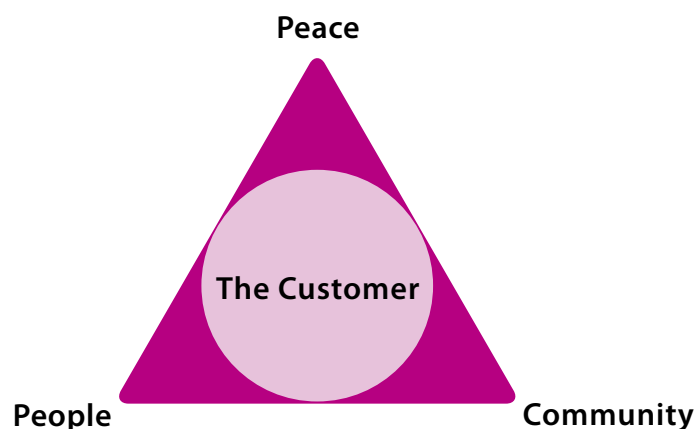


Aeon Environmental and Social Report 2012



Aeon Basic Principles



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

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

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

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

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

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

Aeon Commitment

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

Editorial Policy

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

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

The 2012 edition introduces the three themes of localization, aging society and attractive products in the Highlights 2012 section, while initiatives from fiscal 2011 are reported with particular attention given to important target areas one thru 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

FY2011 (March 1, 2011 – February 29, 2012)*

*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 181 companies, 24 companies equity-method affiliates (as of February 29, 2012). When a section applies to only certain operating companies, it is indicated as such.

• Target Audience

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

• Reference Guidelines

Global Reporting Initiative (GRI)
Sustainability Reporting Guidelines (G3)
Environmental Reporting Guidelines (FY2007 Version),
Ministry of the Environment of Japan
Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan
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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The Aeon group of companies will proceed to establish a foundation to contribute to sustainable development in Asia through the two inseparable components of 'global CSR activities' and 'activities rooted in local communities.'



**Member of the Board
President and Group CEO**
AEON CO., LTD.

岡田元也

Motoya Okada

Responding to Pressing Needs of People and Communities

One year has passed since the Great East Japan Earthquake created tremendous and unprecedented destruction. We offer our sincere condolences to all who suffered from the disaster, and pray for the community to recover as quickly as possible.

All members of the Aeon Group have been working together through this national crisis to ensure a swift re-opening of stores, and have also been committed to support of fundraising activities and promotion of local products from the stricken area. Moreover, we have been dedicated to speedy provision of products and services appropriate to ever changing needs as operations shifted from recovery to restoration.

The driving force that enabled this was of our retailer's sense of mission to provide daily necessities, and also Aeon's basic principles of "pursuing peace, respecting humanity and contributing to communities, centered on customers." The resolve to pursue Aeon principles was reinforced in the minds of Aeon people throughout Japan observing the activities of Aeon people and our business partners in the affected Tohoku area who, despite having experienced hardship themselves, made every effort to provide 'life necessities' to local residents. As head of Aeon Co., Ltd., my understanding was confirmed that my most important work and greatest responsibility is to carry out the Aeon principles and take initiative to find solutions to the pressing needs and challenges facing people and communities.

A 'Problem Solving' and 'Growth Opportunity' Approach to the Rapidly Developing Asia Market

The concept of '4 shifts,' central to Aeon's medium-term management plan formulated last year, also relates to the idea of actively addressing individual needs and providing solutions to pressing community issues.

The advance of one billion new middle-income earners in Asia has created an 'Asian economic shift.' For a retail distribution enterprise to experience growth of operations in such a context, an 'Asia shift' – incorporating a coordinated business presence as a retailer, a developer, and a provider of financial and other services – is essential. In Asia, however, problems related to people in an aging society being cut off from the retail sector, and issues of

waste and environmental pollution that go along with urbanization are becoming apparent. In such circumstances, Aeon is promoting store and product reform, both domestically and abroad, to allow customers to enjoy shopping with confidence, in view of 'senior shift' and 'digital shift' whereby seniors can easily do their shopping by taking advantage of the spread of the internet and of mobile devices. Further, while promoting 'urban shift' through stores that respond to the changing lifestyles of city dwellers, Aeon is confronting the environmental problems that beset Asia with environmental protection measures developed through experience in Japan.

Seeing trends and social needs in the Asian market as both a 'growth opportunity' and as a need for 'problem solving' allows Aeon to develop as a sustainable corporate group together with Asian stakeholders. This is what Aeon seeks as a 'supra-regional retailer connecting with Asia.'

Sustainable Management: Promoting Locally Oriented Global Expansion

Along with outlining the '4 shifts' of its 'shifts for a new growth strategy,' the medium-term management plan also specified a policy for the 'establishment of a management base to support growth.' Aeon will establish 'glocal' (global/local) management, combining the two fundamental management points - 'promotion of locally oriented business activity,' and 'establishment of a base for global CSR (corporate social responsibility).'

Establishing a Base for Global CSR

By promoting a strategy for growth, Aeon is seeking to make a significant contribution to the preservation of the environment and to Asian people and society.

With this goal in mind, we drew up the Aeon Supplier Code of Conduct, that is enabling us to work together with the supply chain, including our manufacturing partners, both domestically and internationally, to pursue environmental conservation activities and establish appropriate working conditions. In 2004, Aeon became Japan's first retailer to sign on to the United Nations Global Compact, a set of 10 principles laid out by the UN on human rights, labor, the environment and anti-corruption. We were also the first to acquire SA8000 certification, an international standard on

protecting human rights in the labor market. Moreover, we formulated the Aeon Sustainability Principle in March 2011 that defines CSR activities for the entire Group. In this, we have laid out four key objectives for achieving sustainable management that balances Group growth with the development of society. These are: 1) realization of a low-carbon society; 2) conservation of biodiversity; 3) better use of resources; and 4) dealing with social matters.

Promotion of Local Business Activities

The retail and service business sectors are highly regional because they develop in relation to local values and food culture that are influenced by local history and climate. Aeon is contributing to comfortable lifestyles in local communities through the practices of putting the customer first, acting on experience gained in operating stores in Japan, and actively developing business in accordance with the needs of local customers and the nature of the local market community. In our expansion overseas, Aeon is implementing programs, for human resource development and tree planting, prior to opening stores, as a first step to co-existing with the local communities.

In March 2011, Aeon Group's China Headquarters (Aeon (China) Co., Ltd.) was established in Beijing to accelerate localization. Aeon is also planning to establish an ASEAN Headquarters in the near future.

Convergence of Diverse Values, Capabilities and Character

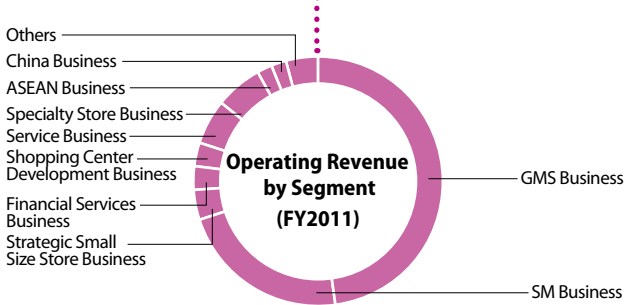
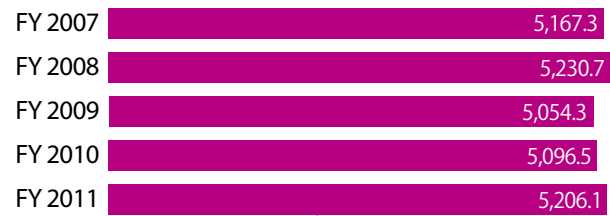
In order to accelerate 'glocal' management in this stage of developing the Asian market, Aeon is looking for Aeon people with high personal aspirations of developing global skills. For this purpose, Aeon decided to organize job fairs in 10 cities worldwide in fiscal 2012 .

A very large part of my work from now on will leadership in business activities that contribute to the development of a sustainable society respecting such diverse values, abilities and individual character as were present at these job fairs. It is my desire to create a group of companies we can take pride in, and that through dialogue and cooperation with diverse stakeholders will have an affinity with local communities.

The Aeon Group consists of around 200 companies in Japan and abroad, employing over 300,000 people unified in the aim of contributing to a comfortable and convenient lifestyle for our customers.

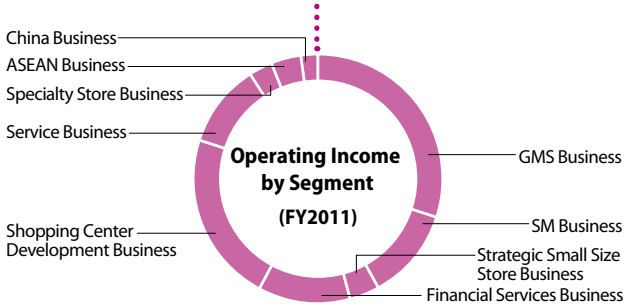
Aeon is mainly a GMS (General Merchandise Store) enterprise, but is expanding to large mall-type regional commercial area shopping centers (SC) as well as a variety of local commercial area specialty shops that supply life's daily necessities and offer specialized services to the local community. In 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 300,000 Aeon employees, in around 200 Aeon Group companies in Japan and abroad, 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.

General Merchandise Store (GMS) Business



Offering an attractive shopping environment to meet diversified customer needs

We operate General Merchandise Stores (GMS) throughout Japan from Hokkaido to Okinawa as the core stores of our shopping centers. GMS offer overall support for people's daily lives, providing customers with a wide lineup of clothing, food, and household goods selected with wide-ranging expertise, and also related services.

- AEON Retail Co, Ltd.
- AEON KYUSHU CO., LTD.
- TOPVALU COLLECTION CO., LTD.
- AEON Hokkaido Corporation
- AEON RYUKYU CO., LTD.
- Bon Belta Co., Ltd.
- SUNDAY CO., LTD.
- JOY Co., Ltd.
- The Daiei, Inc.

Supermarket (SM) Business



As Japan's No. 1 supermarket chain

With more than 1,500 stores operated by 20 Group companies throughout Japan, our sales from supermarket operations exceed 2 trillion yen. In the Supermarket Business, we are striving to earn even greater support from customers and root our business in the local community.

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

Discount Store (DS) Business



Offering greater convenience and low prices through low-cost operations

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

- AEON SUPERCENTER Co., Ltd.
- AEON BIG CO., LTD.

Strategic Small Size Store Business



Serving everyday life at neighborhood stores

Through this Business we are supporting the daily lives of people, particularly, those living in metropolitan areas. Specifically, we are operating over 4,000 convenience stores in Japan and other Asian countries and are also developing small-scale supermarkets and specialty stores selling boxed lunches and ready-made meals.

- MINISTOP CO., LTD.
- My Basket CO., LTD.
- RECODS. Co., Ltd.
- ORIGIN TOSHU CO., LTD.

* Equity-method affiliates
○ Affiliated companies

Drugstore & Pharmacy Business



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

Through alliances with drugstores and dispensing pharmacies, we are developing new healthcare products and services and supporting the training of pharmacists who will play an important role in community healthcare services.

- CFS Corporation
- Cosmeme Co., Ltd.
- TAKIYA Co., Ltd.
- * GROWELL HOLDINGS CO., LTD.
- * Medical Ikkou Co., Ltd.
- * Welpark Co., Ltd.
- * Shimizu Drug Co., Ltd.
- TSURUHA HOLDINGS Inc.
- KUSURI NO AOKI CO., LTD.

Financial Service Business



Offering comprehensive financial services with retail expertise

We provide financial services centered on the credit card business in Japan and other Asian countries. In Japan, we provide unique financial services as a retailer, such as convenient banking and WAON e-money services.

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

Shopping Center Development Business



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

In Japan and other Asian countries, we are developing shopping centers that harmonize with local communities. We are making efforts to improve services and facilities in response to the changing times and diversification of customer needs.

- AEON Mall Co., Ltd.
- AEON TOWN Co., Ltd.

Service Business



Creating a comfortable environment at our shopping centers

We are providing customers of our shopping centers with a range of services to make their visit a pleasant one, including the improvement of the facilities to ensure their safety and comfort.

- AEON DELIGHT CO., LTD.
- AEON Fantasy Co., Ltd.
- ZWEI CO., LTD.
- AEON Eheart Co., Ltd.
- AEON CINEMAS CO., LTD.
- KAJITAKU Co., Ltd.
- JUSVEL CO., LTD.
- Reform Studio Co., Ltd.
- * Warner Mycal Corporation

Shared Function Companies

The shared function companies are companies in which the common functions that used to be fulfilled individually by Group operating companies, such as product procurement, distribution, and IT, are consolidated to maximize group synergies and reduce costs.

Specialty Store Business



Supporting the unique lifestyle of every customer

This Business operates specialty stores dealing in a wide range of products, such as fashion, sporting goods, and books. These stores are stand-alone or tenants housed in shopping centers, station buildings, etc.

- GFOOT CO., LTD.
- COX CO., LTD.
- Abilities JUSCO Co., Ltd.
- AEON FOREST CO., LTD.
- AEON PET CO., LTD.
- AEON BODY Co., Ltd.
- Claire's Nippon 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.
- * Taka: Q Co., Ltd.

E-commerce Business



Interacting with customers through new multiple channels

In this Business, based on the common E-commerce infrastructure built and provided across the Group, we are making efforts to establish business models unique to the Aeon Group by combining services provided at actual stores with those provided online.

- Aeon Link Co., Ltd.
- Digital Direct Corporation

ASEAN Business



Expansion and financial services stores in the ASEAN countries

We are operating a total of 28 shopping centers and other outlets in Malaysia and 29 supermarkets in Thailand, mainly in the center of Bangkok. We have also begun conducting surveys and other preparations for the launch of stores in Vietnam, Cambodia, and Indonesia.

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

China Business



Mobilizing all available group resources to operate businesses in China

Utilizing our know-how in store development and management gained in Japan, we are developing a range of businesses in China, including the core Shopping Center and General Merchandise Store Businesses, and also Financial Services, Service Business, and Specialty Store Business in the country.

- AEON (CHINA) CO., LTD.
- AEON Stores (Hong Kong) Co., Ltd.
- AEON South China Co., Ltd.
- Beijing AEON Co., Ltd.
- Guangdong JUSCO Teem Stores Co., Ltd.
- Qingdao AEON Dongtai Co., Ltd.

- AIC Inc.
- Aeon Integrated Business Service Co., Ltd.
- AEON AGRI CREATE Co., Ltd.
- AEON GLOBAL SCM CO., LTD.
- AEON GLOBAL MERCHANDISING CO., LTD.
- AEON TOPVALU CO., LTD.
- AEON FOOD SUPPLY Co., Ltd.
- AEON Bakery Co., Ltd.
- AEON MARKETING CO., LTD.
- Cordon Vert CO., LTD.
- Research Institute For Quality Living Co., Ltd.
- Tasmania Feedlot Pty. Ltd.
- * YAMAYA CORPORATION

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 5 trillion yen. The number of stores has expanded from 70 to 10,000 and the number of employees has increased from 4000 to 300,000. 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 entity.

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) 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

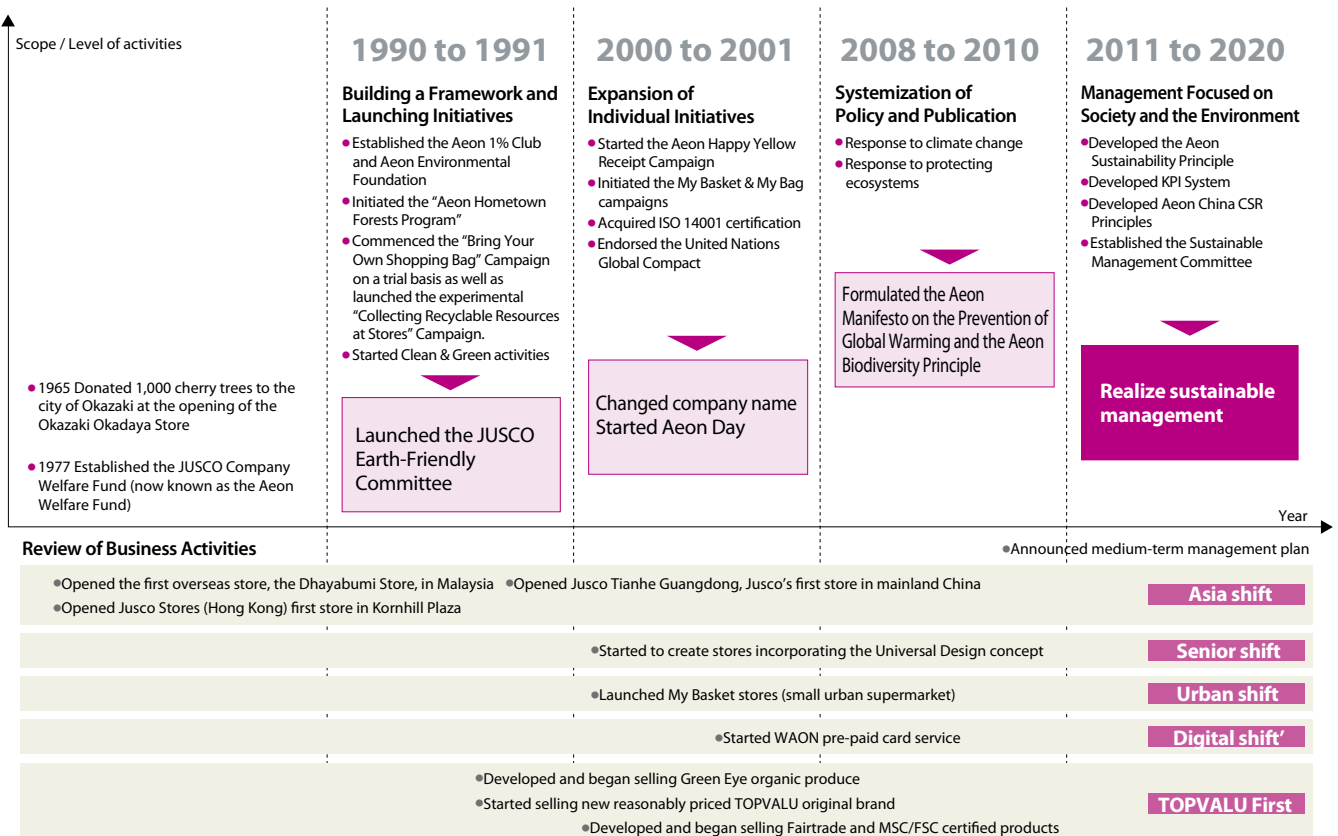
Based on the United Nations Global Compact

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. 48), and acquired SA8000 certification (p. 49), 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.



History of Environmental and Social Activities as well as Future Aspirations



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 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) dealing with social matters. 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 2011 targets and results, please see page 23-26.

Aeon Sustainability Principle

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

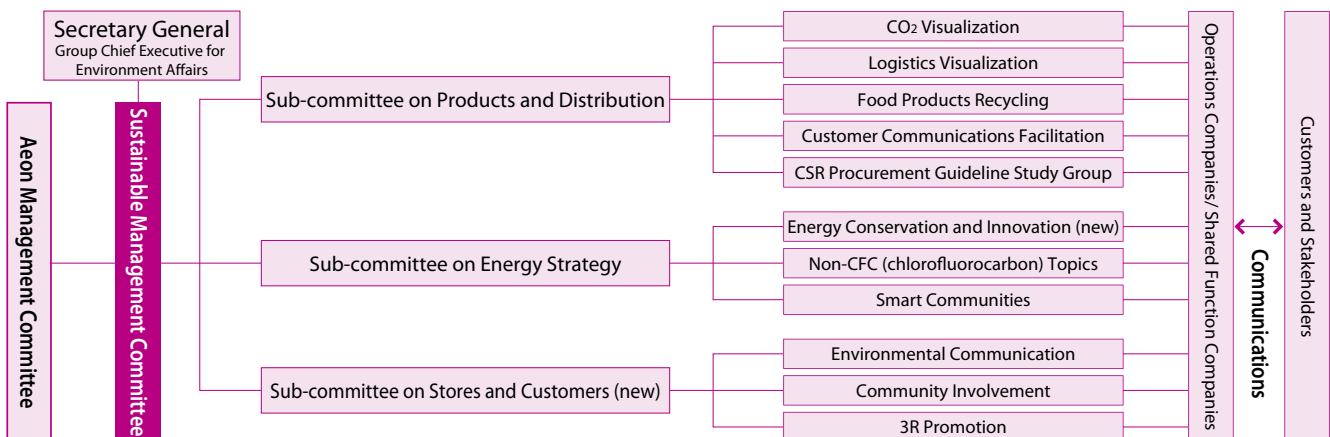
With "realization of a low-carbon society," "conservation of biodiversity," "better use of resources" and "dealing with social matters" as pillars, we will think globally and advance activities locally and actively.



CSR Promotion Structure Sustainable Management Committee

Aeon established the Sustainable Management Committee in June, 2012 in order to promote the 4 Key Issues and other CSR activities. The Committee will meet in three sub-committees (see chart), to understand the status of various activities on group-wide themes and make recommendations. In addition the committee will report on annual objective targets, achievements and other issues to the Aeon Management Committee.

Sustainable Management Committee



Highlight 2012

Aeon CSR and Growth Strategies

Responsibilities and Activities as a Supra-regional Retailer Connecting Asia

Asia Shift

The Aeon Group is making a concerted effort to promote a variety of community-based projects in the quickly developing China and ASEAN areas. Committed to a 'customer first' policy, and taking advantage of store management and infrastructure expertise gained in Japan, Aeon aims to be Number 1 in Asia in both scale of operations and in brand quality.



Senior Shift

With more than 23% of the population over 65 years of age, Japan is considered a 'super aged society.' It is expected that Asia will follow suit as an aging society in the near future. Aeon is meeting the needs of the aging society on 4 service themes: products, stores, retail tenants, and service.



Urban Shift

To meet the needs of urban dwellers, Aeon is developing various types of stores and new urban businesses. Building on the expertise gained in Japan, Aeon is also developing such businesses appropriate to a growing number of metropolitan area local communities in Asian countries.



Digital Shift

Aeon is developing business such as 'Netsuper' in response to the needs of customers who want to enjoy shopping through the convenience of the internet and mobile devices, and of seniors who are having difficulty shopping because of a lack of supermarkets in their vicinity.



Working with the People of Asia for Sustainable Growth

By the year 2020, the number of middle-income earners in Asia is expected to reach 1 billion, and the quickly rising GDP in Asia is expected to be the highest in the world. While the emergence of a new urban consumer market in Asia is a great opportunity for Aeon, it also presents concerns related to new problems and social issues that arise, such as increased waste and CO₂ emissions and the disintegration of local communities. In light of this, Aeon is aiming for sustainability management through a balance between 'Aeon Group growth' and 'community development.' In a medium-term management plan for fiscal 2011-2013, Aeon has laid out a new growth strategy for sustainability in Japan and Asia, taking into account 'Asia shift,' 'senior shift,' 'digital shift,' and 'urban shift.' Further, in order to enhance the purchasing power and comfortable life of customers in a prolonged deflationary economy, Aeon is expanding the TOPVALU private label brand, using a 'TOPVALU First' strategy. By such means, Aeon's growth will go along with growth in Asia. Aeon aims to be a 'supra-regional retailer,' joining Asia and Japan in peace and prosperity by refining expertise gained in Japan to go along with conditions such as 'an aging population,' 'urbanization,' and the need for 'environment protection,' 'safe food and reliable products' and 'quality.'

TOPVALU First

Aeon developed the TOPVALU brand having in mind improvement of the daily life of our customers. In order to get the message across to more people, Aeon continues to expand and improve the quality of the TOPVALU lineup of safe and environmentally sound products.



Three Perspectives Connecting 'Group Growth' and 'Societal Development'

Part 1 Promoting 'Localization' P 11

Contributing to Sustainable Development in China

Part 2 Responding to an 'Aging Society' P 15

Providing Seniors a Safe and Comfortable Lifestyle

Part 3 Enhancing 'Popular Products' P 19

Greater Variety in Products and Genres that Respond to Customer Expectations

Part **1** Promoting 'Localization'

Contributing to Sustainable Development in China



Yuki Habu
AEON (CHINA) CO., LTD.
(Aeon Group's China Headquarters)
Director

“Aeon Group United for Sustainability in China”

After opening stores in Hong Kong in 1987 and in Guangdong in 1995, Aeon, with its fundamental 'customer first' stance, continued in earnest to expand business in China, drawing on experience and expertise gained in development of stores and operations in Japan. Responding to customer expectations for 'safe,' 'convenient,' and 'quality' goods, Aeon opened businesses centered on GMS (General Merchandise Stores) in the 5 areas of Beijing, Tianjin, Shandong, Guangdong, and Hong Kong. At present, there are over 12,000 Aeon Group employees in China and we expect the number of Aeon people in China to grow with the acceleration of Aeon store openings in China.

As the lifestyle and expectations of Chinese customers becomes more and more diverse, Aeon needs to proceed with a multi-format strategy, offering specialized stores and services, such as supermarkets (SM), shopping center development, general financial services and other services in addition to GMS, that are suited to the local community.

Aeon Group's China Headquarters (Aeon China Co. Ltd.) began operations in Beijing on March 1, 2012 to oversee Aeon's strategy and product development, recruitment and training, CSR, and other activities in China. Implementing a 'glocal' (global/local - balancing global and local community interests) management perspective, Aeon aims to be branded the top CSR company in China. Aeon's China Headquarters is targeting Hubei, Jiangsu, Zhejiang, and Fujian, areas expected to show future market growth, as new locations for business expansion.

“Aeon China Declaration Conference”

The 'Aeon China Declaration Conference' took place in Beijing on September 1, 2011, prior to the establishment of Aeon Group's China Headquarters, as a kind of 're-initiation ceremony' for Group employees in China.

Over 310 employees attended from the Aeon Group's 20 companies having operations in China (as of February 2012). The president of Aeon's China Headquarters announced his management policy, employee representatives expressed their commitment, and awards were implemented for in-house systems, giving Aeon people a chance to confirm the Aeon ideals and ideas for growth, and the continuing connections between Aeon people.

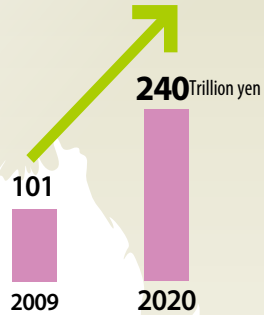
To celebrate the new start in China, a 'Clean & Green' (Close Up) campaign, and other activities, were conducted.



Aeon China Declaration Conference

Store Development in China

China's Retail Market Trends



- GMS
 - SM
 - Convenience Stores
 - Other Retail Stores
 - Specialty Stores
 - Financial Services
 - Service Business
- (as of February 2012)

China

- 30Stores
- 11Stores
- 29Stores
- 27Stores
- 37Stores
- 24Stores
- 5Sites



Voice

China Headquarters Established; Aeon Group Companies Working Together for the Environment and Social Activities

As of February 2012, there are around 20 Aeon Group companies with operations in China and each has been involved in tree planting and other environmental and social contribution projects. With the new integrated management, the companies will be able to join hands to increase social contributions. In conjunction with establishment of the China headquarters, Aeon's 'all Aeon' CSR policy for China is moving forward for environment conservation and social activities. In August 2012, all of the Aeon Group companies in China started the 'Aeon Happy Yellow Receipt Campaign.' following the same system as the Aeon Group companies in Japan.



Mia Hu
AEON (CHINA) CO., LTD.
(Aeon Group's China Headquarters)

Close Up

Close Up – the 'Clean & Green' Campaign

Aeon China is carrying out 'Clean & Green' activities in China, just as in Japan, with employees, customers and business partners together donating funds in a desire to plant trees and to clean streets and public parks. (p. 42) For two months from June to August, 2011, in celebration of the establishment of Aeon China Headquarters, approximately 10,000 employees and customers from Aeon Stores Hong Kong, Aeon Huanan, Guangdong JUSCO, Aeon Qingdao, and Aeon Beijing implemented a 'Clean & Green' campaign in the form of a relay race.



Japan-China 'Environment Risk Management Committee'

An example of Aeon's 'Global Management' is the establishment of the 'Environment Risk Management Committee. The approximately 20 Aeon Group companies in China are planting trees and engaging in activities to protect the environment and to contribute to local communities. However, in order to strengthen compliance and risk management, the bedrock of CSR, and to ensure that individual company innovations are communicated group-wide, it is necessary that the various Aeon companies in China collaborate with each other and with Aeon companies in Japan, where various activities have already been promoted, to work as 'All Aeon.' Aeon China has

formulated an 'Aeon China CSR Policy,' and in order to manage the progress of this, set up a joint Japan-China team as the 'Environment Risk Management Committee.'

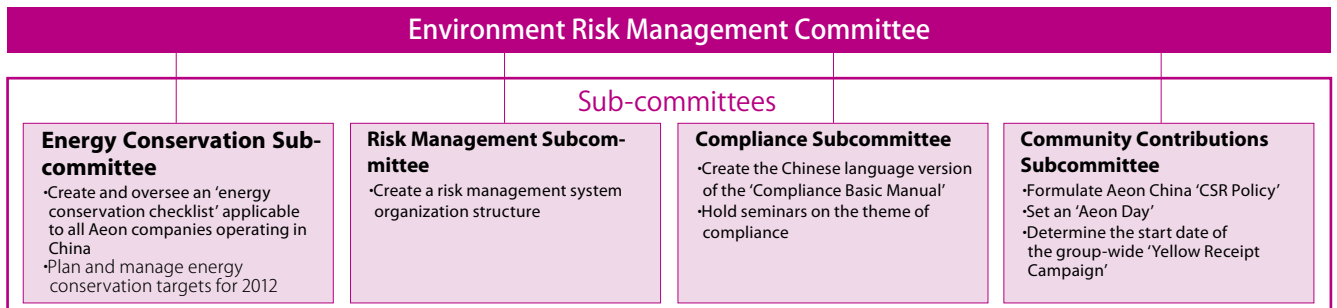
The Committee has identified 4 priority themes: 'energy conservation,' 'risk management,' 'compliance,' and 'community contribution and communication.' Sub-committees for each priority meet or hold conferences or video-conferences once a month, and a general assembly meeting to report results and confirm progress takes place once every three months .

Aeon plans also to establish a headquarters for the ASEAN area, and envisions that the Aeon companies in Japan and in ASEAN countries will compete with each other and work together towards improvement.

Aeon (China) CSR Policy

1. We will put energy and resource conservation into effect in order to halt global warming
2. We will provide our customers with safety and security
3. We will create a work environment of mutual respect and recognition
4. We will do business in a just and transparent manner
5. We will support community activities as a corporate citizen.

Environment Risk Management Committee Organization Chart/Main Agenda of Fiscal 2011



The Committee is headed by the Aeon (China) Chief of Staff and the general managers of the various companies promoting GMS in China. Sub-committees are headed by managers of Aeon Japan's departments of General Affairs, Environment and Community Contributions, Legal Affairs, and Aeon Delight's Environment Affairs manager. The persons responsible for environmental affairs from each of the Aeon Group companies in China attend the meetings as members of the Committee.

Message Aeon's Overseas Expansion – as a community based group of companies

Aeon early on saw the potential of economic growth in Asia, and opened stores in Malaysia and Thailand in 1985, and in China (Hong Kong) in 1987, always with a 'customer first' philosophy. With knowledge and expertise gained in the Japanese market, Aeon was able to respond to local community customer expectations and to thereby aggressively develop overseas regional operations.

Along with contributing to local communities through our businesses and by instituting, in advance of opening stores, tree-planting and educational programs to train the next generation, Aeon's expansion internationally focuses not exclusively on profit, but rather more on growing as a corporate group with stakeholders in the region and through business activities that fit the local community.

Aeon is presently promoting an 'Asia shift' corporate focus and the entire

Aeon Group is working together to develop this across Asia. In fiscal 2011, there were over 100 GMS (general merchandise stores) and SM (supermarkets) in Asia. Aeon is planning in the near future to establish an Aeon ASEAN Headquarters and to open stores in new regions, starting with Vietnam and Cambodia. We are already, for several years now, dispatching project teams engaged in ongoing social and environment conservation activities.

In January 2012, Aeon hired around 230 new employees in ASEAN countries, and ceremonies to welcome them were held simultaneously in Malaysia, Thailand, and Vietnam. Aeon's goal is to integrate CSR activities with business activities in Asia, and to develop as a presence indispensable to sustainable regional community growth.

Close Up

Major CSR Activities of Fiscal 2011

Initiatives of Aeon China Companies

Aeon Beijing



Aeon Beijing lent support to the Aeon Environment Foundation sponsored 'Great Wall of China' tree planting (a total of 1 million trees planted as of April 2010)

JUSCO Guangdong



Start of China version of 'Tomato Club' Activities

Aeon Huanan



Lucky Porridge campaign (donations for children's heart disease charity)

Aeon Qingdao



Visits to homes for the aged

Aeon Stores Hong Kong



Continued support (since 1992) for a used book charity to fund school construction

In fiscal 2011, Aeon Beijing International Mall Shopping Center garnered the '2011 CCFA (China Chain Store and Franchise Association) Shopping Center Golden Lily Award' and Aeon Huanan was chosen locally as the 'Most Popular Retail Brand of the Year'

China-Japan Joint Efforts

Human Resource Development Projects

- Aeon Qingdao 'Aeon Quindao University' education program: invited lecturers from Japan to discuss 'customer service,' 'risk management,' and 'compliance'
- Japan 'Corporate Ethics Team' annual study sessions with local executives and store managers, and CSR managers: Training sessions for all Aeon companies started from 2011.



Compliance

- Helpline (Aeon Code of Conduct Hotline) to strengthen compliance competence expanded to various Group companies
- Preparation of Compliance Manual and compliance instruction

Food Hygiene Management Knowledge Transfer

- Guidelines - created based on the Japanese 'Customer service Manual,' localized for China



Promotion of Aeon Code of Conduct to Aeon Suppliers

- Compliance check, in conjunction with the China staff of AIC, Inc., an Aeon group company, of the Chinese factories producing TOPVALU products



Aeon's History in the ASEAN Region



Part **2** Responding to an 'Aging Society'

Providing Seniors a Safe and Comfortable Lifestyle



Hideaki Yajima
AEON CO., LTD.

“Initiatives for an Aging Society”

The ratio of elderly in Japan's population is expected to increase to 29% by 2020, up from 23% in 2010, and the retail market is contracting overall. Since seniors already represent 40% of the domestic market, building stores that appeal to seniors has become a major point for surviving a shrinking market.

In this climate, Aeon is promoting a 'senior shift' - enhancing 'products,' 'sales floor,' 'retail tenant development,' and 'services' for seniors. To meet the challenges of an aging society, we need to do what we can as a retailer to provide senior customers a new sense of a secure and comfortable lifestyle.

Aeon Mall Funabashi opened In April 2012 as a model example of Aeon's idea and vision of 'allowing seniors a pleasurable and secure shopping experience.' (see Close Up)

Also in April 2011, 26 Aeon group companies together presented 'Grand Generation's Collection in Tokyo,' an exhibition of goods and services geared to seniors, the first such event by retail industry. (see Close Up)

Through such activities, Aeon is creating a new business model and sharing prosperity with our senior customers through new products and services that reflect customer needs and expectations.

Close Up

'Grand Generation's Collection in Tokyo'

26 Aeon Group companies took part in the 'Grand Generation's* Collection in Tokyo' event held at Tokyo International Forum in April 2012. Featured were a wide variety of clothing, cosmetics, and health food items, as well as services, all geared to seniors. There were also seminars and talks on subjects of interest to seniors.



*Grand Generation refers to seniors enjoying an active and enjoyable 'second life' after retirement. Kundo Koyama, screenwriter for award winning film Departures, said that this is 'the best generation of life.'

‘Senior Shift,’ ‘Digital Shift,’ ‘Urban Shift’ – helping challenged shoppers

‘Senior shift’ is taken up in Aeon’s medium-term management plan as one of the 4 major shifts, along with ‘digital shift,’ and ‘urban shift’ and is closely related to these.

According to a survey, the range of activity of seniors decreases as age advances. There is also the problem of few local stores in the areas they live, and this has been recognized as a social problem. The aim of ‘digital shift’ is to develop internet shopping sites and internet supermarkets, enabled by the spread of digital devices with intuitive operation such as remote operated television internet, and smart phone and tablets that can access the internet. Obviously, many seniors are among the people who will be using e-commerce and internet shopping, and Aeon has introduced services such as its ‘Todokun desu’ delivery service and ‘Yuu Yuu WAON’ to enable more seniors to more easily take advantage of the opportunities of internet shopping. We consider this an important part of our responsibilities.

‘Urban shift’ also incorporates measures to consider our senior customers. For example, Aeon is increasing the openings of ‘My Basket’ small supermarkets in urban neighborhoods, with the aim of allowing seniors to be able to shop within walking distance in their urban neighborhoods.

Also, Aeon’s RECODS stores, combining the advantages of a convenience store with the specialized services of a drugstore, take into consideration and reflect the needs of senior customers. At the time of the Great East Japan Earthquake, Aeon stores in the affected area quickly re-opened. This was greatly appreciated by the local people, and we at Aeon could confirm our role as a retailer to be an indispensable ‘lifeline.’ In order to continue to carry out this retailer’s role in a Japan that is aging, we must continue to focus our attention on ‘senior shift,’ digital shift,’ and ‘urban shift.’



Shopping portal site “AEON SQUARE”



‘My Basket’



‘RECODS’

Services for Seniors by Industry

Business	Examples of initiatives
GMS (general merchandise store)(Aeon)	Delivery services
SM (supermarket) (Maxvalu)	Acceleration of small store SM opening(Maxvalu Express)
DS (discount store)	General DIY for senior oriented home improvement and gardening.
Strategic Small-size Stores	Taking orders, ordering services, catalogues
Drugstore/pharmacy	Health consultation
General Financial services	Club membership system
DV (developer business)	Relaxation spaces, clinic malls, mall walks
Service	Dispatched housework, nursing, meal delivery
Specialty Stores	Culture/hobbies model
Digital Business	New media
Shared Function Companies	Senior PB (private brand/small backpack) development

Close Up Aeon Mall Funabashi Initiatives

Products

Product Lines Targeted to Senior Lifestyle

Aeon's TOPVALU brand is responding to the needs of an increasing number of single-person households, mainly senior, with products geared to health consciousness and people eating alone. Aeon is also targeting active seniors with an assortment of increased clothing choices that combine functionality with attractive designs.



The Sales Floor

User-friendly Space and Personal Support

We are incorporating easy to understand Universal Design product information and in-store signage, and providing rest area space, all to allow people to shop in comfort. We are also supporting our customers' shopping by instituting 'care fitters' (see p. 54) and 'supporters for people with dementia' (see p. 54)



Retail Tenant Development

Specialty Comprehensive Support

To support secure and comfortable living, Aeon is setting up clinics that can respond to a wide range of medical care needs and 'financial plazas' that can offer financial services such as loans, insurance, investments, etc.



Service

Money Saving and Convenient Shopping

Aeon is offering special services to seniors, such as the Yuu Yuu WAON' prepaid card which offers special services for people 65 and over, 'same day delivery' service* for home delivery of purchased items, and the Todokun Service that allows seniors to make catalogue orders by fax or phone.



*Deliveries are limited to specified areas.



Voice

Particularized Responses to Differing Generational Tastes and Lifestyles

At Aeon Mall Funabashi, we do not concentrate exclusively on seniors as a single target. Rather, we are dedicated to meeting specific lifestyle tastes and needs of all the different age groups and local communities. By having a diversified approach to a diverse customer base, we hope in some small way to contribute to the 'revitalization' of Japan.



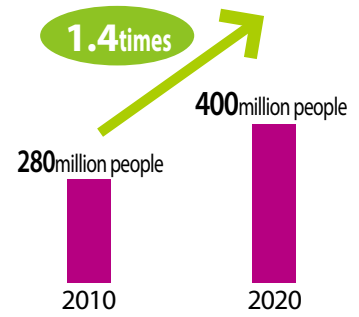
Masataka Koizumi
Aeon Mall Funabashi
Mall Manager



Hiroyuki Kotera
Aeon Funabashi
Store Manager

Applying Senior Initiatives in Asia

We believe that the knowledge and expertise we have gained through addressing Japan's aging society can be applied in Asia. The senior demographic in Asia is expected to increase from 280 million in 2010 to 400 million by 2020, an increase of 40%. Obviously, the phenomenon of an aging society is not limited to Japan that is already a 'hyper-aging society,' and response to an aging society has in fact become a pressing issue in other Asian countries as well. As a 'supra-regional retailer,' Aeon intends to provide a convenient and safe shopping environment for the people in those countries and communities as a part of the promotion of Aeon's 'Asia shift.' First of all, Aeon plans to become the group of companies in Japan that is most supported by seniors, and that can provide for seniors on the sales floor, through merchandise, through retail tenant development, and services. The objective is ambitious, but we will achieve this goal by steadily putting each of its steps into practice.



Part **3** Enhancing 'Popular Products'

Greater Variety in Products and Genres that Respond to Customer Expectations



Chozo Nakaya
AEON TOPVALU CO., LTD..
President & CEO.

TOPVALU '5 Commitments' Serving Customer Needs

A great deal of attention is being focused on product safety following a spate of accidents involving cars, bicycles, electrical appliances, fitness equipment, playground apparatus, etc. In particular, food safety is a serious consumer concern because it directly threatens life. Many consumers emphasize product safety as a motivating factor in their purchases.

Aeon, with its 'Customer First' policy, developed the TOPVALU brand in 1974 in response to such concerns. TOPVALU, with an annual product sales volume of around 530 billion yen, has become Japan's largest PB (Private brand) and continues to concentrate on improved safety, support for the environment, etc.

The idea to continuously 'offer excellent and safe products at reasonable prices' is grounded in the fundamental principles of TOPVALU's '5 Commitments.' Along with reaffirming these principles, and strengthening efforts related to 'safe,' 'convenient,' 'environment-friendly' ideals, Aeon is expanding diverse product lines in answer to customer expectations for fresh food.

5 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 offer products at affordable prices.
- 5 We shall guarantee our customers' satisfaction.

Product Safety – Top Priority on Product Development, Manufacturing, and Distribution

To ensure the safety of TOPVALU products and create new products that reflect the expectations of our customers, Aeon is involved in product development, from the stage of planning and design to the selection of manufacturing partners, determination of product specifications, and management of production and sales.

In product planning and design, we carefully consider the suppliers and safety of raw materials, including whether additives have been used or not in the manufacturing process, etc. Further, through implementing the Aeon Supplier CoC,* Aeon is surveying and assessing product safety as well as plant hygiene of manufacturing partners. Prototypes are evaluated and only those meeting quality standards are delivered to stores. In addition, product surveys are conducted on a regular basis even after a product goes on sale.

*Aeon Supplier CoC: Code of Conduct for manufacturing partners, ensures that manufacturers comply with national and regional laws and regulations, operate a safe and hygienic work environment, respect human rights of workers and guarantee proper wages and working conditions.

8 TOPVALU brands





Voice

On-site Quality and Hygiene Management Checks

In order to ensure contract manufacturers are following the rules and procedures of the Code of Conduct, Aeon is conducting site visits to inspect the manufacturing process, including product quality and safety, plant hygiene, etc. For frozen vegetables such as frozen TOPVALU salted boiled broad beans, we visit the farms in China, check on farming conditions, records of pesticide use, etc. We also regularly visit processing plants to check for hygiene and safe materials management. The Research Institute for Quality Living, Co., Ltd, an Aeon Group company, works together with our contract manufacturers to continue to improve production systems and ensure the improved product quality and safety our customers have come to expect



Nire Kamoshida
Research Institute For Quality Living Co., Ltd.

Independent Checks for Radiation

In response to customer concern about the safety of fruits and vegetables, rice, meat, fish and seafood, Aeon has taken responsibility to conduct independent inspections through third party agencies. In the case that above limit radioactive cesium is detected, Aeon makes it a rule to forgo purchase or to switch to sources or fisheries in different regions. In November 2011, Aeon set up a website publically listing results, in response to customer requests for information. Aeon will continue to do everything possible to let our customers feel secure and confident in their purchases.



Minako Kawaguchi
Agricultural Product Planning Development Dept. AEON TOPVALU CO., LTD.

Close Up

TOPVALU Product Development and Distribution

1. Planning and Designing Products

Along with listening to the expectations of our customers, Aeon fully takes into account the issue of product safety, including inspections of materials and the manufacturing process, in order to eliminate any safety or health hazards.

POINT Producing Products that Reflect Customer Opinion

The starting point of TOPVALU product development is customer feedback. For example, hearing that customers wanted one-person portions, we started packaging spaghetti in 100g units, or hearing that customers wanted to know the expiration date for individual units of fermented beans packaged together but with the expiration date only on the outer packaging that would be discarded, we put the expiration information on each unit.



2. Selecting Manufacturing Partners

Aeon selects manufacturers after conducting inspections to confirm appropriate product safety and hygienic factory conditions, and compliance with Aeon's Supplier CoC.

POINT Aeon Supplier Code of Conduct

Aeon established the Aeon Supplier Code of Conduct in 2003 in order to carry out its social responsibility to ensure the quality of TOPVALU products. The Code also guarantees that business transactions with both Japanese and overseas suppliers of TOPVALU brand products are appropriate and that manufacturers are providing a proper workplace environment. Aeon requires suppliers to sign a 'Compliance Pledge' to the Code's 13 points calling for compliance with local and international laws, establishing a quality assurance system and among other requirements, 'respect for workers' human rights, including proper wages in a safe and healthy working environment. In addition, Aeon requires that the companies submit to regular audits by both Aeon auditors and by professional outside agencies. With the rapid acceleration of globalization, Aeon intends to focus on training local auditors as well.



TOPVALU and Environment Conservation

Development of TOPVALU Products: focus on 'safety' and 'reliability' and on environmental protection.

The 'TOPVALU Kyokan Sengen' brand was developed and marketed beginning in the year 2000 as a line of eco-products emphasizing '4 R's': 'reduce,' 're-use,' 'recycle,' and 'returnable.' It further encouraged sustainable use of marine products by selling Marine Stewardship Council (MSC) certified Alaskan salmon and salmon roe from 2006 and, as of February 2012, Aeon has the most MSC certified products among Japanese retailers, with 12 categories and 26 varieties certified (see p. 33). From 2008 Aeon has also been selling notebooks made from FSC (Forest Stewardship Council)



TOPVALU KYOKAN SENGEN LED light bulbs



TOPVALU KYOKAN SENGEN herbal fragrance concentrated laundry detergent

certified wood and paper products and is currently using recycled materials for product labels and tags, etc. (see p. 33).



MSC-certified TOPVALU salted wild salmon



FSC certification on a TOPVALU KYOKAN SENGEN A4-size notebooks

Promoting TOPVALU's Value to Customers

As a retailer interacting with customers on a daily basis, we would like more people to know about TOPVALU's 'safe,' 'reliable,' and 'environmentally sound' products, as well as community

TOPVALU Product Development and Distribution

3. Determining Product Specifications ▶ 4. Inspecting Products

Customer monitors and Aeon employees evaluate product prototypes. Following strict standards, products that fail to garner a total of 70 percent of highest and 2nd highest ratings in a 5 step evaluation are rejected. In these cases, specifications would be reviewed, re-checking raw material ingredients, additives, and conditions of the manufacturing process.

More than 70% of the evaluators rated

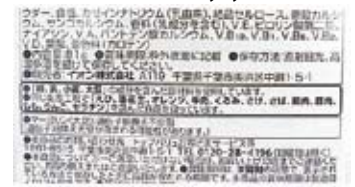
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Products produced following product specifications are checked for whether or not they meet expected quality levels and safety standards. The Research Institute for Quality Living, Co., Ltd. conducts around 7,300 specialized quality check inspections a year.

POINT In order to allow customers to choose TOPVALU products with confidence

Aeon product labels display 18 items related to product safety, such as possible allergen ingredients, in addition to the 7 indications required by law. Moreover, as much as possible, we list information important to our customers on nutritional values, genetic engineering, salt content, etc. In addition, for Aeon's TOPVALU Green Eye agricultural products, Aeon has introduced a traceability system whereby customers can easily access product history by computer or mobile phone.



contributions and we would like to raise awareness of these issues.

For example, in Aeon's 'Rice Paddy Project for Elementary School Students,' started in 2008 with local agricultural cooperatives and NPOs, students produced 'Topvalu Green Eye Specially Cultivated Rice' and experienced the whole production process, from planting the rice to harvesting it and then presenting it for commercial sale.



TOPVALU Gurinai bell peppers



Topvalu Gurinai Specially Cultivated Rice

Also, in response to customer wishes to make contributions internationally to developing countries through daily purchases, Aeon has been developing and selling Fairtrade* products, introducing TOPVALU Fairtrade coffee in 2004 and selling TOPVALU Fairtrade chocolate since 2010 (see p. 50).

*doing business with producers in developing countries in need of support and setting prices of raw materials and products at levels commensurate with the labor involved, assisting producers economically and socially, and also supporting environment conservation.



TOPVALU Drip Coffee Fair Trade Blend



FLO(Fairtrade Labeling Organizations International) certification logo



TOPVALU Fairtrade Chocolate

TOPVALU Sales in China

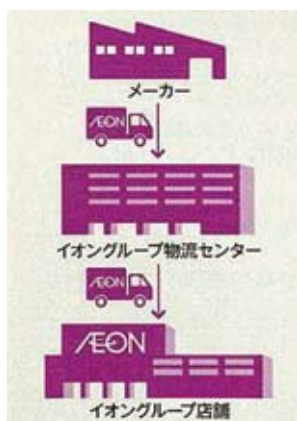
TOPVALU products are produced and manufactured in many countries, including China, Thailand, Vietnam, etc., and all share in common the values of being 'safe, eco-friendly, with high cost performance.' From March 2012, we have begun selling products targeted for the Chinese market that conform to quality standards developed in Japan. Specifically, we have started sales of 115 items such as peanut oil, fruit jelly (popular with children), chestnuts, thick bottomed slippers and socks, and other products that are basic household items in China. The number will be expanded to 500 items within the present fiscal year, and to 1000 items developed to reflect customer needs and expectations within 2013.



TOPVALU brand products in China

5. Product Distribution

Aeon is eliminating extra costs through taking full advantage of our own distribution network.

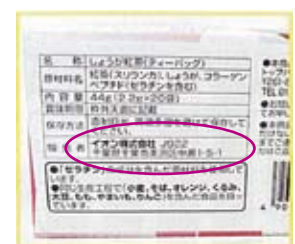


6. Product Management After Product Introduction

Contracts with manufacturing partners allow Aeon to conduct and record inspections for every product manufacture lot. We also conduct periodic spot checks of items on sale at Aeon stores.

POINT Aeon Co. Ltd., as 'Seller' on Product Packaging

TOPVALU packaging displays Aeon as the 'seller' rather than naming the manufacturer. In the case of PB (private brand) goods jointly developed by a retailer and a manufacturer, and produced according to the specifications of a manufacturer, the names of the two companies will both usually be on the label. However, Aeon takes the position of bearing full responsibility for product quality and will manage the entire manufacturing process from material procurement through to distribution. Aeon has also instituted a toll free telephone line for customers to be able to get product information, and this is at the same time contributing to our ability to speedily develop new products based on our customer's feedback and comments.



7. To Our Customers

We have set up a Call Center and are listening to our customers' opinions and suggestions about products.

Fiscal 2011 Activities

Aeon devised and prepared a KPI (Key Performance Indicators) system as a base for realizing sustainable management. Having assigned divisions and person in charge for each KPI field, we are taking stock of and managing the progress of activities on a regular basis. From this fiscal year forward, our intention is to report on the state of KPI implementation and to share that information with all stakeholders. Also, given that circumstances related to KPI, both within Aeon and externally, are subject to change, we will be reviewing and reconsidering guidelines on a regular basis.

Reports are based on new KPI targets and performance. Results of the previous year are listed in parenthesis in the fiscal 2011 KPI performance column,

Realizing a Low-Carbon Society

Aeon is taking various CO₂ reduction initiatives, placing priority on stores and on products and distribution. As a result of improved energy management in stores, based on both training and investment in energy efficient equipment, mainly lighting and refrigeration cases that use natural coolants, the CO₂ reduction level target set in the Aeon Manifesto on the Prevention of Global Warming was achieved a year in advance of projections.

We will further improve reduction management by shifting from 'total emissions' to 'per unit emission' targets.



See p. 27-32 for details

Biodiversity Conservation Initiatives

Based on Aeon's Biodiversity Principle, Aeon is providing biodiversity-friendly products, and is promoting tree planting together with our customers at new stores through the 'Aeon Hometown Forests Program.' In fiscal 2011, the increase in the richness of forests through the 'Aeon Hometown Forests Program' was noted.

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.

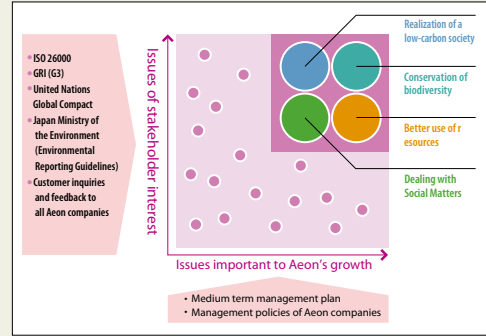
See p. 33-36 for details

Key Issue	Main Category	Subcategory	KPI
Key Issue 1 Realization of a Low-carbon Society 	Reduce CO ₂ Emissions in Stores	Reduce Total CO ₂ Emission	Total Annual CO ₂ Emissions Factor (CO ₂ Emissions / Total Floor Area)*
		Improve Energy Efficiency	Total Energy Use Factor (Amount of Heat / Total Floor Area)*
		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	
Key Issue 2 Conservation of Biodiversity 	Biodiversity Conservation in Products and Logistics	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

*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).

Chart: KPI Formulation Concept

When formulating KPI, Aeon had to examine the twin perspectives of 'matters of high interest to stakeholders' and 'matters important to Aeon's growth,' in light of the dual objectives of 'community development' and 'growth of the Aeon Group. Aeon determined approximately 20 items to quantitatively ascertain progress.



Scope Covered	Target	FY2011 Results	Summary of Actions/Initiatives
Consolidated Group companies in Japan	FY2010: 0.10 t/m ² ▼ • FY2013: 0.08 t/m ² • FY2020: 0.05 t/m ² *Emissions coefficient uses the post-adjusted emissions coefficient from 2010.	0.09t/m ² (Total emissions of 2.2 million tons)	(1) Make investments in energy conservation centered on lighting solutions (2) Step up measures to operate stores with reduced amounts of energy (3) Conduct energy management training courses
Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	FY2010: 2.53 GJ/m ² ▼ • FY2013: 1.86 GJ/m ² • FY2020: 1.27 GJ/m ²	2.23 GJ/m ²	(1) Make investments in energy conservation centered on lighting solutions (2) Step up measures to operate stores with reduced amounts of energy (3) Conduct energy management training courses
Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	• During FY2012: Complete consolidation of CFCs replenishment amount • Reflect actual conditions of retail sector in government regulations on leak management	Ascertained CFCs replenishment amount and implemented leak prevention measures	(1) Formulate rules for ascertaining replacement amounts (2) Examine and execute leakage prevention measures
Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	Plan for installation at new stores • FY2012: 10% • FY2013: 15% • FY2014: 25% • FY2015: 100%	Published Aeon Natural Refrigerants Declaration and currently preparing project team	Start to resolve challenges relating to regulations, safety and costs through partnerships with external stakeholders
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% • FY2020: 30% CO ₂ emissions reduction for standard stores Develop zero emissions stores Install refrigerators and freezers that use natural refrigerant at 100% of stores	Began designing the concept draft for next-generation Eco Stores	(1) Formulate concept for next-generation Eco Stores (Future Stores) (2) Select suitable properties from among our supermarkets (3) Undertake design and development using the new concept
Consolidated Group companies in Japan	• FY2013: Review standard Eco Store concept and apply revised standards to all new stores • FY2020: 30% CO ₂ emissions reduction for standard stores	Reviewed standard Eco Store concept • 40% reduction in CO ₂ emissions • CASBEE assessment A	(1) Re-examine concept for each type (general merchandising store and supermarket) (2) Apply standards to new stores
Private Brand (PB) products	FY2010: 21 SKUs ▼ • Calculate for 100 SKUs every year • Every year communicate products that help reduce CO ₂ emissions externally	We built a management system for the calculation of CO ₂ emissions, also participated in a subsidy program sponsored by the Ministry of Economy, Trade and Industry and passed a screening conducted by a third-party organization.	(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 (4) Expand the number of products in the initiative (in particular, TOPVALU KYOKAN SENGEN products)
Aeon Global SCM Co., Ltd.	Compared to FY2010 ▼ • FY2013: 5% reduction • FY2020: 15% reduction	Began calculating CO ₂ emissions amount per case for shipment from distribution center to store	(1) Improve fuel efficiency by introducing energy-friendly vehicles • Trial use of large, natural gas-powered vehicles • Promote greater use of eco-friendly vehicles (2) Continue to hold the eco-driving accreditation course (3) Expand the system for recognizing good, eco-friendly drivers (4) Visualization of emissions occurring during shipment of PB products from the factory to the store
Private Brand (PB) products	• FY2012: Conduct consumer research • FY2013: 40% visibility in consumer research (PB products) *Sales of MSC certified products: 7,120 million yen in 2012 *Sales of FSC products: 2,568 million yen in 2012 Expand initiatives at regional Topvalu	Began preparation for consumer research	(1) Step up communication of biodiversity initiatives • Develop core PB products and market accordingly • Market regionally developed products (regional TOPVALU) in each region (2) Expand the number of biodiversity-friendly products developed • Provision of TOPVALU Marine Stewardship Council (MSC) certified products: ¥11,000 million (7.3% share of total TOPVALU marine produce category sales) (3) Verify visibility and criterion and analyze the resultsZ
Consolidated Group companies in Japan	Formulate indicator measuring the impact commercial facilities have on the surrounding ecosystem and evaluate stores based on relevant standards	Conducted self-assessment on Aeon Mall Itami Koya and Aeon Town Chikusa based on the assessment rules of the JBIB*	(1) Participate in the corporate network "Japan Business Initiative for Biodiversity" (2) Formulate an impact indicator for the above-mentioned initiative (3) Study off set methodology
Consolidated Group companies in Japan	• 2012: Phased implementation • 2013: 100% implementation	Revised manual and commenced technical training for persons in charge through on-site lectures	(1) Formulate manual and improve managerial skills in regional training (2) Create program management ledger for each store (3) Establish budget for each store and systematically maintain and manage forests

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 packaging materials. We are identifying key issues related to waste management at stores and, along with giving focused support to concerned stores and businesses, are improving our emissions management through greater in-house training.

See p.37-40 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 transaction transparency and worker rights through the 'Aeon Supplier Code of Conduct.'

In 2012, in consideration of recent social circumstances, we decided to add new KPI items related to fields such as labor practice and product safety and store security.

We will be developing various initiatives to reach our goals and to increase the range of our activities.

See p. 41 -1 60 for details.

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 yen in sales)
	Together with Customers	Reduce Number of Plastic Shopping Bags	Percentage of Customers Declining Plastic Shopping Bags (nationwide store average)
	Key Issue 4 Dealing with Social Matters 	Community Involvement	Make Contributions to Local Communities
Develop the Human Resources of the Future			Number of Aeon Cheers Clubs
Fair Business Practices		Guidelines	Compilation of CSR Procurement Guidelines (sustainable procurement and purchasing guidelines)
		Promote the Aeon Supplier Code of Conduct	Establishment of Audit System Linked to Topvalu Fast
			Confirmation status of Fair Trade Manufacturers for the TOPVALU Brand
Consumer Issues *New for FY2011		Safe Food and Reliable Products	Number of TOPVALU Products Removed due to Serious Incident
		Store Safety and Security	Safety and Security Infrastructure Development
		System of Dialog with Customers	Number of Complaints and Compliments Received
Number of Products Developed / Improved based on Customer Feedback			
Human Rights		Promote Diversity	Ratio of Female Executive Officers
	Ratio of Employees of Foreign Nationality		
Labor Practices *New for FY2011	Labor Practices	Creating Pleasant, Comfortable Workplaces	

Scope Covered	Target	FY2011 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)	50 tons	(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	•FY2012: 100 employees •FY2013: 100 employees Cumulative total: More than 250 employees	Seminar participants: 82 Successful candidates: 55	(1) Partner with external specialist organizations to compile training curriculum (2) Continue to conduct rank-based waste management training
Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	•FY2012: Perform trials and take measurements at model stores •FY2013: Ascertain volume and set reduction targets	— (New category; results to be reported in FY2012)	(1) Establish a system to measure actual emissions and accurately grasp the amount of emissions (2) Set reduction target factor and implement / manage
Consolidated Group companies in Japan and overseas for General Merchandising Store and Supermarket businesses	2010: 61.5% ▼ •2013: 70.0% •2020: 80.0%	60.4%	(1) Based on agreements with local governments, increase the number of stores no longer offering free plastic shopping bags (2) Approach local governments in areas that still offer free plastic shopping bags
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	38.1% of stores had submission rate of less than 20% (GMS: 70.3% / Supermarkets: 14.0% / Discount stores: 5.9%) [Japan]	(1) Thoroughly promote campaign in stores (2) Increase the number and location of submission boxes (3) Promote greater participation by marketing the campaign in various media including the corporate website
Consolidated Group companies in Japan and overseas for the General Merchandising Store business	FY2010: 191 clubs ▼ •FY2020: 600 clubs Implement activities undertaken by 60,000 persons annually	382 clubs, 5730 persons [Japan]	(1) Support the Aeon 1% Club Secretariat to establish new clubs (2) Host store leader training and efficiently manage the clubs (3) Provide more information in stores
Consolidated Group companies in Japan	•FY2012: Start seminar •FY2013: Prepare formulation of CSR procurement guidelines	Gathered information on CSR procurement activities	(1) Establish working group internally • Evaluate impact on business activities Ex.: Social responsibility in terms of biodiversity and other areas (2) Link with the Supplier Code of Conduct
Aeon Second-party Audit Certified Auditors	Development of Aeon second-party audit certified auditors ▼ •FY2013: 8 in Japan, 20 overseas *including Aeon China and Aeon ASEAN	5 in Japan, 11 overseas *excluding those in Japan	(1) Establish system for second-party audits overseas (2) Enhance auditor education (3) Establish audit system in China and ASEAN countries
TOPVALU Manufacturing Partners	•Confirm manufacturers at least once in 3 years	Announced formulation of fair trade guidelines at the Aeon Management Committee. Currently collaborating with the Products Department of AEON TOPVALU Co., Ltd. to create a draft of the guidelines	(1) Formulate guidelines (2) Confirm manufacturers based on guidelines
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	67 (apparel: 28; food: 16; living / HBC: 23)	(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 •FY2012: Complete improvement work at 45 stores in the Kanto, North Kanto, South Kanto and Tokai areas •After FY2013: Steadily complete work at 270 applicable stores	•Completed repair work on stores damaged in the Great East Japan Earthquake •Narrowed down earthquake safety measures •Completed earthquake reinforcement work at some stores	(1) Improve warm and cold water pipe installation work (second floor and above) (2) Prevent smoke vents from dropping (second floor and above) (3) Change hanging smoke barriers to fireproof sheets (all floors) (4) Prevent falls on or from escalators (all floors) (5) Reinforce GMS ceilings against vibration (all floors) (6) Reinforce large ceiling spaces in movie theaters against earthquakes
Consolidated Group companies in Japan and overseas	Number of service complaints •FY2013: 3,900 •FY2020: 2,420 Number of complements •FY2013: 1,900 •FY2020: 2,900	Service complaints 4,838 Complements 1,463	(1) Enhance initiatives aimed at the 7 challenges (2) Inspect and improve basic customer service items using mystery shoppers (3) Establish education system led by each company (4) Continue to implement the HAPPY Letter Campaign and share cases across the entire organization (5) Introduce more examples of when complements were received
Consolidated Group companies in Japan and overseas	•FY2013: 120 •FY2020: 180	93	(1) Quality for each line, MT product design and MT continuation and improvement recommendations based on customer suggestions (2) Step up collection of customer suggestions
Consolidated Group companies in Japan and overseas	•2020: 30% *Ratio of Female Executive Officers = Female Executive Officers / Total Executive Officers	5.8% (33 persons) *Number of female executive officers out of 620 total executive officers including consolidated Group companies. Includes 3 female corporate auditors.	Actively develop female managers under the management training program
AEON CO., LTD.	•In 2020: Make ratio of non-Japanese employees to Japanese employees 1:1	2.82% *Number of non-Japanese employees out of 424 employees that employed by Aeon Corporation	(1) Actively hire human resources around the world (2) Centrally manage human resource information
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)	9 companies certified to use the Kurumin logo	(1) Confirm importance of initiative at Group companies (2) Formulate guidelines for certification to use the Kurumin logo (3) Manage initiative progress



Reducing CO₂ in Stores

Decreasing CO₂ emissions

For Aeon, which has a store network spanning Japan as well as other countries in Asia, reducing CO₂ emissions from stores* 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.

In fiscal 2011, Aeon announced a plan to reduce its electricity usage per store by 15%. As part of this plan, we have been able to reduce CO₂ emissions by switching to LED lighting, strictly managing the temperature and air volume control of air conditioning as well as refrigerated display cases, and installing 'demand controllers' to control power consumption systematically across 1,200 Aeon and Maxvalu stores.

We will continue implementing measures to achieve targets listed under our key performance indicators (KPI) in fiscal 2012 as well.

*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.



LED lighting

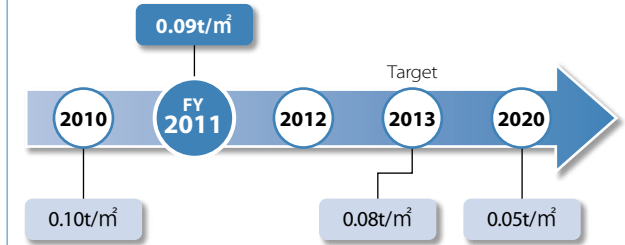


Demand Controllers

FY2011 Results and Target of KPI

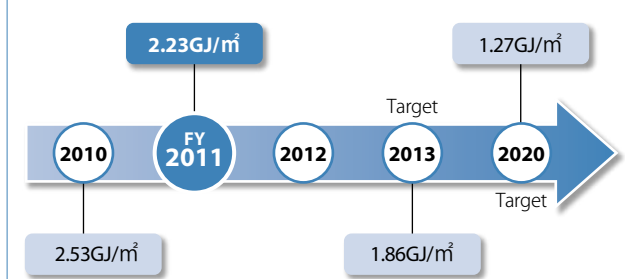
Total Annual CO₂ Emissions Factor

(CO₂ Emissions / Total Floor Area)



Total Energy Use Factor

(Amount of Heat / Total Floor Area)



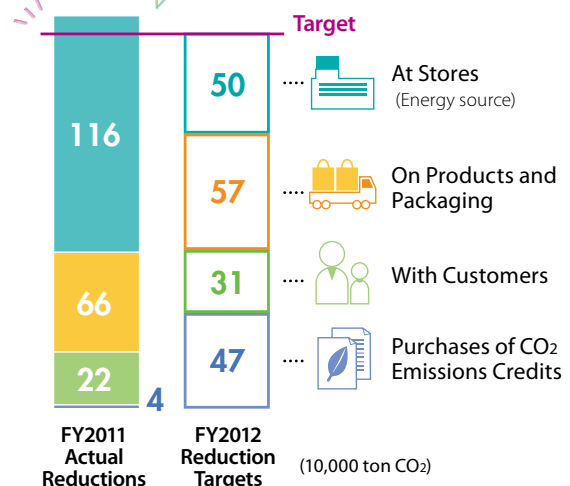
TOPICS

A Year in Advance, Aeon Achieved Goals of the Aeon Manifesto on the Prevention of Global Warming

In March 2008, we announced a fiscal 2012 total carbon dioxide emission reduction target of 1.85 million tons-CO₂ less in comparison with fiscal 2006 levels, and the Manifesto on the Prevention of Global Warming, a specific plan to achieve this. The Manifesto has three main platforms. The first centers around development of eco-stores, eco-efficient store facilities and systems. The second concerns products and logistics, switching to alternative packaging materials and transportation methods. The third involves customer cooperation to reduce plastic bag consumption.

In fiscal 2011, Aeon stores made substantial CO₂ emission reductions, exceeding 2012 reduction target levels at 2.08 million ton-CO₂.

Fiscal 2012 target of 1.85 million ton-CO₂ reduction exceeded in fiscal 2011, with a 2.08 million ton-CO₂ reduction



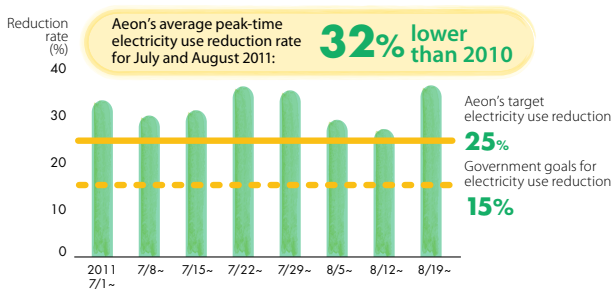
Enhancing Energy Efficiency

Aeon stores consume a large amount of energy through air conditioners, lighting, and freezing and refrigeration cases. 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.

In fiscal 2011, in response to calls to conserve electricity following the Great East Japan Earthquake, we implemented a variety of power-saving initiatives that included turning off every other row of fluorescent lights on the ceiling, displaying certain drink products at room temperature and setting in-store temperature higher than normal years. As a result, we cut our use of electricity by 30% during times of peak demand at stores in areas serviced by the Tohoku Electric Power and Tokyo Electric Power Company and made a 10% cut at stores in other areas.

We will continue implementing measures to achieve targets listed under our KPI in fiscal 2012.

Aeon's Peak-time power reduction rate comparison with Summer 2010, in the Tokyo Electric Power Company (TEPCO) and the Tohoku Electric Power operation areas



Improving Energy Management Practices

In order to promote greater energy conservation in our stores, we need to operate our air conditioning and other equipment more efficiently. To this end, Aeon began holding the Energy Management Seminar in fiscal 2011.

The focus area for the seminar in fiscal 2011 was air conditioning. Lectures were held on methods for using air conditioning systems and equipment more efficiently, while participants were also taken to visit stores to see these methods in use. Feedback from participants included: "I hope to improve my management capabilities further, instead of leaving everything up to the facilities management company."

This seminar will be held for three years, with the focus area shifted to refrigerated display cases for the second year and lighting for the third.

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.

Against this backdrop, Aeon announced the Aeon Natural Refrigerants Declaration in November 2011. The declaration states that Aeon will progressively switch to natural refrigerants (CO₂)*2 for freezing and refrigeration cases throughout our Group stores, and that from 2015 on, all new stores will feature natural refrigerant systems. This is a first for the Japanese retail industry.

In fiscal 2011, we examined the amount replenished of alternatives to CFCs used as refrigerant by Group companies during the year in line with the announcement of this declaration.

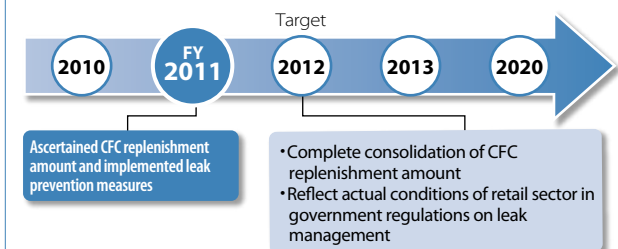
Aeon faces certain issues ahead of the introduction of natural refrigerants, including the lack of manufacturers and high usage costs. We will do our utmost to overcome these issues and promote the industry-wide use of natural refrigerant through awareness-raising activities and building ties with companies within the same industry and other industries.

*1 Global warming potential (GWP): Value expressing the amount of greenhouse gas contained in a substance as a factor of carbon dioxide.

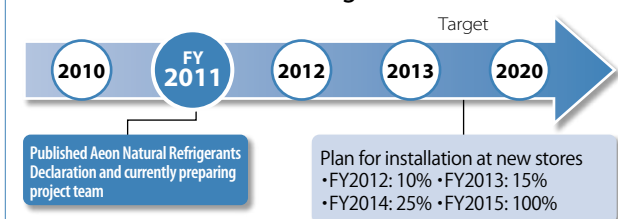
*2 Natural refrigerants: Naturally occurring refrigerants such as ammonia, hydrocarbon and CO₂.

FY2011 Results and Target of KPI

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



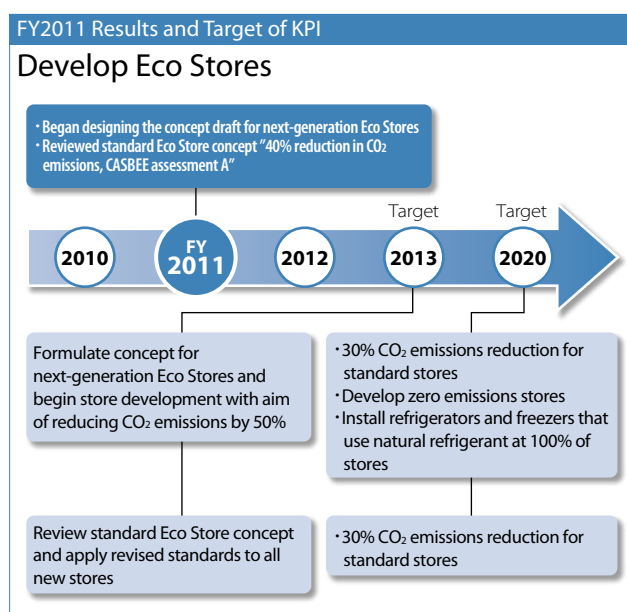
Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants on a Trial Basis



Development of Eco Stores

Aeon's Eco Stores generally aim to acquire greater than a CASBEE* A assessment in which they achieve 20% lower CO₂ emissions in comparison with conventional stores. Since the opening of our first Eco Store Aeon Town Chikusa in May 2005, 11 such stores had been opened by February 2012.

In fiscal 2011, we started working on the design concept proposal for our KPI target of formulating the concept of and developing next-generation Eco Stores in order to reduce CO₂ emissions by 50%. We also decided on the concept and standard for our GMS (General Merchandise Store) Eco Stores as "40% lower CO₂ emissions and a CASBEE ranking of A".



In fiscal 2012, we will continue implementing measures to achieve targets for fiscal 2013.

* CASBEE

A Comprehensive Assessment System for Building Environmental Efficiency in buildings that was developed by the Ministry of Land, Infrastructure, Transport and Tourism in 2001. It is used as an indicator for assessing and describing environmental performance objectively, including factors such as consideration of the global environment and the natural surroundings, waste in running costs and comfort for users.

The Progress of Eco Stores and Eco Shopping Centers

	Shopping Center (SC) Name		Amount of CO ₂ Reductions (Annual)
2005	Aeon Town Chikusa Aeon Co., Ltd. (now Aeon Retail Co., Ltd) Aeon's first eco store	1 st Store Aichi Prefecture	729t-CO ₂ <small>(Actual value)</small>
2006	Aeon Mall Kashima Aeon Co., Ltd. (now Aeon Retail Co., Ltd) First eco store in the Kanto region	2 nd Store Chiba Prefecture	1,656t-CO ₂ <small>(Actual value)</small>
	Aeon Mall Dainichi Aeon Co., Ltd. (now Aeon Retail Co., Ltd) First eco store in the Kansai region	3 rd Store Osaka	4,769t-CO ₂ <small>(Actual value)</small>
2007	Aeon Mall Kagoshima Aeon Kyushu Co., Ltd First eco store in Kyushu	4 th Store Kagoshima Prefecture	1,507t-CO ₂ <small>(Actual value)</small>
2008	Aeon Mall Tomakomai Aeon Hokkaido Corporation First conversion of an existing store	6 th Store Hokkaido	3,300t-CO ₂ <small>(Actual value)</small>
	Aeon Laketown MORI zone certified for "S" ranking under the CASBEE system.	7 th Store Saitama Prefecture	11,895t-CO ₂ <small>(Actual value)</small>
	Aeon Mall Hiezu Aeon Retail Co., Ltd Additional floor space added to an existing store	8 th Store Tottori Prefecture	2,247t-CO ₂ <small>(Actual value)</small>
2009	Aeon Mall Tsuchiura Aeon Retail Co., Ltd	10 th Store Ibaraki Prefecture	3,362t-CO ₂ <small>(Actual value)</small>
2011	Aeon Mall Itamikoya Aeon Retail Co., Ltd.	11 th Store Hyogo Prefecture	4,842t-CO ₂ <small>(Actual value)</small>

The concepts and eight approaches of Eco Stores Concepts



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 stores opened in shopping centers as well as certain existing stores based on demand.

Going forward, we will continue to install recharging stations at our stores, while monitoring the spread of electric vehicles and plug-in hybrid vehicles, as part of our efforts to support the eco-friendly lifestyles of our customers.

Stores installing recharging stations for electric vehicles

Total number of stores
(As of February 29, 2012)

19 stores



TOPICS

Our 12th Eco Store AEON Mall Funabashi (Funabashi City, Chiba Prefecture)

97.6% of the lights at AEON Mall Funabashi, which opened in April 2012, including Aeon operated stores, SC Mall, and all parking areas have been replaced with LED. In anticipation of our customers becoming increasingly eco-aware, and a growing number of electric powered cars, we are installing three sets of car battery recharge stations in the parking area. Through such technologies and innovative approaches, Aeon aims to achieve CO₂ emissions 30% lower in comparison with stores to date.



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.

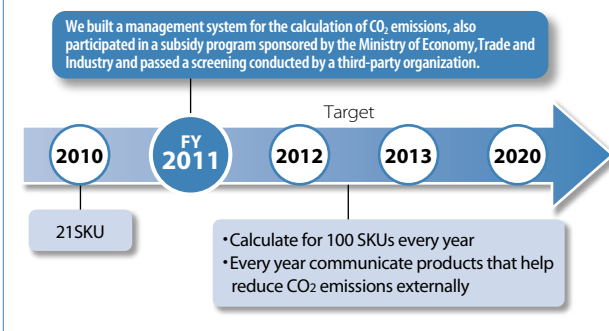
Aeon has participated in the CFP seminar hosted by the Ministry of Economy, Trade and Industry (METI) since 2008 and has been implementing related initiatives in collaboration with METI. In 2009, we launched an internal project and have been promoting a series of initiatives such as formulating independent guidelines for calculation of CFP and introducing rules for labeling.

In fiscal 2011, we built a management system and created the necessary tools for promoting the calculation of CO₂ emissions, including a carbon footprint management manual and ledger. We also participated in a subsidy program sponsored by the Ministry of Economy, Trade and Industry and passed a screening conducted by a third-party organization.

FY2011 Results and Target of KPI

Number of Products with CO₂ Visualization

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



* 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.

Increasing Visibility of Distribution Operations

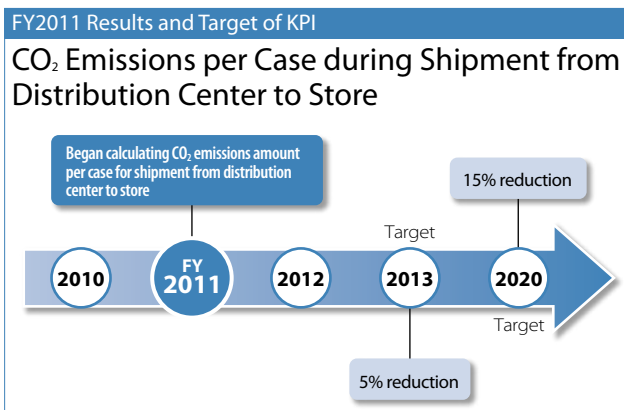
Aeon is employing various shipping innovations to reduce CO₂ emissions related to distribution.

We are implementing initiatives from both physical and operational perspectives such as converting our fleet of trucks to ever-more fuel-efficient models that place lower burdens on the environment as well as conducting an eco-driving accreditation course* and enhancing the system for recognizing good, eco-friendly drivers.

From fiscal 2011, we started calculating CO₂ emissions per case in deliveries from distribution centers to stores. Clearly making emission amounts more visible in this way drives momentum for further reductions.

In fiscal 2012, we will continue implementing measures to achieve a 3.5% reduction in CO₂ emissions per case compared to fiscal 2010.

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



Carbon Offset Initiatives

In fiscal 2011, Aeon worked on three occasions to offset all or part of its greenhouse gas emissions which it was unable to reduce by purchasing emissions credits generated from CO₂ emission reduction activities in other locations.

Carbon Offset Campaign

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

[1st time]

- Period: From May 22, Sunday, through June 21, Tuesday, 2011
- Participating companies: 18 Group companies (consolidated)
- Quantity of emissions credits purchased: 2,189 tons-CO₂
- Amount of emissions credits purchased: 3,751,000 yen

[2nd time]

- Period: From October 22, Saturday, through November 20, Sunday, 2011
- Participating companies: 19 Group companies (consolidated)
- Quantity of emissions credits purchased: 1,896 tons-CO₂
- Amount of emissions credits purchased: 3,460,000 yen

Eco Gifts

Aeon purchased emissions credits to offset CO₂ emissions in delivery of gifts for Mother's Day, Father's Day, and traditional midsummer gift in fiscal 2011.

[1st time]

- Period: From March through July, 2011
- Participating companies: 20 Group companies (consolidated)
- Amount of emissions credits purchased: 1,441 tons-CO₂

[2nd time]

- Period: From November through December, 2011
- Participating companies: 20 Group companies (consolidated)
- Amount of emissions credits purchased: 1,679 tons-CO₂

Sale of My Baskets with Carbon Offsets

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

- Period: From 21, January through 20, March 2011
- Participating companies: 20 Group companies
- Amount of emissions credits purchased: 94 tons-CO₂

Initiatives Undertaken by Group Companies in Japan

AEON DELIGHT CO., LTD.

Awarded Energy Conservation Grand Prize in 'Excellent Example' Category.

In February 2012, AEON DELIGHT CO., LTD was awarded METI (Ministry of Economy, Trade and Industry) Minister Award Grand Prize for fiscal year 2011 in the Excellent Example category, and was recognized with the Ministry of Economy Trade and Industry Minister Award for success in achieving, both in its physical building and in its operation systems, maximum energy conservation results.



Awards Ceremony

Aeon Retail Co., Ltd.

Aiming to Popularize Electric Vehicles Started a Joint Project with Saitama City

Aeon Retail Co., Ltd. concluded the E-KIZUNA Project agreement with Saitama City in December 2011. Under the agreement, the first of its kind in the retail industry, Aeon Retail agreed to collaborate on a joint initiative E-KIZUNA Project with Saitama City to promote the use of electric vehicles.

Based on the agreement, Aeon Retail will accelerate the introduction of electric vehicles used as delivery vehicles for Aeon's online shopping business throughout Japan, beginning with Saitama City, to enable delivery that minimizes CO₂ emissions. At the same time, the company will promote the installation of electric vehicle recharging units at shopping centers and work to make the environment suitable for the use of electric vehicles. The company will also hold events aimed at popularizing electric vehicles and learning sessions for children as a means to increase awareness among local citizens.

AEON Environmental Foundation Donating Solar Power Systems

As part of its 20th anniversary commemorative projects, AEON Environmental Foundation has donated solar power systems to junior high schools throughout Japan since fiscal 2009. The donations aim to increase awareness of solar power systems among local residents by installing them at junior high schools at the heart of the community and to be used as educational material to learn about the environment by junior high school students, the leaders of tomorrow.

In fiscal 2011, the third year of the five-year program, the Foundation donated the systems to five schools, making a total of 15 recipient schools since fiscal 2009.

In fiscal 2012, the fourth year of the program, the Foundation plans to donate systems to other Asian countries in an effort to deepen the understanding of renewable energy and aid the spread of it.



Donation Presentation Ceremony

* See pgs. 36 for Details AEON Environmental Foundation

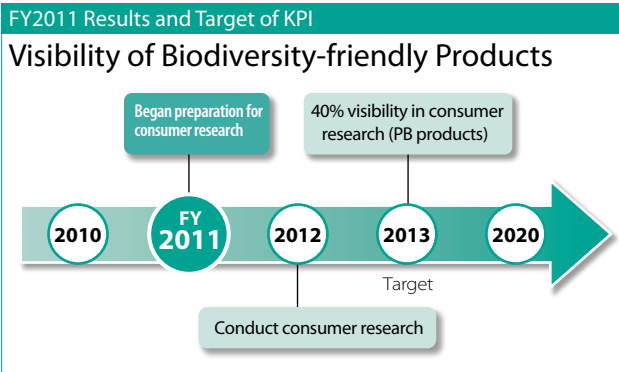
Conservation of Biodiversity



Conservation through Products and Distribution

Communicate Biodiversity-friendly Products to Customers

Aeon aims to gain the understanding and support of customers regarding the significance and importance of protecting biodiversity. Based on this philosophy, we implement a variety of activities such as providing products that help preserve biodiversity while also developing products together with customers that serve the same purpose.



Aeon Biodiversity Principle

Basic Principle

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

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

Through our corporate activities, we

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

Action Guidelines (Excerpt)

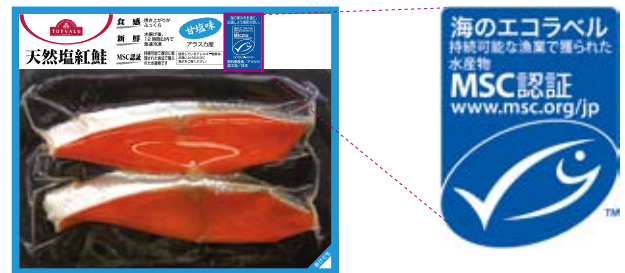
1. Products: We will set sustainability targets for resource-managed fresh seafood and processed by products, engage in their purchase and sale while sharing those targets with our business partners, and communicate related information to customers.
2. Stores: We will continue to promote treeplanting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

Selling MSC-Certified Products

The Marine Stewardship Council (MSC) certification assures consumers marine products harvested through properly managed fishing practices. The MSC certification aims to help protect limited marine resources. The Marine Eco-Label is placed on marine products caught by certified fisheries.

Aeon started selling Alaskan red salmon, salmon roe and other MSC-certified seafood in 2006, a first for the Japanese retail industry, and recently added salted mackerel and seasoned cod roe to the list of products available. In total, as of the end of February 2012, we offer customers 12 MSC-certified products across 26 species—more than other retailers in Japan.

In March 2012, we ran a marketing campaign aimed at informing as many customers as possible of marine products certified as sustainable by MSC. As part of the campaign, which was conducted in collaboration with graphic design students of Kyoritsu Women's University and MSC, posters of MSC designed by the students were put up and lectures were held by members of the fisheries industry that practice MSC-certified fishing. MSC-certified seafood was also made available to sample.



MSC-certified TOPVALU salted wild salmon

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 frequently used price tags and care labels.



FSC certification on a TOPVALU KYOKAN SENGEN A4-size notebooks

● 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 giving them the opportunity to experience the production process from planting through harvest, and, ultimately, the sale of rice at a retail store. This activity provides a platform for children to learn about biodiversity and the environment through observation of creatures living in the rice fields.

In fiscal 2011, reached its fourth year, we expanded this project to include Akita, Iwate, Shiga, and Saga prefectures. The children wanted to do something to help people who suffered from the Great East Japan Earthquake, so the rice they harvested was donated to schools in the affected areas.



Morioka City Shibutami Elementary School, Iwate Prefecture



Daisen City Kyowa Elementary School, Akita Prefecture



Saga City Akamatsu Elementary School, Saga Prefecture



Nagahama City Hayami Elementary School, Shiga Prefecture



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

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.

Although we have taken part in a wide range of initiatives to date, we did not quantify or evaluate the specific effects. Accordingly, we set a target of formulating indicators to measure the impact our commercial facilities have on the ecosystem by fiscal 2013 under our list of KPI devised in 2011.

In fiscal 2011, we conducted a self-evaluation at two stores, Aeon Mall Itamikoya and Aeon Town Chikusa, based on a "Land Use Score Report^{*1}" developed by Japan Business Initiative for Biodiversity (JBIB)^{*2}, a network of companies in Japan.

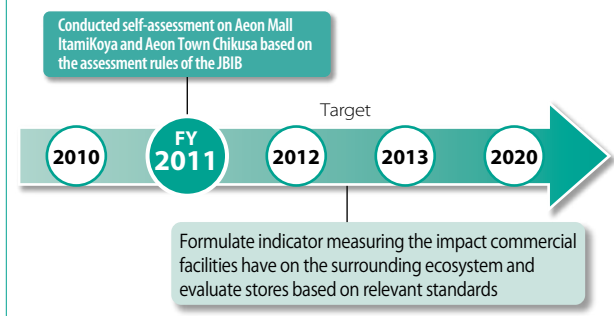
Based on the results of this self-evaluation, we identified areas where we either lacked or needed improvement in terms of our biodiversity conservation initiatives, and we also began to examine initiative implementation methods as a new indicator.

^{*1} Land Use Score Report[®]: A tool to evaluate the extent to which a company considers biodiversity in land use based on indicators that include green area as well as its quality and management system.

^{*2} Japan Business Initiative for Biodiversity (JBIB): General incorporated association established on April 1, 2008 that conducts joint research related to preservation of biodiversity from an international perspective as well as activities to preserve biodiversity together with various companies.

FY2011 Results and Target of KPI

Formulation and Evaluation Indicators for Impacts on Ecosystems



Actions Taken with Customers

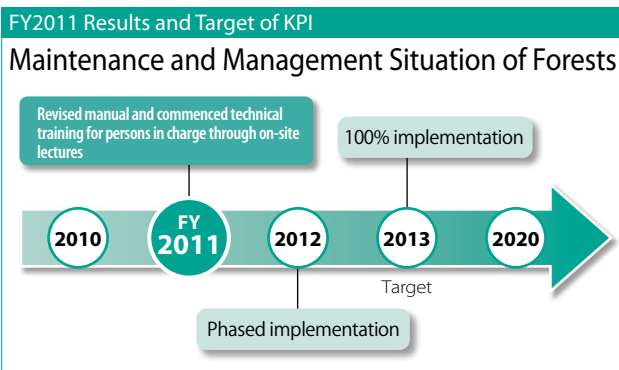
Aeon Hometown Forests Program

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 2011 we planted a total of 62,048 young trees in 27 locations.

It has been 20 years since the start of this initiative. Accordingly, nurturing the trees has become increasingly important, particularly managing their condition following planting and maintaining the forest where these trees grow. In fiscal 2011, we revised the forest management manual and started training sessions to improve the forest management skills of managers at Aeon stores.

We will continue conducting these training sessions nationwide in fiscal 2012 and work to ensure that every store's Aeon Hometown Forests are maintained and managed in line with the manual guidelines by fiscal 2013.

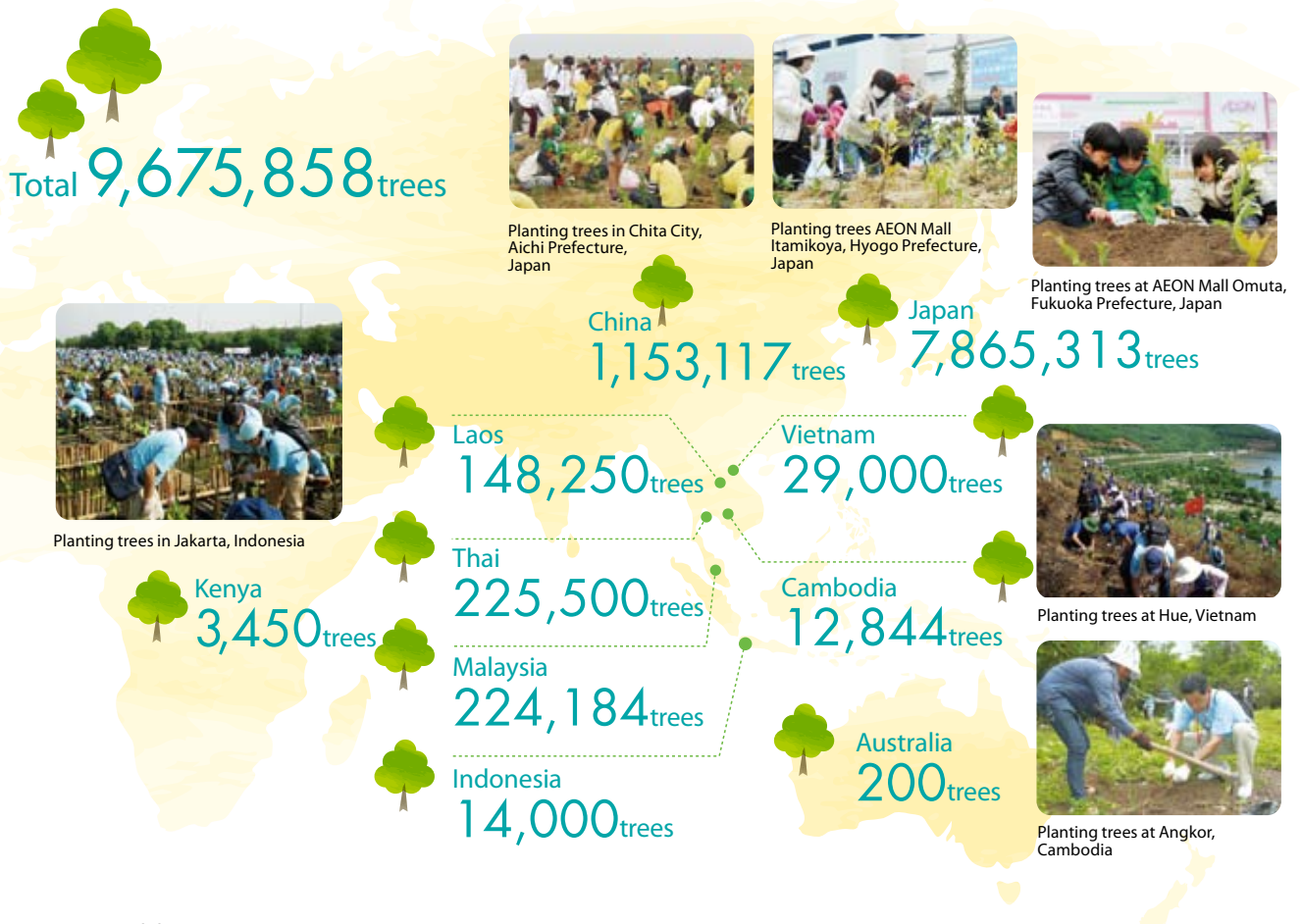


Aims of the Aeon Hometown Forests Program

- 1 **Planting native trees**
Aeon is planting native trees best suited to the local natural environments.
- 2 **Planting a variety of species**
A mixture of 10-20 species of native trees, allows the planted trees to compete and grow naturally.
- 3 **Local Customers Take the Lead**
At each location, local customers plant trees one by one.

Trees Planted by Area

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



AEON Environmental Foundation

Aeon Tree-Planting Activities

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. These activities are also part of Aeon's tree-planting initiatives.

Tree-planting activities being undertaken by 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 2011, we started a five-year tree-planting project in Chita City, Aichi Prefecture to ensure reclaimed land in Ise Bay becomes a viable habitat for living creatures. It was also the final year of tree-planting projects on Miyakejima Island and Lake Shikotsu in Hokkaido, which aim to regenerate forests lost in volcanic eruption and typhoon. Overseas, we have planted trees in Vietnam, Cambodia and Laos in addition to a newly started project in Jakarta. A five-year tree-planting project near the Great Wall of China that started in 2007 to commemorate the 35th anniversary of normalization of diplomatic relations between Japan and China has also entered its final year.

Aeon will continue expanding activities to nurture bountiful forests around the world going forward.

Honoring Biodiversity Conservation Activities

The Aeon Environmental Foundation honors individuals and positive initiatives that contribute to the field of biodiversity conservation.

In 2010, the International Year of Biodiversity, the foundation created the MIDORI Prize for Biodiversity to commemorate its 20th anniversary. This award was first given out in 2010 and is intended to recognize as well as support an individual that contributes to the field of biodiversity conservation. 2012 will mark the second time this award has been presented.

On the occasion of the 10th Conference of Parties to the Convention on Biodiversity (COP10) held in Japan in 2010, the AEON Environmental Foundation also inaugurated the Japan Awards for Biodiversity. These awards honor excellence in the promotion of biodiversity conservation and the sustainable use of biodiversity. For the 2nd Japan Award for Biodiversity in 2011, five Excellence awards were presented, one of which was the Grand Prize.

Initiatives at Group Companies in Japan

MINISTOP CO., LTD

Store Development in Consideration of Ecosystem Preservation

MINISTOP CO., LTD. for example, uses 100% FSC Japan certified materials. The Koshigaya Lake Town East store was the first convenience store in Japan to acquire FSC certification. As of the end of February 2012, 25 Aeon stores are FSC certified, and we are aiming to increase this number.



Store under construction



MINISTOP store
(FSC-JPN-0036 ©FSC, A.C. All rights reserved.)

Four Aeon Group Companies in Tohoku Region

Start of Aeon Forest Tree-planting Activities in Aomori Prefecture

Four companies in the Aeon Group, namely SUNDAY Co., Ltd., Maxvalu Tohoku Co., Ltd., Aeon Retail Co., Ltd. and Aeon Supercenter Co., Ltd., are engaged in the "Aeon Forest" project in a 5.2-hectare area of the Shimamori district of Nango Ward in Hachinohe City based on a forest development agreement with the Aomori Prefectural Government, which was signed in August 2010. The project will be implemented over a five-year period from fiscal 2010 to fiscal 2014 using proceeds from plastic shopping bags received from customers as we conduct the "Stop Free Plastic Shopping Bags" program.

In addition to Aeon Group employees and their families, around 150 local elementary and junior high school students took part in the effort in October 2011, the second year of the project. Approximately 800 young trees were planted and participants had the opportunity to learn about the forest environment at the same time.

* In addition to Aomori Prefecture this initiative is also being held in Miyagi Prefecture, Yamagata Prefecture, and Fukushima Prefecture.



"Aeon Forest" project



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 eco-friendly trays.

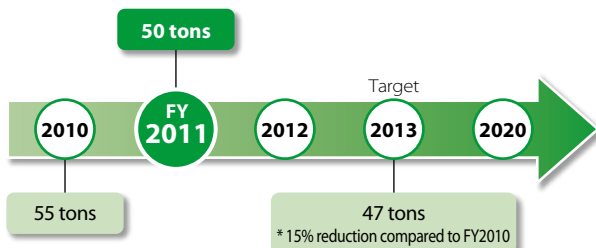
When developing TOPVALU products, we closely examine packaging and containers and after careful consideration of the impact on the quality of product contents and safety during shipment, we work to make product containers lighter and more thin-walled and switch to recyclable material. Additionally, we 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 9.1% in fiscal 2011 compared with fiscal 2010, with a total of 50 tons.

Moving forward, we plan to take further actions in order to achieve our fiscal 2013 target.

FY2011 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.

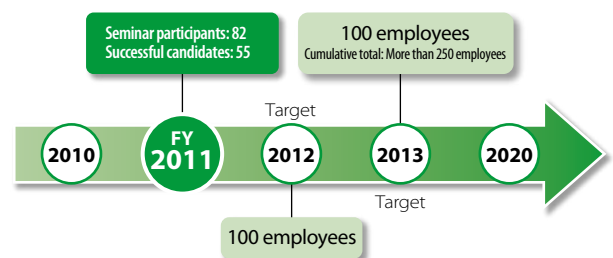
In fiscal 2011, a certification test for waste managers was given to 82 employees that took part in the Waste Management Training Course, with 55 passing.

We plan to have a cumulative total of 250 people pass this test by fiscal 2013 and with this in mind will continue with efforts to educate employees on waste management.

Each Group company also provides training to relevant persons in charge in order for them to acquire the necessary skills and knowledge for managing the waste manifest.

FY2011 Results and Target of KPI

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

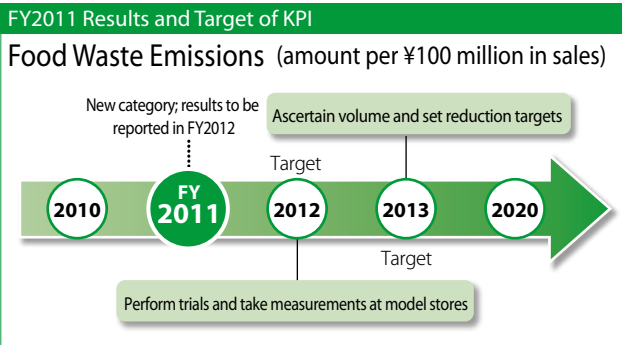


Reducing Waste

Aeon is committed to reducing food waste. For example, Aeon Retail Co., Ltd. established a target to keep the percentage of sales losses from discarding food products at 0.65% which it achieved. In addition, certain Group companies have installed scales for measuring food waste.

Revisions to the Food Waste Recycling Law of Japan have changed the focus from recycling to curbing the occurrence of food waste. As a result, we have added food waste emissions (per ¥100 million in net sales) to our KPI starting in fiscal 2012.

Going forward, we will look to ascertain food waste emissions by measuring actual amounts during trials conducted at model stores, and based on this, we plan to establish a reduction target in fiscal 2013.

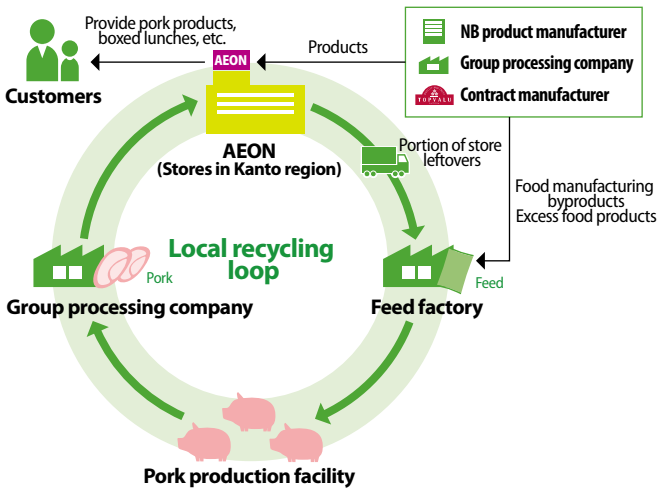


Recycling Food Product Wastes

In May 2008 present day Aeon Retail Co.,Ltd., became the first company in Japan's retail industry to acquire recycling business plan certification* under 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 has been sold at select stores in the Kanto region 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



Promoting Green Purchasing

We began "green purchasing" efforts in 1996. When purchasing stationery and other office supplies, we adequately consider their necessity and make purchasing decisions while prioritizing products

with low environmental impact. This is done as a matter of course for office supplies, but we are also expanding the scope of green purchasing to include display cases, shelving and other fixtures used on sales floors as well as construction materials and the like.

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.

Use of Returnable Containers and Reusable Hangers

Aeon is reducing the amount of cardboard thrown away at stores by using returnable containers and agricultural product containers that can be used repeatedly when shipping products. In addition, our apparel departments conduct reused hanger delivery in which clothing is brought to the store on hangers and then displayed on the sales floor using the same hangers. This reduces the amount of cardboard boxes used when transporting the clothing and the amount of hangers used only for transport.

In fiscal 2011 we used 69.92 million cases of returnable containers, 22.18 million cases of agricultural product containers, and 11.72 million reusable hangers, which helped us substantially reduce cardboard waste.

Returnable Container, Agricultural Product Container Reusable Hanger



Together with Customers

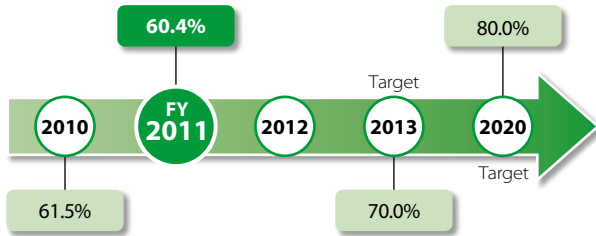
Reducing Plastic Bag Use

In 1991, Aeon embarked on efforts to conserve petroleum, the raw material of plastic bags, and at the same time cut CO₂ emissions from the production of plastic bags by calling on customers to use their own shopping bags. This was the beginning of the "Bring Your Own Shopping Bag" campaign. It was expanded with the "My Basket" campaign in 2000. In 2007, we became the first national retail chain to begin the "Stop Free Plastic Shopping Bags" program. By the end of February 2012, this program covered 773 stores throughout Japan, marking a 60.4% rate of customers declining plastic bags.

Aeon will conclude agreements with local government and citizen groups aimed at reducing plastic bags and expand the number of stores implementing the "Stop Free Plastic Shopping Bags" program as a means to increase the rate of customers declining plastic bags.

FY2011 Results and Target of KPI

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



TOPICS

Environmental Consideration through Pay Plastic Bags

Aeon has donated proceeds from pay plastic bags* to local government and citizen groups since 2009. Proceeds in fiscal 2011 amounted to around ¥111 million, which was used for local environmental preservation activities.

In June 2011, we introduced pay plastic bags made mainly from plant-derived material, a first for the retail industry in Japan. Through this initiative, we were able to reduce the amount of CO₂ emission from raw material production to incineration of plastics bags, by over 50% compared with conventional plastic bags.

* Proceeds from pay plastic bags = Value of sales - (consumption taxes + material cost)



Stores Stopping Free Plastic Shopping Bags

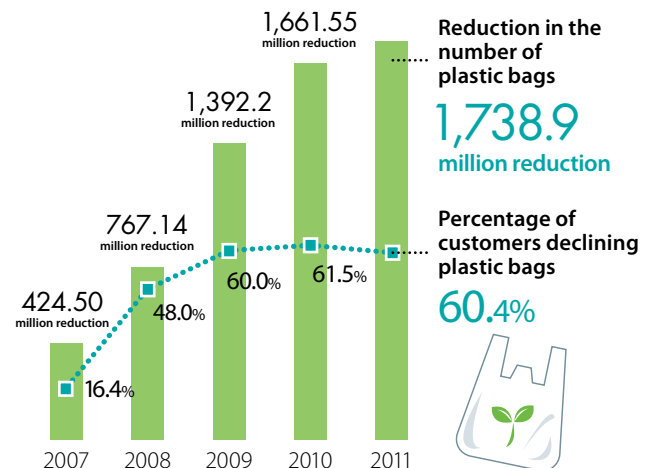
Total number of stores (2007 to 2012.02)

773 stores

(Total for 24 Aeon Group companies)



Percentage of Customers Declining Plastic Shopping Bags



Developing and Selling Products that Contribute to Better Use of Resources

The TOPVALU KYOKAN SENGEN brand Aeon began developing and marketing in 2000 is a line of ecoproducts emphasizing the "4Rs" – reduce, reuse, recycle, and returnable. Through this brand, we aim to bring customers products that are truly attractive combinations of high quality and reasonable prices, and show that environmentally friendly products do not have to cost more.



TOPVALU KYOKAN SENGEN herbal fragrance concentrated laundry detergent

Reducing Waste by Collecting Resources in Stores

Aeon stores encourage customers to recycle by having collection bins for items such as paper packaging, food trays, aluminum cans, and PET bottles. Collected paper packaging and aluminum cans are recycled and some are broken down and used as raw materials for TOPVALU KYOKAN SENGEN brand products. Food trays and PET bottles are also effectively recycled.



Collection bins



SELF+SERVICE clothing collection Poster

SELF+SERVICE, a specialty shop for clothing and accessories has been working to expand used clothes collection and recycling applications since 2003. In fiscal 2011, the company collected around 24,000 articles of clothing, with some of it being recycled as bio-ethanol.

Amount Collected in Stores by Container Type

Paper packaging

approx. **123.53** million
2011 (tons) **3,706**t



Food trays

approx. **308.90** million
2011 (tons) **2,162**t



Aluminum cans

approx. **207.86** million
2011 (tons) **3,326**t



PET bottles

approx. **106.81** million
2011 (tons) **6,730**t



Totals for 21 Aeon Group Companies

Based on the following weight estimates:

Paper packaging (1,000 ml) = 30 g, Food tray = 7 g, Aluminum can (350 ml) = 16 g, PET bottle = 63 g

Initiatives Undertaken by Group Companies in Japan

MAXVALU CHUKYO CO., LTD.

Introducing Packaging Machines to Pack Products without Trays

MAXVALU CHUKYO CO., LTD. introduced a packaging machine to pack products without using trays at the livestock production workplace of the Chikusa Wakamiya-odori store in July 2011. This enabled the company to provide products to customers packed with special paper sheets rather than food trays. The packs are also less cumbersome to carry home and take up less space in the fridge or freezer, which also helps to reduce waste in the home.

Maxvalu Nishinohon Co., Ltd.

Hosting the Environmental Festival as Part of Its Commitment to the Local Community

Maxvalu Nishinohon Co., Ltd. sponsored the Environmental Festival at its Yashiro Store on June 5, 2011. This event was co-hosted with other companies and featured a panel display on the store's recycling system for recycled products as well as games using recycled products. The Environmental Festival first started in November 2004 at the Maxvalu Higashiyama Store, with this year marking the 15th time. Going forward, Aeon stands committed to building a positive partnership with its customers in the local community and to helping build a recycling-oriented society.



The Environmental Festival

COX CO., LTD.

Collecting Used Clothes and Recycling Them as Resources

COX CO., LTD. is undertaking a wide range of initiatives to protect the natural environment based on the theme of a better earth and ecology under the "MOTTO! CIQUTO PROJECT." As part of this project, the company launched a campaign, in which items of clothing bought at COX are collected in-store and reused as resources. The collected items are separated, with half sent overseas as second-hand clothing and the remainder reused as cloths as well as felt and cotton work gloves for factories.



Community Involvement

Making Contributions to Local Communities

Aeon Happy Yellow Receipt Campaign

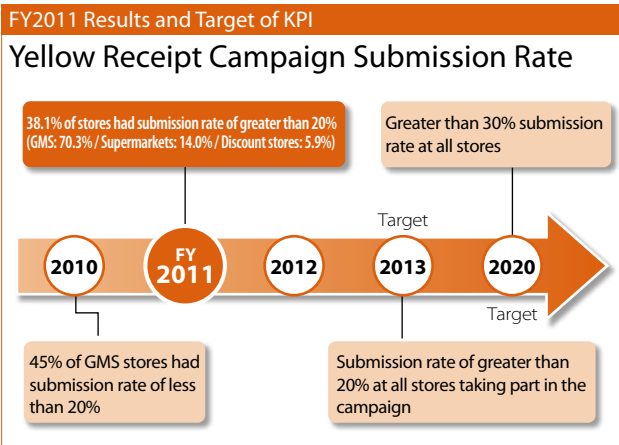
Countless volunteer organizations* throughout local communities in Japan are in need of support. At the same time, countless Aeon customers would like to support organizations devoted to their local communities. Aeon, as a local community member, launched the Aeon Happy Yellow Receipt Campaign to link customers and volunteer organization. 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 or items accordingly at a value of 1% of the total amount of the receipts.

In Fiscal 2011, the Campaign had expanded to include 22 companies and 1,219 stores, and we contributed goods worth approximately 325 million yen to a total of around 21,700 organizations. Of participating stores, 38.1% had a submission rate of at least 20%.

Since the Campaign's inception in 2001, 150,600 organizations have received support totaling around 1.67 billion 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 encourage as many of our customers as possible to submit their receipts.

* 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



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.



Cleaning up around a store

Promoting Local Cultures

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

In addition to supporting local cultural events and sports festivals, we are implementing the Hometown Discovery Program for Supporting Local Traditional Performing Arts, in which local people can see traditional arts and performing skills passed down from long ago in different regions, at Aeon stores.

In fiscal 2011, we supported the Akita Kanto Festival (designated as National Important Intangible Folk Cultural Property), which was held in August. Aeon has participated in this festival since 2008. This year we inscribed paper lanterns with the phrase "Gambaro Tohoku" ("Don't give up, Tohoku!") to express our hopes for recovery in the disaster-affected region.



Akita Kanto Festival

Issuing Local WAON Cards

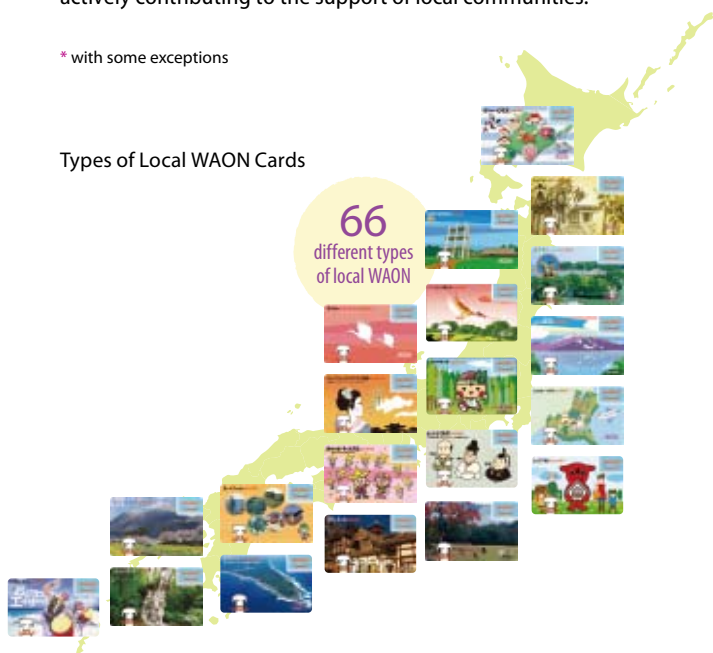
WAON is a system of e-money pre-paid cards used at 130,000 participating stores throughout Japan. In the case of Aeon's local WAON cards, a part of the proceeds from sales goes to local social contributions.*

The social contributions that result from local WAON cards use are wide-ranging, and include community environment conservation efforts, promotion of tourism and sports, preservation of cultural assets, and animal welfare. As of February 2012 there were 66 different local WAON cards, and the contributions for fiscal 2011 topped 50 million yen.

As of February 2012, a total of over 24 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



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 February 2012, we had agreements with 37 prefectural governments.

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 agricultural products. In this way, we are also helping to stimulate local economies and improve daily life services.

Agreements with Prefectural Governments, as of the end of February 2012

- | | | | | |
|-------------|------------|-------------|-------------|-------------|
| ● Hokkaido | ● Tochigi | ● Yamanashi | ● Osaka | ● Kagawa |
| ● Aomori | ● Gunma | ● Nagano | ● Nara | ● Ehime |
| ● Iwate | ● Saitama | ● Gifu | ● Hyogo | ● Kochi |
| ● Miyagi | ● Chiba | ● Shizuoka | ● Tottori | ● Kagoshima |
| ● Akita | ● Kanagawa | ● Aichi | ● Shimane | ● Okinawa |
| ● Yamagata | ● Niigata | ● Mie | ● Okayama | |
| ● Fukushima | ● Toyama | ● Shiga | ● Hiroshima | |
| ● Ibaraki | ● Ishikawa | ● Kyoto | ● Yamaguchi | |

Case of Hiroshima Prefecture



Comprehensive Agreements with Hiroshima Prefecture



Hiroshima parenting support 'Iku-chan' WAON issued following the Comprehensive Agreement. A portion of the proceeds from sales go to support activities for education of children in Hiroshima prefecture

TOPICS

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 transactions with fisheries cooperatives represent one of these initiatives.

Our goal here is two-fold—first, to provide super fresh fisheries products to our customers and second, to help preserve the traditional fish-related food culture of Japan. In fiscal 2011, we partnered with fishing industry officials from the Pacific Coast of the Tohoku Region damaged in the Great East Japan Earthquake and began providing assistance to the reconstruction of fishing ports and to the revitalization of the industry.

We are also promoting food artisan activities together with producers across the nation to continually preserve the traditional flavors of Japan. These activities, which are intended to help pass on traditional food culture to future generations, involve the dissemination of information on excellent food ingredients and traditional technologies supporting local food cultures.



All fish caught by this fishing vessel is purchased by Aeon



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 matching of employee 50 yen monthly contributions. As of the end of February 2012, 52,000 Aeon employees are participating in this program.

In fiscal 2011, two vehicles each were donated to the welfare facilities of persons with disabilities in Iwate, Miyagi and Fukushima prefectures, areas all severely damaged by the Great East Japan Earthquake, and one vehicle to the facility in Akita prefecture. A total of 32 vehicles have been presented so far from the Aeon Welfare fund.

Volunteer activities included roughly 900 visits to welfare facilities, with events such as Christmas parties or New Year's 'mochitsuki' rice cake making. A total of around 7,800 facilities have been visited so far



'Mochitsuki' rice cake making at an welfare facility

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 29, 2012, 1,195 Aeon Group stores and business offices have signed disaster prevention agreements with a total of 637 local government bodies 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 28 locations, primarily shopping centers around the country (as of February 29, 2012). 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 stores are contributing to allowing people who have experienced extensive damage from natural disasters to return to normal life as quickly as possible. In addition, Aeon is matching funds donated by our customers and employees.

In fiscal 2011, at the time of the tremendous damage caused by the Great East Japan Earthquake, Aeon and Aeon customers additionally contributed at Aeon stores for flood damage relief in Cambodia and Thailand. Aeon contributed emergency funds to relief and reconstruction efforts following Typhoon No.12 in Wakayama and Nara prefectures, the earthquake in Turkey, and the typhoon in the Philippines. Total funds awarded amounted to 4.04 billion yen, including 1.48 billion yen from customer contributions. Aside from cash, Aeon also made material donations.



Donation Presentation to Support Red Cross Cambodia

Community Involvement

Develop the Human Resources of the Future

Aeon Cheers Club

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 to participate in Aeon Cheers Club environmental activities with the support of store employees.

Each year one of six themes in 6 year cycle of annually rotating themes is taken up. The theme for 2011 was 'refuse.' Approximately 6000 children in 400 clubs nationwide participated, taking part in cleaning parks and beaches, visiting waste disposal and recycling plants, and participating in arts and crafts activities using waste materials.

In July 2011, the Aeon Cheers Club National Meeting was held at Lake Toya, Hokkaido. The top winners of local club contests, 180 children from 30 clubs attended. Each club made a presentation about its performance of the previous year using printed reports to share the information with other clubs. In addition, there were practical exercises to gain understanding about the environment, including, for example, getting rid of the troublesome crayfish in Lake Toya, or trying coastal dragline fishing.

Going forward, we will improve the available information on our activities and work to increase the number of participating clubs, so that more children can get involved in environmental activities.



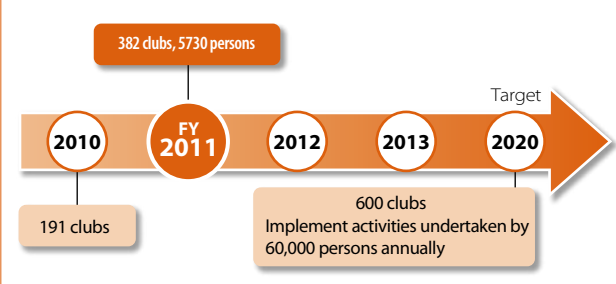
Aeon Cheers Club National Meeting at Lake Toya



Presentations on the year's activities

FY2011 Results and Target of KPI

Number of Aeon Cheers Clubs



AEON Sucusuku Laboratory

Aeon has organized the AEON Sucusuku Laboratory every since 2007 as part of its commitment to helping families raising children.

AEON Sucusuku Laboratory includes seminars on childcare led by experts in the field and folk tale concerts where children and parents sing together.

In fiscal 2011, AEON Sucusuku Laboratory was held in four cities across Japan. A total of 794 attended the four sessions, including 459 adults and 335 children.

School Construction Support Project

In partnership with the Japan Committee for UNICEF, Aeon is supporting construction of schools in places in Asia where they are needed. We collect donations for the School Construction Support Project from customers in stores and other facilities operated by Aeon Group companies across Japan. Through 2009, we helped construction of a total of 326 schools in Cambodia, Nepal, and Laos, giving around 230,000 children a chance to go to school.

Aeon has started to support construction of educational facilities in Hue, Vietnam, in 2010. For the three-year period beginning in 2010 and extending through 2012, we are planning to support the construction of 30 schools. Within 2011, we accomplished the construction of 10 schools.

Aeon will start a school building support project in Myanmar in 2013. We plan to construct 30 schools in three years by 2015.



New schoolhouse in Vietnam

The AEON and UNICEF Safe Water Campaign

Aeon is implementing a 3 year plan, started in 2010 as the Aeon UNICEF Safe Water Campaign, for setting up facilities in Laos and Cambodia to provide safe water by installing water supply equipment. This initiative is also supporting the hygienic and educational well-being of children that cannot attend school because they are required to walk long distances to fetch water.

In fiscal 2011, Aeon donated 40 million yen to the Japan Committee for UNICEF. As a result of this program, the number of people with access to safe water is increased by 40,000 yearly.



Water supply facilities in Laos

PET Bottle Cap Collection Campaign

Since 2008, Aeon, in collaboration with our partner Fashion Service NANIWA, has been collecting PET bottle caps from our customers at our stores. 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 2011, cash from 364,890,000*2 bottle caps was donated to these organizations. The funds provided vaccines, nutritious food, and school supplies to children in Vietnam, Myanmar and other countries.

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

*2 Caps collected from August 21, 2010 through August 20, 2011.



Nutritious food for children in Vietnam



School supplies for children in Vietnam



Vaccination of children in Myanmar, Laos, Bhutan and Vanuatu

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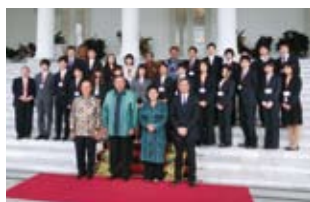
Teenage Ambassadors Program

The Teenage Ambassadors Program brings overseas students to Japan for high school classes and workshops on the environment. By the end of 2011, 803 high school students from 15 countries have participated.

In fiscal 2011, high school students from Jakarta, Indonesia were invited for home-stays and classes at a high school in Tokyo, Jakarta's sister city. At the same time, high school students from Japan visited Indonesia, and had a courtesy call with the President of Indonesia, Susilo Bambang Yudhoyono.

The Japan-China High-school Student Exchange Program started in response to the Teenage Ambassador program in Beijing, China in 2009. Through fiscal 2011, 217 Japanese and Chinese high school students have had a chance to deepen cultural ties through arts and sports exchanges.

In fiscal 2012, we plan to conduct exchange for high school students between Cambodia, Laos and Japan.



Japanese high school students paying a courtesy visit to the President of Indonesia

ASEAN University Students Environmental Forum

The ASEAN University Students Environmental Forum started in 2010. It provides an opportunity for university students in the ASEAN region to gather and foster mutual understanding through discussions and to share observations on social issues.

For the 2nd Forum, in fiscal 2011, 30 university students from Japan, Thailand, and Vietnam gathered in Ho Chi Minh City, Vietnam. The students took a seminar titled "planting a tree in the heart" given by C.W. Nicol and discussed the theme "The Environment and the Economy" in the forum.

The Forum for 2012 will take place in Japan with around 100 participating students from four countries – Japan, Thailand, Vietnam and Indonesia.



Discussing the Theme 'The Environment and the Economy'

Aeon Scholarship Program

The Aeon Scholarship Program was established in 2006 to provide financial support to Asian students in Japan and in Asian countries, leaders of the next generation in Asia.

In fiscal 2011, the Aeon Scholarship was awarded to university students in Vietnam. In previous years, it was awarded to university students in Japan, China, and Thailand. In September 2011, a ceremony was held to award certificates to grantees from two universities in Vietnam.

A partnership was also formed with the University of Social Sciences and Humanities, Vietnam National University, Ho Chi Minh City, Vietnam, to study 'Employee Recruitment' and 'Joint Research of Retail Sales Development.' Aeon is planning to promote similar partnerships with universities in China, Malaysia, Thailand and other countries.

University students awarded the scholarship are working to build bridges between Japan and their home countries in respective areas of expertise following graduation. In this way, Aeon continues to provide support for the development of human resources that contribute to the advancement of Asia. In fiscal 2012, we will start granting scholarships to university students in Indonesia.



Certification Ceremony, Vietnam

Grants 2006-2011

country	universities	grantees
Japan	14	197*
China	7	1,538
Thailand	2	16
Vietnam	2	60
Total:		1,811

* Privately funded exchange students from Asian countries

Fundraising Activities (FY 2011)

Main fundraising activities (Japan)

Activity	Activity period	Participating Companies	Funds raised from customers and employees	Aeon 1% Club Contributions	Total Amount	Donees
New Zealand Earthquake Emergency Relief Aid	February 25, 2011 – March 10, 2011	79 Aeon Group companies	¥40,571,337	¥34,928,663	¥80,000,000	New Zealand Embassy Tokyo, Japan
Great East Japan Earthquake Emergency Relief Collections	March 12, 2011 – March 31, 2011	89 Aeon Group companies	¥1,097,664,974	¥2,502,335,026	¥3,600,000,000	Aomori, Iwate, Miyagi, Fukushima, Tochigi, Ibaraki, Chiba Prefecture
“Gambarou (Go) Japan!” Relief Collections	April 1, 2011 – May 8, 2011	89 Aeon Group companies	¥359,543,993	—	¥359,543,993	Miyagi, Fukushima, Iwate Prefecture, Association for Aid and Relief, Japan (AAR Japan)
Turkey/Cambodia Floods Emergency Relief Aid	October 25, 2011 – November 6, 2011	77 Aeon Group companies	¥25,959,871	¥26,040,129	¥52,000,000	Government of Thailand / Cambodian Red Cross
Donation to the school establishment support in Vietnam	March 11, 2011	30 Aeon Group companies	¥1,531,464	—	¥1,531,464	The People's Committee of Vietnam's Hue Province
24-hour television	June 30, 2011 – August 28, 2011	89 Aeon Group companies	¥266,842,059	—	¥266,842,059	Nippon Television Network Corporation “24-Hour Television Charity Committee”
Total Amount			¥1,792,113,698	¥2,567,803,818	¥4,359,917,516	

Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees	Accumulated funds	Donee
Red Feather Community Chest	October 1, 2011 – October 31, 2011	¥15,340,190	¥207,045,287(1983-2011)	The Central Community Chest of Japan

Emergency Disaster Relief (FY 2011)

Relief recipients	Donation date	Aeon 1% Club contribution	Donees
Great East Japan Earthquake Emergency Relief Aid	March 15, 2011	¥10,000,000	NPO Japan Platform (JPF)
Typhoon Talas Emergency Relief Aid (Nara Prefecture)	September 7, 2011	¥5,000,000	Nara Prefecture
Typhoon Talas Emergency Relief Aid (Wakayama Prefecture)	September 8, 2011	¥5,000,000	Wakayama Prefecture
Cambodia Floods Emergency Relief Aid	October 21, 2011	¥5,000,000	Cambodian Red Cross
Thailand Floods Emergency Relief Aid	October 17, 2011	¥5,000,000	Government of Thailand
Turkey Earthquake Emergency Relief Aid	October 26, 2011	¥5,000,000	Turkish Embassy Japan
Philippine Typhoon Emergency Relief Aid	December 27, 2011	¥5,000,000	Philippine Embassy in Tokyo

AEON 1% Club

To Fulfill Responsibility as a Corporate Citizen Rooted in the Local Community

“As an industry, what is our role in society?”, “What type of industry should we strive to become?”, “What do our customers expect of us?” In response to these questions, we established the AEON 1% Club in 1989 based on the concept of being a company that uses the profit we make from customers in the local community for the benefit of that community and the future.

With the AEON 1% Club, each of AEON's main companies contributes 1% of their pretax profit for the implementation of various activities focused on environmental preservation, international cultural and human resource exchange and human resource development, and advancement of local culture and society.

Activities

 Environment Conservation Activities	<ul style="list-style-type: none"> • AEON Cheers Club, • ASEAN University Students Environmental Forum
 International Culture, Inter-personal Exchange and Development program	<ul style="list-style-type: none"> • School Construction Support Project • The Teenage Ambassadors Program • AEON Scholarship
 Revitalization of Local Cultures and Communities	<ul style="list-style-type: none"> • Local traditional event support • Child-raising support seminar Aeon Sukusuku Laboratory, etc.
 Other (fund-raising activities, etc.)	<ul style="list-style-type: none"> • Disaster recovery support, fund-raising, etc.

Initiatives Undertaken by Group Companies in Japan

AEON TOWN Co., Ltd.

First Private Facility Registered Under the “Baby Station Project” Sponsored by Tateyama City

In October 2011, Aeon Town Tateyama was the first private facility to be registered under the “Baby Station Project” sponsored by Tateyama City.

The “Baby Station Project” is being carried out by Tateyama City with the aim of improving environments in which families with babies can feel safe and secure when going out. Facilities that fulfil one of the two conditions of having a diaper changing table or a space for breastfeeding are able to register.



Baby Station

AEON Fantasy CO., LTD.

Event Held on Prevention of Infectious Diseases Such as Influenza

In February 2012, AEON Fantasy held an event aimed at providing a fun way through board games for children to learn about the importance of gargling and washing hands to prevent influenza, using the kids theme character Lala-chan.

COX CO., LTD.

Supported “Gold Ribbon” Campaign for Children with Cancer

The “Gold Ribbon” symbol is used to express activities that support children with cancer. Various organizations use this symbol in the United States where the campaign seeks to gather economic assistance for activities to raise awareness of children’s cancer and to research into treatments. In Japan, although the campaign is still in its infancy, the number of organizations conducting such activities and supporting companies continues to grow steadily.

COX CO., LTD. has been supporting this campaign since XXXX. A total of ¥X was donated to the Gold Ribbon secretariat thanks to the hard work of everyone involved in the Gold Ribbon campaign in fiscal 2011.

Looking ahead, COX will continue supporting Gold Ribbon activities for children suffering from cancer.

Maxvalu Nishinohon Co., Ltd.

Dietary Education Developed with the Community

Maxvalu Nishinohon Co., Ltd. implements dietary education activities that are straightforward and that anyone can easily participate in. These include providing the opportunity for events and classes related to diet based on the idea of realizing richer, healthier dietary habits among local customers.

Dietary education classes have been included as regular classes in elementary schools. In these classes, children learn the importance of food and the correct knowledge about diet through shopping games at stores and actual cooking.

A “dietary education day” is held each month in stores. A dietary educator provides services in the store and describes the fun and importance of food so that people can drop by and participate. The dietary educator introduces recipes using seasonal cooking ingredients and distributes food samples.

Fair Business Practices

CSR Procurement Guidelines

The world's natural capital is in an alarming state, characterized by lean harvests of agricultural produce due to abnormal weather, which has been caused by the destruction of ecosystems through overexploitation and by global warming. Also, as our supply chain expands globally, we need to step up the prevention of corruption such as bribery and coercion and to consider the human rights of suppliers and the labor environment.

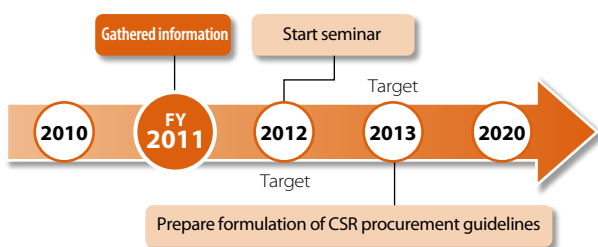
The products that Aeon produces and sells are made possible by the bounty of nature and we conduct procurement through producers and in production areas that span the globe. Although we have been practicing green procurement over the years, in which we prioritize the purchase of environmentally friendly goods, we have now started to formulate CSR Procurement Guidelines that take into account the perspectives of human rights, labor conditions and corporate ethics in order to realize more highly sustainable procurement.

In fiscal 2011, we gathered information on the CSR procurement activities of companies participating in the Supply Chain Subcommittee of the Global Compact Japan Network, which Aeon is a member of.

In fiscal 2012, we will start a research group focused on CSR procurement guidelines that consists of managers from related departments, beginning with the Procurement Division, and plan to examine challenges in CSR procurement.

FY2011 Results and Target of KPI

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



Promoting the Aeon Supplier Code of Conduct(CoC)

● Aeon Supplier Code of Conduct

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

The code covers compliance with national and local laws, respect for human rights, and safe, healthy working conditions, among other topics. Compliance pledges have been received from approximately 750 manufacturing partners. There is also a system in place whereby Aeon certified auditors and outside agencies conduct audits of partner production sites to check compliance with these requirements and promote improvements.

Aeon Supplier Code of Conduct

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

Conform with national laws and regulations

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

● Auditing Our Manufacturing Partner

Aeon Supplier Code of Conduct (CoC) audits consist of third-party audits performed by professional auditing firms and second-party audits by Aeon auditors. As a general rule, third-party audits check 13 requisite items stipulated by the CoC as well as over 350 other points. CoC Individual Support Sessions are held on an ongoing basis to rectify areas in need of improvement.

Once the improvements have been made and verified, Aeon auditors make regular visits to factories and conduct second-party audits to check the status of compliance.

Going forward, we will focus on developing local auditors overseas and continuing with our initiatives in order to respond to the accelerated pace of globalization.

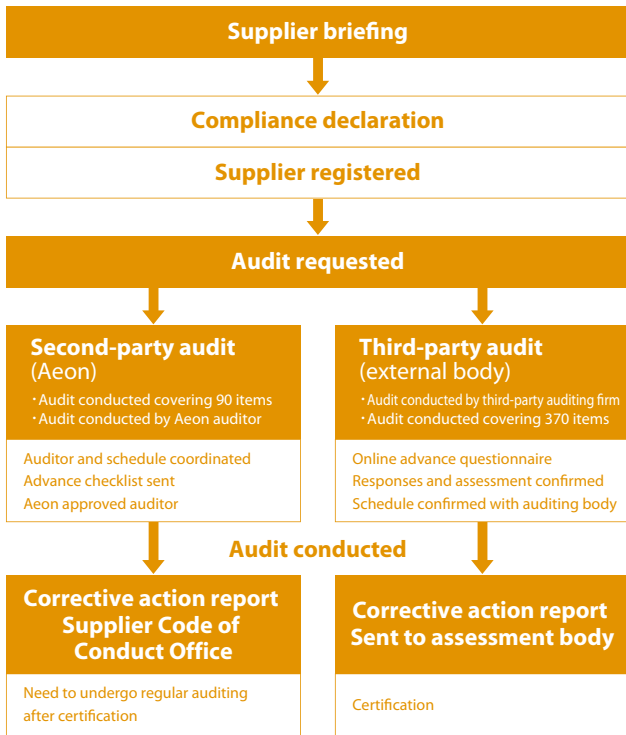
● Aeon SA8000

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.

Aeon Supplier Code of Conduct-certification procedure



Cumulative Total Number of Code of Conduct-Certified Factories (the cumulative total of factories obtaining certification as a result of third-party audits)

FY 2007	471 factories
FY 2008	732 factories
FY 2009	931 factories
FY 2010	1,172 factories
FY 2011	1,526 factories

Objectives of Aeon SA8000

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

Policies for Promoting Aeon SA8000

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

● Practicing Fair Trade

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

In fiscal 2011, we began formulating fair trade guidelines. These guidelines stipulate that rather than rely on certified authorities it is up to Aeon to confirm whether or not financial aid reaches the producers of the raw materials that go into TOPVALU Fairtrade products and how this aid is utilized.

In fiscal 2011, Aeon did not need to make such confirmation since nothing was procured from any new producers. In fiscal 2012, we plan to conduct the aforementioned checks with new coffee bean producers.

* Fair trade means doing business with producers in need of support in developing countries, etc. 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 Labeling Organizations International) certification logo



TOPVALU Fairtrade Chocolate

TOPICS

Making People More Familiar with Fair Trade

In May 2011, Aeon took part in the annual 'Fairtrade Month Campaign' in Tokyo, Osaka and Nagoya, which is carried out by NPO Fairtrade Label Japan (FLJ), together with students, organizations and corporations to promote fair trade.

A Fairtrade event at AEON Mall Dainichi in Osaka, displayed and offered tastings of fairtrade products, and games simulating trade between developing and developed countries, as well as a variety of other events to help advance an understanding of Fairtrade.



Event at AEON Mall Dainichi

Initiatives Undertaken by Group Companies in Japan

MINISTOP CO., LTD.

MINISTOP Fairtrade Laboratory Established to Promote Fairtrade

MINISTOP CO., LTD. has been working to spread knowledge of Fairtrade since it started selling Fairtrade products in 2005. In 2010, the company started handling the first Fairtrade certified bananas in Asia.

In October 2011, the company established the MINISTOP Fairtrade Laboratory. A Facebook® page was started at the same time to encourage communication on the subject.



AEON FOREST CO., LTD.

Celebrating 25 years of Community Fair Trade

Community Fair Trade was started by Anita Roddick, founder of The Body Shop, which is managed in Japan by Aeon Forest Co., Ltd., after she visited the Kayapo, the indigenous inhabitants of the Amazon basin, whose place of living is under threat due to deforestation. The aim of Community Fair Trade is to support the

Kayapo by purchasing raw materials with their community as an equal business partner.

The 25th anniversary of this pioneering project is in 2012. At present, high quality ingredients and products are purchased from some 25,000 people through trade with almost 25 partners in over 21 countries. Approximately one tenth of total ingredients are procured through Community Trade and nearly 70% of products found at The Body Shop have Community Trade ingredients.

AEON Eaheart Co., LTD.

"2nd Student Production Fair Trade Festival 2011"

As in fiscal 2010, AEON Eaheart Co., LTD. held the "2nd Student Production Fair Trade Festival 2011" in fiscal 2011. This event is predominantly planned and run by volunteers from student groups involved in promoting fair trade. AEON Eaheart provides support to these student groups. On the day of the event, there were talk sessions involving students, a quiz rally that was fun for the whole family and panels describing fair trade. Various fair trade products were also on sale.

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.

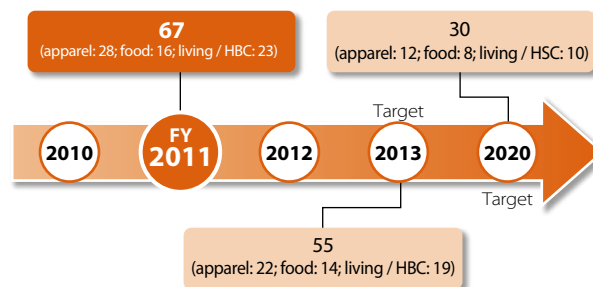
During product planning and design, our development, quality control, and customer service people scrutinize potential raw material suppliers, investigate possible safety concerns, examine the use of additives, research manufacturing processes, and consider other key issues to ensure that the final product is safe and without any health or safety risks. We select manufacturers by first performing Aeon Supplier Code of Conduct (CoC) audits, product safety examinations, and plant hygiene inspections. Customer monitors and Aeon employees evaluate the prototypes, considering matters such as raw materials, additives, and manufacturing processes. 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 2011, Aeon reported 67 serious product accidents.

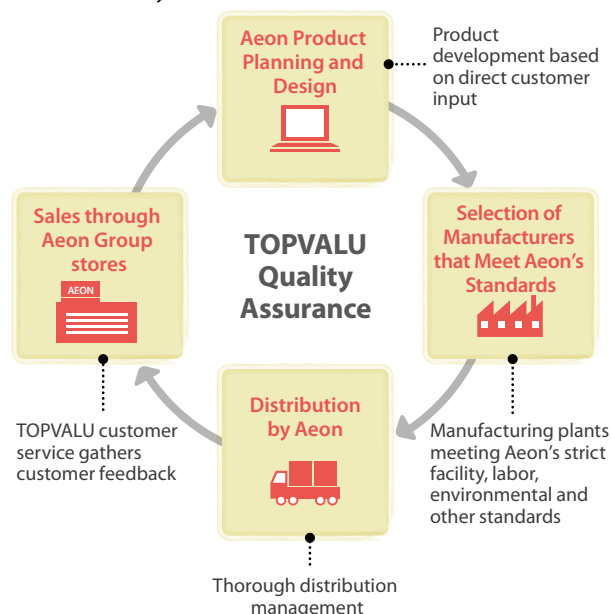
Aeon will strive to prevent product accidents through efforts that include identifying problem areas based on customer feedback to avoid reoccurrence of an issue, strengthening relationships between related departments and reviewing problem areas at the production and shipment phases of a product.

FY2011 Results and Target of KPI

Number of TOPVALU Products Removed due to Serious Incident



TOPVALU Quality Assurance



Labelling and Disclosing Product Information

Aeon labels and discloses information related to each TOPVALU brand product to make sure they can be used and consumed by customers with peace of mind.

● Labeling of Food Allergens

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

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

● **Labeling of Genetically Modified Ingredients**

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

● **Labeling of Place of Origin of Ingredients for Processed Foods**

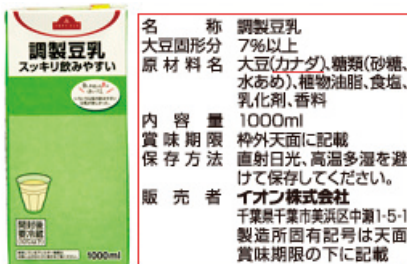
We carry out labeling of the place of origin of ingredients as much as possible, not just limiting it to the food groups for which such labeling is mandated by Japanese Agricultural Standards (JAS) law*. In addition, we have established clear quality standards for ingredients irrespective of their place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

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

● **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. We also added a barcode function that allows customers to access producer data by reading the QR code. In addition to traceability information, customers are also presented with tasty recipes using the scanned ingredient. In fiscal 2010 a cumulative total of approximately 350 agricultural products were labeled with QR codes.

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, or, at some stores, information terminals with touch panels have been set up.

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

● **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 place of origin information on-line for the most asked about products since April 2011.

● **Food Sanitation Control**

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

● **Quality Keepers**

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

● **Sanitation Training for Employees**

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

● **Audits of Food Preparation Areas**

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

● **Sanitation Contests**

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

Consumer Issues

Store Safety and Security

Improving the Earthquake-resistance of Stores

With customer safety our number one priority, we recognize that in order to provide peace of mind we need to formulate a response in terms of not only our products and services, but our store facilities as well.

In fiscal 2011, we repaired stores damaged in the Great East Japan Earthquake, and using data from this work we narrowed the focus of our earthquake safety measures at our existing stores in other parts of Japan. We also initiated reinforcement work at some stores to ensure their structure will be sound in the event of a major earthquake.

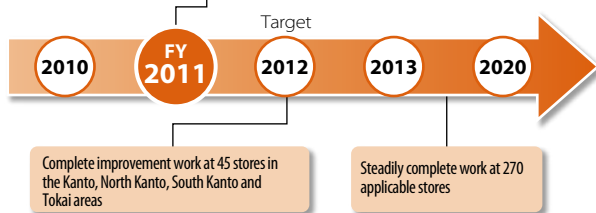
In fiscal 2012, we plan to complete this work at 45 stores in the Tohoku, North Kanto, South Kanto and Tokai areas that are expected to incur damages if an earthquake greater than 6-weak on Japan's seismic intensity scale were to strike in the future.

In addition, in fiscal 2013 and beyond we plan to initiate this work at stores in Western Japan, with stores expected to be damaged in an earthquake with a seismic intensity of 5-strong or greater receiving priority.

FY2011 Results and Target of KPI

Safety and Security Infrastructure Development

- Completed repair work on stores damaged in the Great East Japan Earthquake
- Narrowed down earthquake safety measures
- Completed earthquake reinforcement work at some stores



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 March 11, 2012 Great East Japan Earthquake, our Group-wide disaster prevention drills were increased from once to twice a year, starting in fiscal 2012. The drill conducted on March 8, 2012 assumed simultaneous large-scale earthquakes with epicenters in three metropolitan areas in the Tokai, Tonankai and Nankai regions and damage at Aeon's

Chiba headquarters building that would require preparation of an alternate tsunami evacuation control center and an alternate system for confirming employee safety. Aeon is committed to preparation for possible disasters in these earthquake-prone regions.



Training in information gathering (AEON Komaki Store, Aichi Prefecture)



Tsunami warning and evacuation drill on the store roof (AEON Nanyo Store, Aichi Prefecture)

● 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 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 conjunction with the global spread of the new flu virus H1N1 in 2009, we revised the rules based on the latest information and

re-distributed them to Aeon Group companies. We also distributed the New Flu Virus Handbook to store employees in order to raise awareness of new flu viruses. In 2010, we worked to strengthen measures to combat flu viruses, which included creating the Influenza Infection Reporting System to identify the status of flu infections at Aeon Group stores and business locations nationwide.

In fiscal 2011, we were able to ascertain the situation of seasonal influenza cases within the Aeon Group using the aforementioned system. Using this together with information released by Japan's Ministry of Health, Labour and Welfare, we have continued to share the latest information and raise awareness on a weekly basis within the Group.

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.



Safety Measures for Escalators

● Establishing Parking Lot Guardrails

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



Parking Lot Guardrails

● Installing Automated External Defibrillators (AED)

Automated external defibrillators, or AED, administer an electric shock to people experiencing sudden cardiac arrest as a way to resuscitate them. As of the end of February 2011, Aeon has installed a total of 1,285 AED units at 796 stores and shopping centers. In addition, store management, security guards and other staff members are trained in emergency lifesaving techniques.

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*). We use these standards when building new stores or remodeling existing locations. As of the end of February 2012, over 650 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.

* The Act for Buildings Accessible to and Usable by the Elderly and Physically Disabled Persons, or Heartful Building Law, was



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 9,028 as of February 29, 2012.

To allow a proper understanding of dementia, a training course is being offered to employees. As of February 2012, there are 28,201 Supporters*2 and 661 'Caravan Mate' trainers.

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

*2 Supporters for people with dementia are certified through a specified curriculum course to give care to people with dementia and support to their families.



Care-fitter Training Session



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



Role-playing in Caravan Mate training

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

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.

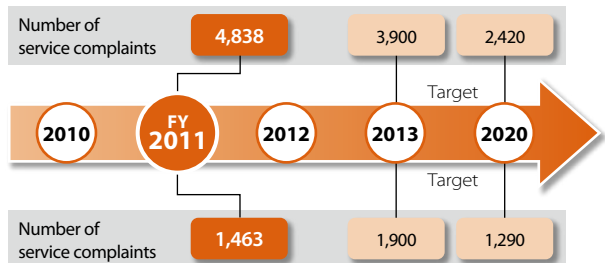
This information is reported to directors and executive officers, as well as shared with employees of relevant departments through systems that manage customer feedback.

A total of 4,838 opinions (service complaints) were received in fiscal 2011.

A total of 70,977 opinions (service complaints) were received in fiscal 2011 from our customers, marking a 29.7% increase compared to fiscal 2010 (16,253 opinions). This large increase was attributed to a sharp rise in inquiries received on radiation issues related to the nuclear accident following the Great East Japan Earthquake as well as an increase in the number of inquiries about our online supermarket services. As part of our commitment to make greater improvements in our customer service, we have established new KPI for the number of service complaints and the number of compliments. 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.

FY2011 Results and Target of KPI

Number of Complaints and Compliments Received

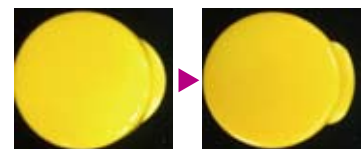


TOPICS

Examples of Product Development and Improvements Made Based on Customer Feedback

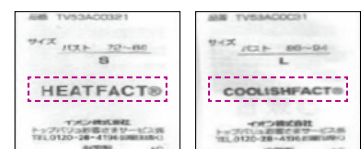
Topvalu Ajitsuke Ponzu Changed the size of the cap ledge

We received feedback from our customers saying, "The cap is too small and it's hard to open," "The cap's ledge is too small, making it a chore to open," "The product spills out instead of going where I want it to," and "The product gets on the cap." Based on this, we changed the size of the container's cap when we revamped the product in autumn 2011.



Topvalu HeatFact and CoolishFact Attached a tag to differentiate between summer and winter items

We received 100 opinions stating that the customer could not identify whether the product was for summer or winter use. Although the package or bag had the words "HeatFact" and "CoolishFact" on it, once the product was taken out, customers had a hard time telling which shirt was for which season. This is why we decided to attach a tag to the shirt to specify which season it is intended for.



Initiatives Undertaken by Group Companies in Japan

AEON AGRI CREATE Co., Ltd.

AEON AGRI CREATE Co., Ltd. Joins TOPVALU

In order to ensure reliable supplies of safe and fresh vegetables, Aeon engages directly in farmland management through AEON AGRI CREATE Co., Ltd. Since its establishment in July 2009, the company has been cultivating various kinds of vegetables, and these have been on sale as TOPVALU products since May 2011. Aeon embarked on similar direct agriculture management ventures in Oita prefecture in 2011 and in Shimane prefecture in 2012, and will be providing fresh and delicious vegetables to our customers throughout Japan.



TOPVALU
Komatsuna



Aeon's direct management agriculture (Ushiku City, Ibaraki Prefecture)

AEON BANK, Ltd.

Expanding Services that Physically Challenged Customers Can Use with Peace of Mind

Aeon Bank, Ltd. started new services for physically challenged customers in November 2011.

One of these is the issuance of account statements in Braille. If requested by a customer, Aeon Bank will issue a statement in Braille that includes transaction record and outstanding balance of each account. The statements are sent by mail to the person's home each month.

Also, the Bank lowered the fee for using bank tellers to the same price as an ATM for those that are physically challenged and find it difficult to use ATMs so that they can use the Bank's financial services more easily.

AEON Kyushu Co., Ltd.

Kamimine Stay Well Shopping Delivery Service Launched

Aeon's Kamimine Store, which is operated by Aeon Kyushu Co., Ltd., introduced the "Kamimine Stay Well Shopping Delivery Service" jointly with Kamimine City, Saga Prefecture in April 2012.

Kamimine City, which is faced with an aging population, is home to a large number of elderly people that find it difficult to do everyday shopping. While helping with the shopping of elderly customers, the company also aims to keep an eye on the health condition of these customers through the delivery of goods.

Efforts will continue to be made to contribute to the local community through initiatives that unite the company with the region.

Human Rights

Promoting Diversity

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

Basic principles on personnel

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

Basic approach to personnel

Creating a corporate environment in which human resources can continue to grow as they work over the long term
Dealing with personnel based on ability and achievement, not nationality, age, gender or category



In particular, we believe that the female perspective is indispensable to Aeon, which operates in the retail industry that is closely related to people's lives and families. Accordingly, we are actively promoting the recruitment and employment of women.

As Aeon will further expand business in the Asia region going forward, the role of foreign staff will become increasingly more important, and with this in mind, Aeon is working hard to recruit employees of foreign nationality.

Based on this philosophy, Aeon will include the ratio of female executive officers and the ratio of employees of foreign nationality in the KPI list and implement measures in line with these ratios.

Promoting Positive Action

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

In fiscal 2011, we promoted workplaces that are easy to work in where women in particular feel their work is valuable at every stage of their life and that provide equal opportunity employment, recruitment and placement, pursuant to the Positive Action Declaration formulated in April 2010.

Aeon now has 33 female executive officers out of a total of 620 executive officers, including consolidated companies. The ratio of female executive officers, listed under Aeon's KPIs, currently sits at 5.8%, including three female corporate auditors (as of February 29,

2012).

Moving ahead, in addition to working hard to nurture female employees in our manager development program, we will examine the status of initiatives to develop female managers as part of a review of SA8000 management being implemented at each Group company, and adopt further measures as necessary.

FY2011 Results and Target of KPI

Ratio of Female Executive Officers *



Hiring Employees of Foreign Nationality

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 is actively hiring young human resources, who will form the cornerstone of future management not only in Japan, but also in China (including Hong Kong), Malaysia, Thailand, Indonesia and Vietnam.

In fiscal 2011, we held explanatory sessions regarding the Aeon Group recruitment in the different regions of the world. The sessions were convened in ten different cities worldwide, beginning with Tokyo in May and also including London and Los Angeles.

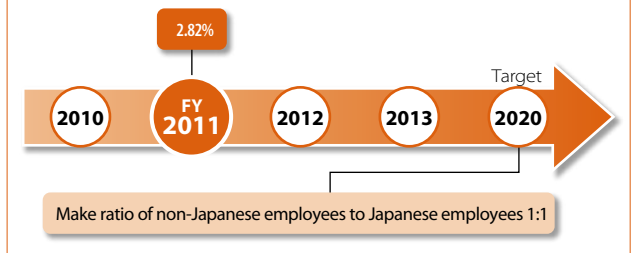
In January 2012, welcoming ceremonies were given simultaneously in the three countries of Malaysia, Thailand and Vietnam for 230 new employees hired in the ASEAN region.

Currently 12 out of 424 employees (2.8%) at Aeon Co., Ltd. are of foreign nationality (as of February 29, 2012). This measure is one of the objectives listed under Aeon's KPIs.

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.

FY2011 Results and Target of KPI

Ratio of Employees of Foreign Nationality



● Employment for People with Disabilities

Led by Aeon Retail, Aeon is working to establish conditions that allow people with disabilities to work with a sense of purpose. As of June 2011, Aeon Co., Ltd. has an employment ratio for people with disabilities of 1.87%*. This ratio for the total of all Aeon Group consolidated subsidiaries also exceeds the legally required level.

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 9 Scrum CD stores in the Tohoku region alongside able-bodied staff (as of February 29, 2012).

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

● Promoting Equal Opportunities for Part-time Employees

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

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

Establishing an Education System that Supports Employee Development and Provides Equal Opportunity for Growth

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

● 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 2011, a total of 1,245 forms were submitted from employees of 45 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. 10 courses were held in fiscal 2011 and up to 293 people attended.

● Overseas Training

Personnel are sent to other countries to observe the latest business conditions and store setting of local chain stores in order to understand up-to-the-minute circumstances in the retail industry overseas.

● 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 2011, recruitment was conducted for various new businesses within AEON Retail Co., Ltd., as well as TOPVALU Collection Co., Ltd., AEON INSURANCE SERVICE CO., LTD., AEON BIG CO., LTD., and My Basket 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 2012)

◎ Fresh fish master (grade 1)	14	- Senior cycle advisor	160
◎ Fresh fish master (grade 2)	1,675	- Beauty advisor	483
◎ Fresh fish master (grade 3)	3,331	- Handcraft advisor	227
- Baby advisor	625	- Senior care advisor	86
- Fashion advisor	502	- Licensees delicatessen	386
- Liquor advisor	265	◎ Hot deli master	2,404
- Fish advisor	257	◎ Sushi master	2,330
- Digital advisor	312	◎ Farm product master	1,276
- Home appliance advisor	80	◎ Greenery master	408
- General appliance advisor	47	◎ Gardening master	163
◎ Cycle advisor	1,039	- Checkout certification (grade 2)	1,498

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

* Total for Aeon Retail Co., Ltd., Aeon Hokkaido Corporation, SUNDAY CO., LTD., AEON KYUSHU CO., LTD., AEON SUPERCENTER Co., Ltd., AEON RYUKYU CO., LTD., Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Chubu Co., Ltd., KOHYO CO., LTD., Maxvalu Nishinohon Co., Ltd., Maxvalu Kyushu Co., Ltd., MAXVALU KITA TOHOKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU CHUKYO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD.

● Improving System for Employing the Elderly

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

Five years after the new rule was adopted, there are over 1,000 employees who are over 60 years of age, who are putting their experience, skills, and knowledge to full use at work.

Human Rights-related Training

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

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

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

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

Labor Practices

Creating Pleasant, Comfortable Workplaces

Aeon has been a strong advocate of helping employees balance their work life with their child raising needs and has made various improvements in its policies over the years. 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.

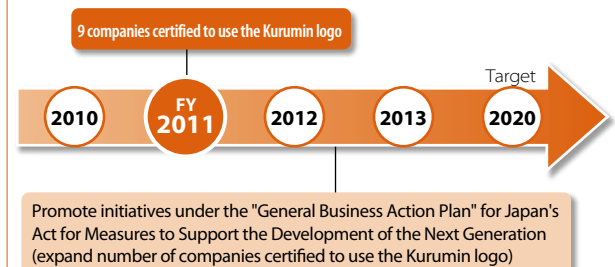
In order to promote these initiatives further, in fiscal 2011 we established a KPI for promoting efforts for general business owner action plans (expand the number of companies certified to display the Kurumin logo) under Japan's Act for Measures to Support the Development of the Next Generation. As of fiscal 2011, the following nine 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 2012: AEON CREDIT SERVICE CO., LTD. and AEON Mall Co., Ltd., AEON RYUKYU CO., LTD., AEON Retail Co., Ltd., KASUMI CO., LTD., SUNDAY CO., LTD., The Dai-ichi, Inc., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd.

FY2011 Results and Target of KPI

Creating Pleasant, Comfortable Workplaces



Initiatives Undertaken by Group Companies in Japan

AEON FOREST CO., LTD.

Submission of 7 Million Signatures to the United Nations to Eliminate the Sex Trafficking of Children

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

In September 2011, The Body Shop delivered 7,044,278 signatures gathered from around the world to the Chairman of the UN Human Rights Council urging the governments of different countries to take concrete action and swift steps to eliminate sex

trafficking of children under 18.

The governments of 14 countries are working on reforms that include the ratification of a protocol following the submission of the signatures requiring governments around the world to reinforce measures to protect children.

The Body Shop and the NGO ECPAT*, the partner of The Body Shop for the campaign, will continue working to end the sex trafficking of children in conjunction with the UN Human Rights Council and governments.

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

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 difference in opportunities for acquiring qualifications or applying for new positions depending on the path, and employees are able to participate in various training programs regardless of the path.

The four career paths available to AEON Retail Co., Ltd. employees (As of February 29, 2012)

- 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.

● Welfare Programs

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

Health and Safety Committees

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

For example, at Aeon Retail, store managers, managers of personnel and general affairs departments, employee representatives and labor union representatives attend the committee meetings, which are held once a month.

Safety and Sanitation Committees discuss employee working conditions and points of improvement for workplace environments, with the involvement of both labor and management.

Labor Union Status

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

The labor union has encouraged part-time employees to become members, and as of the end of February 2011, the labor union had 105,000 members, including 81,000 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 follow-up, 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.

Setting Up Hotline for Employees

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

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

Aeon Continues to Support the Affected Community

Volunteer Activities and Donations During the Past Year

As an enterprise with stores having close community ties, Aeon was immediately in position to give various kinds of assistance to the people in the affected area just after the Great East Japan Earthquake.

In the space of one year, we were able to collect a total, including donations in kind, of over 5 billion yen in contributions from our customers and employees and from throughout the Aeon Group companies. In addition, a total of around 320 people all together - our employees and their families, participated in more than 10 volunteer activities between July and November, 2011.

Further, in addition to activities essential to the reconstruction of industry in the area, Aeon teamed with people connected with Tohoku coastal fisheries to actively promote and sell their marine products in Aeon stores.

Over 5 Billion Yen in Contributions and Donations in Kind for Disaster Areas

Within a day of the Great East Japan Earthquake, Aeon conducted disaster relief fund collecting at our combined 7000 stores and offices in Japan and overseas. Following that, we are also conducting, on the 11th of every month, 'Aeon's Yellow Receipt Campaign' where 1% of total receipts are donated, as well as achieving contributions from Aeon's 'WAON' points and the Aeon card 'Tokimeki Point' systems. Donations from our customers reached approximately 1.45 billion yen. Counting contributions from such campaigns and from Aeon and the Aeon 1% Club, and donations in kind, a total of over 5 billion yen was collected to give to the local governments of the tremendously damaged areas.

Great East Japan Earthquake Relief Aid and Donations

Categories	Recipients	Amount
Emergency Relief Aid	NPO Japan Platform (JPF)	10,000,000
	Aomori Prefecture	50,000,000
	Iwate Prefecture	1,100,000,000
Emergency Relief Collections	Miyagi Prefecture	1,100,000,000
	Fukushima Prefecture	1,100,000,000
	Tochigi Prefecture	50,000,000
	Ibaraki Prefecture	100,000,000
	Chiba Prefecture	100,000,000
"Gambarou (Go) Japan!" Relief Collections	Miyagi Prefecture	100,000,000
	Fukushima Prefecture	100,000,000
	Iwate Prefecture	100,000,000
In-kind Donations for the Affected Area	Association for Aid and Relief, Japan (AAR Japan)	59,543,993
		500,000,000
Campaign in Support of Aeon Employees in the Affected Area		610,000,000
Total Amount		¥5,079,543,993

Volunteer Activities in the Disaster Area

Aeon is supporting employee volunteer activities in the disaster area. As it is important to respond appropriately to local needs, the volunteers are carrying out information exchanges with local authorities and NPOs. Aeon group employees are systematically joining volunteer activities by taking advantage of various company leave systems such as paid holidays, and the Aeon 1% Club is covering part of the costs. Also, following the advice of our employees, their family members who are above high school age are also taking part in the volunteer activities.

In fiscal 2011, in conjunction with the Ishinomaki City Disaster Volunteer Center, volunteer activities were carried out on 10 occasions, by around 320 people in all.



Message

Encouraged by Volunteers

We were at first pessimistic, but now we can accept the reality with a positive outlook. The tragedy has allowed us to reconfirm the importance of family, friends and the support of organizations. The work of volunteers has been a major source of strength for me personally. We are grateful for the reconstruction support we are receiving from people throughout the world.



Kiyoko Sakashita
Nonbirmura Inn
(Aeon employees volunteered at the Inn)

Message

What I Learned from the Earthquake

I participated as a volunteer in August 2011. I was horrified to see the mud and rubble of destroyed houses, but Ms. Sakashita and the local staff, despite the damages they themselves had experienced, were working cheerfully. That gave me courage. I will never forget it and I will continue to share my experience with others.



Misao Uehara
AEON RYUKYU CO., LTD.

Long-term project - "Taking Action for Great East Japan Earthquake Reconstruction - Putting Ideas into Practice"

On the first anniversary of the March 2011 earthquake, more than 300,000 Aeon people reconfirmed their resolve to continue long-term post-earthquake support and joined together focused on a range of initiatives under the banner: "Taking Action for Great East Japan Earthquake Reconstruction - Putting Ideas into Practice."

On March 11, tree-planting began at Shiogama City in Miyagi Prefecture, to restore greenery lost to the tsunami. The tree-planting activity is founded on the commitment of the entire group of Aeon companies to work together with our customers, the local government and local producers in the community to rebuild towns and local industry, and to engage in long-term volunteer and other activities for that purpose. On March 1 Aeon created the new position of 'Aeon Tohoku Representative' (Senior Executive Managing Director) to oversee the overall continuing regional reconstruction of the affected areas.

As a daily life 'lifeline,' Aeon will continue to work into the future for the reconstruction of the affected areas, in cooperation with our customers in the community and with our various stakeholders.

Tree-Planting Activities in the Disaster Affected Areas

The tsunami destroyed many trees in the affected coastal areas. Aeon is promoting, in conjunction with local government agencies and NPOs, a plan to plant 300,000 trees along the coast of the affected area, over the next 10 year period.

As a first step to implementing the tree-planting project 'Aeon Joining Hands Reforestation Program,' we planted 1200 young trees on March 11 at AEON Town Shiogama, Shiogama City (Miyagi Prefecture), along with the community people.

From now on, Aeon plans to participate, along with government agencies, in activities such as 'forest school project' and 'reforestation project.'



Aeon Yellow Receipt Campaign

The Aeon Yellow Receipt Campaign, normally conducted one day a month - on the 11th of every month (p. XX), was expanded to three days for the period March 9 - 11, 2012, with the theme 'To bring smiles to the children in the disaster area.' 1700 stores nationwide participated. Marunaka, Co., Inc. and Aeon Kimisawa Co., Inc.

participated for the first time, along with 23 Aeon Group companies. 1% of the total amount of customer receipts came to 121.92 million yen and that was donated to the non-profit organization Save the Children* Japan for child support in the disaster area.



*The donation was made in the name of "Aeon for Save the Children's Fund for Children of the Great East Japan Earthquake." It was targeted to programs such as "Home Start," mainly in Miyagi, Iwate, and Fukushima Prefectures - the hardest hit areas in the Tohoku region. The Home Start program aims to promote stable home environments to support healthy development of children by assisting in relieving the stress of child rearing. This is done through home visits by volunteers who help in various ways, including compassionate listening and also assisting with child care and with housework, etc., in households with pre-school (under age 6) children,

Volunteer Activities in the Disaster Area

We are continuing to carry out volunteer activities in fiscal 2012. For this fiscal year, together with NPOs in Tono City in Iwate Prefecture, we will be carrying out 21 volunteer events, mainly concentrated on Rikuzentakata City. As of the end of July, 2012, a total of around 280 persons have taken part in 10 events.

Volunteer Activities and Participants (July 2011 - July 2012)

	Dates	Number of Participating Persons (including operating office)	Dates	Number of Participating Persons (including operating office)
	2011		2012	
1	7/13-15	18	3/28-31	30
2	7/22-24	35	4/11-14	37
3	8/3-5	60	4/25-28	37
4	8/24-26	55	5/9-12	18
5	9/2-4	Cancelled by Typhoon	5/23-26	35
6	9/14-16	35	6/7-10	33
7	9/28-30	34	6/13-16	34
8	10/12-14	23	6/27-30	28
9	10/26-28	24	7/5-8	25
10	11/9-11	14	7/11-14	
11	11/16-18	26		

Message

Aeon People United in Reconstruction Efforts

Aeon people - employees and management - are united in doing 'Project Aeon Joining Hands' to bring relief as soon as possible to the areas affected by the earthquake. We continue to dispatch people to the affected area, plant trees, give support to subsidiary companies, and cooperate with various agencies and organizations.



He Shu Rong

'Project Aeon Joining Hands' Organizing Office

Kenji Takeuchi

Social Contributions Office
Federation of AEON Group Workers' Unions

Corporate Governance

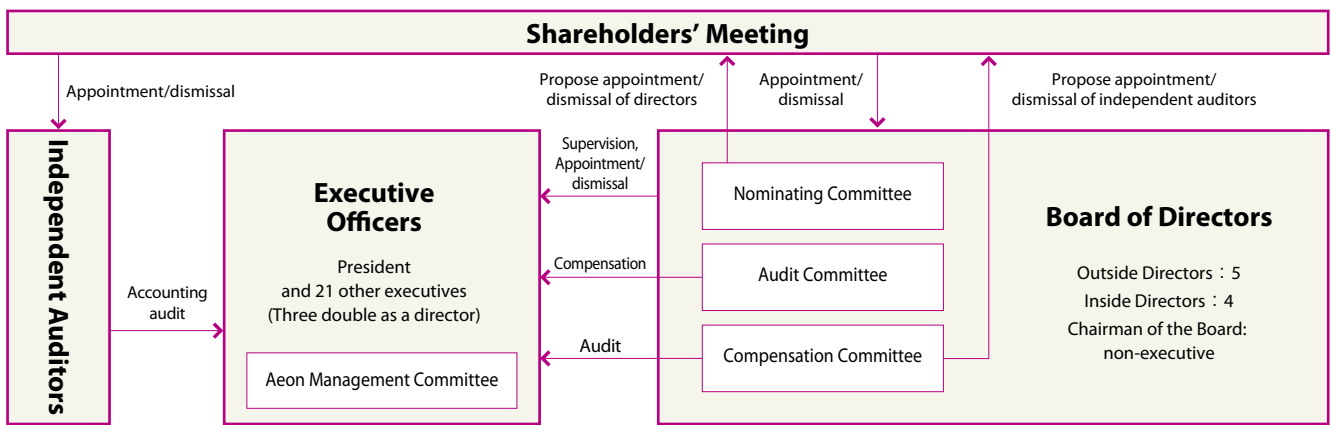
Basic Approach

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

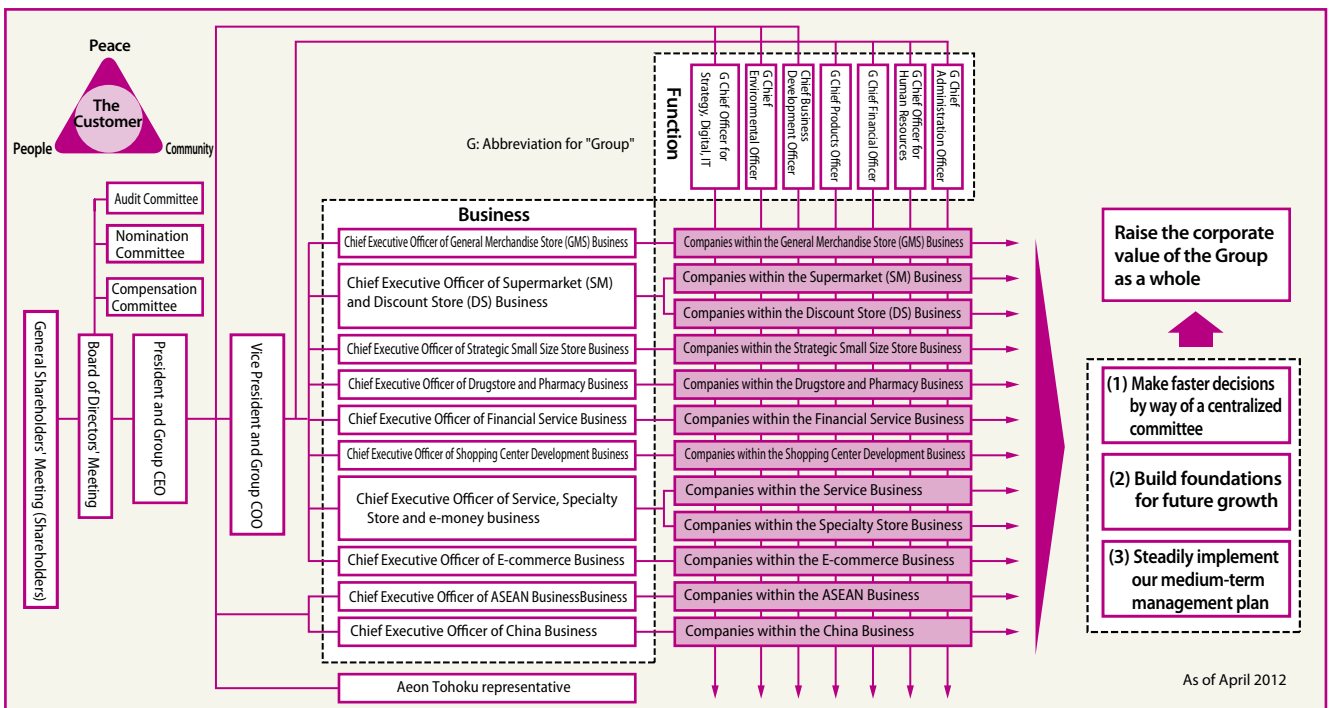
Corporate Governance Framework

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

Corporate Governance Framework (As of March 1, 2012)



Group Management Structure



Board of Directors' Meeting and Corporate Committees

	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	8 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 Oversees the execution of work duties of executive officers.
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 Oversees the execution of work duties of executive officers.
Compensation Committee	3 times per year	<ul style="list-style-type: none"> Determines compensation of individual directors and executive officers

Internal Control Systems

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

Group Management

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

By transitioning to a pure holding company structure as part of our group management reform, we will be able to (1) make faster decisions by way of a centralized committee, (2) build foundations for future growth, and (3) steadily implement our medium-term management plan. This structure will also enable us to seek even greater corporate value for the entire Aeon Group through Group-wide strategic planning, optimum allocation of management resources, generation of Group-wide synergies and adherence to basic principles.

Basic Approach

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

The Risk Management Committee performs reviews of and makes decisions regarding external risk factors, such as new infectious diseases 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.

Response to Incidents, Accidents and Natural Disasters

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

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

Compliance and Corporate Ethics

Basic Rules

—Aeon Code of Conduct

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

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

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

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.

Promotion Framework

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

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

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

Our Commitment

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

Code of Conduct Hotline

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

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

Implementing the Aeon Code of Conduct Survey

Once a year since 2003 we have conducted an anonymous 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 in the review of more effective employee training methods.

In 2011, we received 19,889 responses to this survey from 60 Group companies in Japan, representing an increase of 305.9% in response rate compared with the previous year, and 21,336 responses from 19 Group companies from China and ASEAN nations, representing an increase of 108.8% in response rate in year-on-year terms. The increase in Japan can be attributed to the use of an online survey system.

We are working to improve communication in the workplace in 2012 based on the keyword 'teamwork.'

Promoting Corporate Ethics at Group Companies Overseas

Aeon has been conducting compliance training, establishing hotlines and instituting monitoring systems at Aeon Group companies overseas since 2006.

In 2011, 28 Group companies from China and ASEAN nations newly participated in executive management training in order to further share and boost mutual understanding of Aeon's strategies and policies.

In 2012, we are providing training for employees in newly developed business areas overseas.

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

Environmental Management

New 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. In addition, the Aeon Manifesto on the Prevention of Global Warming* and the Aeon Biodiversity Principle also represent environmental goals and policies for the entire Group.

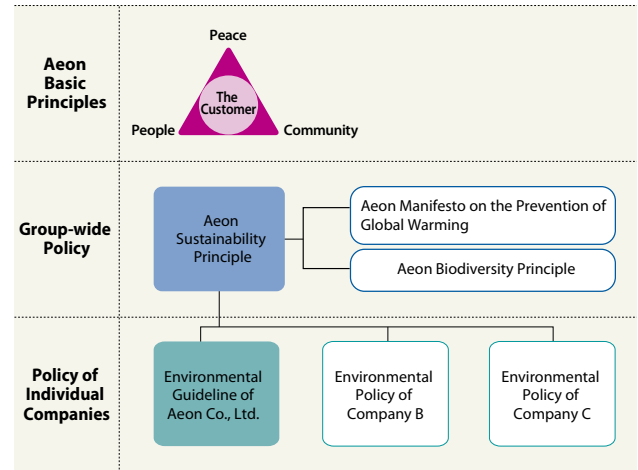
Effective measures are conducted following the environmental guidelines and environmental management systems developed by each Group company based on their own unique characteristics. This is because the Aeon Group encompasses a multitude of business areas and the challenges that each Group company faces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

As an example, Aeon Co., Ltd. undertakes environmental protection activities based on the Aeon Environmental Principles, 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.

the Prevention of Global Warming were achieved ahead of time in fiscal 2011. Accordingly, the particular initiatives aimed at achieving these goals and objectives were concluded in fiscal 2011.

Environmental Policy System



* The goals and objectives for fiscal 2012 as stated in the Aeon Manifesto on

Environmental Guideline*

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

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

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

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

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

ISO Certification

As of February 29, 2012, 32 companies in the Aeon Group have acquired ISO 14001 certification, the international standard for environmental management systems

List of ISO-Certified Companies
(As of February 29, 2012)

● ISO9001 ● ISO14001

AEON CO., LTD.	●	AEON Mall Co., Ltd.	●
AEON Retail Co., Ltd.	●	AEON KYUSHU CO., LTD.	●
AEON SUPERCENTER Co., Ltd.	●	AEON CREDIT SERVICE CO., LTD.	●
MAXVALU MINAMI TOHOKU CO., LTD.	●	AEON RYUKYU CO., LTD.	●
MAXVALU KITA TOHOKU CO., LTD.	●	Maxvalu Kyushu Co., Ltd.	●
MAXVALU KANTO CO., LTD.	●	Maxvalu Hokkaido Co, Ltd.	●
MAXVALU CHUKYO CO., LTD.	●	AEON DELIGHT CO., LTD.	●
MAXVALU NAGANO CO., LTD.	●	LAURA ASHLEY JAPAN CO., LTD.	●
MAXVALU HOKURIKU CO., LTD.	●	Mega Sports Co., Ltd.	●
Aeon Integrated Business Service Co., Ltd.	●	COX CO., LTD.	●
AEON BIG CO., LTD.	●	Maxvalu Tokai Co., Ltd.	●
My Basket CO., LTD.	●	Research Institute For Quality Living Co., Ltd.	●
Maxvalu Tohoku Co., Ltd.	●	AEON Hokkaido Corporation	●
AEON FOOD SUPPLY Co., Ltd.	●	AEON GLOBAL SCM CO., LTD.	●
Maxvalu Nishinohon Co., Ltd.	●	Guangdong JUSCO Teem Stores Co., Ltd.	●
Maxvalu Chubu Co., Ltd.	●	Qingdao AEON Dongtai 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 5,797 out of 8,595 Aeon personnel who took the test have passed.

Companies that have acquired ISO 14001 certification provide training for their employees. For example, Aeon Retail has established a web-based training tool and requires employees to keep an ISO 14001 handbook with them. Training seminars for internal environmental auditors led by outside instructors are also held every year to facilitate smooth operation of the environmental management system. As of February 2011, a total of approximately 1,640 employees have attended the seminars since 2000, when ISO certification was acquired.



Environmental Specialist Certification

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

Environmental Accounting

Item	Aeon Group Total		
	Environmental conservation costs (Thousand yen)	Economic benefits of environmental conservation (Thousand yen)	Environmental conservation benefits (t-CO ₂)
Eco Store	521,334	16,498	576
New Stores	981,046	396,250	10,740
Existing Stores	2,611,652	790,844	277,666
Operations	190,070	67,992	1,409
Total	4,290,122	1,269,720	290,390

●The following 18 Group companies are subject to environmental accounting.

Aeon Retail Co., Ltd., Aeon Hokkaido Co., Ltd., Aeon Kyushu Co., Ltd., AEON RYUKYU CO., LTD., Aeon Supercenter Co., Ltd., Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., Maxvalu Kyushu Co., Ltd., MAXVALU KITA TOHOKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU CHUKYO CO., LTD., MAXVALU HOKURIKU CO., LTD., MAXVALU NAGANO CO., LTD., AEON BIG CO., LTD.

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

Costs associated with new and upgraded facilities are tabulated based on annual depreciation expense, not total investment. The report covers facilities that were built or upgraded in fiscal 2011. Facilities built or upgraded prior to fiscal 2011 are not included in the figures.

●The following represent specific costs recognized for each item.

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

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

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

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

Item	GMS (includes some SM and SuC) Companies covered: Aeon Retail, Aeon Hokkaido, Aeon Kyushu, AEON RYUKYU, Aeon Supercenter			SM Companies covered: MV Hokkaido, MV Tohoku, MV Tokai, MV Chubu, MV Nishinohon, MV Kyushu, MV KITA TOHOKU, MV KANTO, MV CHUKYO, MV HOKURIKU, MV NAGANO, MV MINAMI TOHOKU			DS Companies covered: AEON BIG		
	Environmental conservation costs (Thousand yen)	Economic benefits of environmental conservation (Thousand yen)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (Thousand yen)	Economic benefits of environmental conservation (Thousand yen)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (Thousand yen)	Economic benefits of environmental conservation (Thousand yen)	Environmental conservation benefits (t-CO ₂)
Eco Store	518,559	13,758	487	2,776	2,740	89	0	0	0
New Stores	804,888	158,316	3,395	176,158	237,934	7,345	0	0	0
Existing Stores	2,474,418	642,112	272,536	137,234	148,733	5,129	0	0	0
Operations	170,505	23,090	503	5,585	43,038	905	13,980	1,863	1
Total	3,968,371	837,275	276,921	321,752	432,445	13,469	13,980	1,863	1

Environmental Management

FY2011 ISO 14001 Targets and Performance

AEON Retail Co., Ltd., Maxvalu six companies*, AEON SUPERCENTER Co., Ltd., AEON BIG CO., LTD.

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

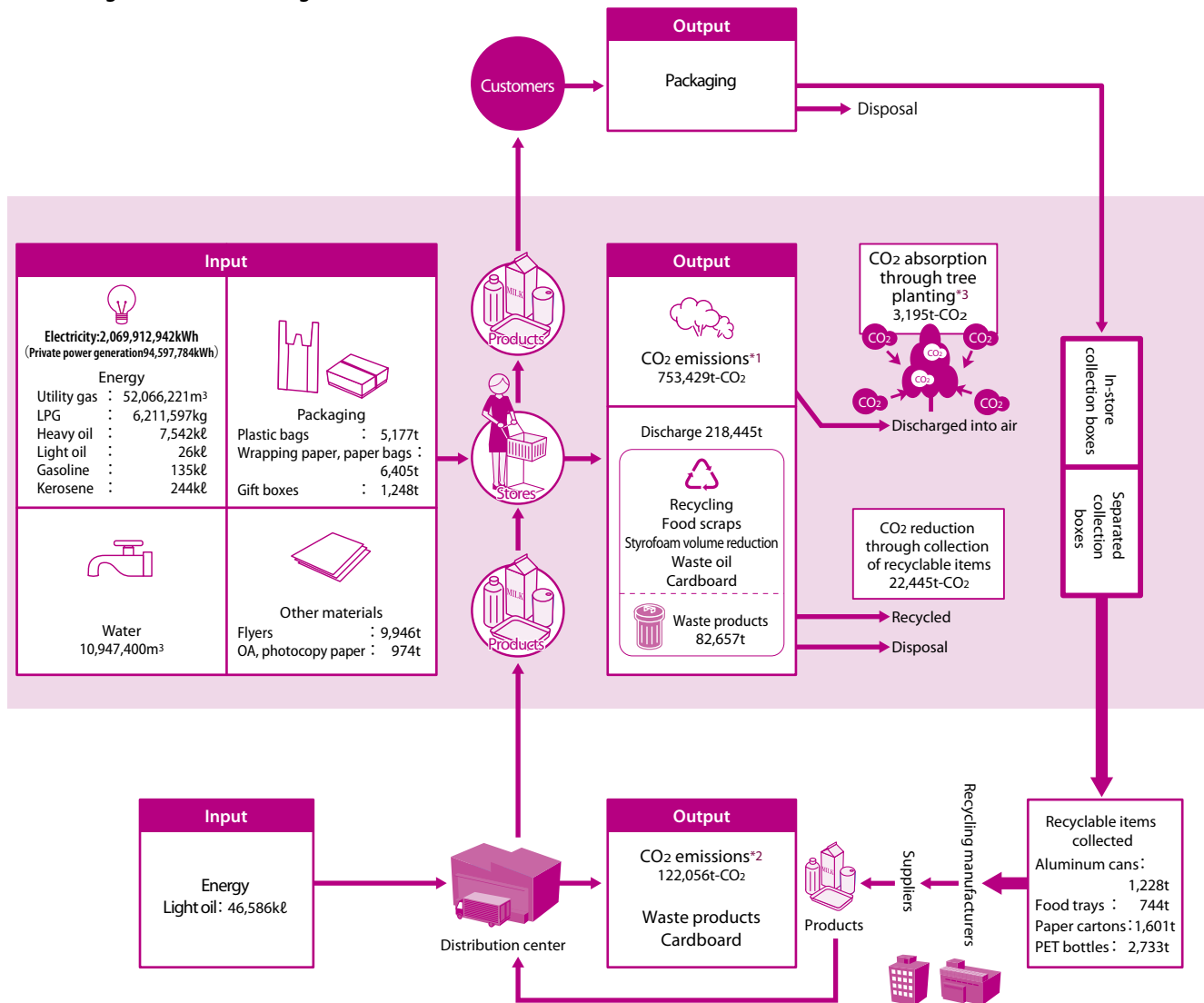
Environmental Policies	Category	Targets	Performance	Percentage over target	Evaluation	Department responsible
Realization of a Low-carbon Society	Stores	Reduce electricity usage by more than 5% compared to fiscal 2010 The target for locations within the Tohoku and Tokyo electric power company service areas was a 20% reduction in electricity usage for the July to September period	Target: 2,358,732,515kwh Results: 2,135,237,586kwh *Total for AEON Retail Co., Ltd., MaxValu Co., Ltd., 6 companies, AEON SUPERCENTER Co., Ltd., and AEON BIG CO., LTD.	90.5%	◎	●Construction Department General Affairs Division (Facility Management Group)
		Promote Eco Store transition at new and existing stores, increase the installation of energy efficient devices, plan new Eco Stores that reduce CO ₂ emissions by 50% compared to existing stores, and aim for new store openings in 2012	•AEON Itamikoya Shopping Center opened (March 2011) (Reduced CO ₂ emissions by 30% compared to existing stores / Acquired CASBEE 5 ranking (BEE4.1)) •Lake Town Outlet opened (April 2011) (Reduced CO ₂ emissions by 20% compared to existing stores / Acquired CASBEE A ranking) •AEON Yamato Shopping Center opened (May 2011) (Reduced CO ₂ emissions by 20% compared to existing stores / target to acquire CASBEE A ranking)	-	◎	●Construction Department ●Construction Department General Affairs Division (Facility Management Group)
	Products	Develop low-carbon products and promote further CO ₂ reductions through products •Expand sales of environmental preservation products as well as cool biz and warm biz related products •Promote development of carbon footprint labeling (TOPVALU) and actively sell to customers	●CoolishFact, Heatfact Sales results: 42 million units, 160% of previous year	100%	◎	●Corresponding product divisions ●SELF+SERVICE Department
			●TOPVALU KYOKAN SENNGEN Sales results: 119.8% of previous year (AEON Retail, MV 6 companies,SUC,BIG)	119.8% of previous year		
			●TOPVALU Gurinai Sales results: 110.1% of previous year (AEON Retail, MV 6 companies,SUC,BIG)	110.1% of previous year		
●SELF+SERVICE Sales due to the expansion of sales of environmentally friendly products, 98.0% of previous year	92.5%	△				
Obtain new system accreditation for carbon footprint labeling Took part in METI grant project Results: Received and passed screening performed by national third-party government organization Item: TOPVALU Gurinai bell peppers	-	◎				
Better Use of Resources	Stores	Reduce use of materials by more than 5%	Target: 8,346,085kg Results: 7,797,530kg *Total for AEON Retail Co., Ltd., MV 6 companies, AEON SUPERCENTER Co., Ltd., and AEON BIG CO., LTD.	93.4%	◎	●General Affairs Division ●Department of Environment and Social Contribution
		Implement new trial scheme for the collection of recyclables Purpose: AEON DELIGHT CO., LTD. will start in-store recycling collection work in order to reduce operating costs through improved efficiency of stores with a recycling system and logistics, to reduce cost of recycling through more efficient collection, and to effectively utilize resources through the use of recycled products collected in store at Group companies.	Currently, yet to implement new trial scheme Problems: (1) Logistics cost reduction; (2) Review AD sales price with vendors; (3) Reduce business outsourcing costs; (4) Re-examine merits of AEON DELIGHT's scheme (reduce in-store collection work, etc.)	-	x	●General Affairs Division ●Department of Environment and Social Contribution
	Stores	Maintain food waste-to-sales ratio at below 0.65%	Target: 0.65% *AEON SUPERCENTER Co., Ltd. had a target of less than 0.55%. Results: 0.6% *Average of AEON Retail Co., Ltd., MaxValu Co., Ltd., 6 companies, AEON SUPERCENTER Co., Ltd., and AEON BIG CO., LTD.	92.7%	◎	●Store Operations Department ●Food Products Division
Conservation of Biodiversity	With Customers	Continue the Aeon Hometown Forests Program, planting and nurturing trees	Cumulative number of trees planted: 7,827,276 trees at 765 locations (until Feb. 20, 2012) Held on-site lectures at three locations using the planted zone management manual. Create monitoring ledger for each store and establish management system.	-	◎	●Construction Department ●Department of Environment and Social Contribution
Pollution Prevention	Stores	Reduce the number of stores violating voluntary water quality standards to less than 15%	Target: Ratio of stores violating voluntary water quality standards: less than 15% Results: Ratio of stores violating voluntary water quality standards: 40%	266.7%	x	●General Affairs Division ●Department of Environment and Social Contribution

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

Environmental load in business activities

Aeon Retail Co., Ltd.

(including head office building)



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

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

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

Group Chief Environmental Officer's Commitment



Yukiyo Komatsu

Group Chief Environmental Officer
AEON CO., LTD.

One year has passed since the Great East Japan Earthquake. We extend our condolences to the people of the affected area and pray that reconstruction be achieved as quickly as possible.

As the Group Chief Environmental Officer, I would like to take this opportunity to report on Aeon's environmental and social initiatives for fiscal 2011 and directions for the future.

The Great East Japan Earthquake and Aeon's Social Responsibilities

Reconstruction following the Great East Japan Earthquake is an important part of Aeon's corporate responsibility efforts and is based on the company's core principles of 'peace,' 'people,' 'community.'

Following these principles, 300,000 Aeon Group people are committed to working

together for long-term support activities. The announcement in March 2012 of a "Taking Action for Great East Japan Earthquake Reconstruction" initiative confirmed this resolve. In the same spirit, Aeon employees and management are now carrying out 'Project Aeon Joining Hands,' planting trees in the affected area, and doing volunteer work individually and with their families. Aeon people are working together to realize 'a future with hope.'

Sustainable Management

Aeon believes that corporate growth has to go along with the development of practices that promote a sustainable society and conserve the environment.

In light of this, in March 2011 we instituted the "Aeon Sustainability Principle" with four priorities: 1) realization of low carbon society, 2) conservation of biodiversity, 3) better use of resources, 4) dealing with social matters. To ensure a sustainable society, all of these objectives must be achieved. Aeon is committed to taking on even greater responsibility for achieving these objectives.

A system has been established to quantitatively assess the degree of achievement on each priority issue. For the current fiscal year, we are planning to show the progress in each area on our website, starting from September 2012.

Aeon will continue to address the social and environmental issues related with our operations, and to meet the needs of our diverse community.

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 Okadayama 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
Launched the JUSCO Earth-Friendly Committee
- 1990 The Aeon 1% Club started the "Small Ambassadors" (now known as "Teenage Ambassadors") Program as a part of its international cultural and personnel exchange activities
- 1991 Launched the Aeon Hometown Forests Program, with Jaya JUSCO Stores Malacca Store (Malaysia) as its first store
Established the Aeon Group Environment Foundation (now known as the Aeon Environment Foundation)
Started Clean & Green activities
Commenced the Bring Your Own Shopping Bag campaign on a trial basis
Began trial operation of the food tray collection and recycling campaign
- 1992 Planted trees at JUSCO Shin Hisai Store (now known as Hisai store) – the first store in Japan under the Aeon Hometown Forests Program
- 1993 Started development of organic and other agricultural produce as the Green Eye (now known as TOPVALU Green Eye) private label
- 1994 Formulated the independent Aeon Heart Building Design Standards based on the Heart Building Law (the Barrier Free New Law from December 2006). Opened JUSCO Minamikata Store as the first building in Japan certified under the Heart Building Law
- 1995 Introduced returnable food container and reusable hanger systems
- 1996 Launched the Environment Committee
Founded the JUSCO Children's Eco Club (now known as the Aeon Cheers Club)
- 1998 Established the Aeon Group Environment Foundation and conducted the 1st tree planting in the Great Wall Forest Rejuvenation Project
- 2000 Launched the My Basket and My Bag campaigns
Started sales of TOPVALU Kyokan Sengen products
Commenced development of SELF + SERVICE ecology shops
Acquired ISO 14001 certification across the entire company
- 2001 Changed company name to Aeon Co., Ltd. and started the Aeon Day
Started the Aeon Happy Yellow Receipt Campaign
Aeon 1% Club starts support for the construction of schools in Cambodia (total of 149 schools from 2001 to 2003)
- 2002 Started Aeon Clean Road Activities in partnership with the Volunteer Support Program of the Ministry of Land, Infrastructure, Transport and Tourism
- 2003 Began use of biomass packaging materials
Formulated the Aeon Supplier Code of Conduct
- 2004 Formulated the Basic Policy for the Prevention of Global Warming
Announced participation in the Global Compact advocated by the United Nations
Achieved SA8000 certification for Aeon Co., Ltd. TOPVALU supplier management systems and Aeon corporate operations
Commenced sales of TOPVALU Fair Trade Coffee under the TOPVALU label
Aeon 1% Club starts support for the construction of schools in Nepal (total of 57 schools from 2004 to 2005)
- 2005 First eco store, Aeon Chikusa SC, opens
- 2006 Second eco store, Aeon Kashiwa SC, Third eco store, Aeon Dainichi SC, opens
Stores and shopping centers acquire chain of custody certification for processing and distribution of MSC certified products (MSC-CoC), the first such certification by a general merchandiser in Japan
Aeon 1% Club starts support for the construction of schools in Laos (Total of 120 schools from 2006 to 2009)
- 2007 Review of the process of issuing plastic shopping bags (discontinuing the free provision of plastic shopping bags in food departments) begins with the JUSCO Higashiyamanijou Store
Aeon Co., Ltd. becomes the first company in the general retailing industry to sign an agreement on initiatives towards the establishment of a recycling-oriented society with the Japanese Ministry of the Environment
Fourth eco store, Aeon Kagoshima SC, open
- 2008 Aeon formulates the Aeon Manifesto on the Prevention of Global Warming, becoming the first retailer in Japan to name a specific goal for reducing output of 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 "Great Wall Forest Rejuvenation Project" by the Aeon Environmental Foundation, the number of seedlings planted had reached one million
MIDORI Prize for Biodiversity Established by the Aeon Environmental Foundation
- 2011 Established the Aeon Sustainability Principle
Eleventh eco store, The Aeon Itamikiyoya Shopping Center opens
- 2012 Developed the Aeon Sustainability Principle
Developed KPI System
Developed Aeon China CSR Principles
Established the Sustainable Management Committee

GRI Guidelines Indicators

Section	Index	Aeon Environmental and Social Report (2012)
1 Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	p.3 President's Commitment
1.2	Description of key impacts, risks, and opportunities	
2 Organization Profile		
2.1	Name of the organization	Front cover
2.2	Primary brands, products, and/or services	p.49-50 TOPVALU
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	p.9-10 Aeon Group's Business
2.4	Location of the organization's headquarters	Back cover
2.5	Number of countries where the organization operates, and names of countries that either have major operations or are specifically relevant to the sustainability issues covered in the report	p.9-10 Aeon Group's Business
2.6	Nature of ownership and legal form	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	
2.8	Scale of the reporting organization, including: <ul style="list-style-type: none"> • Number of employees • Net sales (for private sector organizations) or net revenues (for public sector organizations) • Total capitalization broken down in terms of debt and equity (for private sector organizations) • Quantity of products or services provided 	p.9 Settlement Report
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> • The location of, or changes in operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) 	
2.10	Awards received in the reporting period	
3 Report Parameters		
Report Profile		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	p.2 Report period
3.2	Date of most recent previous report (if any)	May 7, 2010
3.3	Reporting cycle (annual, biannual, etc.)	p.2 Report period
3.4	Contact point for questions regarding the report or its contents	Back cover
Report scope and parameters		
3.5	Process for defining report content, including:	
	• Determining materiality	p.2 Editorial Policy
	• Prioritizing topics within the report	p.2 Scope of report
	• Identifying stakeholders the organization expects to use the report	p.2 Target audience
3.6	Parameters of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	p.2 Editorial Policy p.2 Scope of report
3.7	State any specific limitations on the scope or parameters of the report	p.2 Editorial Policy p.2 Scope of report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	p.20 Environmental Accounting p.21 ISO14001 Targets and Performance p.22 Flow of Environmental Impact in Business Activities
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	p.23 Aeon Manifesto on the Prevention of Global Warming
3.11	Significant changes from previous reporting periods in the scope, parameters, or measurement methods applied in the report	
GRI Content Index		
3.12	Table identifying the location of the Standard Disclosures in the report	p.67-72 GRI Guidelines Indicators
Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	p.65 Independent Review

4 Governance, Commitments and Engagement

Governance

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

Commitments to External Initiatives

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

Stakeholder Engagement

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

5 Management Approach and Performance Index

Economic

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

Economic Performance Index

Aspect: Economic Performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	
EC3	Coverage of the organization's defined benefit plan obligations	
EC4	Significant financial assistance received from government	

Aspect: Market Presence

EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	
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GRI Guidelines Indicators

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

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

GRI Guidelines Indicators

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

Social Performance Index

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

Everyday Eco. Now in Progress.



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

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

