces
- 4. Freedom of Association and Collective Bargaining:** Respect employee rights
- 5. Discrimination:** Discrimination on the basis of place of origin or creed is prohibited
- 6. Disciplinary Practices:** 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. Trade:** Comply with local laws on commercial transactions
- 12. Certification, Audit, and Monitoring and Renewal:** Accept certification, auditing and monitoring under the Aeon Supplier Code of Conduct
- 13. Ban on Gifts:** Gift-giving between Aeon and suppliers is prohibited

Audits of Contracted Manufacturers

In order to maintain compliance criteria, Aeon carries out audits on all domestic and international TOPVALU suppliers at the point of final processing, confirming the status of requirements and drawing plans for improvement.

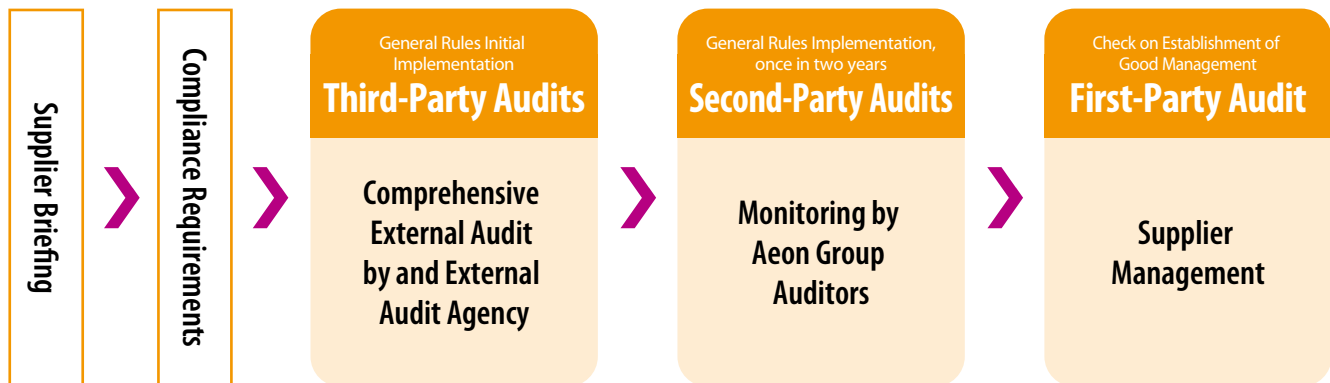
The audits are 'third party audits,' carried out by external audit and evaluation agencies along with Aeon certified 'second party audits' and 'one party audits' carried out by the suppliers themselves.

Certification of International Standard on Human Rights and Labor

In addition to requiring suppliers to comply with Aeon's CoC, Aeon in 2004 became the first Japanese retailer to acquire SA8000 certification, an international standard on protecting human rights in the labor market. (p. 58)

The certification applies to Aeon headquarter operations and TOPVALU supplier management performed by Aeon Co. Ltd., Aeon Retail Co., Ltd., and Aeon Topvalu Co., Ltd. An external auditor manages the status of 'Aeon Supplier CoC' on the occasion of maintenance audits every six months and renewal audits once in three years.

Procedure of 'Aeon CoC' Certification and Audit



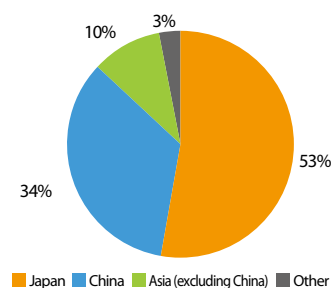
Third-Party Audits

For the first 'third-party audit,' an external audit agency checks over 350 universally recognized items and assesses anything differing from the standards. The evaluating agency points out items in need of correction and confirms improvements. In the process, there may be dozens of interactions to not only check results, but also to assure that proper management mechanisms are in place. When corrections are finalized, a certificate of CoC compliance is issued. Around 2,183 production plants have been certified to date.

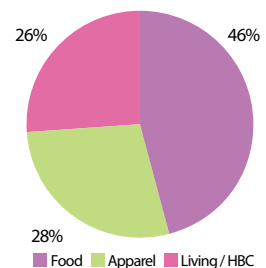
Second-Party Audits

Following authentication of CoC compliance, a certified Aeon auditor will do checks through factory visits once in two years or, in the case it is deemed necessary, once in six months, as a 'second party audit.' Around 2,700 domestic second-party audits were conducted between FY 2004 – FY 2013.

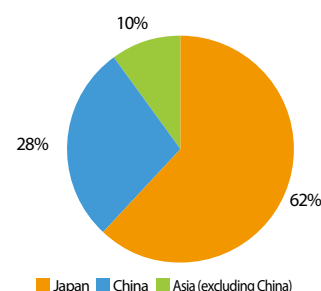
Factories which carried out Third Party Audits <by region> (Cumulative total of FY 2013 year-end)



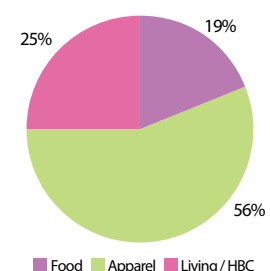
Factories which carried out Third Party Audits <by category> (Cumulative total of FY 2013 year-end)



Factories which carried out Second-Party Audit <by region> (FY 2013)



Factories which carried out Second-Party Audit <by category> (FY 2013)



First-Party Audits

Factories that have established good management through third and second-party audits are given a check-list to carry out 'first-party audit' themselves. Between FY 2009, when the system was instituted, and FY 2013, there have been 68 factories doing 'first-party audits' and the level of supply chain management overall has been steadily improving. At the same time, second and third tier suppliers who have heard about the system are requesting inclusion. The ultimate goal of CoC is thus the ever-spiraling expansion and improvement of the overall value chain.

Towards Development of Overseas Auditors and Positive Evaluation Systems

Supplier management levels have been improving since the institution of the auditing system more than 10 years ago. In order to give support to the CoC taking firmer hold in the manufacturing processes of evaluated suppliers, we plan in 2014 to promote a system whereby suppliers can achieve positive evaluations. We will also continue to focus on

development of overseas auditors in order to further accelerate and respond to globalization.

There are, however, many categories of a societal nature that are difficult to judge through quantitative means such as the CoC. Because complex factors related to world political and economic conditions as well as national and regional cultural environments cannot be measured with a checklist, we have put considerable effort into our own educational programs and into attendance for the SA8000 auditor and other training programs. Against such a background, many companies are recruiting people with auditing experience. Aeon, however, is training in-group auditors and emphasizing 'communicating our corporate message to our suppliers.' In the past, it has been common practice for our Japan headquarters staff to train auditors abroad. However, we now have a system of excellent local auditors who take leadership roles in training others in different districts. Training time can be reduced in this way. In FY 2010, there were 10 trained overseas local auditors, and in FY 2013 that number increased to 18. In addition, it is possible to have day-to-day feedback centering around the training leader, increasing the level of CoC compliance as a team.

Example of Second-Party Audit in China (Manufacturing plant for residential and leisure products)

Opening Meeting

As checking the items of the 'Aeon Supplier CoC' is closely related to factory operations management, we ask management members to attend meetings, along with staff with direct responsibility, and to understand the aims of the CoC.



Work Environment Inspection

The management of hazardous materials and sewage, as well as the availability of secure evacuation routes, placement of fire extinguishers and equipment, and conditions such as light and noise are checked in the factory and environs. The objective is to make sure that all is in order and, moreover, operational. For example, fire extinguishers are meaningless if employees do not know how to use them. Equipment is useful and effective only when people are trained in all aspects of using the equipment. The goal of CoC is for everyone, from employees to management, to be able to understand and manage risks.



Inspecting Additional Facilities

Aside from the manufacturing building sites, dormitories and cafeterias must also be inspected to make sure that these facilities can be responsive to emergencies and that there are no health, safety, or privacy concerns.





Close UP! FY 2013 Accomplishments

Good management was established and factories doing first-party audits increased. However, some inappropriate conditions were detected in factories doing new business.

Stringent Firefighting Equipment Inspections

We strengthened our checks on firefighting equipment in FY 2013, in the wake of the garment factory fire and building collapse accidents in Bangladesh in 2012 and 2013, and severely checked for deficiencies in the condition of fire extinguishers and fire hydrants, emergency lights and equipment. In overseas two-party audits, 91 deficiencies related to fire and disaster prevention were pointed out, and we worked on immediate improvement, regardless of the size of potential risk. In addition, we received reports that measures to continue and maintain improvements were in place. In factories where progress is slow, the person in charge of overseas sites makes site visits to promote improvement.



Pointing out the need for a fire extinguisher during a manufacturing plant work environment check.

Measures to Prevent Child Labor Abuses

In a third-party audit at a factory in China, an employee's identity card showed 16 years of age at the time of hiring, in accordance with the Chinese labor law. The date of birth on the identity card, however, was not correct. It was concluded that it was not a violation since the household registration data showed the employee had reached 16 years of age. With confirmation at time of employment being insufficient, there is a risk of child labor policy infraction, so it is necessary to scrutinize and assure that the ID cards are correct.

Response to Child Labor Violations

Dismissal alone is not a solution to child labor violations. Considering the background of child labor, dismissal would cause families to risk losing their livelihood. Aeon is organizing a program along with suppliers to help support children and their families in the case that an underage child is found working. The system will provide for the child to go to school, using funds earned to support the child and family, and a promise to re-hire the child when legal age is reached. Through implementation of such a plan, we hope also to raise awareness and prevent recurrence of child labor violations.

VOICE

VOICE The objective of the CoC audit is to 'create mechanisms for continued growth,' not to 'produce documentation.'

A feature of the Aeon Supplier CoC is that instead of making immediate compliance a condition, the system works to solve problems together with suppliers and to lead to supplier 'capacity building.' For example, the audit does require written organization charts, management statements, statements of policies and regulations, but more important than these is the initiative to devise mechanisms on site to implement management. Further, great importance is placed on conferring with the factory manager or person responsible in instances of non-compliance found during a two-party audit. On the spot discussion about what is deficient and how it can be improved allows for value sharing and voluntary activities for improvement.

Aeon supports the independent management of our suppliers in Supplier CoC compliance and also aims to broaden our overall scope by drawing secondary and tertiary suppliers into the CoC compliance system. We will continue to work for more effective auditing in order that our suppliers can aim for future sustainable growth and as TOPVALU develops increased production of original products overseas.



Noriko Kimura
Aeon Supplier CoC Secretariat
Group Corporate Citizenship
Dept.
AEON CO., LTD.

Highlight

3

'4 Shifts' Increasing Customer Satisfaction

A number of people among Japan's rapidly ageing population have difficulty shopping for daily necessities. Stores selling such necessities in urban areas are steadily decreasing, and the problem of access to everyday items in urban areas has yet to be resolved. At the same time, while markets in China and ASEAN are booming as a result of a rapidly growing middle class, there are environmental issues and problems related to loss of community cohesion. In light of these tendencies, Aeon is promoting a '4 shifts' Medium-term Management Plan to provide continuous sustainable, convenient, and pleasant shopping experiences for all of our customers.



FY 2013 Initiatives of Medium-term Management Plan

Digital Shift

Expanding internet shopping products and services to provide more convenient shopping

Major Initiatives of FY 2013

- Promotion of 'omni-channel' strategy in linking E-commerce with physical stores

Senior Shift

Addressing the needs of the senior market thorough the 4 points of products, the sales floor, commercial tenant selection, and service.

Major Initiatives of FY 2013

- Development of stores geared to active seniors
- Expanded services and products to meet senior health and medical needs

Urban Shift

Focus on development of various new stores and businesses to meet the needs of urban dwellers.

Major Initiatives of FY 2013

- Increased urban style small stores and supermarkets

Asia shift

Group unity through activities rooted in rapidly growing China and ASEAN markets

Major Initiatives of FY 2013

- Opening of the first Aeon Mall in Cambodia
- Opening the first Eco-Mall in China

Enhancing the Shopping Experience

Promoting Omni-channel Strategy

The popularity of net-shopping is increasing with the rapid spread of smart phones and tablets. In response to needs related to this, the Aeon group is strengthening its omni-channel strategy by developing Aeon store e-commerce platforms through the "Aeon Square" website portal, taking advantage of the network of stores nationwide and allowing link of store and internet services, and increasing home delivery service of goods bought in stores or pick up at stores of goods ordered by internet.



Aeon Square

4 Points Responding to Shopping Needs of Seniors

Aeon's is responding to the shopping needs of seniors with a focus on the four points of products, floor space, tenant selection, and service. We are using the name Grand Generation (G.G.) for seniors who are active and aggressive consumers – and instituting new business model programs such as 'G.G. Mall' and 'G.G. Cards' targeted to seniors.



The Grand Generation's Collection in Tokyo – exhibition for seniors products and services



Developing Small Size Stores and Supermarkets in Urban areas

As of December 2013, Aeon had opened 424 "My Basket" small size stores, mainly in the Tokyo and Kanagawa urban areas where there are few grocery stores, offering over 2000 items of fresh, prepared, and processed foods.

Moreover, openings are accelerating on "RECODS" stores that combine a drugstore specialization with convenience, as well as "Acolle" discount stores. We continue to consider the

further future development of specialized merchandise for such small size stores.

Number of stores in the Tokyo region has been increased by The Daiei, Inc. and Aeon Market Co., Ltd. into the Aeon group. And announce the policy to create a "Tokyo region supermarket union" to constitute in The Maruetsu, Inc, Kasumi Co., Ltd and Maxvalu Kanto Co., Ltd.* , Aeon group is making strides to strengthen supermarket business.

*Consolidated subsidiary of Aeon Co., Ltd.



Urban small size stores, 'My Basket'

Meeting Growing Health and Medical Needs

The healthcare market is booming along with increased awareness and growth of an ageing population. In response to this, Aeon is developing Aeon Pharmacy sections within "AEON" general supermarkets, attracting general clinics with medical facilities as tenants, and seeking joint ventures with expanding drugstore chain businesses.

We are also focusing on cooperation with manufacturers to develop Food for Specified Health Uses (FOSHU) to meet the health needs of our customers.



Aeon TOPVALU's Oolong Tea with Dietary Fiber, tea blended with non-soluble dextrin dietary fiber to help moderate absorption of sugar

VOICE

Promoting a Lifestyle that Combines 'Products' and 'Experience'

It is estimated that currently seniors account for half of consumer spending. We are committed to providing our customers with more than 'products.' We would like our customers to enjoy and value the 'experience' of products, making their daily life vibrant. In order to be able to meet the needs of the GG generation in products related to food, clothing and shelter, we are increasing the assortment of items such as reading glasses, bedding that supports comfortable sleep, food in appropriate serving sizes, and clothing suited to body types. We also would like large numbers of people to be able to spend fulfilling time pursuing their hobbies or relaxing in places such as culture schools or cafes. We are putting emphasis on enabling people to combine products and experience in a lifestyle where they might purchase a musical instrument and then attend a music class, or perform theater on a stage built in our store.



Eiji Shibata
Vice President
Chief Merchandising Officer
Chief, Senior Shift
AEON CO., LTD.

Contributing to Improved Lifestyle in Asia

The current rapid growth in Asia is expected to bring one billion people into the middle class in the near future. This expansion of the consumer market represents a great business opportunity for Aeon. However, the associated negative aspects of economic growth such as increased waste and CO₂ emissions, the breakdown of local community cohesion and widening income gaps are of concern.

Considering such circumstances, Aeon in 2012 established Aeon China Headquarters and Aeon ASEAN Headquarters. We are accelerating our business development and promoting our 'Asia Shift' through employing and training local human resources and actively recruiting local executives.

We are engaging in social contribution activities such as tree planting in order to build relationships of trust in communities where our stores are located. Through dialogue with local people and local governments, we are working to build business activities rooted in communities. Strong ties of cooperation with Aeon Japan headquarters allow for transfer of know how from Japan, as well as development of local services and TOPVALU products, and initiatives on issues related to quality, food safety, environment protection, urbanization and the ageing society.

Aeon Group's Shared Social and Environmental Initiatives



Aeon Hometown Forest Program
(AEON VIETNAM Co., LTD)



Aeon Happy Yellow Receipt Campaign
(AEON (CHINA) CO., LTD.)



Aeon Cheers Club
(AEON Co. (M) Bhd.)



Conference on energy management
AEON (Thailand) CO., LTD.

Aeon Group Environmental and Social Activities



New Year's Visit to Welfare Facility
(AEON Stores (Hong Kong) Co., Limited)



Activity Supporting Education
(BEIJING AEON CO., LTD.)



Event to Promote Recycling
(AEON Co. (M) Bhd.)

Aeon Group Spanning 14 Countries

Consolidated operating revenue
¥ 6,395 billion

Number of Group employee
420,000 people



The number of stores and offices, including consolidated subsidiaries and equity-method affiliates (End of FY2013)

General Merchandise Store	611
Supermarket	1,977
Discount Store	353
Home Center	122
Convenience Store	4,581
Specialty Store	3,853
Drugstore	3,559*
Other Retail Store	783
Financial Service	641
Service Business	1,519
Other Business	9
Total	18,008 stores/locations

* Including affiliated companies



Contributing to Education, Jobs Creation, and Modernization of Distribution Systems in Cambodia

In June 2014, Aeon opened Aeon Mall Phnom Penh, the first shopping mall in the Kingdom of Cambodia. The store is surrounded by hotels and exclusive residences with the majority of residents being middle and high income earners. This area is expected to experience future expansion. Through activities in Cambodia, Aeon plans to contribute to the modernization of the distribution system and the development of human resources and employment opportunities, and to provide a variety of products and services to support a rich lifestyle in the region.



VOICE

Happy Children and Satisfied Customers

Cambodia has also been enjoying rapid economic growth and in June 2014 an Aeon Shopping Center was opened. The joy and bright expectations of the children and customers at a tree planting activity in advance of the opening was apparent. We are confident that the lives of these people will be made better by the shopping center.



Te Chantra
Education senior officer
AEON (CAMBODIA)
Co., Ltd.

History of Interaction Between Aeon and Cambodia



The first 'eco mall' in China

In April 2014, Aeon opened Aeon Mall Suzhou Wuzhong, the first 'eco mall' in China, located in Suzhou city in the Wuzhong economic development area. Based on knowledge gained in Eco-stores in Japan, we have used eco-concrete bricks and LED lighting, and installed 'green walls', and 'green roofs', solar powered electrical equipment, and solar powered hot water heating systems. As a result, Aeon China Headquarters group has received commendation for environmental standards criteria evaluation, and will for the first time be awarded the Two Green Stars* certificate from Ministry of Housing and Urban Development of the People's Republic of China (MOHURD).

* An index corresponding to Japan's Comprehensive Assessment System for Built Environment Efficiency (CASBEE); enforced from 2006 for the purpose of preventing environmental pollution, protecting natural resources and the global environment.

VOICE

Contributing to "Improved Quality of Life"

Many of the customers who come to Aeon Mall Suzhou Wuzhong are searching for goods and services that will enhance their life quality. For such customers, our mission is to provide a larger selection of higher quality and more reliable merchandise, along with good service. We would like as well to promote Aeon Cheers Club and Aeon Happy Yellow Receipt Campaign activities.



Yang Zhen
Store Manager
Aeon Mall Suzhou
Wuzhong

Fiscal 2013 Activities –Management Approach–

Aeon devised Key Performance Indicators (KPI) as part of its commitment to achieving sustainable management. In conjunction with this, we have assigned a division and person in charge for each KPI field and established a system for taking stock of and managing the results of activities on a regular basis. Since fiscal 2012, we have been reporting on the state of KPI implementation and sharing that information with all stakeholders.

In addition, taking into account environmental changes inside and outside the Company, we regularly review KPI. The Sustainable Management Committee receives and approves proposals from the division and person in charge of each KPI field before reviews are finalized.

► KPI Formulation Concept⇒P.25

Realizing a Low-Carbon Society

As part of the Reduction Strategy of the Aeon Eco Project (a new set of objectives out to the year 2020), Aeon has established the target of reducing energy usage 50% compared to fiscal 2010. In addition, we are advancing the development of conventional Eco Stores and have launched a new initiative called Smart Aeon, or the next generation of Eco Stores, that helps to build sustainable towns and communities. Under the Aeon Eco Project Generation Strategy, we are installing photovoltaic systems and other renewable energy generating equipment onsite at our stores with the goal of reaching 200,000kW of output by fiscal 2020.

Going forward, we will strive to make further improvements to our energy management domestically as well as encourage a transfer of know-how to Aeon subsidiaries in China and the ASEAN region.

► See p. 27 for details.

Biodiversity Conservation Initiatives

On the property of newly opened stores, Aeon is promoting tree planting together with its customers through the 'Aeon Hometown Forests Program.' The cumulative total of trees planted by Aeon, over more than 20 years of efforts alongside our customers, has surpassed 10 million. We are not only planting trees but also working to bolster our maintenance and care for the trees that we have planted to date at existing stores. In addition, Aeon has been developing stores that provide biodiversity-conscious products and that give due attention to eco-system conservation and creation. In fiscal 2013, we devised and publicized our Aeon Sustainable Procurement Principle with the goal of purchasing more sustainable ingredients and raw materials going forward.

We will work to increase communication with our customers about such activities in the interest of letting them understand the significance and importance of biodiversity.

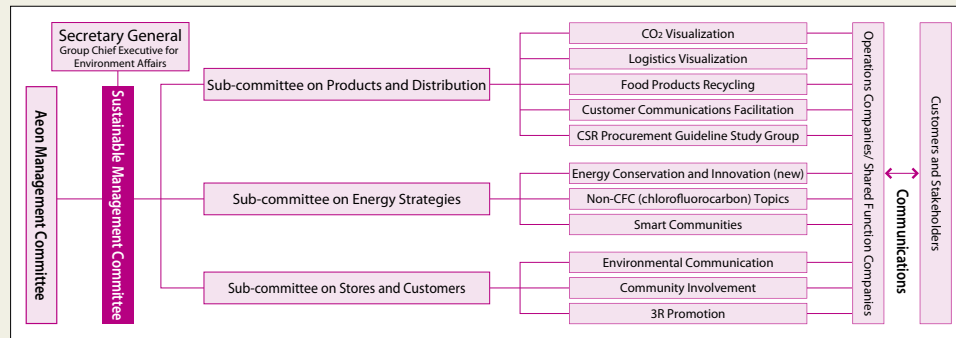
► See p. 36 for details.

Key Issue	Main Category	Subcategory	KPI
<div>Key Issue 1</div> <div>Realization of a Low-carbon Society</div> <div></div>	Reduce CO ₂ Emissions in Stores	Reduce Total CO ₂ Emission	Total Annual CO ₂ Emissions Factor (CO ₂ Emissions / Total Floor Area) * ¹
		Improve Energy Efficiency [Reduction Strategy]	Total Energy Use Factor (Amount of Heat / Total Floor Area)* ¹
		Prevent Leakage of Fluorocarbons and Promote Use of Natural Refrigerants	Measures for Ascertaining Replacement Amount and Preventing Leakage of Fluorocarbons used in Refrigerated Display Cases
			Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants on a Trial Basis
	Develop Eco Stores	Develop Eco Stores	
	Reduce CO ₂ Emissions in Products and Logistics	Communicate CO ₂ Reductions to Customers	Number of Products with CO ₂ Visualization (number of product SKUs for which CO ₂ emissions are calculated)
		Promote Visualization in Logistics	CO ₂ Emissions per Case during Shipment from Distribution Center to Store
	Generating Electricity at Stores	Generating renewable energy [Generation Strategy]	Power generation capacity of renewable energy (purchased power only)
<div>Key Issue 2</div> <div>Conservation of Biodiversity</div> <div></div>	Biodiversity Conservation in Products and Logistics	Guidelines* ²	Compilation of CSR Procurement Guidelines (sustainable procurement and purchasing guidelines)
		Communicate Biodiversity-friendly Products to Customers	Visibility of Biodiversity-friendly Products
	Biodiversity Conservation at the Store Level	Develop and Evaluate Indicators	Formulation and Evaluation Indicators for Impacts on Ecosystems
	Actions Taken with Customers	Aeon Hometown Forests Program	Maintenance and Management Situation of Forests

*1 Quantitative figure indicating CO₂ emissions per 1m² of floor space at stores and energy use. It shows the efficiency of CO₂ emissions and energy use. KPI targets indicate that despite large changes in the number of future stores, CO₂ emissions and energy use efficiency will improve (emissions and use cut in half by 2020).

CSR Promotion Structure

Aeon launched the Sustainable Management Committee in June 2012. In addition to promote the 4 Key Issues and other CSR activities, this committee is managing the progress of activities.



Scope Covered	Target	FY2013 Results	Summary of Actions/Initiatives
Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	FY2010: 0.097 t/m ² or less ▼ •FY2013: 0.082 t/m ² or less •FY2020: 0.048 t/m ² or less	0.076t/m²	(1) Make investments in energy conservation centered on LED (2) Step up measures to operate stores with reduced amounts of energy (3) Conduct energy management training courses
Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	FY2010: 2.623 GJ/m ² or less ▼ •FY2013: 2.229 GJ/m ² or less •FY2020: 1.311 GJ/m ² or less	2.03 GJ/m²	(1) Make investments in energy conservation centered on LED (2) Step up measures to operate stores with reduced amounts of energy (3) Conduct energy management training courses
Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	•FY2015: Start the Operation of management system compliant with the revised Fluorocarbons Recovery and Destruction Law	<ul style="list-style-type: none"> •Completed tallying the amounts of fluorocarbons replaced in FY2012 (90% or better capture rate of ascertained leakage) •Put together a working team for fluorocarbon leakage management •As a representative of the Japan Chain Stores Association, voiced opinions in the Industrial Structure Council's working group on countermeasures for fluorocarbons and at the Joint Council Meeting 	<ul style="list-style-type: none"> •Share information on the course of the revised Fluorocarbons Recovery and Destruction Law and reviewed a management framework •Review challenges related to leakage management as a user of Freon; gather input and opinions •Review a Group leakage management scheme at Aeon Delight Co., Ltd. (the Group company in charge of facility management)
Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	Plan for installation at new stores •FY2013: 15% •FY2014: 25% •FY2015: 100%	<ul style="list-style-type: none"> •Installed in 2 stores (1 of which was the first installation at a large GMS; 144 CO₂-compliant cases out of a total of 182 cases) •Started an in-house project team for promoting the adoption of natural refrigerants •As a representative of the Japan Chain Stores Association, voiced opinions in the Industrial Structure Council's working group on countermeasures for fluorocarbons and at the Joint Council Meeting •Solving installation costs and technical challenges was still behind schedule 	In-house, review measures for promoting installation; make installation requests at each Management Meeting <ul style="list-style-type: none"> •Make efforts to promote adoption and solve challenges (noise issues) through collaboration with manufacturers •Through the Japan Chain Stores Association, proceed to share information and awareness with government authorities and related organizations
Consolidated Group companies in Japan	•FY2013: Formulate concept for next generation Eco Stores and begin store development with aim of reducing CO ₂ emissions by 50%	•Opened four Smart Aeon stores: Aeon Mall Yahata Higashi, Aeon Town Shin-Funabashi, Aeon Mall Osaka Dome City, and Aeon Mall Makuhari New City	<ul style="list-style-type: none"> •Based on the Smart Aeon standards, organize efforts at each Company's relevant stores, touching on topics reviewed in the Smart Aeon Working Group •Open four stores as Smart Aeon stores
Consolidated Group companies in Japan	•FY2013: Review standard Eco Store concept and apply revised standards to all new stores	•Aiming for application from FY2015, reviewed Smart Aeon concept and standards	•Review combined matters in the Working Group mentioned above
Private Brand (PB) products	FY2010: 21 SKUs ▼ •Calculate for 100 SKUs every year •Every year communicate products that help reduce CO ₂ emissions externally	•1SKU calculation (TOPVALU Gurinai Miyazaki pepper)	(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
Aeon Global SCM Co., Ltd.	Compared to FY2010 ▼ •FY2013: 5% reduction •FY2020: 15% reduction	•12.7% reduction over FY2010	(1) Reduce transportation distances and improve vehicle loading ratios by rebuilding our network at a newly constructed distribution center (2) Participate in environment-related research gatherings held by government, logistics operators, natural gas companies, automobile makers, universities, etc. (3) Further our pursuit of adopting heavy duty natural gas vehicles and expanding our modal shift (4) Conduct an eco-driving accreditation course and enhance the system for recognizing good, eco-friendly drivers
Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	FY2020: Generate 200,000kW of electricity	•Installed solar panels for electricity generation capacity of 17,767kW at 797 stores (cumulative total of 997 stores; 33,247kW)	<ul style="list-style-type: none"> •Install solar panels on small-size supermarkets with flat roofs, as well as on new large-scale supermarkets and convenience stores •Electricity generated from solar panels leading to reductions in electricity usage, thanks to captive consumption, and also selling back to power companies through the fixed wholesale purchase system, profit from which is used to offset increased electricity rates, contribute to our BCP, invest in the environment, and invest in renewable energy
Consolidated Group companies in Japan	FY2013: Guidelines Ready (Publication of the goal)	•Announced the Aeon Sustainable Procurement Principle in February 2014. Announced concrete policies for seafood at the same time	(1) Hold in-house workshops on sustainable procurement (2) Implement an evaluation of procurement status for major items (3) Formulate and announce policies taking into account the above
Private Brand (PB) products	•FY2013: 40% visibility in consumer research (PB products)	TOPVALU <ul style="list-style-type: none"> •MSC-certified products: 46 SKU (Told number sold: 4,977,463 units; sales amount: 1,278,618,849 yen) •FSC-certified products: 105 SKU (Told number sold: 7,885,759 units; sales amount: 683,489,024 yen) •ASC-certified products also adopted (from February 2014) 	(1) Step up communication of initiatives <ul style="list-style-type: none"> •Hold store events (hold events in collaboration with NGOs to introduce ASC-certified products) (2) Expand provision of products developed with awareness of biodiversity <ul style="list-style-type: none"> •Acquire ASC-certification and market products with ASC-certification labels •Expand development of MSC-certified and FSC-certified products
Consolidated Group companies in Japan	FY2013: Formulate indicator measuring the impact commercial facilities have on the surrounding ecosystem and evaluate stores based on relevant standards	•Aeon Mall Toin acquired the Sustainable Business Sites* Certificate (for urban areas and shopping centers)	•As a general public corporation and a corporate member of the Japan Business Initiative for Biodiversity (JBIB), participate in developing the Sustainable Business Sites* Promotion Guidelines and receive Sustainable Business Site* certification from third-party organization ABINC
Consolidated Group companies in Japan	•2013: 100% implementation	•Focusing on GMS and SC, spread planting zone management based on the management manual	(1) Confirm the progress and thorough implementation of management plans at each store (2) Spread weeding and cleaning through Clean & Green Activities carried out by employees (3) Reconfirm the significance of the Aeon Hometown Forests Program through the 10 Millionth Tree Planting Event

Since The Dai-ichi, Inc. became a wholly-owned subsidiary in FY2013, CO₂ emissions and energy use were reviewed back to FY2010, and FY2020 targets were adjusted.
Also, the electricity CO₂ emission factor announced by the Federation of Electric Power Companies was used as the emission factor (0.350kg-CO₂/kWh), after mean adjustment, for FY2010.

Refer to the next page for focused target areas (3) and (4).

Fiscal 2013 Activities –Management Approach–

Better Use of Resources

Aeon is working together with customers to reduce the use of plastic bags and is making changes to packaging specifications and the way products are delivered. We are also working proactively to develop refillable products and change packaging materials during the development of TOPVALU products, while promoting green procurement. We are also conducting waste management training sessions designed based on a program created together with a professional waste management organization in order to better manage waste.

We are identifying issues related to waste management and recycling at stores and are giving focused support to concerned Group stores and businesses.

▶ See p. 42 for details.

Contributions to the Community

Aeon is participating in communities with activities centered on the 'Aeon Happy Yellow Receipt Campaign' and the 'Aeon Cheers Club,' and is also promoting themes such as "fair operating practices" through the 'Aeon Supplier Code of Conduct,' "resolving consumer issues" by making products and stores safer, and "human rights and labor practices" for its employees.

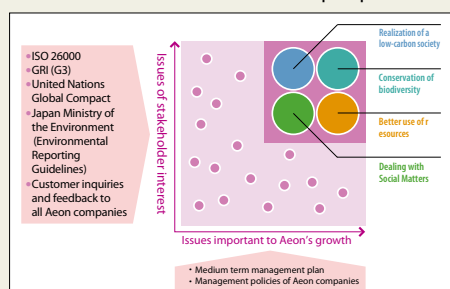
In fiscal 2012, we added the target of setting up 100 disaster-prevention facilities in our stores nationwide by 2020 under the Aeon Eco Project Protection Strategy to our KPI. We also established district alternative disaster response headquarters that will coordinate with disaster-prevention facilities at stores and determined which stores will be designated disaster-prevention facilities in fiscal 2013.

Going forward, we will expand our scope of activities further and roll out various initiatives at our companies in China and the ASEAN region.

▶ See p. 47 for details.

KPI Formulation Concept

Towards the coexistence of 'community development' and 'growth of the Aeon Group', Aeon is determined on a KPI from the twin perspectives.



Key Issue	Main Category	Subcategory	KPI
Key Issue 3 Better Use of Resources 	Effective Utilization in Stores	Reduce Amount of Materials Used in Packaging and Containers	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)
		Management System for Waste Emissions	Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions
		Reduce Waste	Food Waste Emissions (amount per ¥100 million in net sales)
Key Issue 4 Addressing social issues 	Together with Customers	Reduce Number of Plastic Shopping Bags	Percentage of Customers Declining Plastic Shopping Bags (nationwide store average)
		Make Contributions to Local Communities	Yellow Receipt Campaign Submission Rate
	Community Involvement	Develop the Human Resources of the Future*3	Number of activities*2 by the Aeon Cheers Club
		Promote the Aeon Supplier Code of Conduct	Establishment of Audit System Linked to TOPVALU First
	Fair Business Practices		Confirmation status of Fair Trade Manufacturers for the TOPVALU Brand
		Safe Food and Reliable Products	Number of TOPVALU Products Removed due to Serious Incident
		Store Safety and Security	Safety and Security Infrastructure Development
		Serving as a form of life style infrastructure that protects the local community [Protection Strategy]	The number of local temporary shelters
	Consumer Issues	System of Dialog with Customers	Number of Complaints and Compliments Received
			Number of Products Developed / Improved based on Customer Feedback
		Promote Diversity	Female manager ratio *3
Human Rights/ Labor Practices	Human Rights/ Labor Practices		Group International People to People Exchange Programs *4
			Employment of People with Disabilities *5
	Labor Practices		Creating Pleasant, Comfortable Workplaces

*2 From FY2013, we changed our KPI from "Number of Aeon Cheers Clubs" to "Number of activities by the Aeon Cheers Club." The reason for the change is that, at present, nearly all domestic GMS have Aeon Cheers Clubs

*3 From FY2013, we changed our KPI from "Female executive ratio" to "Female manager ratio." The reason for the change is that we wanted to expand the scope. Not only executives, but also managers, have important roles requiring management judgments.

Scope Covered	Target	FY2013 Results	Summary of Actions/Initiatives
Consolidated companies subject to third-party processing requirements (38 companies as of 2011)	FY2010: 55 tons ▼ •FY2013: 47 tons (*15% reduction compared to FY2010)	44 tons *20.0% reduction (compared to FY2010)	(1) Reduce materials used in stores, such as plastic shopping bags •Change packaging material specifications •Re-examine provision methods (2) Properly follow legal requirements for calculating usage amounts
Consolidated Group companies in Japan	•FY2013: More than 100 employees (cumulative total: More than 250 employees)	• 53 seminar attendees, 49 of whom sat the certification exam, with 45 passing. In the 3 years since 2011: cumulative total of 263 seminar attendees, 163 passing certification	•Implement training in waste disposal management
Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	•FY2013: Ascertain volume and set reduction targets	• Worked toward more precision when ascertaining emissions, however, no quantitative target has been set	•As a common Group theme, begin preparing to promote waste reduction suited to the business operations of each Group company
Consolidated Group companies in Japan for General Merchandising Store and Supermarket businesses	•FY2013: 70.0% •FY2020: More than 80%	• 67.8% of customers declining bags • 515 more stores joining the "Stop Free Plastic Shopping Bags" Program (828 stores → 1,343 stores)	•Expand stores no longer offering free bags to include all GMS •Make appeals to governments in areas covered by the no-free-bags initiative
Consolidated Group companies in Japan and overseas for General Merchandising Store, Supermarket, and Discount Store businesses	FY2010: 45% of GMS stores had submission rate of greater than 20% ▼ •FY2013: Submission rate of greater than 20% at all stores taking part in the campaign. •FY2020: Greater than 30% submission rate at all stores	35.29% of stores had submission rate of greater than 20% (GMS 64.06% / SM 16.09% / DS 8.11%)	(1) Enhance communication in the shop (2) Enhance communication in the media (3) Proper management
Consolidated GMS companies, and some SM companies, in Japan and overseas	•Stores that implemented more than 4 activities •FY2013: More than 80% •FY2020: 100%	• Stores that implemented more than 4 activities: 334 (77.0% of all stores)	(1) Step up spread of fundamentals and operational foundation •Hold Cheers Club Kick-off Ceremonies at all stores •Step up extra skills training for coordinators (2) Promote collaborative projects tied in with business, such as TOPVALU and the Food Artisan Project (3) Step up publicity
Aeon Second-party Audit Certified Auditors	•FY2013: Confirm manufacturers at least once in 3 years	7 in Japan, 26 overseas •Including 8 local auditors	(1) In the ASEAN region, promote building an operation framework that is a locally-led approach (2) Update tools for overseas, such as auditor training materials and audit manuals
TOPVALU Manufacturing Partners	•Confirm manufacturers at least once in 3 years	• No new producer organizations; no results	•No new producer organizations; no results
Consolidated Group companies in Japan and overseas	•FY2013: 55 (apparel: 22; food: 14; living / HBC: 19) •FY2020: 30 (apparel: 12; food: 8; living / HSC: 10) * Need to compare with a new indicator due to the increase in the number of TOPVALU products (Example) Impact on sales from removal of TOPVALU products → TOPVALU sales	83 cases •Apparel: 37 (115.6% YoY comparison) *FY2012: 32 cases •Food: 31 (83.8% YoY comparison) *FY2012: 37 cases •Living/HBC: 15 (65.2% YoY comparison) *FY2012: 23 cases	(1) Identify problems from customer suggestions (2) Step up collaboration with the Products Department and Quality Control Department of Aeon Topvalu Co., Ltd. aimed at finding the cause and implementing preventative measures (3) Review product specification sheet content (4) Tighten pre-shipment product inspections and provide instructions to manufacturing partners
Consolidated Group companies in Japan for General Merchandising Store, Supermarket, and Discount Store businesses	Number of stores reinforced against earthquakes •FY2013: Steadily complete work at 270 applicable stores	• Of the 279 applicable Aeon Retail stores, safety reinforcement construction was completed at 78 of the 118 stores on property owned by Aeon • Construction was completed at all 32 applicable Aeon Malls • Expanding the scope to Aeon Kyushu and Aeon Hokkaido stores was taken under consideration	•Prioritizing existing stores in areas with a high likelihood of magnitude 5 or stronger earthquakes, carry out safety reinforcement construction in line with Aeon standards that meet or exceed legally mandated standards
Consolidated Group companies in Japan and overseas for the General Merchandising Store business	•FY2020: Local temporary shelters at 100 of its stores across Japan	• Established and stocked temporary shelters at five stores: Aeon Mall Yahata Higashi, Aeon Mall Tsukuba, Aeon Mall Makuhari New City, Aeon Mall Toin, and Aeon Mall Osaka Dome City	•As a temporary shelter—and as part of providing a short-term evacuation center during disasters, providing a base for rescue and protection efforts, and providing daily living essentials—implement an energy security response to allow for operations of food sales floors even during disasters
Consolidated Group companies in Japan and overseas	Number of service complaints •FY2013: 3,900 •FY2020: 2,420 Number of compliments •FY2013: 1,900 •FY2020: 2,900	• Number of service complaints: 5,196 (108% YoY comparison) • Number of compliments: 2,719 (141.7% YoY comparison)	(1) Focus initiatives on three issues (2) CS surveys by mystery shoppers (3) Raise skills using Group information exchange gatherings (4) Horizontal network through 'Successful Happy Letter' Campaigns (5) Utilize Arigato Cards (6) Communication with consumers through collaborative projects with government organizations
Consolidated Group companies in Japan and overseas	•FY2013: 120 •FY2020: 180	121	(1) Utilize weekly customer feedback in developing/improving products (2) Step up efforts to utilize feedback related to information displays/labels
Consolidated Group companies in Japan and overseas	•FY2016: 30% •FY2020: 50%	14.5% *As of April, 2014	(1) Establish a Diversity Promotion Office directly supervised by the President (2) After analyzing the current status at one major company and at 10 domestic businesses in the Group, establish Diversity Promotion frameworks at 65 domestic companies
Consolidated Group subsidiaries	•FY2016: Total 600 persons •FY2020: Total 1,500 persons	• 68 persons	(1) Place young workers overseas and solicited overseas companies to join the Group (2) Integrate management of HR information
Consolidated Group subsidiaries	•FY2020: 3.0% more than, 10,000 employees	2.05%, 4,829 employees *As of April, 2014	(1) Share issues and approaches to employing workers with disabilities at meetings, etc. of HR managers from Group companies (2) Regularly manage the progress of hiring efforts
Consolidated Group companies in Japan	•Promote initiatives under the "General Business Action Plan" for Japan's Act for Measures to Support the Development of the Next Generation (expand number of companies certified to use the Kurumin logo)	• 12 companies certified to use the Kurumin logo *As of April, 2014	•Request reports and certification acquisition at meetings, etc. of HR managers from Group companies

*4 From FY2013, we changed our KPI from "The ratio of employees of foreign nationality" to "Group International People to People Exchange Programs." The reason for the change is that, the scope of former KPI was limited to pure holding company Aeon Co., Ltd., we defined new KPI for the entire group.




*5 This is a newly reported category from FY2013.



Aeon ECO Project

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



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

Reducing CO₂ in Stores

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

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

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

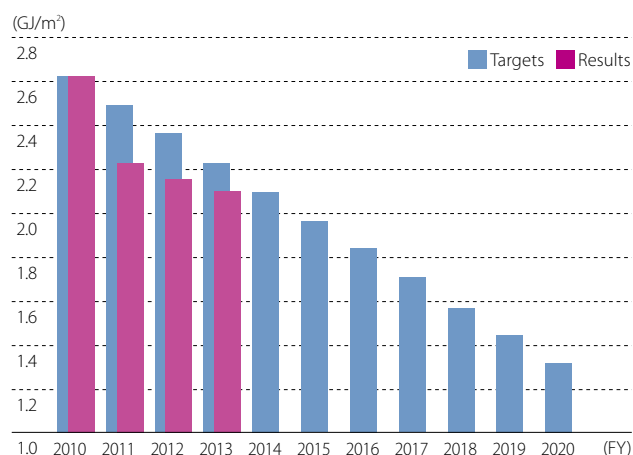
In fiscal 2014, we are continuing to strive toward fiscal 2020 targets, including a 5–10% reduction in electricity consumption compared to fiscal 2012 levels, through steps such as adopting

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

^{*1} Looking at a breakdown of energy consumed on a heat conversion basis, around 90% is accounted for by electricity and the remainder by city gas, LP gas and heavy oil.

^{*2} All CO₂ emitted from stores can be attributed to energy consumption. Specifically, around 10% comes from direct emissions through city gas, LP gas and combustion of heavy oil (Scope 1) and around 90% comes from indirect emissions through power consumption (Scope 2). The calculation of CO₂ emissions from power consumption uses calculation standards and an emissions factor pursuant to the Act on Promotion of Global Warming Countermeasures.

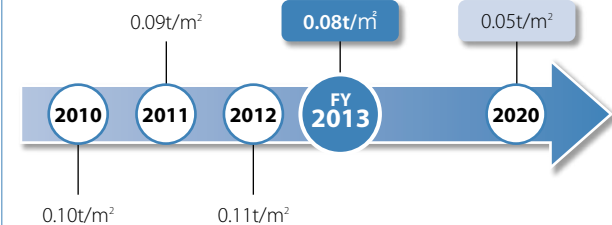
Energy Usage Results and Targets



FY2013 Results and Target of KPI

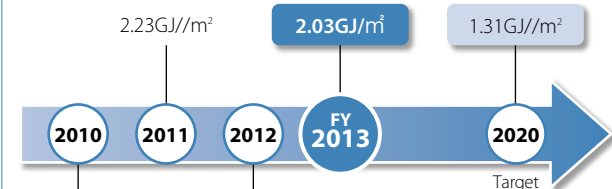
Total Annual CO₂ Emissions Factor

(CO₂ Emissions / Total Floor Area)



Total Energy Use Factor

(Amount of Heat / Total Floor Area)



Aeon Obtains ISO 50001 Energy Management Certification

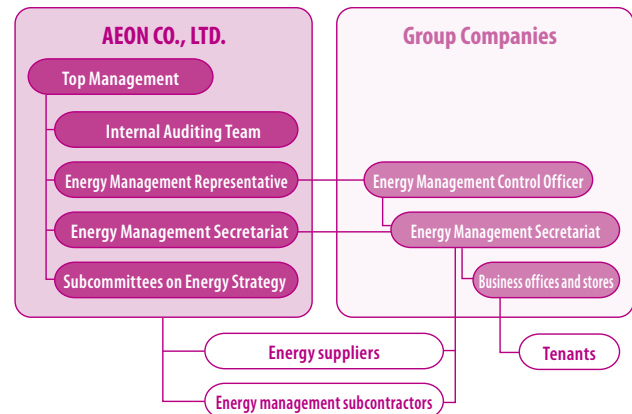
In July 2013, Aeon Co., Ltd. became the first retailer in Japan to obtain the ISO 50001 certification, an energy management certification defined by the International Organization for Standardization (ISO). ISO 50001 is an international standard specification that defines the requirements to be met by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

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



ISO15001 certificate

Framework for Promoting our Energy Management System (EnMS)



Improving Energy Management Practices

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

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

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



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

Preventing Leakage of Fluorocarbons and Promoting Use of Natural Refrigerants

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

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

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

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

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

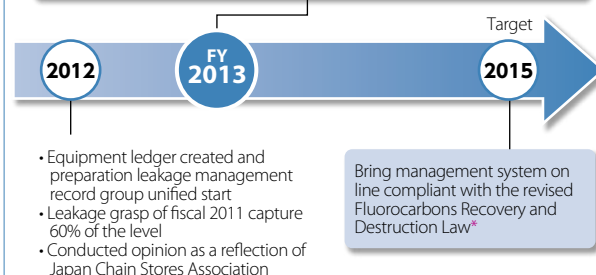
*² Natural refrigerants: substances known as natural refrigerants include ammonia and carbon hydride as well as CO₂.

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

FY2013 Results and Target of KPI

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

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



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

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



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

TOPICS

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

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

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

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



A meeting at Aeon Malaysia

Development of Eco Stores [Smart Aeon development]

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

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

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

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

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

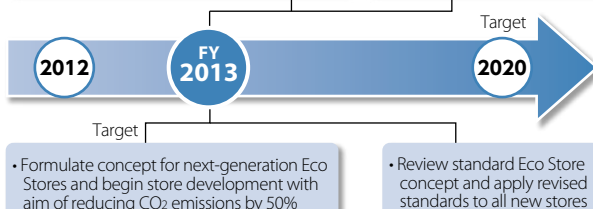


FY2013 Results and Target of KPI

Develop Eco Stores

• Opened four Smart Aeon stores: Aeon Mall Yahata Higashi, Aeon Town Shin-Funabashi, Aeon Mall Osaka Dome City, and Aeon Mall Makuhari New City

• Aiming for application from FY2015, reviewed Smart Aeon concept and standards



Evolving from Eco Stores to Smart Aeon

Eco Stores

《The Concepts》

• Change and technical innovation, Learning and collaboration, Disseminated information

《Tangible Aspects》

• Energy saving/generation, Environmental e-efficiency, Natural environment, Landscape and biodiversity

《Intangible Aspects》

• Safety, security and environmental consideration, Recycling within the region, Disclosure, 21st century community



Smart Aeon Further evolution of the conventional Eco Store format.

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



Contributes to the sustainable development of towns and communities.

The 5 Smart Aeon criteria



The Progress of Eco Stores and Smart Aeon

2005



Aeon Town Chikusa
Introducing a solar power and wind power

First Eco Store

2008



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

2012



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

2013



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

First Smart Aeon store



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

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

Environmental and Energy Conversation Initiatives



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



14 electric charger vehicle (EV) station units



Equipped to be an authorized disaster recovery base



Co-generation systems and long-life emergency generators



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



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

VOICE

Customer and Community Safety is Our First Priority

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



Masato Murai
Director
AEON Mall Co., Ltd.

Recharging Stations for Electric Vehicles

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

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

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

Stores installing recharging stations for electric vehicles

Total number of stores
(As of February, 2014)

129 stations covering
55 stores



Reducing CO₂ in Products and Logistics

Informing Customers of CO₂ Emission Reductions

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

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

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

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

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

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

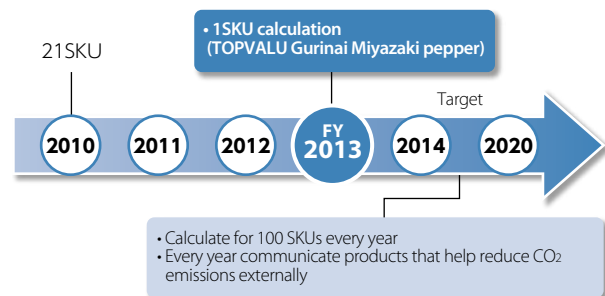


TOPVALU Gurinai Miyazaki pepper

FY2013 Results and Target of KPI

Number of Products with CO₂ Visualization

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



Developing and Selling Products that Help Reduce CO₂ Emissions

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

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



TOPVALU Gurinai Yukigura potatoes from Toya



Putting snow in a warehouse

Increasing Visibility of Distribution Operations

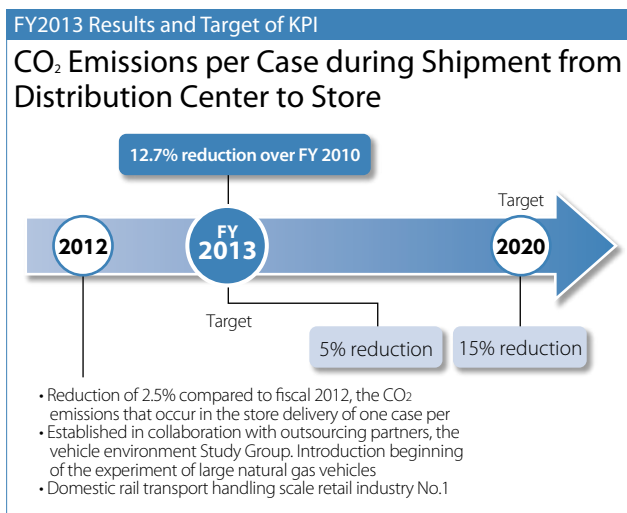
One of Aeon's KPI is "CO₂ Emissions per Case during Shipment from Distribution Center to Store". We are striving to reduce emissions by better grasping the amount of CO₂ used during distribution through visualization.

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

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

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

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



Carbon Offset Initiatives

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

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

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

•AEON TOPVALU CO., LTD.

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

•AEON CO., LTD.

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

Tabulating CO₂ emissions across the entire supply chain

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

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

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

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

Scope 3 Emissions

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

TOPICS

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

For two years running, starting in 2012, Aeon has been named in the global NPO Carbon Disclosure Project (CDP^{*1}) inquiry for excellence in the Climate Disclosure Leadership Index (CDLI).

In the 2013 inquiry, 24 out of 500 Japanese companies were named for the CDLI, but Aeon, chosen 4th out of the 24, was the only company from the retail industry. We were recognized for our global, long-term initiatives and proactive stance toward information disclosure, such as our calculation of scope 3^{*2} emissions and our disclosure of CO₂ emissions that included Group companies.

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

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

Generating Electricity at Stores

Generating renewable energy [Aeon ECO Project: Generation Strategy]

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

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

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

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

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

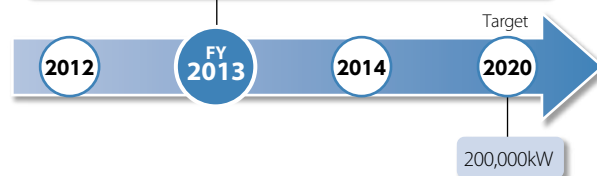


Solar panel installation

FY2013 Results and Target of KPI

Power generation capacity of renewable energy

Installed solar panels for electricity generation capacity of 17,767kW at 797 stores (cumulative total of 997 stores; 33,247kW)



Aeon Environmental Foundation

Donating Solar Systems to Junior High Schools

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

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

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



Damansara Jaya Junior High School (Selangor State, Malaysia)

Initiatives Undertaken by Group Companies

The Daiei, Inc.

Environmental Awards in Akita Prefecture

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

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



Refrigeration machines



Air-conditioning equipment

Receiving an Energy-saving Lighting Design Award

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

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



Full-LED lighting inside and outside the store



Effective placement of spotlights



Aeon Biodiversity Principle

Aeon's business depends on living products, such as agricultural and marine products. Recognizing this, Aeon formulated the "Aeon Biodiversity Principle" in March 2010, towards the conservation of biodiversity are essential to form a sustainable society.

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 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 tree-planting campaigns with local 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 all of our customers.

Conservation through Products and Distribution

CSR Procurement Guidelines

Our natural resources face many threats today, from ecosystem destruction from overexploitation to poor agricultural harvests from abnormal weather caused by climate change. Whereas, with the supply chain now stretched across the entire world, Aeon must be conscious of human rights and working environments at suppliers as well as work to prevent corruption, including bribery and extortion.

The products manufactured and sold by Aeon are made possible by the bounty of nature and contain raw materials procured from producers and locations around the globe. We have been following a green procurement strategy for some time now where we prioritize the procurement of products that are environmentally friendly, but to achieve even more sustainable procurement, we commenced efforts to formulate CSR Procurement Guidelines in 2011. Through the work of a CSR Procurement Guidelines Committee comprised of managers from related Aeon departments, and tasked with gathering CSR procurement-related information, we formulated and published, in February 2014, our Aeon Sustainable Procurement Principle. In addition, we also set in place an Aeon Sustainable Seafood Procurement Policy in order to further elevate our efforts toward procuring sustainable marine products.

In fiscal 2014, we plan to enhance this Policy by adding concrete initiatives.

FY2013 Results and Target of KPI

Compilation of CSR Procurement Guidelines (sustainable procurement and purchasing guidelines)

Announced the Aeon Sustainable Procurement Principle in February 2014. Announced concrete policies for seafood at the same time



Aeon Sustainable Procurement Principle

1. Elimination of illegal trading, harvesting and fishing of natural resources
2. Setting and following Aeon's standard for conservation of biodiversity and prevention of natural resource depletion
3. Minimizing use of non-renewable resources
4. Establishing agricultural and fishery production locations and fishing method traceability
5. Conservation and prevention of destruction of high-protective value forests

Specific Measures of the "Aeon Sustainable Seafood Procurement Policy"

1. Provision of Certified Products
2. Establishment of Traceability Measures
3. Elimination of Illegal Trade
4. Regular Risk Assessments

Communicate Biodiversity-friendly Products to Customers

Aeon is committed to informing customers and earning their support with regard to the importance and significance of using sustainable products and products that conserve bioiversity. Based on this commitment, we are engaging in a variety of initiatives such as providing products that take into account the sustainable use of bio resources, as well as providing opportunities for people to learn more about biodiversity.



MSC-certified Scallop



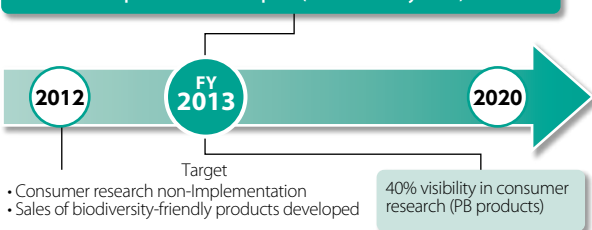
ASC-certified TOPVALU Raw Atlantic salmon

FY2013 Results and Target of KPI

Visibility of Biodiversity-friendly Products

TOPVALU

- MSC-certified products: 46 SKU
(Told number sold: 4,977,463 units; sales amount: 1,278,618,849 yen)
- FSC-certified products: 105 SKU
(Told number sold: 7,885,759 units; sales amount: 683,489,024 yen)
- ASC-certified products also adopted (from February 2014)



● Promoting the Procurement of Sustainable Seafood

Aeon actively works to procure sustainable seafood products in order to help protect limited marine resources and to hand down to future generations our traditional culture surrounding food sources from the water and sea.

Selling MSC-certified products is part of this effort. The Marine Stewardship Council (MSC) is an international body overseeing a program that certifies the fishing industry's commitment to the environment and sustainable resources. The Marine Eco-Label seal of approval is placed on marine products caught by certified fisheries. After beginning to sell MSC-certified products in 2006, Aeon has gradually expanded the number of available items. As of the end of February 2014, we offer customers 15 MSC-certified products across 13 species—more than any other retailer in Japan.

Additionally, we started selling three products certified by ASC (the Aquaculture Stewardship Council) in March 2014. This has enabled us to provide customers with both certified wild fish and certified farm-raised fish. We are striving to increase the number of ASC-certified products available in our stores to six species by fiscal 2016.

VOICE

Delivering Freshness, Quality, Sustainability

We are convinced of the tremendous importance of offering ASC certified salmon for sale. The bounties of nature sustain our lives. Building a sustainable society and respecting natural resources is essential in order to assure that the resources remain in the future. Aeon's mission is to transmit the value of sustainability to our customers and to the world at large.



Kinzo Matsumoto
General Manager of
Minami-kanto
Food Department
AEON Retail Co., Ltd.

● Selling FSC® certified products

The Forest Stewardship Council certifies wood products and paper manufactured with timber from properly managed sustainable forests.

Aeon has been selling notebooks and other FSC-certified paper products since 2008. From fiscal 2011, we have been using FSC-certified materials for price tags and other widely used markers.



* Product design, February 2014

FSC certification

● TOPVALU Gurinai

TOPVALU Gurinai is food safety, the relief brand which considered natural environmental friendliness when healthy to a body. A lineup does food meeting the voice of the customer "to want to buy the thing which is safer because it is a thing to eat every day".

TOPVALU Gurinai Five Criteria

1. No artificial coloring, preservatives or sweeteners are used in Gurinai products.
2. Use of chemical fertilizers, agrichemicals, antibiotics and other chemical items is minimized in the production process.
3. Gurinai products are made using the power of nature in the location, timing, crop varieties and feeding in order to make foods as delicious as possible.
4. Gurinai products support environmentally-friendly agricultural produce.
5. Gurinai products are controlled from production to sale in accordance with our own self-imposed strict standards.



The rice that is being cultivated by children in Shiga, Iwate and Akita is labeled 'TOPVALU Gurinai Specially Cultivated Rice' and the children of Saga prefecture produce 'TOPVALU Kyushu Hinohikari' rice.

● Rice Paddy Activities for Elementary School Students

Aeon began the Rice Paddy Activities for Elementary School Students project in 2008. This is an effort undertaken with local agricultural cooperatives and NPOs to teach children about food and sustenance by letting them experience the production process from planting through harvest, and, ultimately, the sale of rice at a retail store.

In fiscal 2013, the 6th year of the project, Aeon expanded to include Akita, Iwate, Shiga, and Saga prefectures.

The activity will be continued in fiscal 2014.



Rice planting experience (Akamatsu Elementary School, Saga Prefecture)



Raising juvenile nigoro-buna fish (Lake Biwa's endemic crucian carp) in rice paddies (Hayami Elementary School, Shiga Prefecture)



Rice harvesting experience (Kyowa Elementary School, Akita Prefecture)



Rice retail marketing experience (Shibutami Elementary School, Iwate Prefecture)

TOPICS

Continue Making Delicious Unagi (Eel) Available to Customers

In order to maintain Japan's traditional culture surrounding food sources from the water and sea, Aeon continues to pursue efforts to protect and rejuvenate fish species that are raising concern due to worries of deletion. One example of this is our support for unagi and its declining numbers of juvenile fish.

Aeon sells TOPVALU Gurinai Unagi Kabayaki from Kagoshima prefecture. The unagi used in this product is raised, processed and sold out of a designated fishery in Kagoshima prefecture. Also, in an effort to maintain a beneficial habitat for young unagi, members of the Aeon Cheers Club gathered together with employees in November 2013 for a coastline clean-up event.

Club members and employees also learned about limited bio resources and the importance of preserving them through a visit to the unagi fishery.



Coastline clean-up



Visiting the unagi fishery



TOPVALU Gurinai Unagi Kabayaki from Kagoshima prefecture

Biodiversity Conservation at the Store Level

Developing and Evaluating Indicators

Aeon pays great attention to conservation and creation of ecosystems in developing its stores through initiatives such as planning and implementing biodiversity evaluation and environmental burden reduction measures when opening stores. The aim is to minimize the impact of our stores on the surrounding environment and ecosystem. Examples of these initiatives include the Aeon Hometown Forests Program and installing biotopes at some of our shopping centers.

In fiscal 2013, we worked to build stores that utilize space in ways conscious of ecosystem preservation, and that effectively utilize bio resources, all as part of the "Biodiversity and landscapes" requirement that is part of our 5 Smart Aeon criteria.

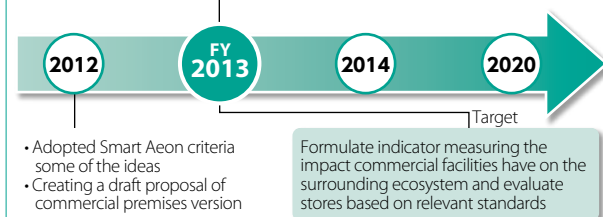
In February 2014, Aeon Mall Toin acquired the Sustainable Business Sites® Certificate (for urban areas and shopping centers), designating the branch as a shopping mall friendly toward biodiversity. (See also "TOPICS")

In fiscal 2014 and beyond, Aeon plans to actively adopt policies aware of biodiversity, focusing on newly opening store sites.

FY2013 Results and Target of KPI

Formulation and Evaluation Indicators for Impacts on Ecosystems

Aeon Mall Toin acquired the Sustainable Business Sites® Certificate (for urban areas and shopping centers)



Expanding Use of Eco-friendly FSC® Japan Certified Wood Materials

Aeon has been developing stores with attention to eco-system conservation. Ministop Co., Ltd., for example, opened a MINISTOP store that used 100% FSC Japan certified materials in 2009, as the first FSC-certified convenience store in Japan. As of the end of February 2014, 89 MINISTOP stores are FSC certified. Going forward, we plan to actively increase the number of environmentally-friendly stores using FSC Japan certified materials.



Store under construction



MINISTOP store

(FSC-JPN-0036 *FSC, A.C. All rights reserved.)

TOPICS

A First for Shopping Malls! Aeon Mall Toin acquires the Sustainable Business Sites® Certificate (for urban areas and shopping centers)

Opened in Mie Prefecture in November 2013, Aeon Mall Toin acquired the Association for Business Innovation in Harmony with Nature and Community (ABINC) certificate for facilities in urban areas and shopping centers supporting biodiversity conservation.

ABINC evaluates and certifies office buildings and commercial facilities for their biodiversity conservation activities, such as landscape designing with greeneries, based on the JBIB Guidelines for Sustainable Business Sites® specified by the Japan Business Initiative for Biodiversity (JBIB). Aeon Mall Toin is one of the first awardees.

Acquisition of the certification recognizes Aeon's efforts, which include tree planting activities carried out with customers when a new store is opened, the Rain Garden™ project to recycle rain water, and the Fureai Park project to save spaces for local fauna and flora.



The Rain Garden™ project to filter rain water through top soil instead of transmitting it directly to sewage pipes

Actions Taken with Customers

Aeon Hometown Forests Program

Aeon, since the launch of our Hometown Forests Program in 1991, has been integrating new stores and encouraging local residents in the greening of their communities. Under this program, we join with our customers to plant trees on new store sites. In fiscal 2013 we planted a total of 150,314 young trees in 34 locations.

Fiscal 2013 also marked the year that we reached 10 million trees planted. This was an opportunity for Aeon to utilize media and other means, inside and outside the Company, to communicate the significance of tree planting.

At the same time, we worked to bolster our maintenance and care for the trees that we have planted to date at existing stores.

In fiscal 2014, we will utilize Aeon's forests, which are spreading throughout Japan, to inform customers, regional communities, and employees of the significance of tree planting, while also pursuing our efforts toward "cultivating and using" trees.



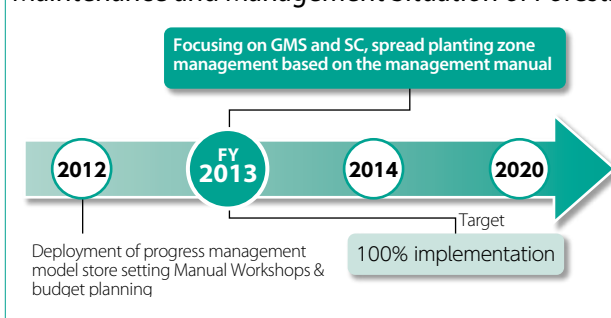
Aeon Mall Higashikurume



Aeon Tan Phu Celadon (Vietnam)

FY2013 Results and Target of KPI

Maintenance and Management Situation of Forests



Aeon Environmental Foundation Initiatives

Aeon Tree-Planting Activities

The Aeon Environmental Foundation, with the cooperation at the national and local government level, conducts tree-planting activities that aim to regenerate forests devastated by natural disasters. Tree-planting activities being undertaken by the Aeon Environmental Foundation have their origins in a similar forest development project implemented in Thailand by Japan International Volunteer Center in 1991. The Foundation's current tree-planting initiatives are being carried out in different parts of the world, particularly in Asia, in addition to Japan.

In fiscal 2013, domestic locations included Mukawa town (Hokkaido), Chita city (Aichi prefecture), Urayasu city (Chiba prefecture), Aya town (Miyazaki prefecture), and Kihoku town (Mie prefecture). In addition, the Aeon Hometown Forests Program and Aeon Environmental Foundation commemorated the planting of their 10 millionth tree (counting domestic and overseas efforts) and a tree-planting ceremony was held to mark the occasion at the Aeon Mall Makuhari New City shopping center.

In terms of overseas initiatives, we concluded the final year of our 3-year tree-planting plan in Jakarta, Indonesia, while starting new 3-year plans in Yangon, Myanmar, and Hanoi, Vietnam. Marking the milestone of planting a cumulative total of more than 10 million trees, Aeon gathered with past tree-planting volunteers at the Great Wall of China, where we observed the areas we had previously planted, and also did maintenance work on some of those trees.

In fiscal 2014, we plan to continue current efforts, while also planting trees through single year projects in Suzhou, China and Bidor, Malaysia, the latter as part of cooperative plans to commemorate the 30th anniversary of Aeon Malaysia.



Urayasu Kizuna no Mori Tree Planting



Jakarta Tree Planting

Aeon Environmental Foundation

Excellence in Biodiversity Maintenance Biodiversity Award

The Aeon Environmental Foundation inaugurated the Japan Awards for Biodiversity to promote biodiversity conservation and sustainable use of biodiversity in Japan, as well as the MIDORI Prize for Biodiversity, which is an international prize. The two awards honor recipients in alternate years.

In fiscal 2013, we held the third awards ceremony for the Japan Awards for Biodiversity. With 104 entries from groups and individuals in Japan, a selection committee chose five projects that deserved particular recognition.

In fiscal 2014, we will hold the third awards ceremony for The MIDORI Prize for Biodiversity.

Recipients (in Japanese alphabetical order) of the third Japan Awards for Biodiversity

- Ajinomoto Co., Inc. "Joint Tagging Survey of Skipjack off the Pacific Coast of Japan and a Series of Cooperative Projects and Enlightenment Activities"
- NPO Tambo "Restoration of Rice Paddies Devastated by the Tsunami of the Great East Japan Earthquake Using Resilience of the Ecosystem"
- Chuetsu Pulp & Paper Co., Ltd "Bamboo Paper Project"
- TERUHA Forest Association "Aya Lucidophyllous Forest Project"
- Society for Nature Technology, Graduate School of Environmental Studies, Tohoku University "System Construction for the Creation of Nature Technology"



Awards Ceremony



Rice paddy restoration work being done by NPO Tambo, recipient of the Grand Prix

Giving Grants for Environmental Activities

Since its establishment, the Aeon Environmental Foundation has been awarding grants for activities related to the preservation and sustainable use of biodiversity in Japan and in developing countries.

In fiscal 2013, 98.65 million yen was awarded to 107 organizations.

We will continue in 2014 to call for grant applications.

For details on the call for grant applications, visit <http://www.aeon.info/ef/activity/ngo/index.html>



NPO Eco-Alliance 21 (Mongolia) Locals try their hands at tree planting for the first time



Amami Marine Life Research Association (Amami Oshima) Local residents attending a sea turtle survey course

Initiatives Undertaken by Group Companies

MINISTOP CO., LTD.

Supporting the Hana-no Wa (Flower Circle) Campaign and Donating Flower and Tree Seedlings to Elementary Schools

Ministop donates flower and tree seedlings to elementary schools as part of its support for the Flower Circle Campaign run by the Public Interest Incorporated Foundation for the Agriculture of Flowers and Greenery. The goal of the donations is to help students learn about the importance of living organisms through planting and raising seedlings. Ministop supports this cause and collects donations in its stores, while also using 1% of soft cream sales made on Saturdays to fund the flower and tree seedlings donated to nearby elementary schools.



Donates flower seedlings



Effective Utilization in Stores

Reducing Amount of Materials Used in Packaging and Containers

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

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

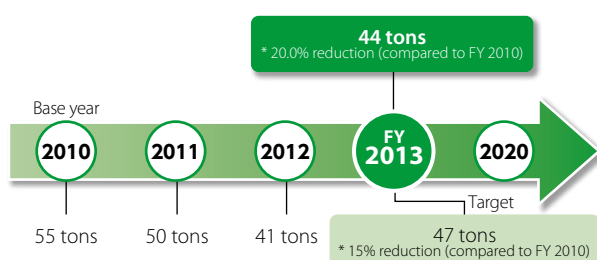
When developing TOPVALU products, we closely examine packaging and containers and after careful consideration of the impact on the quality of product contents and safety during shipment, we work to make product containers lighter and more thin-walled and switch to recyclable material. Additionally, we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

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

Moving forward, we plan to take further actions.

FY2013 Results and Target of KPI

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



Management System for Waste Emissions

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

In fiscal 2013, 53 employees received training in waste

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

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

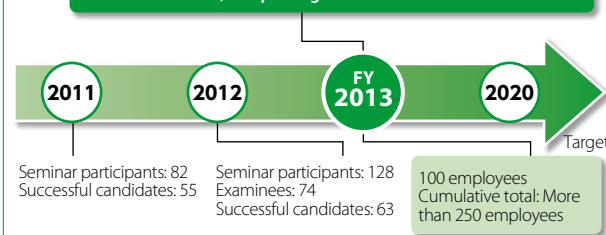
Meanwhile, through our Waste Manifest management and other measures, we are implementing training for managers on site to impart necessary skills and knowledge. Also, in order to make Manifest management more efficient and precise, we are introducing the Electronic Manifest* in stages. As of February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

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

FY2013 Results and Target of KPI

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

53 seminar attendees, 49 of whom sat the certification exam, with 45 passing. In the 3 years since 2011: cumulative total of 263 seminar attendees, 163 passing certification



Promoting Green Purchasing

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

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

Reducing Waste

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

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

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

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

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

FY2013 Results and Target of KPI

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

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

2012

FY 2013

2020

- Measurement system is not progress
- Emissions of Food Recycling Law is made aware of their respective owners

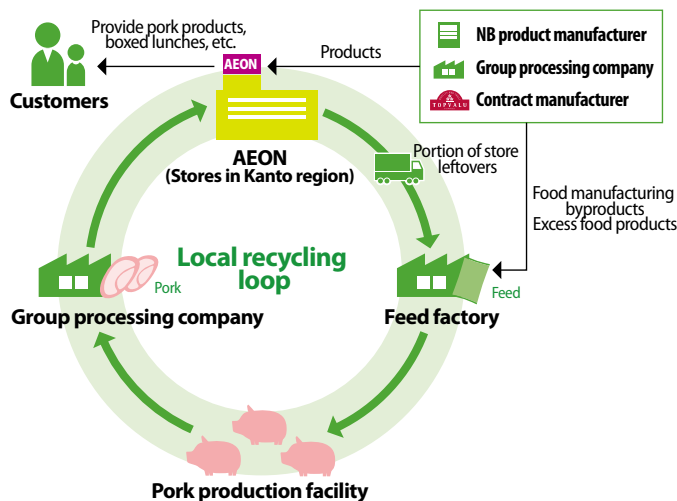
Target
Ascertain volume and set reduction targets

Recycling Food Product Wastes

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

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

Building A Local Recycling Loop



Use of Returnable Containers

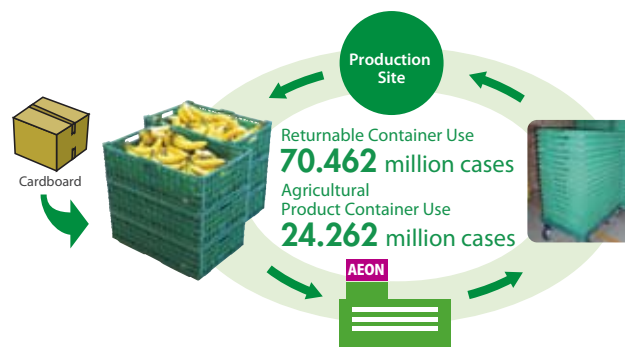
Aeon is reducing the amount of cardboard thrown away at stores by using returnable containers and agricultural product containers that can be used repeatedly when shipping products.

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

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

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

Usage of Returnable Container, Agricultural Product Container



Together with Customers

Reducing Plastic Bag Use

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

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

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

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

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

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

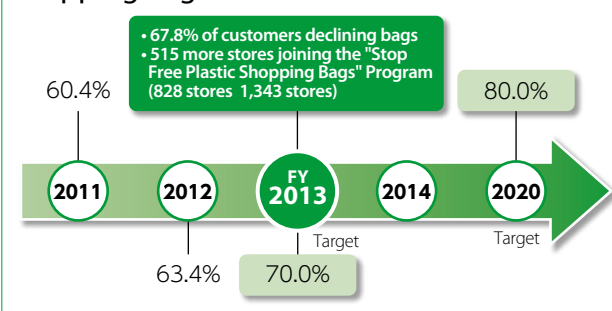
^{*3} As of June 2013. Study by the Japan Chain Stores Association.

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

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

FY2013 Results and Target of KPI

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

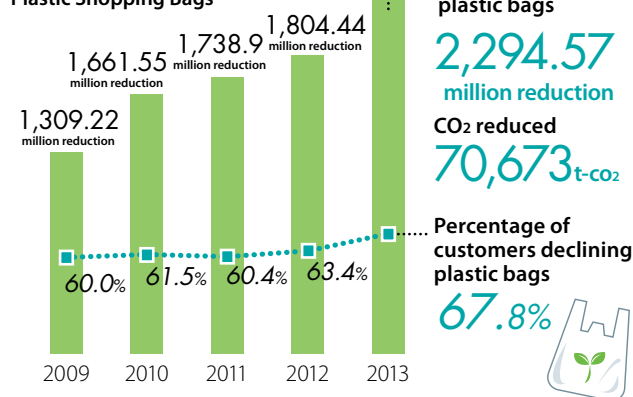


Stores Stopping Free Plastic Shopping Bags

Total number of stores
(as of February, 2014)

1,343 stations
(Total for 26 Aeon Group companies)

Percentage of Customers Declining Plastic Shopping Bags



Progress of plastic bag reductions

1991

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



2000

Began the "My Basket" Campaign



2007

Began the "Stop Free Plastic Shopping Bags" Program



2009

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



2013

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



Developing and Selling Products that Contribute to Better Use of Resources

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

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



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

Reducing Waste by Collecting Resources in Stores

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

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



SELF+SERVICE
clothing collection
poster



Collection boxes placed in one of our stores

Results for 2013 (Total for 24 consolidated subsidiaries)

Drink cartons

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



Food trays

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



Aluminum cans

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



PET bottles

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



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

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

Drink cartons: 0.50 kg-CO₂,

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

PET bottles (material recycling): 3.6 kg-CO₂

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

TOPICS

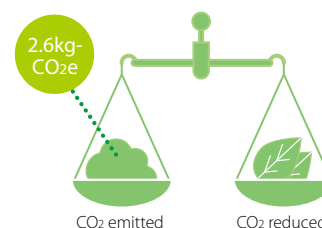
Participating in the Donguri (Acorn) Campaign with our "Bio My Baskets"

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

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



Bio My Basket



CFP offsetting

Search

Initiatives Undertaken by Group Companies

AEON Retail Co., Ltd.

Furthering Resource Conservation through the Use of Mobile Tablets

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



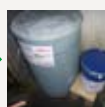
Participants in an in-store meeting checking material on tablets



Maxvalu Tokai Co., Ltd.

Efforts to Recycle Tempura Scraps

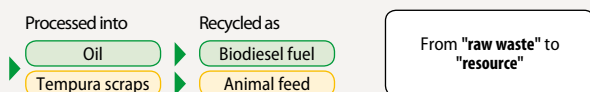
At Maxvalu Tokai, 102 stores are implementing efforts to recycle scraps, created when cooking tempura and other fried deli items, into biodiesel fuel and animal feed. In fiscal 2013, 161.7 tons of scraps were recycled.



Tempura scraps are put into buckets and cooled

Once cool, they are put into drums

Accumulated drums are collected by a vendor



AEON Mall Co., Ltd.

Using Data "Visualization" to Reduce Waste

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

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

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



Separating and measuring different categories of waste

Encouraging the Collection and Recycling of Used Paper

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

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



Used paper collection



Community Involvement

Making Contributions to Local Communities

Aeon Happy Yellow Receipt Campaign

Countless volunteer organizations* throughout local communities in Japan are in need of support. At the same time, countless Aeon customers would like to support organizations devoted to their local communities. Aeon, as a local community member, launched the Aeon Happy Yellow Receipt Campaign to link customers and volunteer organizations. Customers participate in the Campaign simply by taking the yellow receipts they receive when making purchases on "Aeon Day," the 11th of every month, and placing them in a box labeled with the name of an organization or a particular activity. Aeon then contributes goods accordingly at a value of 1% of the total amount of the receipts.

In fiscal 2013, the Campaign had expanded to include 22 companies and 1,368 stores, and we contributed goods worth approximately 275.05 million yen to a total of around 22,500 organizations. Of participating stores, 35.29% had a submission rate of at least 20%, a target which has been established as a KPI.

Since the Campaign's inception in 2001, 195,000 organizations have received support totaling around 2,216.44 million yen.

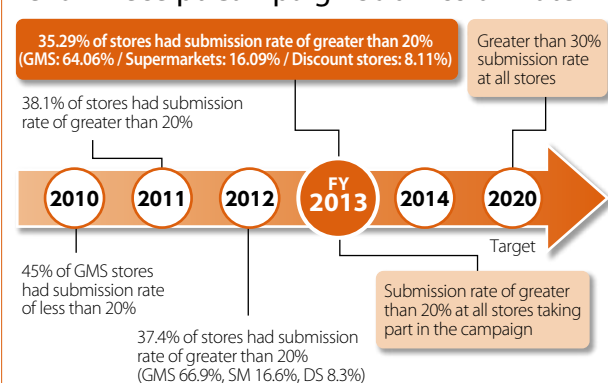
We encourage our customers to participate in the Aeon Happy Yellow Receipt Campaign. Among other efforts, we offer volunteer organizations a chance to come into stores to talk about their activities. We plan to actively pursue new initiatives that will allow participation by as many of our customers as possible.

* Volunteer organizations' activities should fall under one of the following five categories.

1. Activities to promote welfare
2. Activities to promote environmental preservation and environmental education
3. Activities to promote urban development
4. Activities to advance arts and culture
5. Activities to enhance the health and safety of children

FY2013 Results and Target of KPI

Yellow Receipt Campaign Submission Rate



How Aeon Happy Yellow Receipt Campaign works



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 at all General Merchandise Stores and supermarkets as well as head office and other business offices.

From fiscal 2014, as part of the Clean & Green Activities we began collecting garbage and removing weeds from the area where trees were planted for the Aeon Hometown Forests Program. The first of these activities, which was held on June 11, 2014, was attended by employees, people from the surrounding community and local volunteer groups.



Cleaning up around a store

Supporting Local Traditional Events

Aeon 1% Club Foundation

We avidly support passing down cultural and historical heritage and revitalizing communities through participation in community and traditional events across Japan.

In fiscal 2013, Aeon employees took part in festivals and community events together with customers in 45 locations throughout Japan, including the Aomori Nebuta Festival, Akita Kanto Festival, and Morioka Sansa Odori Dance Festival, some of the largest summer festivals in the Tohoku region. We also provided event venues and various other forms of support.

We have held the "Daijobu" Campaign since 2010 to ensure the safety and security of local communities. As part of the Campaign, customers take part in live training drills for fires or major earthquakes. In fiscal 2013 we held four drills mainly in the Tokai and Southern Kanto regions, with some 18,000 people participating in total.



A group of customers that took part in the Hanagasa Festival



Learning how to use a fire extinguisher as part of the Daijobu Campaign

Issuing Local WAON Cards

WAON is a system of e-money pre-paid cards available at over 176,000 participating stores throughout Japan. In the case of Aeon's Local WAON cards, a part of the proceeds from sales goes to social contributions for communities.*

The social contributions that result from Local WAON card use are wide-ranging, and include community environment conservation efforts, promotion of tourism and sports, preservation of cultural assets, and animal welfare. As of the end of February 2014, there are 86 different Local WAON card programs featuring wonderful local color, and the contributions to local communities for fiscal 2013 topped 174 million yen.

A total of over 39 million cards had been issued since the start of the WAON system in April 2007, and the use of WAON cards continues to spread. Aeon can offer customers the convenience of an e-money pre-paid card while at the same time actively contributing to the support of local communities.

* with some exceptions

Types of Local WAON Cards As of February 2013



Kumamoto WAON
Part of the proceeds from sales goes to industrial promotion and community revitalization projects in Kumamoto Prefecture.



Gunma Silk WAON
Part of the proceeds from sales is donated to Gunma Prefecture for use in preservation activities and World Heritage Site registration for the Tomioka Silk Mill.



Chiba Kosodate WAON
Part of the proceeds from sales is used to fund projects that support children living in Chiba Prefecture.

Concluding Comprehensive Cooperation Agreements

Aeon has entered cooperation agreements with local governments to effectively combine respective resources for disaster preparedness, social welfare, and environmental conservation, and, through Local WAON cards, to stimulate commerce and tourism. The first Agreement was concluded in June 2010 with the Osaka Prefectural government. At the end of June 2014, we had agreements with 44 prefectural governments and 11 government-ordinance-designated cities.

Through these agreements, we are, providing emergency supplies and emergency shelters for times of disaster, holding local product fairs and promoting local tourism through our stores, and working with local governments to plan and market boxed lunches made with local products. In this way, we are also helping to stimulate local communities and improve daily life services.

Supporting the revitalization of local industries and preservation of traditional food culture

Aeon actively contributes to local economies and the preservation of local traditions.

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. As of February 2014, we directly deal with five fishery cooperatives*.

From July 2013, we started a program to sell fish caught early in the morning by the afternoon of the same day. Through this initiative we hope to encourage more families to enjoy fresh fish. We also began an initiative in which we will freeze freshly caught seasonal fish in order to ensure consumers can enjoy them during other times of the year.

Through dialogue with the National Federation of Fisheries Cooperatives Associations Aeon intends to continue conducting initiatives that benefit our customers, and to help to solve problems in marine products.

* JF Shimane, JF Yamagata, JF Hiroshima, JF Ishikawa, JF Katase-Enoshima. Additionally, we engage in indirect business transactions with JF Ishikawa and JF Katase-Enoshima as well.



All fish caught by this fishing vessel is purchased by Aeon



Starting a program to sell fish caught early in the morning by the afternoon of the same day

● 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 and build local culinary cultures as brands. Everyone involved pools their wisdom and works to publicize the ingredients and traditional techniques that support exceptional local culinary cultures.

As of June 2014, food artisan activities have covered 21 prefectures and 29 dishes, whose unique local flavors are being delivered to the dinner tables of people across Japan.



"Akatori" Tomatoes (Oita Prefecture)
Akadoti tomatoes, which are picked after they have ripened to a bright red color, are not only sweet, but also feature a fresh and juicy taste as if eating them straight from the field.



Banpeiyu (Kumamoto Prefecture)
Banpeiyu is a citrus fruit and member of the pomelo family that can grow up to 25cm in diameter. These fruit are best enjoyed with the three senses of sight, smell and taste.

Aeon Welfare Fund Supporting Disabled Persons

The Aeon Welfare Fund was established in 1977 to promote the welfare of persons with disabilities and to support their independent participation in society. Aeon has carried out various projects, focusing on donating special vehicles and contributing to volunteer activities, through 50-yen monthly employee contributions matched by the employer. As of the end of February 2014, 58,000 Aeon employees are participating in this program.

In fiscal 2013, a total of four of these special vehicles were donated to nearby regional welfare facilities for those with disabilities as we launched new stores in Niigata city, Fukuoka city, Chiba city, and Inabe-gun (Mie Prefecture). This brings the total number of donated special vehicles to 42 since the inception of the Welfare Fund.

In addition, our volunteer activities included roughly 1,000 visits to welfare facilities, with events such as Christmas parties, in fiscal 2013. A total of around 9,800 facilities have been visited so far.



Donation of a welfare vehicle (Aeon Mall Makuhari New City)



Visiting children at a care center (Hanamaki city, Iwate prefecture)

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.

As of February 28, 2014, 734 Aeon Group stores and business offices have signed disaster prevention agreements with a total of 515 local governments and assist with local disaster prevention activities, including providing emergency supplies 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 29 locations, primarily shopping centers around the country (as of March 31, 2014). 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

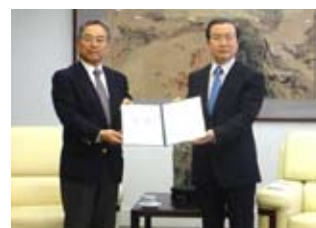
Supporting Disaster Recovery

Aeon 1% Club Foundation

The Aeon 1% Club Foundation carries out charitable activities at stores and presents disaster relief assistance money to areas in need following major natural disasters, supporting people affected by tragedy and providing hope for a speedy recovery. Aeon provides a matching donation that in most cases equals the amount of funds raised by the club.

In fiscal 2013, the club provided assistance following the Sichuan Earthquake in China's Sichuan Province that struck in April 2013 and for those affected by the typhoon that hit the Philippines in November 2013.

* Please see page 55 for the amount of funds raised.



The presentation of relief aid

Initiatives Undertaken by Group Companies

Malaysian AEON Foundation

Relief Supplies for Flood Damaged Areas

Flooding from torrential rain in early December 2013 in four states on the east coast of Peninsular Malaysia forced a large number of people to evacuate. Seeing this situation, the Malaysian Aeon Foundation dispatched 60 volunteers, from staff members at two stores, to deliver relief supplies to flood victims in the afflicted area. Rice, canned goods, toilet paper, blankets, electrical devices, and other relief supplies totaling 120,000 Malaysian ringgit were donated to representatives in each affected region.



Volunteer staff to deliver Relief Supplies

AEON Hokkaido Corporation

Employment Support for People with Disabilities through Outsourcing

Aeon Hokkaido has been supporting the employment of people with disabilities since April 2013 when Aeon Delight Co., Ltd., the business in charge of cleaning shopping baskets, began working with Aiwa Fukushi-kai Works-Kakeru, a social welfare service corporation that supports the hiring or continued employment of people with disabilities.

Aeon Hokkaido has integrated the procurement and management of the approximately 40,000 shopping baskets used at its 31 Hokkaido stores, with the cleaning of the baskets outsourced to the cleaning facility Works-Kakeru has opened. This outsourcing program is a way for Aeon Hokkaido to contribute to society through its business activity.

Community Involvement

Develop the Human Resources of the Future

Aeon Cheers Club

Aeon 1% Club Foundation

The Aeon Cheers Club provides hands-on opportunities for first through ninth-grade students to learn about the environment. Young people living near Aeon stores can come together once a month or once in two months to participate in Aeon Cheers Club environmental activities with the support of store employees.

The theme for fiscal 2013 was "Resources (Energy)." Around 430 clubs and around 7,500 students from all over Japan participated in the activities. In July 2013, the Aeon Cheers Club National Meetings were held in Okinawa and Hokkaido. A total of 50 clubs, representing the top clubs selected at regional meetings, and 233 awardees gathered, with each club reporting on learning outcomes for the year and participating in nature experience programs.

Since fiscal 2013, we changed the KPI for the Aeon Cheers Club from the number of clubs to the number of activities. The reason for this change was because Aeon Cheers Clubs had been established at nearly every one of our GMS in Japan as of the end of fiscal 2012 and there will likely not be a large number of new store openings until fiscal 2020.

In fiscal 2014, we will continue to enhance and increase the number of activities even more under the theme the sun and nature.



Field trip to study wind power



Presentation of learning outcomes at the National Meeting

FY2013 Results and Target of KPI

Number of activities by the Aeon Cheers Club



Conducted the Junior High School Student Environmental Essay Contest

Aeon conducts the "Junior High School Student Environmental Essay Contest" for junior high school students participating in Aeon Cheers Clubs. Contest winners are invited to attend a training program about environmental issues and nature. Training programs have been held in Germany, home to advanced environmental initiatives, and Tasmania Island in Australia, home to vibrant nature.

In fiscal 2013, 24 winners traveled to Tasmania Island where they took part in the Biodiversity Training Tasmania Island program.

In fiscal 2014, we will hold the contest once again and plan on holding the training program on Yakushima Island, a registered Natural World Heritage Site.



'Biodiversity Training Tasmania Tour'

Agricultural Eco-experience Project for elementary and junior high school students

Since 2012, Aeon has held the Agricultural Eco-experience Project for children who are members of Aeon Cheers Clubs. As part of the project, children are given the opportunity to visit 'TOPVALU Gurinai' production sites throughout Japan where they learn about harvesting and packaging fresh vegetables, among other farm related experiences. Through these experiences, children are able to learn about environmentally friendly ways to grow delicious and safe vegetables in a fun and exciting environment.

In fiscal 2013, 1,173 children from Aeon Cheers Clubs representing 71 stores across Japan took part in the 33 sessions held at 28 production sites.

In fiscal 2014, we will continue to offer this project and expand the number of production sites visited.



Harvesting asparagus and weeding (Abira Town, Hokkaido Prefecture)

Aeon Sukesuku Laboratory

Aeon 1% Club
Foundation

Aeon has been organizing the Aeon Sukesuku Laboratory yearly at Aeon shopping centers since 2007. This is directed to families raising children and includes seminars on childcare led by experts in the field, as well as singing of Japanese nursery rhymes and songs, with children and parents enjoying a meaningful chance to sing together.

In fiscal 2013, Aeon Sukesuku Laboratory was held in four cities across Japan. A total of 831 attended the four sessions, including 512 adults and 342 children.

In fiscal 2014, we plan on holding four sessions nationwide.



Ms. Saori Yuki and Ms. Sachiko Yasuda singing a nursery rhyme



Child-raising Seminar by Prof. Katsumi Tokuda, professor of the University of Tsukuba, Graduate School

Aeon co-hosted the 'Gentle to the Earth Essay and Activity Report Contest'

Aeon Environmental
Foundation

The Aeon Environmental Foundation, desiring to give children a chance to learn about the future of the global environment, implements the "Gentle to the Earth Essay and Activity Report Contest."

In fiscal 2013, we solicited essays and other works on the theme of "What each individual can do for the environment." We received 14,598 entries, including essays, activity reports, and posters on environmental protection. After stringent review, a total of 139 entrants were awarded. Additionally, from the schools that submitted large numbers of entries, five especially deserving elementary, junior, and senior high schools were recognized with the Aeon Environmental Foundation Prize (schools division).

Such activities are to be continued in fiscal 2014.



Awards Ceremony

Aeon's educational initiatives for the next generation

We provide a host of programs to support the learning development of youth in various life stages, from infants to university students.

Aeon Sukesuku
Laboratory
▶ page 52



Aeon Cheers Club
▶ page 51



Teenage
Ambassadors Program
▶ page 53



Aeon Scholarship
Program
▶ page 53



Asian Students
Environment Platform
▶ page 54



Babies

Primary school
students

Junior high
school students

High School
Students

University
Students

Rice Paddy Activities
for Elementary
School Students
▶ page 38



Contest for
Report and Essay
on Earth-friendly
Activities
▶ page 52



Aeon eco-1 Grand Prix
▶ page 53



Asia Youth Leaders
▶ page 54



Teenage Ambassadors Program

Aeon 1% Club
Foundation

High school students from Japan and other countries learn about the importance of a global perspective and diverse values by interacting with each other and through ambassador activities, classes at high schools and homestays in the Teenage Ambassadors program. This program has been ongoing since the Aeon One Percent Club was established and up to fiscal 2013, 1,296 high school students from 16 countries had participated. In recent years, a total of three programs have been held annually, comprising two for ASEAN countries and one for China.

In fiscal 2013, high school students from Myanmar, Vietnam, China and Japan participated.

In fiscal 2014, we plan on holding the program in the Philippines, Indonesia and China.

● Myanmar Teenage Ambassadors

In August 2013, 20 high school students from Naha City, Okinawa Prefecture traveled to Myanmar and met with high school students in Yangon. In October 2013 the same high school students from Myanmar came to Japan to reunite and deepen their exchange with one another.

This marked the first time that the Teenage Ambassador program was held with high school students from Myanmar.



A Japanese high school student trying on lungi (the Burmese native costume) and learning traditional dances during her home stay

● Vietnam Teenage Ambassadors

In January 2014, 20 high school students from Ho Chi Minh City, Vietnam traveled to Japan where they met with high school students in Morioka City, Iwate Prefecture. Later in March 2014 the same high school students from Morioka City visited their counterparts in Vietnam to deepen their friendship.

This marked the second time that the Teenage Ambassador program was held with high school students from Vietnam.



Vietnamese high school students experiencing a tea ceremony

● Japan-China High School Student Exchange Program (China Teenage Ambassadors)

This program was originally part of the Teenage Ambassador program, but branched off into its standalone exchange program called the Japan-China High School Student Exchange Program since 2010 after the People's Government of Beijing Municipality raved about the success of the program in 2009. In fiscal 2013, 60 high schools students from each country participated.



Welcome party at the Chinese Embassy in Japan. Students from both countries sing "The Sea is My Home" in Chinese

Aeon eco-1 Grand Prix

Aeon 1% Club
Foundation

With the goal of raising environmental consciousness through providing high school students who have engaged in daily environmental activities with a forum to report their achievements, and an opportunity to connect with other schools, Aeon instituted the Aeon eco-1 Grand Prix. In fiscal 2013, the second year of the Grand Prix, we continued the Research and Special Topics Category, which targets eco-activities that focus on regional characteristics or on a school's special area of expertise, and we newly added the Education and Awareness Category, which targets eco-activities that can be implemented at a large number of schools. In the two divisions, 154 entries were received from 141 schools throughout Japan.

In fiscal 2014, we anticipate that the eco-activities will spread further and we plan to award high schools that attempt new projects while referencing the previous projects undertaken at other schools.



Promotional poster



Prime Minister's Award, Education and Awareness Category, Gifu Prefectural Kamo Agriculture and Forestry High School, "Satoyama Revitalization"



Prime Minister's Award, Research and Special Topics Category, Akita Prefectural Omagari Agricultural High School, "Utilizing Mushrooms"



Environment Minister's Award Tochigi Agricultural High School (Tochigi Water and Land Development Project)



Education, Culture, Sports, Science and Technology Minister's Award Tokyo Metropolitan Tsubasa High School (Garbage Sorting)

Aeon Scholarship Program

Aeon 1% Club
Foundation

The Aeon Scholarship program was established in 2006 to provide financial support to university students, leaders of the next generation, in Asian countries.

In fiscal 2013, we continued offering the Scholarship Program in Japan, China, Thailand, Vietnam, and Indonesia, while newly adding two universities in Cambodia.

University students that received this scholarship have gone on to work in specialized fields after graduation as a bridge between Japan and their home country. Aeon is committed to continually assisting the development of human resources that will contribute to the future development of Asia. From fiscal 2014, Aeon plans to add universities in Myanmar.



Ceremony for presenting scholarship certificates at the National University of Management (Cambodia)

Grants 2006-2013

country	universities	grantees
Japan	14	453 *
China	8	2,470
Thailand	2	80
Vietnam	4	270
Indonesia	2	17
Cambodia	2	6
Total:		3,296

* Privately funded exchange students from Asian countries

Asia Youth Leaders

Aeon 1% Club Foundation

Aeon is carrying out the Asia Youth Leaders program where high school and university students in countries across Asia discuss regional issues from a local perspective and make proposals to their governments for solving the issues.

In fiscal 2013, courses were held in Indonesia in August (for high school students) and in November (for university students). Students participated from six countries: China, Indonesia, Japan, Malaysia, Thailand, and Vietnam. The theme of the courses was "waste management problems" in the host country of Indonesia. Summaries of the ideas discussed at each course were presented to the government of the Special Capital City District of Jakarta.

Through the Asia Youth Leaders program, it is hoped that the participants will independently act to solve the real issues studied and discussed, and that the interaction will lead young people in countries facing a host of challenges accompanying economic development to cooperate to build fruitful relationships.

For fiscal 2014, the program will be held in Vietnam with the theme of "Air Pollution."

* This program was initiated in fiscal 2010 under the name "ASEAN University Students Environmental Forum." The High School Students Division was added in 2013.



Proposing solutions to Jakarta's government (University students)



Discussing Jakarta's waste management problems (High school students)

The Asian Students Environment Platform

Aeon Environmental Foundation

The Asian Students Environment Platform was inaugurated in fiscal 2012, following the 2011 United Nations Decade on Biodiversity. The purpose is to develop human resources with a global perspective in the environmental field. University students gather from various Asian countries and exchange opinions about biodiversity while studying the natural environments, histories, cultures, and differences in sensibilities in each other's countries.



The 2nd Platform was held in South Korea in fiscal 2013. 20 new students from Vietnam joined 60 university students from China, Japan, and South Korea who participated in the Platform in fiscal 2012. Following the theme of "The Environment and Humans," participants took part in fieldwork in South Korea and listened to lectures by experts in order to discuss the coexistence of people and the environment, and the conservation of and use of biodiversity.

In fiscal 2014, the Platform is scheduled to be held in China, with participation by students from Malaysia as well as the four other countries, under the theme of "Water and Humans." We plan on increasing the number of participating countries each year, so that in 10 years the Platform will be hosting attendees from throughout East Asia and the ASEAN region.



The event being held in South Korea

School Construction Support Project

Aeon 1% Club Foundation

In partnership with the Japan Committee for UNICEF, Aeon has been supporting construction of schools in depressed parts of Asia since the year 2000. The aim of the project is to instill the joy of going to school in students who do not have access to sufficiently developed educational infrastructure. Through School Construction Support Project donations from customers in stores and other facilities operated by Aeon Group companies across Japan, and with funds added by the Japan Committee for UNICEF and the Aeon 1% Club Foundation, we have helped construct a total of 366 schools in Cambodia, Nepal, Laos, Vietnam, and Myanmar as of the end of February 2014.

In fiscal 2014, we aim to open 11 schools in Myanmar and plan to continue the project's support efforts.



Old school building in Myanmar with no walls



Children at the newly opened school at Gangaw

The Aeon and UNICEF Safe Water Campaign

Aeon 1% Club Foundation

In some areas of Cambodia and Laos, an insufficient number of wells and poor water infrastructure means that children have to spend valuable time collecting water, and their attendance at school suffers. From 2010, we have been carrying out the Aeon and UNICEF Safe Water Campaign in order to support the health and education of children by building water supply infrastructure.

In fiscal 2013, customer donations were added to contributions from the Aeon 1% Club Foundation, plus 5-yen donations per 500 ml bottle of TOPVALU natural mineral water purchased throughout the duration of the campaign. Total efforts garnered approximately 55.74 million yen, to which the Japan Committee for UNICEF also added funds. Approximately 35,000 people a year have access to safe drinking water as a result of the campaign, while children are able to spend less time on tasks like fetching water and more time at schools.

In addition to Cambodia and Laos, we plan to add Myanmar to the campaign from fiscal 2014.



Children enjoying the availability of safe water



Aeon TOPVALU mineral water

PET Bottle Cap Collection Campaign

Since 2008, Aeon has been collecting PET bottle caps from our customers. The caps, as recyclable resources, are sold for cash that is in turn contributed to three international organizations*1 that support children in Asia's developing countries.

In fiscal 2013, 3,465,558 yen from 346.35 million*2 bottle caps was donated to these organizations. The funds will provide vaccines, nutritious food, and books to children in Asia.

*1 The three international organizations are:

Plan Japan
Save the Children Japan
Japan Committee Vaccines for the World's Children

*2 Caps collected from August 21, 2012 through August 20, 2013.



Nutritious food for children in Vietnam
© Save the Children Japan



A grant for library books and library furnishings was made for children in minority ethnic groups in Vietnam
© Plan Japan



Vaccination of children in Madagascar
© JCV, all rights reserved



Fundraising Activities (FY 2013)

Activity	Activity period	Participating Companies	Funds raised from customers and employees	Aeon 1% Club Contributions	Total Amount	Donees
The AEON and UNICEF Safe Water Campaign	April 6, 2013 – June 9, 2013	7,000	¥26,568,791	¥29,175,791	¥55,744,582	The Japan Committee for UNICEF
Support China Sichuan earthquake disaster	April 22, 2013	—	—	¥10,000,000	¥10,000,000 *1	Embassy of the People's Republic of China in Japan
Donation to the school establishment support in Myanmar	September 14, 2013 – November 12, 2013	7,000	¥35,699,909	¥40,882,591	¥76,582,500	The Japan Committee for UNICEF
Philippine Typhoon Emergency Relief Aid	November 11, 2013	—	—	¥10,000,000	¥10,000,000	Embassy of the People's Republic of China in Japan
Emergency reconstruction assistance for damages caused by Philippine Typhoon	November 13, 2013 – November 24, 2013	8,000	¥48,003,806	¥51,996,194	¥100,000,000 *2	Embassy of the People's Republic of China in Japan
24-hour television	June 15, 2013 – September 1, 2013	11,234	¥397,647,629	—	¥335,229,142	Nippon Television Network Corporation "24-Hour Television Charity Committee"
Total			¥507,920,135	¥142,054,576	¥587,556,244	

*1 Amount plus 1,495,965 yen sales of TOPVALU natural mineral water

*2 Fundraising through WAON point and Aeon card, accepted by ion bank ATM also performed further, fund-raising total was combined with the proceeds of such charity T-shirt

Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees	Accumulated funds	Donees
Red Feather Community Chest	October 1, 2013 - October 31, 2012	¥15,718,033	¥238,377,936 (1983-2012)	The Central Community Chest of Japan

Fair Business Practices

Promoting the Aeon Supplier Code of Conduct(CoC)

●Aeon Supplier Code of Conduct*

The products we deliver to customers are procured and manufactured around the world and made after undergoing various processes. As the distributor, Aeon recognizes that it has a responsibility through the entire supply chain, from raw materials to commercialization. Based on this, we are working closely with suppliers to ensure the safety and security of the products we carry.

Based on the Aeon Supplier Code of Conduct (CoC) formulated in 2003, we check to make sure that the employees and workers of suppliers are working in sanitary workplaces and that suppliers are in compliance with all relevant laws as well as encourage improvements be made where necessary. Currently, we require suppliers of TOPVALU and TOPVALU Collection products to comply with the CoC.

As of February 28, 2014, approximately 900 suppliers have submitted documentation verifying they are in compliance with the CoC.

* CoC:Code of Conduct

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

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. **Health and Safety:** Provide safe, healthy workplaces
4. **Freedom of Association and Collective Bargaining:**
Respect employee rights
5. **Discrimination:** Discrimination on the basis of place of origin or creed is prohibited
6. **Disciplinary Practices:** 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. **Trade:** Comply with local laws on commercial transactions
12. **Certification, Audit, and Monitoring and Renewal:** Accept certification, auditing and monitoring under the Aeon Supplier Code of Conduct
13. **Ban on Gifts:** Gift-giving between Aeon and suppliers is prohibited

●Auditing Our Manufacturing Partners

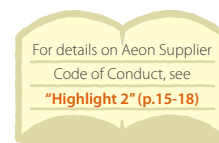
Aeon audits its manufacturing partners to make sure they are in full compliance with the requirements of the Aeon Supplier Code of Conduct (CoC). Audits include third-party audits carried out by professional auditing firms that objectively evaluate conformity with standards, second-party audits performed by Aeon auditors who monitor suppliers while encouraging dialogue, and first-party audits carried out by suppliers to maintain and improve their management systems. Different levels of audits are performed based on the results and we provide various forms of support to improve the management practices of suppliers.

Audits are essentially carried out once every two years, but this interval is sometimes accelerated if a supplier is determined to be of high risk.

The Aeon Supplier CoC does not call for surprise audits because its primary goal is to foster trust and cooperation with suppliers. Third-party audits are checked by an evaluation organization different from the auditing firm to ensure the objectivity and reliability of audit results.

In terms of raw materials, currently we have yet to begin confirmations using direct audits, but our manufacturing partners have been asked to require and check that their second and third tier suppliers comply with the CoC.

In this manner, the final goal of the Aeon Supplier CoC is to build a supply chain where management practices and competencies are continually improved.



Procedure of 'Aeon CoC' Certification and Audit



●Developing Accredited Auditors for Second-Party Audits

Today there has been a rise in the number of labor issues overseas and the manufacturing plants for TOPVALU products are no exception. Second-party audits are carried out by Aeon Group employees both in Japan and overseas and the development of secondary-party auditors has become very important given the increasing number of risks overseas. Given this belief, Aeon has established the development of accredited auditors for second-party audits as a KPI.

Auditors not only carry out audits and prepare reports, they also provide advice when improvements are necessary and continually provide support to ensure plants conform to the CoC. Depending on the region, we are expanding our local production and local sales of TOPVALU products, which has resulted in an increase in the number of audits performed. Second-party auditors are also asked to provide assistance when sales and business development staff select all new manufacturing partners, making their work wide reaching and requiring a high

level of quality. The development of auditors has become an urgent task because of the extended period of time required to train them from auditor candidates all the way to independent second-party auditors.

Given this situation, we are enhancing our training programs led by our highly experienced second-party auditors, providing easier access to on-the-job-training opportunities, and creating training manuals. As a result, we have increased our team of second-party auditors from 10 in 2010 to 33 as of February 2014.

Going forward, we will increase the number of leaders and provide even more concentrated training, while building a framework to ensure that our head office can regularly evaluate the skill level of auditors.

FY2013 Results and Target of KPI

Establishment of Audit System Linked to TOPVALU First

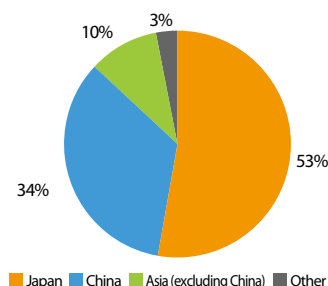
• 7 in Japan, 26 overseas * Including 8 local auditors



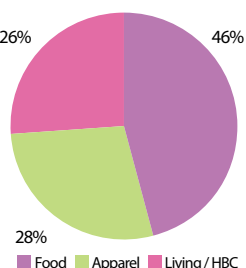
Audit results of FY 2013 year-end

Third-Party Audits

Factories which carried out Third-Party Audits <by region> (Cumulative total of FY 2013 year-end)

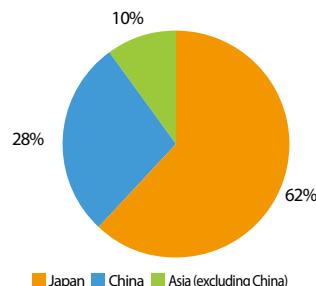


Factories which carried out Third-Party Audits <by category> (Cumulative total of FY 2013 year-end)

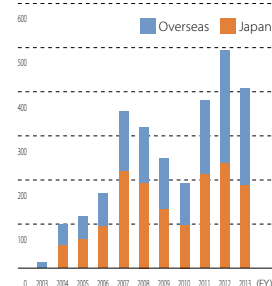


Second-Party Audit

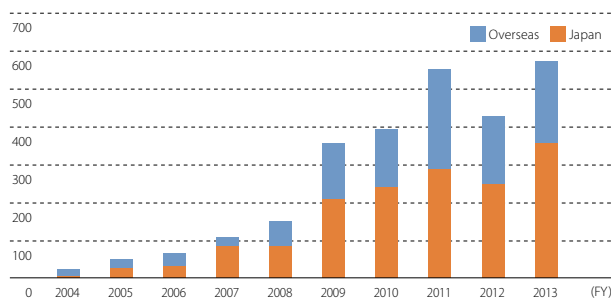
Factories which carried out Second-Party Audit <by region> (FY 2013)



The number of the Two-Party Audit enforcement factories

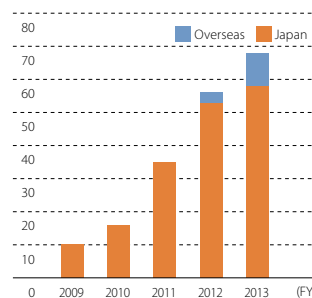


The number of the Third-Party Audits enforcement factories



First-Party Audits

The number of the First-Party Audits enforcement factories



Acquiring and Maintaining SA8000 Certification

After establishing the Aeon Supplier Code of Conduct (2003), 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.

SA8000 certification applies to head office processes and Aeon brand TOPVALU supplier management performed by Aeon Co., Ltd., Aeon Retail Co., Ltd. and Aeon Topvalu Co., Ltd. SA8000 certification is renewed after receiving a renewal audit every three years and a maintenance audit every six months.

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 and Compulsory 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 Association and Right to Collective Bargaining: 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 Practices: 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. Remuneration: 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.

Practicing Fair Trade

Responding to customers' desire to do something through their purchases for the world's underprivileged, Aeon began developing and marketing Fairtrade*-certified coffee, chocolate and other products in 2004.

Furthermore, as we continue to advance our product development, Aeon announced in January 2014 its plans to participate as the first and only Asian company in the Fairtrade Sourcing Programs, which will be launched by Fairtrade International. These programs aim to increase procurement volumes over the medium and long-term to allow increased trade to contribute to improving the livelihoods of product producers. Aeon plans to increase the purchase of Fairtrade-certified cocoa up to ten times more than the current trade volume (equivalent to 40 tons of cocoa beans) by 2020. We will use the cocoa thus purchased as a raw material to increase the number of products we sell.



Aeon's efforts to promote Fairtrade mark their tenth anniversary this year. Aeon is committed to continuing its efforts to support developing countries through the development and sale of Fairtrade products.

* Fairtrade: an initiative for doing business with producers in need of support in developing countries and setting product prices at levels appropriate to the labor involved. The initiative helps producers attain economic and social autonomy and also supports environmental conservation.

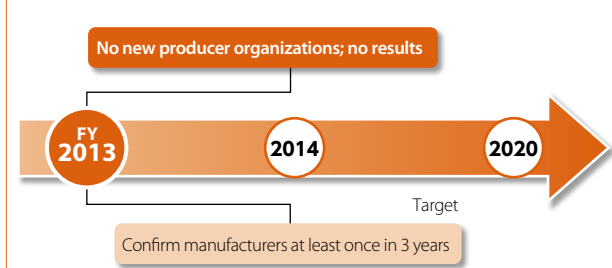


FLO
(Fairtrade International) certification mark

Setting the product packages for the two flavors side by side links Japan with the Dominican Republic, the source country for the cocoa

FY2013 Results and Target of KPI

Confirmation status of Fair Trade Manufacturers for the TOPVALU Brand



Consumer Issues

Safe Food and Reliable Products

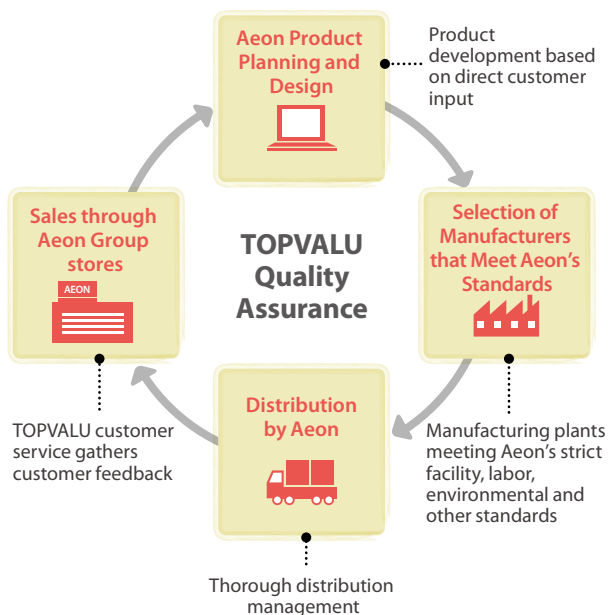
Quality Management of TOPVALU Brand Products

Aeon developed its own TOPVALU brand of products to improve our customers' daily life. In product planning and design, selection of manufacturers, finalization of product specifications, manufacturing management, and sales, we are creating products with our customer's needs in mind.

The Five TOPVALU Commitments

1. We shall reflect the voices of customers in our products.
2. We shall offer safe, reliable, and environmentally friendly products.
3. We shall present product information in an easily understandable way.
4. We shall products at affordable prices.
5. We shall guarantee our customers' satisfaction.

TOPVALU Quality Assurance



●Product planning and design

During product planning and design, our development, quality control, 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 without any health or safety risks.

●Selection of manufacturers

We select manufacturers by first performing Aeon Supplier Code of Conduct (CoC) audits, product safety examinations, and plant hygiene inspections.

●Determination of the product specifications

Customer monitors and Aeon employees evaluate the prototypes, considering matters such as raw materials, additives, and manufacturing processes.

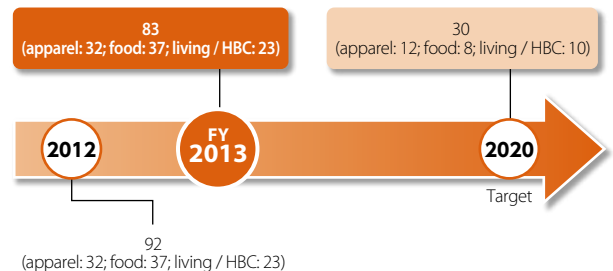
●Distribution and sales

Following that, Aeon finalizes product specifications and then inspects production and sends only products that meet the criteria to stores. Thereafter, regular product quality evaluations, plant hygiene inspections and other types of audits are conducted to make sure that the products we offer are both safe and reliable.

In this way, we are implementing initiatives aimed at ensuring product safety and security from various perspectives. In case a defect or flaw is discovered in a product despite these initiatives, Aeon informs the public of the fact as quickly as possible and calls back and withdraws the product in question. In fiscal 2013, Aeon reported 83 serious product accidents.

FY2013 Results and Target of KPI

Number of TOPVALU Products Removed due to Serious Incident



Fiscal 2013 TOPVALU Product Accidents

●Food

Strawberry Jam 3 items: Residual pesticides exceeding the acceptable standard were detected in certain units. →Voluntary recall

Onigiri (rice balls) and Obento (Japanese box lunch) : Chinese grown rice was mixed in with the polished rice delivered by the wholesaler despite the product being labeled as made from Japanese grown rice. →Voluntary recall

●Living / HBC

TOPVALU Pocket Coil Mattress: Reports of injuries caused by the coils breaking through the top of the mattress. →Recall announced on the Aeon website and in stores

TOPVALU Oven Toaster with temperature adjustment function: Product recall in light of accidents involving breakage of glass. Announced in newspapers, on the Aeon website and in stores as well as in direct mailout to Aeon cardholders.

Aeon will strive to prevent product accidents through efforts that include identifying problem areas based on customer feedback to avoid reoccurrence of an issue, strengthening relationships between related departments and reviewing problem areas at the production and shipment phases of a product.

Labelling and Disclosing Product Information

Aeon is working to label and disclose information necessary for consumers to choose TOPVALU brand products in a clearer and easier manner to ensure they can be used and consumed by customers with peace of mind.

●Labeling of Food Allergens

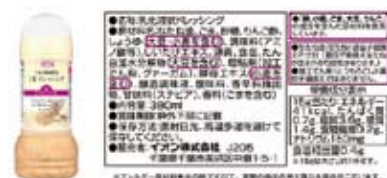
Aeon uses standardized icons to on the outside of all food product packaging to ensure consumers can easily identify nutritional information and food allergens contained in products^{*1}.

The information covers use of seven officially designated ingredients that by law must be displayed on the outside of product packaging^{*2}. The back label of products also contains the 20 secondary items recommended for inclusion in product labeling, bringing the total number shown to 27 ingredients^{*3}. We also strive to include, where possible, food allergens that are handled in the manufacturing process and therefore could be found in trace amounts in the product. Inspections are also conducted every year on applicable products to confirm labeling accuracy.

^{*1} Icons are not used yet on certain products.

^{*2} The seven officially designated ingredients, which are the most common and most serious allergens and must be displayed according to law, are eggs, milk, wheat, prawns, crab, buckwheat and peanuts.

^{*3} The 20 secondary items: the 20 secondary items recommended by the national government for inclusion on labeling are abalone, squid, salmon roe, oranges, cashew nuts, kiwi fruit, beef, walnuts, sesame, salmon, mackerel, soy beans, chicken, bananas, pork, matsutake mushrooms, peaches, yams, apples, and gelatin.



Labeling of Food Allergens

●Labeling of Genetically Modified Ingredients

In April 2001 legislation in Japan enacted a labeling system for genetically modified ingredients, but even before this, in September 2000, Aeon began labeling TOPVALU brand products that contain genetically modified ingredients in response to urging from our customers. We have expanded the scope of items labeled and strive to provide labeling even for items not mandated by law. Additionally, 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

The labeling of the place of origin of 24 food items, including dried mushrooms, green tea, and konjac, among others, has been required by law in Japan since October 2006. In order to address customer requests and inquiries, for TOPVALU brand products, Aeon strives to provide the place of origin for products as much as is possible and not just for those food items required by law. In addition, we have established clear quality standards for ingredients irrespective of their place of origin and investigations that include testing of ingredient standards and residual pesticides. At the same time, we sign agreements with manufacturers and carry out our own verifications when necessary.



Labeling of Place of Origin of Ingredients

●Disclosing Information on Domestic Beef

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.

^{*} 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.

TOPICS

TOPVALU renews package design to make it more intuitive for customers

Aeon's TOPVALU brand is now celebrating its 40th anniversary. In February 2014, we restructured and renewed the package design this private brand, as part of efforts for meeting customer needs that are constantly changing along with the times. In renewing the labeling and packaging, we strove for more enhanced communication of product information and simpler, more intuitive design.

"AEON" Logo and "TOPVALU Ribbon"

As a way to more expressly convey that the TOPVALU brand represents the values promoted by Aeon, the "AEON" logo was added to the packaging, while the TOPVALU logo color was changed from its previous red to magenta, the color used for the "AEON" logo. Also, the "TOPVALU Ribbon" was incorporated in the logo design. The ribbon is intended to convey our commitment to customer service, which is symbolized by the image of a gift wrapped in ribbon.



●Product Stories

With the intention of effectively communicating the value and merit of each product to customers, Aeon is summarizing background information in the form of a "product story" printed on the package.

Indication of Allergens and Nutritional Components

As a measure that helps customers more easily understand the information of allergens and nutritional components contained in each product, relevant icons will be unified across the entire food product range to be indicated on the package.

●Disclosing Information on Agricultural Product Producers

In 2003 we established the Producers Data Search System for AEON's TOPVALU Gurinai products to give customers online access to information on producers. Since 2004, we have also added a barcode function that allows customers to access producer data by reading the QR code. The data includes the place of origin as well as the commitment of the producer and how the item was grown.

In fiscal 2013 a cumulative total of approximately 74 agricultural products were labeled with QR codes.

* Products that differ by prefecture and that have more than one type are counted as a single product.



Products labeled with QR codes

●Disclosing Information Related to Radioactivity and Radioactive Material

Following the Great East Japan Earthquake, there were increasing questions from customers about product place of origin. In response, Aeon has been publishing the results of radiation testing on its website.

●Search System for Manufacturing Plant Codes

Aeon is ultimately responsible for all aspects of TOPVALU brand products, from planning to designed and marketing and this is why Aeon Co., Ltd. is labeled on all product packaging as the distributor*1.

Consumers can check the manufacturing plant and its address for food items or food additives using a unique code comprising numbers and letters labeled on the product and reported to Japan's Consumer Agency*2. This system can be accessed from the TOPVALU website. Consumers can find the exact name and location of the manufacturing plant simply by entering the code on the online form.



Search screen of the Search System for Manufacturing Plant Codes

*1 The code is found on the cap of PET bottles and other beverages. The location of the code differs for each product. Consumers are asked to check the packaging directly.

*2 Manufacturing plant code: When fully responsible for the safety of food, the distributor must report and receive approval for unique codes assigned to the manufacturing plant of foods or additives to Japan's Consumer Agency in accordance with Article 10 of the Cabinet Order on Labeling Standards based on Article 19-1 of the Food Sanitation Act. The country of origin and address of importer must also be labeled when importing foods or additives in accordance with the Food Sanitation Act and JAS Act.

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.

At the end of February 2014, 23 companies and 1,305 stores from our GMS Business and SM business have implemented the

Aeon Food Sanitation Certification System, while a total of 8,086 workplaces had obtained certification.

●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, sell by dates that are set for each product, and to check the freshness of fresh produce.

●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.

Store Safety and Security

Improving the Earthquake-resistance of Stores

During the Great East Japan Earthquake many of our store buildings suffered extensive damages, which in some cases even caused loss of life. For this reason, Aeon is moving forward with improving the safety and earthquake resistance of its stores, giving utmost priority to protecting people's lives and those stores in areas where a major earthquake with seismic intensity of at least upper 5 is expected to strike, in accordance with its own set of standards that are even stricter than those required by law.

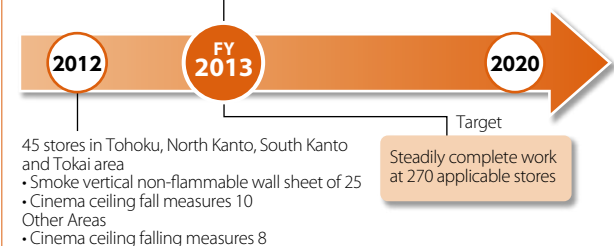
The number of Aeon Retail Co., Ltd's stores that will be receiving safety and earthquake resistance work is 279. As of the end of fiscal 2013, work had been completed at 78 of these stores. In fiscal 2014, we plan on completing work at 35 more stores based on a new plan based on changes made by the national government's latest earthquake scenarios.

In addition, there were 32 Aeon Mall Co., Ltd's stores that required this same work, with work being completed at all locations during fiscal 2013. Going forward, we will examine and implement work at Aeon Kyushu Co., Ltd., and Aeon Hokkaido Corporation.

FY2013 Results and Target of KPI

Safety and Security Infrastructure Development

- Of the 279 applicable Aeon Retail stores, safety reinforcement construction was completed at 78 of the 118 stores on property owned by Aeon
- Construction was completed at all 32 applicable Aeon Malls
- Expanding the scope to Aeon Kyushu and Aeon Hokkaido stores was taken under consideration



Fire Prevention and Disaster Preparedness

Aeon, as a commercial enterprise with large numbers of customers, is implementing disaster prevention measures and drills to ensure quick action and the safety of our customers and employees in disaster.

●Group-wide disaster prevention and safety drills

Taking lessons from the experience of the Great East Japan Earthquake, Aeon has been conducting Group earthquake disaster drills twice a year to ensure quick action for the safety of employees and customers in the event of a disaster.

In fiscal 2013, the drills were conducted in July and November. In the drills held in November, Group-wide training was carried out based on our Business Continuity Plan (BCP) assuming an earthquake in the Nankai Trough. These drills were the first opportunity for us to use the Headquarters Disaster Prevention Room, established at the end of 2012.

In March 2014, we established the Aeon Komaki Crisis Management Center at the Aeon Komaki Store in Komaki City, Aichi Prefecture, based on our business continuity plan that envisions a major earthquake striking directly underneath Tokyo. The Center will serve as the head of Aeon's operations in case the Makuhashi Headquarters is damaged so badly during an emergency that it cannot function. In July 2014 a disaster drill was held including the Center for the first time.

Going forward, we will hold recurring drills while adjusting our predictions in order to swiftly respond during disasters and emergencies.



Disaster drill (Disaster Prevention Room inside the Makuhashi Headquarters in Chiba Prefecture)



Disaster drill held at the Aeon Komaki Crisis Management Center

●Fire Prevention Drills 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 have been conducted twice a year and earthquake response drills run once a year. Following the Great East Japan Earthquake that struck in March 2011, however, we have decided to increase the number of earthquake response drills to two per year. We strive to make these drills as realistic as possible by changing the scenario for each based on a variety of possible disasters. 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.

●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 as well as local Group company stores 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

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 2010, we established the Aeon New Influenza Integrated System and a framework for ascertaining the extent and spread of the virus at Aeon Group stores and business sites across Japan. In November 2010, we established the Attenuated Virulence New Influenza Rules to clearly separate our response based on the virulence of the new influenza virus.

From the end of fiscal 2013 to the second half of fiscal 2014 we will apply for recognition as a registered business requiring flu vaccines under the Act on Special Measures for Combating New Flu Viruses and strive to build a system that ensures operations can be continued during an epidemic.

Raising Safety Levels of Store Facilities and Fixtures

Aeon works to enhance safety for facilities and fixtures used in its stores to prevent accidents involving customers.

●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.

In addition, at our new stores we have reduced the speed of down escalators from 30 meters per minute to 20 meters per minute as a means to preventing falls by senior citizens.



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 2014, Aeon has installed a total of 1,639 AED units at 967 stores and shopping centers. In addition, store management, security guards and other staff members are trained in emergency lifesaving techniques.

In fiscal 2014, we plan on expanding this coverage to include small supermarkets that typically do not have many AED onsite.

Creating a Convenient and Comfortable Store Environment for Everyone

Aeon developed its own building standards based on the Heartful Building Law of 1994 (revised December 2006 as the Barrier Free Law^{*1}). We use these standards when building new stores or remodeling existing locations. As of the end of February 2014, over 720 of our facilities had been certified as compliant with the Barrier Free Law.

We are also committed to incorporating universal design elements, to strengthen store function and design. Recognizing that the number of seniors among our customers is increasing, we aim to incorporate universal design concepts in all of our stores.

^{*1} The Act for Buildings Accessible to and Usable by the Elderly and Physically Disabled, also known as the Heartful Building Law, was revised and renamed the Barrier Free Law in December 2006.



Step-free entrance
(AEON LakeTown)

“Care Fitters” and “Supporters for People with Dementia”

We encourage Aeon employees to acquire Care-fitter^{*1} certification to help ensure that seniors and people in need of assistance can shop at our stores with total confidence. Certified Care-fitters numbered 10,407 as of the end of February 2014.

Also, to allow a proper understanding of dementia and to enable employees to provide proper assistance, a training course is being offered to employees so they can earn approval as “Supporters for People with Dementia”^{*2}.

In November 2013, approximately 800 of the employees of the Aeon Makuhari New City store attended the training in preparation for their store’s opening. As of the end of February 2014, there are 43,662 Dementia Supporters, the largest number among companies in Japan, and 832 “Caravan Mate” instructors for the training course.

^{*1} Care-fitter: a certification administered by the non-profit Nippon Care-Fit Service Association (which changed its name to the Nippon Care-Fit Education Institute (a public interest incorporated foundation) in April 2014).

^{*2} Supporters for People with Dementia: people certified through a prescribed curriculum course implemented by municipalities and other groups. Supporters have an understanding of dementia and are able, within their abilities, to give care to, watch over, and give support to people with dementia and their families.



Care-fitter Training
Session



Supporters for People
with Dementia of Aeon
Makuhari New City



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

Consumer Issues

Serving as a form of life style infrastructure that protects the local community

Establishing local temporary shelters [Aeon ECO Project: Protection Strategy]

Aeon has established a goal to set up 100 disaster-prevention facilities across Japan by the end of fiscal 2020 as part of the Aeon ECO Project (see page 27).

The role of a disaster-prevention facilities is to provide a temporary refuge during a disaster, to serve as a hub for rescue and first-aid activities, and to provide access to daily essentials. To fulfill this role, stores serving as a local temporary shelter feature back-up generators and water tanks to prepare for a power outage and/or water stoppages that will likely occur during and after a disaster.

In fiscal 2013, we established disaster-prevention facilities at 5 stores, including Aeon Mall Yahatahigashi, Aeon Mall Tsukuba, Aeon Mall Makuhari New City, Aeon Mall Toin and Aeon Mall Osaka Dome City.

In fiscal 2014, we plan on establishing disaster-prevention facilities at an additional 14 stores, with the goal of reaching more than 100 by 2020.



Private power generation equipment installation

TOPICS

Agreement concluded with the Japan FM Network for building a comprehensive disaster preparedness network

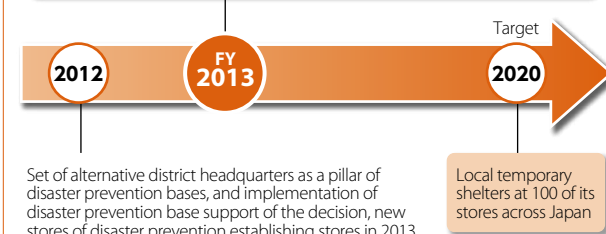
In November 2013, Aeon and the Japan FM Network (JFN), including FM Tokyo, concluded an agreement on building a comprehensive disaster preparedness network in case of a disaster. Under this agreement, Aeon, which is aspiring to serve as a disaster-prevention facilities for communities during a disaster, and JFN's network of 38 radio stations will work together to build a disaster preparedness network that spans from confirming peoples' safety to providing supplies and information during a disaster.

Aeon stores will be connected to their local FM station from the prefecture by satellite phone to share information and convey information to people seeking temporary refuge at Aeon stores. Also, information on the store's hours, services and supplies will be provided through the location radio station and shared with the rest of Japan through nationwide broadcasts.

FY2013 Results and Target of KPI

The number of local temporary shelters

Established and stocked temporary shelters at five stores: Aeon Mall Yahata Higashi, Aeon Mall Tsukuba, Aeon Mall Makuhari New City, Aeon Mall Toin, and Aeon Mall Osaka Dome City



Consumer Issues

System of Dialog with Customers

System for Listening to the Opinions of Customers

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.

●Suggestion Boxes and Communication Boards

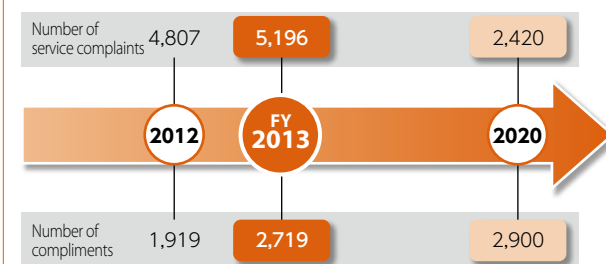
Each Aeon store has set up a box for customers to put their opinions in and a board disclosing the opinions and Aeon's response. Comments and suggestions provided by customers are replied to directly by a store representative and posted for others to see. We receive many suggestions from customers about 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

FY2013 Results and Target of KPI

Number of Complaints and Compliments Received



●Customer Service Department

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.

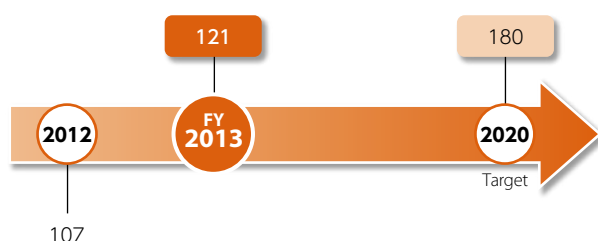
A total of 97,504 opinions (service complaints) were received in fiscal 2013 from our customers, marking a 12.9% increase compared to fiscal 2012 (21,908 opinions). This is because the number of product inquiries increased in proportion to the expansion in TOPVALU product lineup and sales.

The number of service complaints stood at 5,196, which was 108% of fiscal 2012, or an increase of 389 complaints. The number of compliments received was 2,719, which was 141.7% of fiscal 2012, for an increase of 800.

Going forward, we intend to listen carefully to the opinions of each and every customer to provide them with better services and products and to help us attain our targets for the year 2020.

FY2013 Results and Target of KPI

Number of Products Developed / Improved based on Customer Feedback



●Customer Monitor Program

Aeon has established two customer monitor programs to create products that customers want and to improve quality.

First is the in-store monitor program where customers who visit the store to shop are asked to become monitors who assess the flavor and texture of food products without being told anything about the product itself. Second is the home use monitor program where customers test out a product in their own home. This program was newly launched in fiscal 2013 and assessment criteria include not only taste, but also quantity, price and ease of use.

In fiscal 2013, nearly 100,000 customers participated in either of our monitor programs, evaluating over 2,000 products. In a "product database," we are digitizing and compiling the evaluations from monitors, including categories such as quality, packaging, and inclination to purchase.

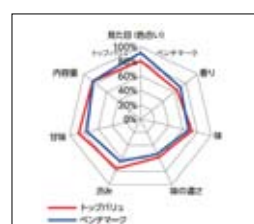
Going forward, we aim to fully employ the product database to continue refining the appeal of the TOPVALU brand and to further satisfy customers.



At-home product monitors



In-store monitors



Product database (Excerpt)

TOPICS

Examples of Product Development and Improvements Made Based on Customer Feedback

●Food

BARREAL

The pull tab was modified by the manufacturer in January 2014 after reports that the pull tab fell off when opened. In 2013, there were on average 18 reports a month, but in January and February 2014 this number had declined to 4.

●Apparel

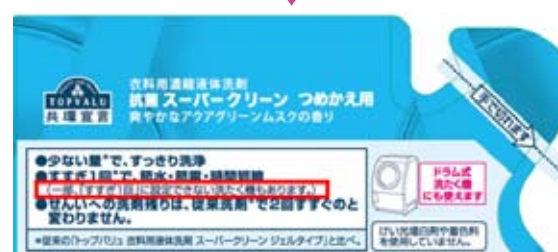
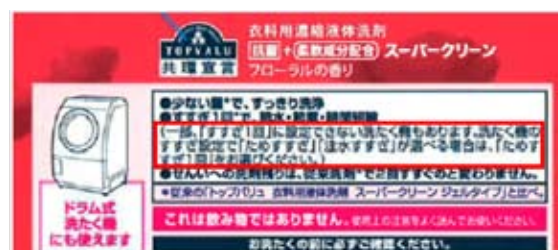
TOPVALU Baby Underwear

The design was improved after reports that the label was scratchy.

●Living / HBC

TOPVALU Super Clean

The product use label on the packaging was changed.



Human Rights / Labor Practices

Promoting Diversity

Amidst business globalization and the requirement to respond rapidly to differences, Aeon established the Diversity Promotion Office in July 2013 to continually create new value by leveraging its diverse pool of human resources and respecting the unique traits of each individual employee. As the first step in this process, we have launched efforts to reach our goal of becoming recognized as the best employer for females in Japan and the company where female workers most want to work.

Fiscal 2014 has been designated as year one of Aeon's diversity efforts and we will create a roadmap to formulate the Aeon Diversity Declaration as well as define and achieve our future vision for 2020.

Basic principles on personnel

With the primary objective of management based on respect for human rights, the Aeon'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.

Five Human Resources Principles

1. Fairness
2. Respect
3. Openness to change
4. Rationality
5. Ability Development



●Appointment of Female Managers

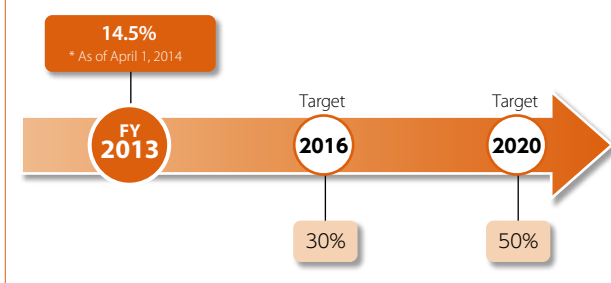
Aeon is proactively working toward appointing more female managers based on its KPI for the ratio of female managers.

As of April 1, 2014 our ratio of female managers was 14.5% (including consolidated subsidiaries).

Moving forward, we will continue to promote initiatives aimed at our goal of boosting this ratio to 30% in fiscal 2016 and 50% by fiscal 2020.

FY2013 Results and Target of KPI

Female Manager Ratio



●Hiring Employees of Foreign Nationality , Group International People to People Exchange Programs

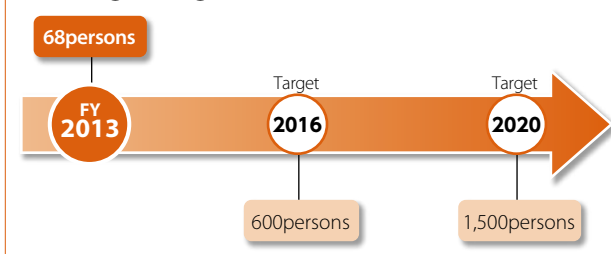
To meet the goal to expand our presence in Asian countries outlined in our three-year medium-term management plan, which started in fiscal 2011, Aeon plans actively hiring young human resources, who will form the cornerstone of future management not only in Japan, but also in China, Malaysia, Thailand, Indonesia and Vietnam.

Ever since our three-year medium-term management plan and strategy of shifting to Asia started in fiscal 2011, we have worked to hire a multinational workforce of people that will help us realize our dream and goal of becoming Asia's pre-eminent retailer. Our hiring goal for the three years between fiscal 2011 and fiscal 2013 was approximately 10,000 people (7,000 in Japan and 3,000 overseas), and by the end of fiscal 2013 we had hired 7,700 people in Japan and 2,700 people overseas, for a total of more than 10,000.

Going forward, Aeon will do its utmost to hire human resources in Japan, China and the ASEAN region that can take active roles on the global stage, beyond borders, and to encourage greater international exchange within the Aeon Group.

FY2013 Results and Target of KPI

Group International People to People Exchange Programs





Formulating a Medium and Long-Term Action Plans for the Advancement of Women

Aeon has taken the lead in establishing diversity promotion systems at all Group companies, with such systems now in place at 10 business divisions and 14 companies and quantitative analysis and hearings performed on every company. As a result, we have set six initiatives aimed at finding solutions to the four priority themes shared across the entire Aeon Group. In April 2014, we established implementation systems at around 60 Group companies and convened a kick-off meeting involving corporate leaders and diversity managers. In addition to a keynote address, the kick-off meeting featured a discussion on the future approach to the advancement of women. Going forward, we plan on creating and executing specific initiatives and measures after the current situation of each subsidiary is fully understood.



Kick-Off Meeting with Planning Leaders from 60 Aeon Companies

Four priority themes/ Six Initiatives

Four priority themes

- | | |
|----------------------------|-----------------------------------|
| 1 Work-life management | 2 Advancement of women |
| 3 Corporate culture reform | 4 Management consciousness reform |

Six Initiatives

1. Effecting ongoing management priorities
2. Establishing a group-wide planning and promotion structure
3. Reforming mid-management consciousness
4. Evaluating and revising current operation criteria and processes
5. Expanding women's self-awareness and change based on experience and education
6. Creating systems to balance work and life events

Establishment of Nurseries at Shopping Centers

Aeon is promoting the establishment of nursery facilities at shopping centers as a way to help women balance work and childcare after giving birth and to smoothly re-enter the work force. The nurseries support Aeon people working at the shopping center, as well as shop employees and shoppers, and are open from early morning to nighttime 365 days a year.

The system was instituted at Aeon Mall Makuhari New City, and we plan on establishing nurseries in every prefecture by 2020, giving priority to where we have large numbers of employees and there are a large number of waitlisted children.



Nursery facilities (image)



Diversity benefits customers, employees, and companies

From the time of the establishment of JUSCO, Aeon's predecessor, the organization was committed to an equal opportunity employment policy of nondiscrimination on the basis of gender, nationality, education, previous employment, age, etc. Aeon's Diversity Office is currently carrying out initiatives to assure that an environment to maintain these concepts continues. Our aim is to link customer, employee, and company satisfaction with a diverse climate in the business organization.



Emi Tanaka
Office of Diversity
Manager
AEON CO., LTD.

●Employment for People with Disabilities

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

As of June 2014 the employment rate of people with disabilities for Aeon and all consolidated Aeon Group companies was 2.05%, which exceeded the statutory requirement of 2.0%.

At Abilities JUSCO Co., Ltd., a special subsidiary established in 1980, people with disabilities take on the challenge of realizing their own potential, working at 10 Scrum CD stores in the Tohoku region alongside able-bodied staff (as of February 28, 2014).

From fiscal 2014, we established the employment rate of persons with disabilities as a KPI in order to make further efforts toward hiring persons with disabilities. Moving forward, we will continue to encourage the hiring of persons with disabilities and be a company where everyone finds it easy to work.



●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., Ltd. 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 parttime 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. It also makes it possible for anyone to take on the challenge of a higher position, including willing Community Employees if they fulfill certain conditions set by the company.

* 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.

●Improving System for Employing the Elderly

Aeon Retail instituted a mandatory retirement age of 65 starting in 2007 in order to meet the needs of the company, which wants to continue employing people over the age of 60 that are highly motivated and hard working, and the needs of the worker, who want to continue working in a stable environment. In addition, today the number of consolidated subsidiaries that have instituted a mandatory retirement age of 65 has now reached 41.

As of April 2014, more than 1,600 employees (full-time) across the Aeon Group were over the age of 60. Their broad range of

experience, skills and knowledge are being fully utilized in our businesses.

■ Training Programs Supporting the Growth of Employees

Aeon believes that the greatest form of welfare is education. This phrase embodies the thought that education, in addition to wages and benefits, is key to enriching the lives of its employees.

Given this, we have created a wide range of training programs that support the growth of employees and their desire for advancement.

●Aeon Fundamental Education

This is provided for the first three years following employment with the same content Group-wide. Besides sharing Aeon's basic philosophy and set of values, the education aims to get employees to completely master the corporate culture and basic skills as Aeon people.

●Aeon Group Self Declaration Form System

This system encourages transfer within the Aeon Group beyond the framework of the company amid the many different business domains covered by the Aeon Group. In fiscal 2013, a total of 538 forms were submitted from employees of 41 different companies.

●Sending Personnel to Graduate Schools in Japan

Under this system, Aeon selects employees from Group companies to enter graduate school in Japan (MBA course) as a means to develop human resources that will take charge of managing the Aeon Group in the future. The aims are for them to learn specialized knowledge related to management and build networks outside of the company.

●Management Trainee System

Under this system, exceptional personnel are dispatched to Group companies across borders in Japan, China and the ASEAN region. The aims are to get the employees to learn new knowledge and skills through business experience and training overseas and to develop candidates for management at each company through employee exchange.

●Aeon Business School

The Aeon Business School provides courses for personnel to learn the knowledge necessary for the jobs they aspire to. The system supports self-actualization of motivated personnel. 22 courses were held in fiscal 2013 and up to 583 people attended.

●Group Recruitment System

This system enables personnel to challenge the business and job position they aspire to without being restricted by the domain or company they belong to. In fiscal 2013, recruitment was conducted for the junior employee overseas dispatch program and other opportunities at various new businesses within Kajitaku Co., Ltd., Aeon Culture Co., Ltd., and Aeon Reit Management Co., Ltd.

●Internal Certification Systems

Aeon has established a wide array of internal certification systems for specific jobs. Eight of these certifications have been accredited by the Ministry of Health, Labour and Welfare and recognized for their high quality.

Aeon's in-house qualifications Number of qualifications holders* (As of February 28, 2014)

◎Fresh fish master (grade 1)	12	◎Cycle advisor	1,296
◎Fresh fish master (grade 2)	1,678	- Senior cycle advisor	215
◎Fresh fish master (grade 3)	3,301	- Beauty advisor	748
- Baby advisor	669	- Handcraft advisor	193
- Fashion advisor	929	- Senior care advisor	75
- Liquor advisor	521	◎Hot deli master	2,474
- Fish advisor	418	◎Sushi master	2,414
- Digital advisor	313	◎Farm product master	1,201
- Home appliance advisor	93	◎Greenery master	568
- General appliance advisor	68	◎Gardening master	338

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

* Total for Aeon Retail Co., Ltd., AEON SUPERCENTER Co., Ltd., Aeon Hokkaido Corporation, AEON KYUSHU CO., LTD., AEON RYUKYU CO., LTD., Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Kyusyu Co., Ltd., MAXVALU KITA TOHOKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., Maxvalu Nishinohon Co., Ltd. AEON BIG CO., LTD, TAKIYA Co., Ltd, KOHYO CO., LTD. (18 companies)

●Aeon DNA University

In September 2012, Aeon instituted the Aeon DNA University to train the next generation of Aeon management by instilling the philosophy and values of the company passed down since its founding. Group CEO Motoya Okada himself is an instructor at the university. In fiscal 2013 the first and second session of the university were held in August 2013 and February 2014, respectively, and today the third session is currently started. Students will receive in-depth instruction into Aeon's DNA and will contribute to Aeon's future growth as the next-generation of managers.



DNA University Class

TOPICS

"Aeon Tsinghua Academy " Launches its First Training Program

Aeon and the Aeon Group's head office in China, through a partnership with Tsinghua University and the Tsinghua University Education Fund, have established the Aeon Tsinghua University School of Social Science Social Development Research Center, with the goal of promoting industry-academia cooperation in human resource development and research in the field of social sciences. In May 2013, the Center started its first training program, "Aeon Tsinghua Academy", for next-generation management resources of the Aeon Group

This training program, which comprises unique curriculum on management strategy, marketing, IT and other fields that leverage the expertise of Tsinghua University, will be held for the next 10 years involving classes of at least 10 management personnel each year.

TOPICS

Partnership Concluded with the Kanda Gaigo Group for Developing Human Resources that will be Leaders in the International Community

In June 2013, Aeon and the Kanda Gaigo Group/ Kanda University of International Studies concluded a partnership agreement. This agreement is based on the shared awareness of the need to master the local language, values, culture and customs for providing the best possible products and services to customers in Asia.

Under the agreement, Aeon will host internships, Aeon employees will receive language and cultural training by instructors of the Kanda Gaigo Group, and Aeon will organize public lectures on the university's campus for students and local community members.

This industry-academia partnership will play an important role in developing human resources that will be leaders in the international community as well as enhancing the knowledge and qualifications required of next-generation human resources.

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, foreign residents, abuse of power, diversity, people with disabilities 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 meetings held for human resource managers across the Aeon Group. 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.

Creating Pleasant, Comfortable Workplaces

Aeon has been a strong advocate of helping employees balance their work life with their child raising needs. Specifically, we strive to encourage employees raising children to take childcare leave, including fathers, to reduce their overtime work, to take annual paid leave, and to take time off to participate in parents' days at their child's school.

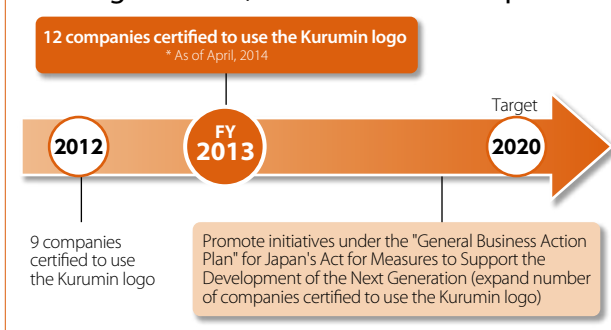
Continuing on from fiscal 2012, in fiscal 2013 we implemented initiatives at each Aeon Group company based on our general business action plan based on the Act for Measures to Support the Development of the Next Generation. As a result, as of April 30, 2014, a total of 12 companies* have been certified to display the Kurumin logo.

Going forward, we will continue to implement measures aimed at this KPI.

* Aeon Group companies certified as of February 2014: AEON CO., LTD., AEON Retail Co., Ltd., The Daiei, Inc., SUNDAY CO., LTD., AEON CREDIT SERVICE CO., LTD., AEON Mall Co., Ltd., AEON RYUKYU CO., LTD., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., ORIGIN TOSHU CO., LTD., CFS Corporation, AEON GLOBAL SCM CO., LTD.

FY2013 Results and Target of KPI

Creating Pleasant, Comfortable Workplaces



Employee Satisfaction Survey

In October 2013, an employee satisfaction survey on morale was conducted targeting all Aeon Group employees.

The results of this survey and employee feedback will be utilized to develop our organization and systems to improve motivation and make our workplaces more employee-friendly, while also enhancing employee and customer satisfaction. The results will also enable us to improve business performance by identifying the strengths and weaknesses of each company.

The results of the survey in fiscal 2013 will be used to propose new measures for fiscal 2014 and beyond.

Securing Work-Life Balance

Four Career Paths for Employees [Aeon Retail Co., Ltd]

Aeon Retail Co., Ltd 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 differences 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.

Going forward, we will further develop our programs and systems so that female employees in particular have a workplace environment where they can thrive professionally, while achieving a work-life balance between their job and marriage or childcare.

The four career paths available to Aeon Retail Co., Ltd. employees (As of February 28, 2014)

- 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

● Childcare and Nursing Care Support Programs

[Aeon Retail Co., Ltd]

Aeon Retail Co., Ltd. makes childcare leave available for up to April 20 of the year the child enters middle school. While the legal requirement under Japan's Child Care and Family Care Leave Act is to attempt to make this available until the child enters elementary school, we have provided extra time because workers often want to take time off after that for other events in their child's life.

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.

The following chart contains data on the number of employees taking childcare or nursing care leave in fiscal 2013.

(Unit: person)

	Childcare leave	Nursing care leave
AEON Retail Co., Ltd.	965 (2)	97 (6)
Aeon Group	1,646 (5)	133 (10)

* Numbers in parentheses indicate the number of male employees taking childcare/nursing care leave

● Welfare Programs

The Aeon Good Life Club, in which some 200,000 Aeon Group employees are enrolled, administers various benefit programs to help members and their families live life to the fullest. Programs include the payment of gift money for celebratory occasions or condolences (mutual assistance), subsidies for childcare and nursing care, various forms of insurance (self-help support), and support for leisure activities and health (motivational assistance).

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.

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. The labor union has encouraged part-time employees to become members, and as of the end of May 2014, the labor union had 215,000 members, including 171,000 part-time employees. We actively work to incorporate employee feedback through workplace meetings participated in by union members.

Helping Employees Maintain or Improve Their Health

Aeon is working to ensure that all of its employees receive regular health exams and that it thoroughly conducts followup, which includes recommendations for additional medical screenings and work schedule adjustments based on the results of the exams, in order to properly manage employees' health in compliance with the provisions of Japan's Industrial Safety and Health Act. To help employees maintain or improve their health, we also have developed an insurance program to provide more comprehensive health exams to employees over the age of 40 that are enrolled in Aeon's corporate health insurance society. 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.

Ongoing assistance under the theme: 'Taking Action for Great East Japan Earthquake Reconstruction - Putting Ideas into Practice'

Although reconstruction efforts continue in the disaster affected areas, there are some obstacles due to the large scale and complexity of the projects and a decline in public interest. In view of that, the government needs to be concerned with creative reconstruction as well as recovery, and local governments need to team with the private sector to develop new attractions in Tohoku. Aeon is working together with communities to build stores to create new city infrastructures.

March 11, 2011 – The Great East Japan Earthquake strikes

We exerted our best efforts and did everything possible as a member of the local community and as a provider of life style infrastructure in local areas

At 3:00pm, immediately after the Great East Japan Earthquake struck, Aeon set up a headquarters response team at the Makuhari head office, based on earthquake and disaster preparedness rules that lay out response protocol. Later in the day, an on-the-spot headquarters response team was established at the Tohoku Company (Sendai Office). Both of these teams took charge of efforts to help customers evacuate stores, confirm the safety of employees, and check damages to stores.

Information collected by these teams was in turn utilized to dispatch support teams and establish a system for delivering relief supplies based on disaster prevention agreements with local governments. We also took steps to ensure the safety of survivors by opening up the sales floor at certain stores as an evacuation site for the surrounding communities. To fulfill our role as an integral life style infrastructure for the local community, we reopened stores as quickly as possible, called on our customers across Japan to help the relief effort with donations, and conducted the Yellow Receipt Campaign. We also began mobile sales services to ensure access was available to our products and services.



Floors of a shopping center were open to disaster victims. Aeon pharmacists used store inventories to fill prescriptions for disaster victims



Operations were restarted on the first floor of Aeon Ishinomaki store on March 31, 2011



Hearing that people in temporary shelters were inconvenienced by stores being far away, Aeon dispatches trucks carrying goods.



Collecting cash donations in front of a store in Japan (March 12, 2011 – May 8, 2011)



"Gambaro (Go) Japan! Yellow Receipt Campaign" disaster-relief campaign (April 8-12, 2011)

March 2012

We launched a variety of initiatives under the theme 'Taking Action for Great East Japan Earthquake Reconstruction - Putting Ideas into Practice'

In March 2012, one year since the earthquake and tsunami struck, Aeon confirmed the resolve of Aeon people to provide ongoing assistance to the reconstruction effort with the announcement of the 'Taking Action for Great East Japan Earthquake Reconstruction - Putting Ideas into Practice' initiative. Under this, Aeon people from across Japan have taken the lead in independently promoting activities nationwide, including the 'Joining Hands Reforestation Program,' in order to replenish the trees in the disaster-affected area, and doing volunteer work together with local governments and NPOs. This 'Project Aeon Joining Hands' is slated to continue with its activities for the foreseeable future. In addition, we created the 'From Tohoku' initiative to deliver products from the Tohoku region to people across Japan via our stores and catalogues in order to help revitalize disaster-hit local economies.



In order to replenish the trees lost to the tsunami in the earthquake devastated areas, Aeon started 'Joining Hands Reforestation Program' to plant 300,000 trees in a 10 year.



Aeon Happy Yellow Receipt Campaign for Disaster Relief continues. The campaign was expanded to three days in March 2012-2013.



Aeon employees have continued volunteer efforts to work along with local governments and NPOs.



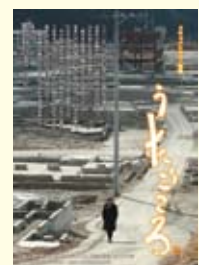
A delicious peach of Fukushima to the all over Japan



The WAO for Tohoku Restoration card was issued in May 2012. 0.1% of the sales amount is donated to children in these disaster affected regions.



We are implementing efforts to convey the importance of forest and green.



Aeon has been engaged in a charity project to screen the documentary film Utagokoro.

March 2013

We continue to work on urban development, and to re-open stores and create new stores.

In FY 2013, we continued our 'Taking Action for Great East Japan Earthquake Reconstruction' program and began a number of initiatives to work with the community over the long term for reconstruction of the disaster affected areas. Our customers throughout Japan could contribute to Tohoku economic stimulus by buying Tohoku products at

Aeon stores. Aeon people could also continue their support through tree planting and volunteer activities such as the "Project Aeon Joining Hands." As a business in the community, Aeon is working hand in hand with people in the affected areas.

Together with our customers -----

Supporting the Children of Tohoku

The Aeon "Happy Yellow Receipt Campaign" is carried out on the 11th day of every month. Starting in 2012, the campaign has been extended every March to three days, during which period 1% of the value of receipts in a specially designated box is earmarked to benefit the children of Tohoku. In fiscal 2014, along with donations from other companies, 111 million yen was donated to foundations that support the 'life' and 'education' for children in Iwate, Miyagi, and Fukushima.



Together with the people of Tohoku ---

300,000 Trees Planted in 10 Years

There is a plan for the planting of 300,000 trees in the Tohoku coastal area over a 10-year period, starting from 2012. In fiscal 2013, 17,870 trees were planted. In 2013, as part of this effort, Aeon started the 'Sapling Foster Parents Campaign of the Tohoku Reconstruction Hometown Forest Program,' inviting customers to take seedlings home to nurture and then return a year later for planting in the disaster affected areas of Tohoku. The seedlings that have been cared for by 'foster parents' are to be collected from all over Japan and planted with local volunteers in Tohoku.



Integrated Aeon Group -----

Aiming for Participation of 300,000 Aeon People

Since 2012, Aeon management and employees have been engaged together in a number of volunteer initiatives throughout Japan to support the disaster affected areas. In fiscal 2013, 63,274 people participated. In fiscal 2014 as well, we are planning 20 dispatches of volunteers to Rikuzentakata city Iwate prefecture, to help in the fields and villages, and to Minami Soma Fukushima prefecture, to mow grass and tidy up houses.



Support performance of 2014 of February

Amounts of Contributions and Donations in Kind

Approximately 5.48 billion yen

Donation amount inside, had you approach from customers 1.45 billion yen
(As of May 2014)

Employees who participated in the disaster area volunteer

Total 1,587 persons

Employees who participated in volunteer activities in the company and around

Total 68,011 persons

Total contributions of Aeon Happy Yellow Receipt Campaign for Disaster Relief

543 million yen

(As of May 2014)

The number of tree planted in the affected area

37,680 trees

"Tohoku Reconstruction WAON" issue number

71,000 cards

'Fast Fish' sales in Tohoku produced raw materials use

Pack more than 2 million



lose UP! Promoting New Town Planning and New Product Development in Tohoku

Creating Safe and Prosperous Living

Contributing to Communities with Stores

Aeon has been supporting people's everyday living, including by serving as an economic base in employing local people, and has been committed to resumption of store operations in the affected areas ever since the occurrence of the Great East Japan Earthquake.

In cities, towns, and villages that suffered extensive damage, much more than simply reconstructing stores is necessary. Large-scale reconstruction, including surrounding infrastructure redevelopment is required. Aeon is creating jobs in stores opened in the Tohoku region, and offering products and services to support daily life. In addition, through the variety of Aeon stores, ranging from super markets to discount stores, convenience stores, etc., Aeon's is creating stores that are responsive to the needs of the community. In fiscal 2013, Aeon opened 33 stores in the six prefectures of Tohoku. In fiscal 2014, Aeon will go on opening stores and working together with local governments and local residents to build prosperous communities.

Sendai, Miyagi Prefecture



The Big Express Shogen Store was opened in March 2013. It is the Aeon Group's first urban commercial park store in Tohoku and it will play a key role in neighborhood infrastructure.

Sukagawa City, Fukushima Prefecture



Sunday Sukagawa Store, a home improvement shop, opened in October 2013. It offers home delivery and rental tools geared to local needs.

Kamaishi City, Iwate Prefecture



Aeon Town Kamaishi opened in March 2014. The buildings and facilities are reinforced against disaster. The new jobs it will create will contribute to the revitalization and development of Kamaishi City.

Support Through Products

Aeon is supporting reconstruction and revitalization of Tohoku agriculture and livestock industries mainly through TOPVALU product lines and other products containing Tohoku ingredients with a "From Tohoku" logo sticker and selling these items throughout Japan. The number of "From Tohoku" products increased five-fold in 2013 in comparison with 2012, to over 200 items. Aeon continues to work with Tohoku producers for product development in 2014.



VOICE

Encouraging Aeon Employee Support

It has already been three years since the Great East Japan Earthquake. Since 2013, we have received much encouragement and support from Aeon in the form of letters and volunteers who help with work in our fields. Strengthened by this, we sold eggs, vegetables, and flowers from our farm and felt energized and hopeful.



Hiroshi Kawamura
Chief of Salad-noen
President of NPO Jin
Minami Soma, Fukushima
Prefecture

Corporate Governance

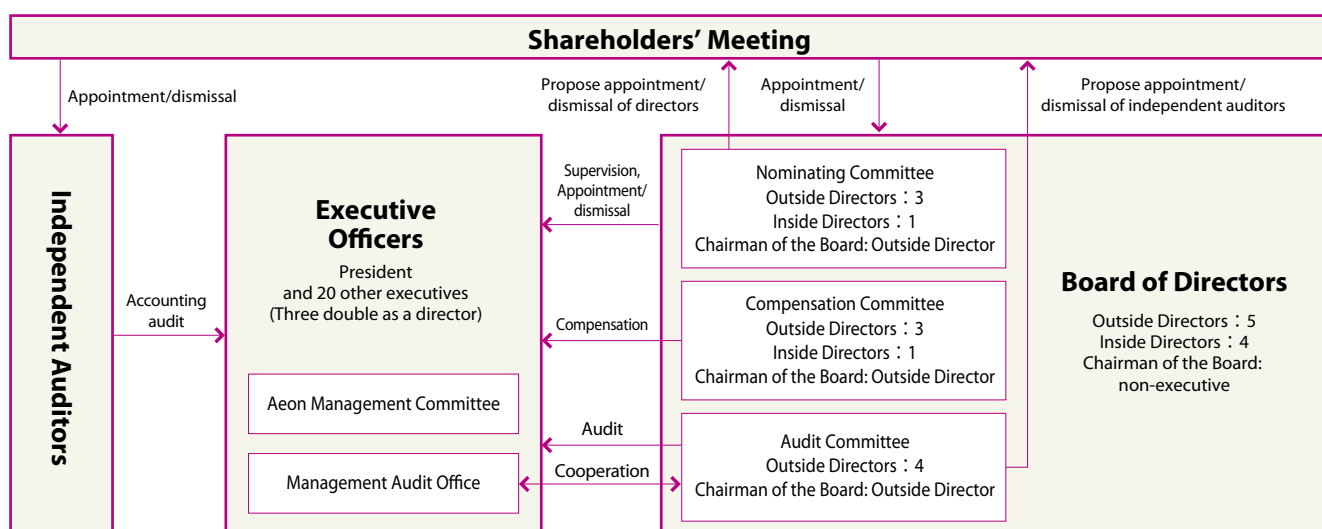
Basic Approach

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.

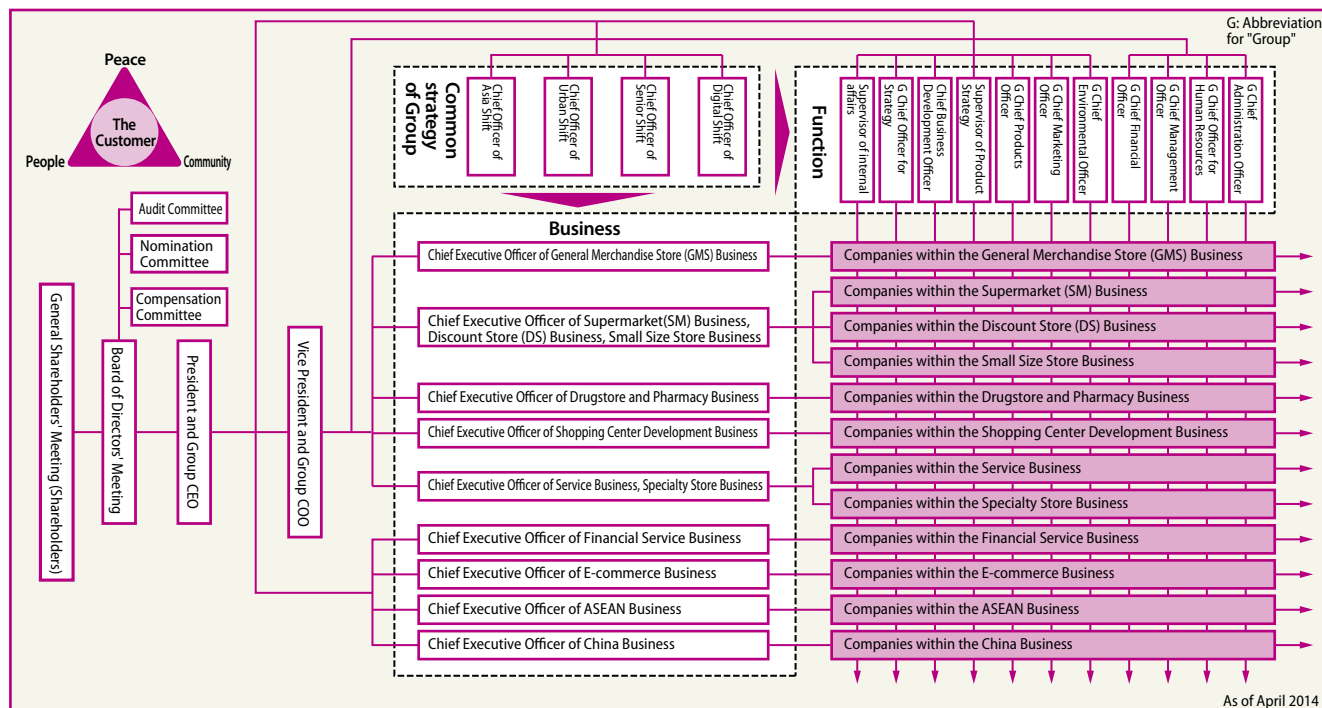
Corporate Governance Framework

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 and long-term goals, which serves to facilitate timely managerial decision making, while the transparency and objectivity of those tasks are ensured by strong supervision from directors, thereby

Corporate Governance Framework (As of June 6, 2014)



Group Management Structure



helping increase shareholder value.

Additionally, against the background in recent years of rapid expansion of our business, Aeon recognizes the necessity of an even stronger governance framework. Based on this recognition, we are pursuing reinforcements of compliance training, financial data monitoring, internal auditing, and our risk management framework, in order to bolster our internal control, including thorough compliance and risk management.

Board of Directors' Meeting and Corporate Committees (FY 2013)

	Held	Main Role
Board of Directors' Meeting	7 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	9 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	6 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.

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 and large-scale earthquakes, 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.

Aeon has taken an organizational response that includes establishing in-house regulations and forming close ties with investigative agencies with the aim of eliminating aggressive anti-social forces.

Response to Incidents, Accidents and Natural Disasters

Due to the effect of global warming, there has been an increase in heavy rain in Japan, and a variety of damage has occurred. To respond to such risks, rules and procedural manuals have been devised at Aeon to respond to large-scale natural disasters and major incidents and accidents and we are implementing education and training to ensure swift and precise responses.

In the event that a large-scale earthquake occurs, we will strive to minimize impacts from the event by quickly guiding customers and employees at store sites to evacuation areas, using Disaster Response Divisions at each Group company to confirm the safety of employees, using the Internet and Aeon's intranet to ascertain the status of each Group company and store site, and sharing information between companies to implement organizational countermeasures.

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 Code of Conduct Hotline as an internal reporting system, and monitoring activities (the Code of Conduct Survey) 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, under the Aeon Basic Principles, in order to serve customers. It is intended as a shared set of values for the Aeon Group.

Aiming to make the Aeon Code of Conduct shared and mutually recognized by all employees, training on the code 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.

Since fiscal 2011, we have been working to create a system to disseminate and instill the Aeon Code of Conduct at Group companies in China and ASEAN nations in line with the 'shift to Asian markets,' one of the strategies outlined in our medium term management plan.

Aeon Code of Conduct

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 ideals.
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 Management Committee, 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 consultations 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 training instructors to disseminate and instill corporate ethics at the workplace level.

Code of Conduct Hotline

Aeon set up the Aeon Code of Conduct Hotline as an internal reporting system for employees 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, and a response is made, 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

Once a year since 2003 we have conducted an anonymous Aeon Code of Conduct Survey of employee awareness 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 to help resolve specific social issues.

In fiscal 2013, we followed on from efforts in fiscal 2012, adding questions related to the Code of Conduct within the morale survey in Japan, and received 96,917 responses from 67 Group companies in Japan, representing an increase of 118.5% in response rate compared with the previous year. Overseas, we instituted a web-based format and received 29,849 responses from 58 Group companies, representing an increase of 116.3% in response rate in year-on-year terms. This significant increase in responses from both Japan and overseas helped us to better ascertain employee attitudes and inclinations.

Promoting Corporate Ethics at Group Companies Overseas

Since 2006, Aeon has begun introducing Code of Conduct training, establishing hotlines, and instituting monitoring systems (the Code of Conduct Survey) at Group companies overseas.

In fiscal 2013, 48 Group companies overseas participated in executive management training. We are expanding our shared and mutual corporate activities year by year, both inside and outside Japan, including newly operating overseas business sites.

TOPICS

Utilizing a Picture Book to Share the Aeon Basic Principles

Aeon makes use of the picture book *Arigatou no Yakusoku* ("The Promise of Thank You," Text by Masato Ochi with pictures by Soya Nagashima) as a tool to share and encourage mutual understanding of the Aeon Basic Principles among new employees, employees of new Group companies, and employees overseas whose native language is not Japanese.

By providing the picture book, which introduces the importance of being grateful and saying 'thank you' in any situation, we aim to boost understanding of the essence of our principles in an intuitive manner.

Education and Training

Aeon conducts training to disseminate and instill the Aeon Code of Conduct as a buttress for 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 how to proceed with related 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 Aeon Code of Conduct Newsletter, published monthly since 2004, presents issues reported or consulted on via the Aeon Code of Conduct hotline, reports on the results of training programs, and conveys Aeon's values through excerpts from the writings of our founder.

Every month 285,000 copies are printed and distributed to employees of Aeon Group companies. The newsletter has been very well received by employees, promoting some to revisit the Code of Conduct and take advantage of the hotline.

Regarding the Securities and Exchange Surveillance Commission's Recommendation for an Administrative Monetary Penalty Payment Order to be Issued Against an Aeon Executive Officer.

On May 30, 2014, the Securities and Exchange Surveillance Commission announced that it had sent a recommendation to the Prime Minister and the Minister of the Financial Services Agency for an administrative monetary penalty payment order to be issued against one of Aeon's executive officers for insider trading, an infraction of the Financial Instruments and Exchange Act. We sincerely and deeply apologize for this to all of our shareholders, investors, and other stakeholders.

After being alerted of this case, we immediately organized a recurrence prevention committee and has proceeded to seek out the causes of the insider trading, formulate concrete measures to prevent recurrence, and thoroughly guide the entire Group in the matter. Once the case came to light, we immediately held a briefing for all employees to explain revisions to Aeon's insider trading prevention regulations, including information on the revisions, effective from April 1, 2014, to the Financial Instruments and Exchange Act, etc. In addition, we are working to increase compliance awareness by, for example, requiring pledge forms from newly appointed executives. Going forward, we will strive for the following measures to prevent recurrence.

- Primary Recurrence Prevention Measures

1. Hold regular training sessions to raise compliance awareness and prevent insider trading
 - 1) Compliance training for executives (target: 1 session/year)
 - 2) Compliance training for general employees (target: 1 session/year)
2. Revise Aeon regulations on Internal Information Management and Insider Trading Restrictions
 - 1) Thoroughly strengthen a reporting system regarding trading restrictions
3. Submission of executive pledges
 - 1) Require executives to submit pledges once a year
 - 2) Stringently enforce the pledges
4. Bolster our information management framework
 - 1) Increase the stringent handling of confidential information among corporate committees
 - 2) Enhance protection of confidential information at the head office and at business sites

Environmental Management

Environmental Policy System

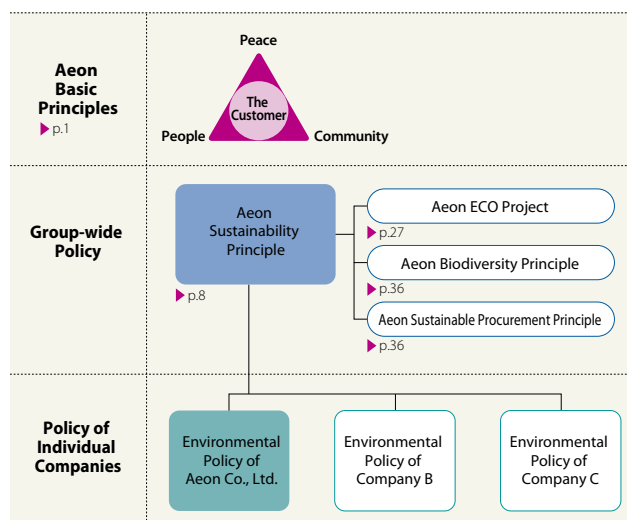
Aeon established the Aeon Sustainability Principle in line with the Aeon Basic Principles as the fundamental policy that governs the environmental and social contribution activities that all Aeon Group companies should take part in. Following these policies, the Aeon ECO Project and the Aeon Biodiversity Principle also represent environmental goals and policies for the entire Group.

Effective measures are conducted following the environmental policies and environmental management systems established by each Group company based on their own unique characteristics. This is because the Aeon Group encompasses a multitude of business areas and the challenges that each Group company faces may differ depending on their operating format and sector.

As an example, Aeon Co., Ltd. undertakes environmental protection activities based on the Aeon Environmental Policy, which sets targets and objectives for such activities pursuant to the key issues defined in the Aeon Sustainability Principle.

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



Aeon Environmental Policy*

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 implement measures, conduct periodical 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 phases 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 resources conservation and resources 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 legal requirements and with other requirements related to our environmental aspects, and strive to prevent pollution. In addition, we will communicate this policy to all persons working for or on behalf of the organization as well as making it available to the public.
- 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.

* The 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 KANTO CO., LTD., MAXVALU CHUKYO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., AEON BIG CO., LTD., Aeon Integrated Business Service Co., Ltd., My Basket CO., LTD., AEONBIKE Co. Ltd., AEONLIQUOR Co., Ltd.

ISO Certification

As of February 28, 2014, 36 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, 2014)

		● ISO9001 ● ISO14001	
AEON CO., LTD.	●	AEON RYUKYU CO., LTD.	●
AEON Retail Co., Ltd.	●	Maxvalu Kyushu Co., Ltd.	●
AEON SUPERCENTER Co., Ltd.	●	Maxvalu Hokkaido Co, Ltd.	●
MAXVALU MINAMI TOHOKU CO., LTD.	●	AEON DELIGHT CO., LTD.	● ●
MAXVALU KITA TOHOKU CO., LTD.*	●	LAURA ASHLEY JAPAN CO., LTD.	●
MAXVALU KANTO 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.	● ●
AEON BIG CO., LTD.	●	AEON Hokkaido Corporation	●
My Basket CO., LTD.	●	AEON GLOBAL SCM CO., LTD.	●
AEON BIKE Co., Ltd.	●	GUANGDONG AEON TEEM CO., LTD.	● ●
AEONLIQUOR Co., Ltd.	●	The Daiiei, Inc.	●
Maxvalu Tohoku Co., Ltd.	●	AEON MARKET CO., LTD.	●
AEON FOOD SUPPLY Co., Ltd.	●	Gourmetcity Kanto Co., Ltd.	●
Maxvalu Nishinihon Co., Ltd.	●	Gourmetcity Kinki Co., Ltd.	●
Maxvalu Chubu Co., Ltd.	● ●	AEON CREDIT SERVICE (ASIA) CO., LTD.	●
AEON Mall Co., Ltd.	●	AEON CREDIT SERVICE (M) BERHAD	●
AEON KYUSHU CO., LTD.	●	AEON THANA SINSAP (THAILAND) PLC.	●
AEON CREDIT SERVICE CO., LTD.	● ●	QINGDAO AEON DONGTAI CO., LTD.	●

* In March 2014, Maxvalu Kita Tohoku Co., Ltd. merged with Maxvalu Tohoku Co., Ltd.

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. To date, a total of 7,291 (903, fiscal 2013) out of 12,000 (1,816, fiscal 2013) Aeon personnel who took the test have passed.

Companies that have acquired ISO 14001 certification provide training for their employees. For example, Aeon Retail Co., Ltd. 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 qualified instructors are also held every year to facilitate smooth operation of the environmental management system. As of February 2014, a total of 1,799 employees (81, fiscal 2013) have attended the seminars since 2000, when ISO certification was acquired.

* 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 balance between the environment and the economy.



Environmental Specialist Certification

Wastewater Management

Wastewater discharged from Aeon stores rarely if ever contains hazardous substances. Sometimes, however, this wastewater may contain large amounts of oils, which can exceed legal limits or clog up wastewater pipes leading to a leakage or other accident. As a result, Aeon conducts training for its employees and the employees of its tenants to ensure day to day maintenance is correctly performed, including compliance with cleaning rules for grease traps. We have also included grease trap monitoring as part of the required hygiene checks for our stores, and adopted a system where third-parties regularly perform these checks.

Furthermore, Aeon Retail Co., Ltd. and several other Aeon Group companies perform water quality testing concurrently that includes sewerage as part of annual voluntary inspections. Stores where problems are identified are required to take corrective actions which helps to improve our overall wastewater management practices. We have set voluntary standards that are set 5% below legal requirements and take immediate action if any values exceed these standards during voluntary inspections.

Environmental Management

FY 2013 Environmental Accounting

Category	Accounting items	Aeon Group		
		Environmental conservation costs (thousandYen)	Economic benefits of environmental conservation (thousandYen)	Environmental conservation benefits (t-CO ₂)
Realization of a Low-carbon Society	Installation cost for photovoltaic power systems	4,291,734	35,131	691,551.7
	Investments in energy efficient equipment for new stores*	4,207,820	603,310	2,750,886.7
	Adoption cost of CO ₂ refrigerant at new stores	209,254	7,636	160.1
	Investments in energy efficient equipment at existing stores*	1,361,033	337,455	324,076.3
	Installation of LED lighting at existing stores	10,947,895	1,853,867	967,248.3
	Visualization of energy usage at existing stores	261,971	60,643	1,256.8
	Costs associated with energy management seminars (participation)	9,074	0	0.0
	FC filling costs	169,891	0	0.0
	Cost to train the LCA (life cycle assessment) calculation	1,767	0	0.0
Total		21,460,441	2,898,045	4,735,179.8
Conservation of Biodiversity	Aeon Hometown Forest program implementation costs	122,644	0	0.0
	Aeon Hometown Forest program tree planting festival	105,163	0	0.0
	Cost of regular maintenance for planted zones	576,623	0	0.0
	Cost of measuring the impact assessment of the ecosystem	300	0	0.0
Total		804,730	0	0.0
Better Use of Resources	Payment of third-party processing required under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging	739,856	0	0.0
	Operating costs for home appliance recycling program	113,265	0	0.0
	Payment of 2 yen to customers who declined plastic bags	747,663	543,257	0.0
	Processing cost of recyclables collected in-store	360,080	235,911	0.0
	Processing cost of recycling of food residue	270,191	7,772	0.0
Total		2,231,057	786,941	0.0
Addressing Social Issues	Contributions to the Aeon Happy Yellow Receipt Campaign	275,056	0	0.0
	Activity costs of the Aeon Cheers Club	3,485	0	0.0
Total		278,542	0	0.0
Environmental Communication	Cost of preparing the Aeon Environmental and Social Report	9,341	0	0.0
	Operating costs of environmental website	1,878	0	0.0
	Cost of operating or exhibiting at environmental events	1,283	0	0.0
	Environmental advertising (external)	11,536	0	0.0
	Cost of Eco Test	15,694	0	0.0
	Membership dues in and donations for environmental organizations	66,650	0	0.0
Total		106,385	0	0.0
Environmental Management	Processing cost of waste generated by stores and offices	9,692,076	0	0.0
	Maintenance of pollution prevention equipment and devices (including inspections and testing)	2,970,010	0	0.0
	Personnel costs	236,567	0	0.0
	Operating cost of environmental management system	62,796	0	0.0
	Costs for preventing environmental accidents and for restoring in case of accident	574,934	0	0.0
	Cost of organizing waste management seminars	31	0	0.0
Total		13,536,415	0	0.0

Strengthening Our CSR Platform

Environmental Management

FY2013 ISO 14001 Targets and Performance

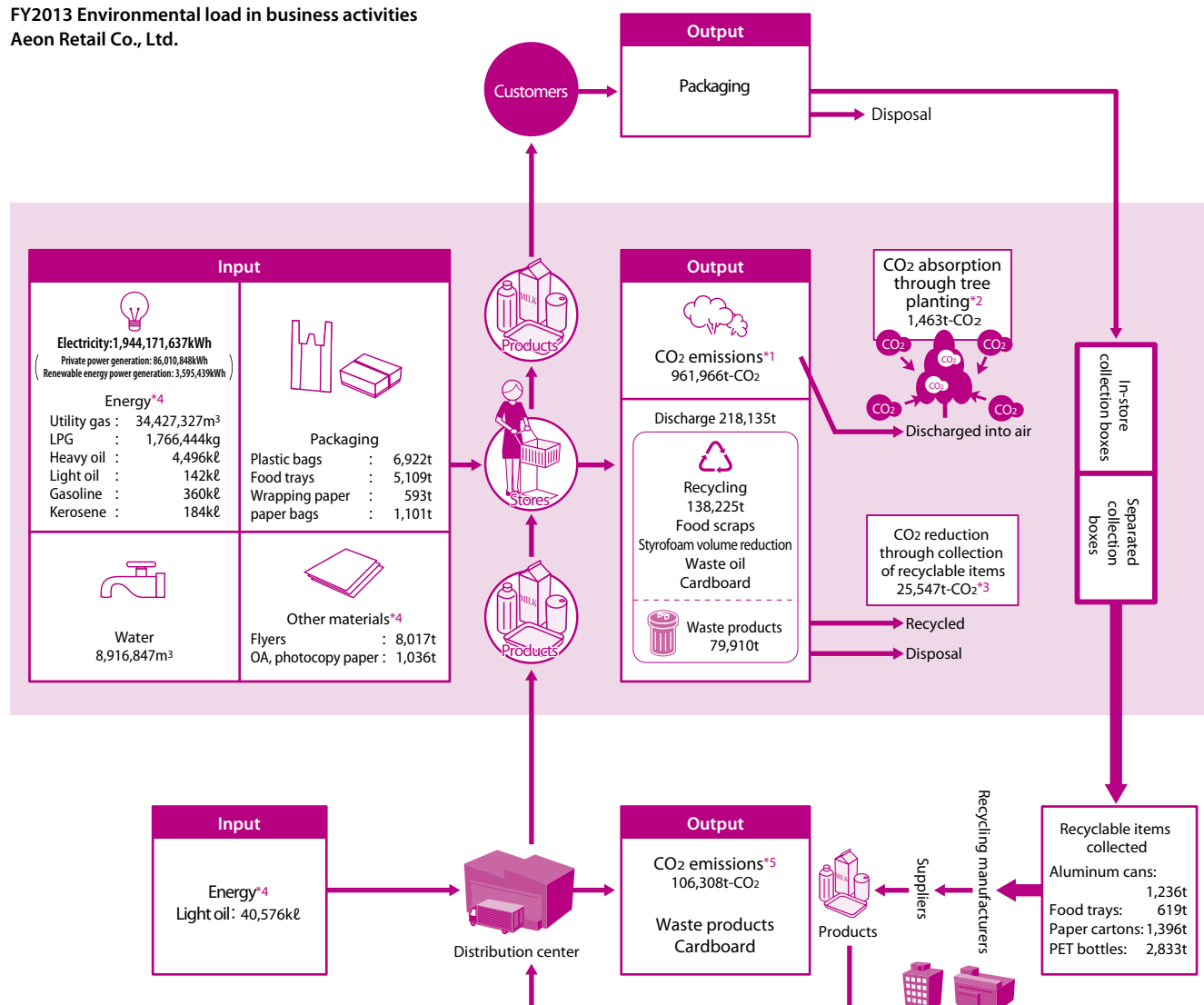
Aeon Retail Co., Ltd., Maxvalu 5 companies*, Aeon Supercenter Co., Ltd., Aeon Big Co., Ltd.

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

Environmental Policies	Category	Company-wide Targets	Targets	Performance	Percentage over target	Evaluation	Department responsible
Realization of a Low-carbon Society	Stores	◎	Reduction of electricity consumption FY2013: Before LED introduction ⇒The previous year the same rate After LED introduction ⇒5% reduction compared to the previous year The previous year the same rate after one year after the introduction	FY2013 Results: 1,992,239 thousand kWh * The total of Aeon Retail Co., Ltd., Aeon Supercenter Co., Ltd., MaxValu 5 companies and Aeon Big Co., Ltd.	Stated target: 97.3% Comparison last year: 95.7%	◎	• General Affairs Division (Facility Management Group)
		—	Promoting Eco Store of new stores and existing stores FY2013: Opening stores based on the new concept Next-generation eco-store concept, which aims to develop 50% CO ₂ emissions, and store development	Opened a new four stores based on the Smart Aeon concept * Aeon Mall Yahata higashi, Aeon Mall shin-funabashi, Aeon Mall Osaka Dome City, Aeon Mall Makuhari New City	—	◎	• Construction Dept. • General Affairs Division (Facility Management Group)
Better Use of Resources	Stores	◎	Reduction of the cost of material FY2013: Reducing of the cost of material, by 10% or more compared to FY 2012	FY2013 Results: 2,006,164 million yen * The total of Aeon Retail Co., Ltd., Aeon Supercenter Co., Ltd., MaxValu 5 companies and Aeon Big Co., Ltd.	Stated target: 96.4% Comparison last year: 88.1%	◎	• General Affairs Division • Corporate Citizenship Dept.
		◎	Maintain food waste-to-sales ratio at below 0.5% FY2013: Food waste-to-sales ratio at below 0.5%	FY2013 Results: 0.57% * The total of Aeon Retail Co., Ltd., Aeon Supercenter Co., Ltd., MaxValu 5 companies and Aeon Big Co., Ltd.	Stated target: 113.0% Comparison last year: 96.0%	△	• Store Operations Dept. • Food Products Division
Conservation of Biodiversity	With Customers	—	Continuation of tree planting activities and education activities tree "Aeon Hometown Forests Program" (FY2011: Construction of structure) FY2012: Phased implementation FY2013: 100% implementation	Carried out the premeditated maintenance based on the manual led by Aeon Mall Co., Ltd.	—	△	• Construction Dept. • Corporate Citizenship Dept.
Realization of a Low-carbon Society, Better Use of Resources, Conservation of Biodiversity	Products	—	Sales of environment-friendly products Carrying out in each product division	FY2013 Example Selling Cool Biz Warm Biz-friendly products	Stated target: 75.6% * as of November, 2013	Evaluation for each department	• Each product division • SELF+SERVICE Dept.
Partnership	With Customers	—	Promoting the Aeon Cheers Club activity 1. More than 80% at all stores implement more than 4 activities/year 2. More than 80% of the Aeon Cheers Club complete the wall newspaper	FY2013 Results 1. More than 4 activities/year: 77.0% 2. Complete the wall newspaper: 304 stores, 70.0% The number of club: approx. 430, Established in almost GMS stores The number of member: approx. 7,500 people (in Japan)	1. Achievement rate: 96.3% 2. Achievement rate: 87.6%	△	• Corporate Citizenship Dept.
Pollution Prevention	Stores	—	Through cleaning grease traps, to comply with effluent water quality standards 1. Reducing from the previous year the criteria violation stores in simultaneous water quality inspection 2. Violation store to complete the corrective to FY2013	FY2013 Results 1. Ratio of violation stores is 26.9%, slightly improved compared with FY2012 2. Under correspondence continuation in 4 stores	—	△	• General Affairs Division (Facility Management Group) • Corporate Citizenship Dept.
In general	Management	—	Establishing an environmental management system for small stores FY2012: Starting the operation of the environmental management in small roadside stores FY2013: Improving the operation of the environmental management by reviewing	Aeon Bike Co., Ltd. and Aeonliquor Co., Ltd., check out each store for inspection and recording waste contract highest-risk Aeon Bike Co., Ltd., has not been corrected some, and correspond to continue. Aeonliquor Co., Ltd., correction has already been.	—	△	• General Affairs Division (Facility Management Group, ISO Secretariat) • Corporate Citizenship Dept.

* Maxvalu Kita Tohoku Co., Ltd., Maxvalu Minami Tohoku Co., Ltd., Maxvalu Kanto Co., Ltd., Maxvalu Nagano Co., Ltd., Maxvalu Hokuriku Co., Ltd.

FY2013 Environmental load in business activities
Aeon Retail Co., Ltd.



*1 Calculations based on energy consumption of equipment at stores and business places. Calculated using the CO2 emission coefficient (2.62t-CO2/kl) for light oil.

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

*3 Calculated based on the 3R basic unit method (Waste Management and Recycling Department, Ministry of the Environment; March 2013).

*4 Calculated by multiplying the ratio of Aeon Retail by the total energy used by Aeon Global SCM.

*5 Calculated using the CO2 emission coefficient (2.62t-CO2/kl) for light oil.



Mariko Kawaguchi

Daiwa Institute of Research Ltd.
Chief Researcher
Research Division

Profile

Ms. Kawaguchi joined Daiwa Securities Co. Ltd. after getting her Master's Degree from Hitotsubashi University's Graduate School in 1986. Then she transferred to the Daiwa Institute of Research Ltd. in 1994 and, after conducting corporate research, was promoted in 2010 to Director of the CSR Promotion Department /CSR Manager of the Corporate Communication Department at the Daiwa Securities Group Inc. She returned to the Daiwa Institute of Research Ltd. in July 2011 and became a Chief Researcher in the Research Division from April 2012. Her research at Daiwa covers overall CSR, social business, ethical consumption, and socially responsible investing (SRI). She also serves as Chief Executive of the NPO Japan Sustainable Investment Forum. She is a Chartered Member of the Securities Analysts Association of Japan, a Council Member of the Sustainability Forum Japan, and a Member of the Tokyo Metropolitan Government's Environmental Council. Her publications include "Introduction to Socially Responsible Investing," jointly authored (Nihon Keizai Shimbun, Inc.), and "CSR: Raising Corporate Value," jointly authored (Nihon Keizai Shimbun, Inc.).

2003 is often referred to in Japan as 'CSR gannen' (the first year of CSR). The Aeon Group was Japan's first retailer to sign the United Nations Global Compact in 2004, while also commencing sales of Fairtrade products. Afterwards, Aeon was the first major corporation to acquire the SA 8000 human rights certification. Since CSR activities began at Japanese corporations, the Group has continued to be a leader in CSR, including measures such as continually building a sustainable supply chain.

On being requested to write an Independent Review, I began by reexamining the Group's activities overall, which showed me that CSR is comprehensively and strategically built into Aeon's operations, with over 10 years of actual implementation backing up their policies. As a customer who shops at Aeon stores, I can directly attest to this fact. For this Independent Review, I would like to comment on two distinctive initiatives from the four key issues that Aeon has announced.

First, with regard to the "realization of a low-carbon society," Aeon has announced an ambitious goal of reducing energy usage, per unit area of floor space in stores, to approximately half of 2010 levels by 2020. One means of doing so is their acquisition of the energy management standard ISO 50001. Looking at Aeon's results up to fiscal 2013, the Group is ahead of its own goals, which demonstrates the seriousness of their intent. In addition, Aeon's mall business is actively rolling out Eco Stores. Committing to eco-conscious changes at malls is a very socially significant action, over and above its significance as an action for reducing the environmental impacts of the Group. Given the strong draw that malls have on customers, Eco Stores can powerfully lead the community in environmentally-friendly actions and can affect the consciousness and lifestyles of customers who visit the stores. Four malls (Smart Aeon) opened in 2013, and I am interested in seeing Aeon's plans going forward. Does the Group have a target for the number of stores it wants to open by 2020? If no store target has been set, is there a target floor space ratio for their eco-friendly changes? A concrete numerical target is easy for stakeholders to understand and should prove to be motivational for activities inside the Group. In addition, global warming is at a level that cannot be forestalled by low-carbon efforts, such that social infrastructure is now being damaged by abnormal weather phenomena such as atypical rainfall, tornados, etc. I believe that adaptive countermeasures such as strengthening region-wide disaster prevention will be necessary in order to minimize damage from abnormal weather phenomena caused by climate change.

With regard to conservation of biodiversity, so-called social contribution programs such as conserving the medaka (Japanese killifish) and other scarce species are popular. However, the Aeon Group's initiatives stand out because the Group is proactively developing and marketing products that contribute to conserving biodiversity, while the Group is actively devoting effort to sustainable seafood, a topic beginning to garner attention recently. Focus is increasingly turning to catch limits on freshwater eel and Pacific bluefin

tuna, though globally, the issue of endangered marine resources is not a new one — MSC certification started in the late 1990s. High quality and tasty seafood is also indispensable for handing down to future generations Japan's traditional cuisine, which has become a World Heritage Item. Aeon is deserving of respect for being a major Japanese retailer that has endeavored to offer MSC- and ASC-certified products from an early date. However, to protect marine resources, programs are necessary that are capable of effecting a transformation of the Japanese diet. Walmart has announced that it is switching all of the seafood in its stores to MSC-certified products. Above and beyond fresh seafood, I hope Aeon considers adopting MSC and ASC products for canned goods and for prepared lunches in its convenience stores. At the same time, from the perspective of conserving biodiversity, forest resources must also be included. Over and above the sale of FSC-certified paper products, I am hopeful for FSC-certified lumber to be utilized when rolling out new convenience stores. I expect this to be an opportunity for Aeon to communicate to consumers the importance of conserving biodiversity, while simultaneously ensuring the sustainability of the Group's supply chain.

Supply chain management is, however, thoroughly considered throughout the Aeon Group's four key issues. At present, Aeon Supplier Code of Conduct agreements with approximately 900 business partners appear to be a driver of growth for more products carrying MSC, ASC, FSC, and Fairtrade certifications.

Ethical consumption is rapidly spreading, specifically among the younger demographic. Rather than only selling individual organic, MSC, eco-products, etc., is not now the time to present the new framework of ethical consumption to consumers? This offers the possible transition beyond just food products, and into apparel, such as organic cotton, as well as accessories, bags, and other items. From the perspective of educating consumers, I would like to encourage Aeon to consider providing information on ethical consumption.

With regard to the activity of female employees, the Group has announced an ambitious 2020 target that surpasses "Abenomics" with a 50% ratio of female managers. However, there are more than a few areas in Asia that already have large numbers of female managers. When I am shopping, I feel more of an affinity toward stores run by women. Furthermore, a society where women are able to work and raise children with peace of mind is also a preferable society for men, children, and the elderly.

I feel that Aeon's corporate culture overall is one with lofty medium-to long-term goals, and one where promises are fulfilled. At the same time, some of the current plans and targets remain abstract in areas, and include numerical statements that are difficult to grasp. I encourage Aeon to standardize and unify the expressions used in its objectives. While carrying out its social duty as a leading Asian retailer, I am hopeful that Aeon will aim for further development as a corporation by contributing to building a sustainable society.

Group Chief Environmental Officer's Commitment



Yukio Ishizuka

Group Chief Environmental
Officer
AEON CO., LTD.

Aeon is promoting 'sustainable management' that contributes both to the development of a sustainable society and to the growth of the Aeon Group.

Aeon's sustainable management is built on the foundation of Aeon's basic principle, "pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view at its core." Aeon people around the world share the Aeon philosophy and are able to respond to global social issues as well as to the demands of each particular community.

Considering the four key issues of the Aeon Sustainability Principle (formulated March 2011): 1) realization of a low-carbon society, 2) conservation of biodiversity, 3) better use of resources, 4) addressing social issues, we have set medium-term (through 2016) and long-term (through 2020) goals for each key issue and instituted a system of Key Performance Indicators (KPI) to quantitatively measure levels of achievement. KPI performance is reported to all stakeholders annually in the "Aeon Environment and Social Report" on our website (the 2014 edition is scheduled to be available in September)

In fiscal 2013, along with checking the progress of KPI, and strengthening links between our CSR activities and our operations strategy, we organized new goals, such as "working towards zero waste in stores," "providing products to support our customers' healthy life," and "providing more fair trade products," in a "Big Challenge 2020" campaign.

In 2013 we celebrated over 10 million trees planted since 1991. Commemorative celebrations in several countries, and publication of a booklet outlining the significance of our tree planting activities and our Basic Principles, have given us new resolve in our initiatives and for the next 10 million trees.

Aeon plans to continue active dialogue with our stakeholders to intensify sustainable management and realize a sustainable society.

Primary environmental conservation and social contribution activities

- 1965** Donation of 1,000 cherry trees to the city of Okazaki at the opening of the Okazaki Okada 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, at Jaya JUSCO 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 Aeon Hisai) – the first store in Japan under the Aeon Hometown Forests Program
- 1993** Started development of organic and other agricultural produce as the Gurinai (now known as TOPVALU Gurinai) 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
- 1997** Founded the JUSCO Children's Eco Club (now known as the Aeon Cheers Club)
- 1998** The Aeon Group Environment Foundation conducted the 1st tree planting project to revitalize the forests at the Great Wall of China
- 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 TOPVALU supplier management and Aeon headquarters 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** Stop Free Plastic Shopping Bag Program 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, opens
- 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 CO₂
"Aeon Clean Japan" campaign started as an initiative to mark Aeon's 250th anniversary
Ran a carbon offsetting campaign for the CO₂ 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 "Tree planting project to revitalize the forests at the Great Wall of China" 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
- 2012** Developed KPI System
Twelfth Eco Store, Aeon Mall Funabashi, opens
Developed Aeon China CSR Principles
Established the Sustainable Management Committee
Started Aeon ECO project
- 2013** Aeon Mall Yahata Higashi, the first store of 'Smart Aeon' was opened. Then, three stores were opened as a 'Smart Aeon'.
Total number of tree planting has exceeded 10 million
- 2014** On the occasion of 40th anniversary, TOPVALU brand renewed
Formulated the Aeon Sustainable Procurement Principle/Aeon Sustainable Seafood Procurement Policy
Started sales of Aquaculture Stewardship Council (ASC) certified products

GRI Guidelines Indicators

Section	Index	Aeon Environmental and Social Report (2014)
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 Top Message
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.10, 59-60 TOPVALU
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	p.5-6 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.5-6 Aeon Group's Business p.21 CSR activities that are carried out in each country and the number of store openings around the world
2.6	Nature of ownership and legal form	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	p.21 CSR activities that are carried out in each country and the number of store openings around the world
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.5 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)	September 18, 2013
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.81-82 Environmental Accounting p.83 ISO14001 Targets and Performance p.84 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)	
3.11	Significant changes from previous reporting periods in the scope, parameters, or measurement methods applied in the report	p.23-26 Reports on the status of implementation of the KPI
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report	p.87-92 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.85 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.75-76 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 Top Message
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.75-76 Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governing body.	p.71 Part-time employees also join the labor union p.75-76 Corporate Governance p.76 Code of Conduct Hotline
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.75-76 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.	p.75-76 Corporate Governance
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.1 Aeon Basic Principles p.8 Aeon Sustainability Principle p.77 Aeon Code of Conduct p.79 Aeon Environmental Guideline
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.7 Joining the Global Compact p.58 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.76 Risk Management p.77-78 Compliance
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	p.7 Joining the Global Compact p.58 SA8000
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: • 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	p.8 Aeon's Sustainable Management
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	p.59 TOPVALU Product Development and Distribution p.64 System of Dialog with Customers

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	

GRI Guidelines Indicators

Aspect: Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	p. 58 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.2, 35, 41 Aeon Environmental Foundation p.2 Aeon 1% Club Foundation p.47-55 Community Involvement p.58 Fair Trade p.61-63 Consumer Issues (Store Safety and Security) p.72-74 Aeon's Response to the Great East Japan Earthquake
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	
Environmental		
	Disclosure(s) on Management Approach	p.8 Aeon Sustainability Principle p.23-24 Reports on the status of implementation of the KPI p.79 Aeon Environmental Guideline
	Goals and Performance	p.23-26 Reports on the status of implementation of the KPI p.27 Aeon ECO Project p.83 ISO14001 Targets and Results
	Policy	p.8 Aeon Sustainability Principle p.27 Aeon ECO Project p.36 Aeon Biodiversity Principle p.79 Aeon Environmental Guideline p.83 ISO14001 Targets and Performance
	Organizational Responsibility	p.79-84 Environmental Management p.86 Group Chief Environmental Officer's Commitment
	Training and Awareness	p.80 Environmental Education
	Monitoring and Follow-up	
	Additional Contextual Information	p.81-82 Environmental Accounting p.84 Flow of Environmental Impact in Business Activities
Environmental Performance Indicators		
Aspect: Materials		
EN1	Materials used by weight or volume	p.84 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.23-24 Reports on the status of implementation of the KPI p.84 Flow of Environmental Impact in Business Activities
EN4	Indirect energy consumption by primary source	p.23-24 Reports on the status of implementation of the KPI p.78 Flow of Environmental Impact in Business Activities
EN5	Energy saved due to conservation and efficiency improvements	p.23-24 Reports on the status of implementation of the KPI p.83 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.27-34 Reduce CO ₂ Emissions in Stores
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	p.27-34 Reduce CO ₂ Emissions in Stores
Aspect: Water		
EN8	Total water withdrawal by source	p.84 Flow of Environmental Impact in Business Activities
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.36-41 Conservation of Biodiversity
EN13	Habitats protected or restored	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	p.36 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.84 Flow of Environmental Impact in Business Activities
EN17	Other relevant indirect greenhouse gas emissions by weight	p.34 Scope3 Emissions p.84 Flow of Environmental Impact in Business Activities
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	p.27-34 Reduce CO ₂ Emissions in Stores p.84 Flow of Environmental Impact in Business Activities

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	p.80 Wastewater Management
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.30 Eco Stores p.32 Carbon footprint initiatives p.33 Carbon offsets p.37 MSC certification (marine eco-label)/FSC certification/ASC certification p.38 TOPVALU Gurinai p.44 Plastic bag Reduction
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	p.43 Recycling Food Product Waste
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.33 Logistics Initiatives
Aspect: Overall		
EN30	Total environmental protection expenditures and investments by type	p.81-82 Environmental Accounting
Social Performance Index		
Labor Practices and Decent Work (Fair Employment Conditions)		
	Disclosure(s) on Management Approach	p.25 Reports on the status of implementation of the KPI
	Goals and Performance	p.25-26 Reports on the status of implementation of the KPI
	Policy	p.8 Aeon Sustainability Principle p.66 Basic Principales on Personnel p.77 Aeon Code of Conduct
	Organizational Responsibility	p.66-70 Human Rights p.70-71 Labor Practices p.77-78 Compliance
	Training and Awareness	p.70 Human Rights-related Training p.68-69 Education System p.77-78 Compliance
	Monitoring and Follow-up	p.77-78 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	

GRI Guidelines Indicators

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.68-69 Education System
LA12	Percentage of employees receiving regular performance and career development reviews	
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	p.25 Reports on the status of implementation of the KPI
	Goals and Performance	p.7 Joining the Global Compact p.25-26 Reports on the status of implementation of the KPI p.56 Aeon Supplier Code of Conduct p.58 SA8000
	Policy	p.7 Joining the Global Compact p.56 Aeon Supplier Code of Conduct p.58 SA8000 p.66 Basic principles on personnel
	Organizational Responsibility	p.7 Joining the Global Compact p.56 Aeon Supplier Code of Conduct p.58 SA8000 p.66-71 Human Rights
	Training and Awareness	p.56 Aeon Supplier Code of Conduct p.58 SA8000 p.66-71 Human Rights
	Monitoring and Follow-up	p.7 Joining the Global Compact p.56 Aeon Supplier Code of Conduct p.58 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.7 Joining the Global Compact p.56 Aeon Supplier Code of Conduct p.58 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.7 Joining the Global Compact p.56 Aeon Supplier Code of Conduct p.58 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.7 Joining the Global Compact p.56 Aeon Supplier Code of Conduct p.58 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.7 Joining the Global Compact p.56 Aeon Supplier Code of Conduct p.58 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	p.25 Reports on the status of implementation of the KPI
	Goals and Performance	p.25-26 Reports on the status of implementation of the KPI
	Policy	p.8 Aeon Sustainability Principle p.77-78 Compliance

	Organizational Responsibility	p.77-78 Compliance
	Training and Awareness	p.77-78 Compliance
	Monitoring and Follow-up	p.77-78 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.77-78 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	p.25 Reports on the status of implementation of the KPI
	Goals and Performance	p.25-26 Reports on the status of implementation of the KPI
	Policy	p.71 Aeon Code of Conduct
	Organizational Responsibility	p.59-61 Product Safety and Security
	Training and Awareness	p.59-61 Product Safety and Security
	Monitoring and Follow-up	p.59-61 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.59 TOPVALU Quality Assurance
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	p.59 TOPVALU Quality Assurance
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.64-65 System of Dialog with Customers
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	



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Please contact us concerning any inquiries or comments you may have on this report or on our environmental and social activities.

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