

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

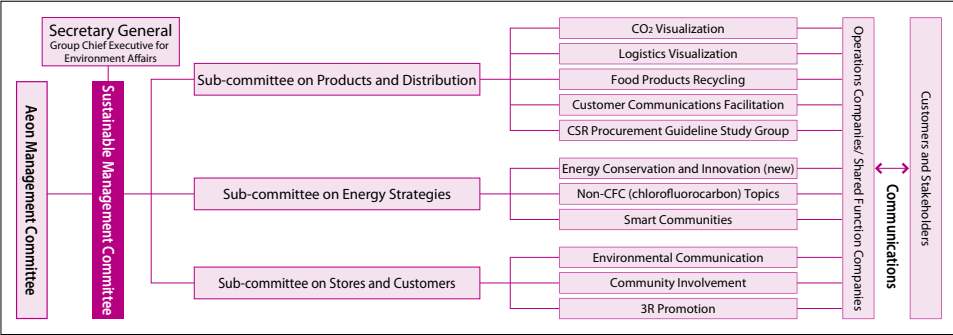
On the property of newly opened stores, Aeon is promoting tree planting together with its customers through the ‘Aeon Hometown Forests Program.’ The cumulative total of trees planted by Aeon, over more than 20 years of efforts alongside our customers, has surpassed 10 million. We are not only planting 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.

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.



Key Issue	Main Category	Subcategory	KPI	Scope Covered	Target	FY2013 Results	Summary of Actions/Initiatives
Key Issue 1 Realization of a Low-carbon Society	Reduce CO ₂ Emissions in Stores	Reduce Total CO ₂ Emission	Total Annual CO₂ Emissions Factor (CO₂ Emissions / Total Floor Area)*1	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
		Improve Energy Efficiency [Reduction Strategy]	Total Energy Use Factor (Amount of Heat / Total Floor Area)*1	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
		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	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	•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	•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)
			Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants on a Trial Basis	Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	Plan for installation at new stores •FY2013: 15% •FY2014: 25% •FY2015: 100%	•Installed in 2 stores (1 of which was the first installation at a large GMS; 144 CO ₂ -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 •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
	Develop Eco Stores		Develop Eco Stores	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	•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
	Reduce CO ₂ Emissions in Products and Logistics	Communicate CO ₂ Reductions to Customers	Number of Products with CO₂ Visualization (number of product SKUs for which CO₂ emissions are calculated)	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 •Streamline through system accreditation (2) Step up communication to customers •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
		Promote Visualization in Logistics	CO₂ Emissions per Case during Shipment from Distribution Center to Store	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
	Generating Electricity at Stores	Generating renewable energy [Generation Strategy]	Power generation capacity of renewable energy (purchased power only)	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)	•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
Key Issue 2 Conservation of Biodiversity	Biodiversity Conservation in Products and Logistics	Guidelines*2	Compilation of CSR Procurement Guidelines (sustainable procurement and purchasing guidelines)	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
		Communicate Biodiversity-friendly Products to Customers	Visibility of Biodiversity-friendly Products	Private Brand (PB) products	•FY2013: 40% visibility in consumer research (PB 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)	(1) Step up communication of initiatives •Hold store events (hold events in collaboration with NGOs to introduce ASC-certified products) (2) Expand provision of products developed with awareness of biodiversity •Acquire ASC-certification and market products with ASC-certification labels •Expand development of MSC-certified and FSC-certified products
	Biodiversity Conservation at the Store Level	Develop and Evaluate Indicators	Formulation and Evaluation Indicators for Impacts on Ecosystems	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
	Actions Taken with Customers	Aeon Hometown Forests Program	Maintenance and Management Situation of Forests	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

*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).

Since The Daiel, 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).

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.

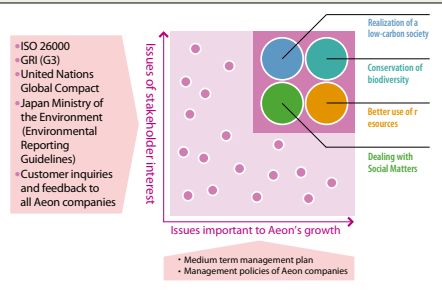
In fiscal 2012, we added the target of setting up 100 disaster-prevention facilities in our stores nationwide by 2020 under the Aeon Eco Project Protection Strategy to our KPI. We also established district alternative disaster response headquarters that will coordinate with disaster-prevention facilities 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	Scope Covered	Target	FY2013 Results	Summary of Actions/Initiatives
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)	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
		Management System for Waste Emissions	Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions	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
		Reduce Waste	Food Waste Emissions(amount per ¥100 million in net sales)	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
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)	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
		Make Contributions to Local Communities	Yellow Receipt Campaign Submission Rate	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
	Community Involvement	Develop the Human Resources of the Future*3	Number of activities*2 by the Aeon Cheers Club	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
		Promote the Aeon Supplier Code of Conduct	Establishment of Audit System Linked to TOPVALU First Confirmation status of Fair Trade Manufacturers for the TOPVALU Brand	Aeon Second-party Audit Certified Auditors TOPVALU Manufacturing Partners	•FY2013: Confirm manufacturers at least once in 3 years •Confirm manufacturers at least once in 3 years	7 in Japan, 26 overseas * Including 8 local auditors •No new producer organizations; no results	(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 •No new producer organizations; no results
	Consumer Issues	Safe Food and Reliable Products	Number of TOPVALU Products Removed due to Serious Incident	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
		Store Safety and Security	Safety and Security Infrastructure Development	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
		Serving as a form of life style infrastructure that protects the local community [Protection Strategy]	The number of local temporary shelters	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
		System of Dialog with Customers	Number of Complaints and Compliments Received	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
			Number of Products Developed / Improved based on Customer Feedback	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
	Human Rights/ Labor Practices	Promote Diversity	Female manager ratio *3	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
			Group International People to People Exchange Programs *4	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
			Employment of People with Disabilities *5	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
		Labor Practices	Creating Pleasant, Comfortable Workplaces	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

*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.

*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.