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### 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.