

The 3rd International Conference on Green Purchasing Suwon



Partnerships between SME suppliers and retailers to promote Green Purchasing

- AEON “Manifesto on the Prevention of Global Warming”
and Green Purchasing Initiatives -



October 22, 2009

Seiichi Ueyama

Member of Environmental Advisory Board
AEON Co., Ltd.

Executive Director
Green Purchasing Network

Business Development in Asia Pacific
(as of February, 2009)

The AEON Group consists of 182 companies in Japan and overseas, all structured around the holding company, AEON Co., Ltd.

Mainland China, Hong Kong Region, Chinese Taipei Region

RSC[※]/GMS/SM
45 stores



Mainland China, Hong Kong Region
1,060,000 people

Chinese Taipei Region
120,000 people



Korea

Convenience Store
1,091 stores



Thailand

SM
9 stores



1,760,000 people



The Philippines

Convenience Store
240 stores



Malaysia

GMS/SM
24 stores



120,000 people



Indonesia



Legend:
RSC: regional shopping center
GMS: general merchandize store
SM: supermarket
ACS: AEON Credit Service



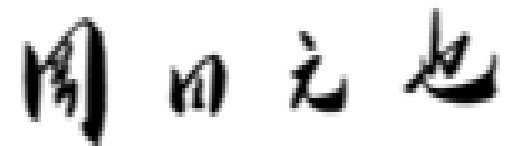
- I. **AEON Basic Policy on the Prevention of Global Warming**
- II. **AEON "Manifesto on the Prevention of Global Warming"**
- III. **Our CO2 emissions reduction targets**
- IV.- 1 **AEON Supplier Code of Conduct (since 2003)**
- IV.- 2 **A background of Supplier CoC**
- IV.- 3 **AEON Supplier CoC Requirements**
- IV.- 4 **The SA8000 certification acquisition**
- V. **MSC certification(marine eco-label) / FSC certification (since 2006)**
- VI.- 1 **Carbon footprint initiatives (since 2008)**
- VI.- 2 **Carbon footprint of onion (700g)**
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- VI.- 4 **The 3 AEON Carbon footprint initiatives for 2009**
- VII **〈Addendum〉Japan's Carbon footprint System**

I. AEON Basic Policy on the Prevention of Global Warming(CO₂ emissions reduction target)

- 1) We respect the spirit of the Kyoto Protocol and will contribute to the pursuit of its goals.**
- 2) To achieve our emission reduction targets, we aim to reduce our CO₂ emissions in our business activities. The shortfall will be covered by utilizing the Kyoto Mechanism.**
- 3) To minimize our environmental impact, we continually revise and improve the production and transport of the products that we offer in our stores.**
- 4) We test various biodegradable and biomass packaging materials and endeavor to choose new materials that have minimal environmental impact.**

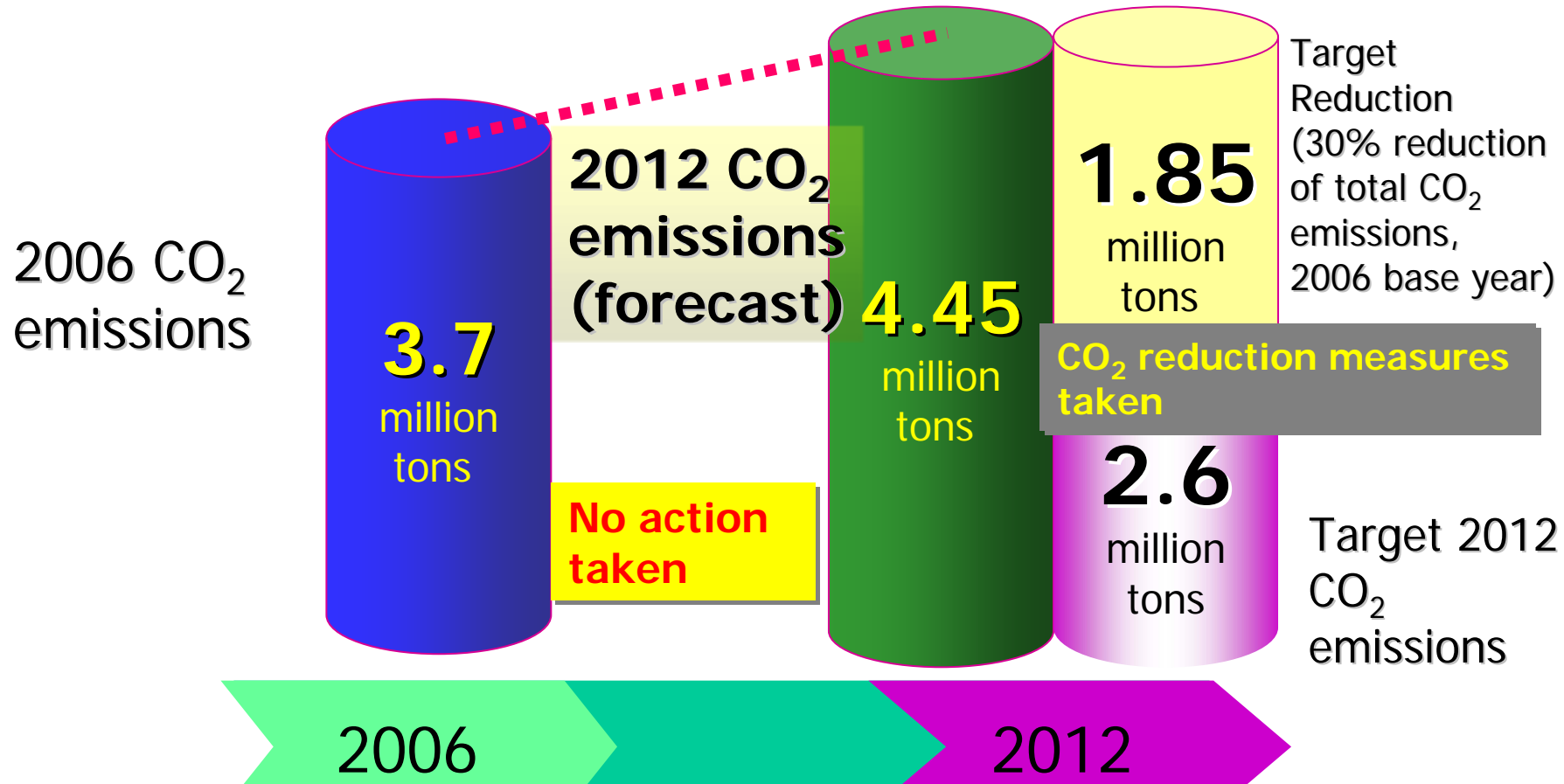
I. AEON Basic Policy on the Prevention of Global Warming (CO₂ emissions reduction target)

- 5) We use electricity from renewable energy sources and innovative, energy-saving technologies in 100 of our stores each year. We also will pursue socially-responsible procurement of building materials for our "AEON Eco Stores" to contribute to the reduction of global warming.**
- 6) We adopt CFC substitutes in the heating, ventilation and refrigeration systems in our stores. We will also test energy-saving non CFC refrigerants in our refrigeration systems.**
- 7) We will take the initiative in encouraging our customers and associates to bring their own shopping basket and shopping bags. By cooperating with the Ministry of Environment, the local authorities and members of the community, we hope we can spread the Bring your Own Shopping Bag campaign.**
- 8) We will actively pursue our tree-planting activities such as the AEON Hometown Forest Program and the AEON One Town, One Forest Program (as proposed by Professor Akira Miyawaki) and choose materials that have minimal environmental impact with Forest Stewardship Council (FSC) Certification.**



Okada Motoya
President, AEON Co., Ltd.
Enacted, December 13, 2004
Revised, July 6, 2007

II. AEON "Manifesto on the Prevention of Global Warming" (enacted March, 14, 2008)



Using 2006 as a baseline, we forecast that our businesses will grow by 120% by 2012.

III. Our CO₂ emissions reduction targets.

Working together with our customers, we will reduce 1.85 million tons of CO₂ through:

1. Our Products and Supply Chain

Target: 570,000 CO₂ tons

2. Our Stores

Target: 500,000 CO₂ tons

3. Our Tree Planting Activities

Target: 310,000 CO₂ tons

We will also use the Kyoto mechanism to achieve our emissions reduction goal:

Target: 470,000 CO₂ tons

Stores: 500,000 tons



店 舗

Products and Supply chain: 570,000 tons

Tree-planting Activities: 310,000 tons



IV.-1 AEON Supplier Code of Conduct (since 2003)

2003 onwards


AEON Supplier Code of Conduct (Business Code of Conduct)


Fulfilling social responsibilities during the manufacturing process

At AEON, we believe that we have a duty to fulfill our social responsibilities during the manufacturing process, to assure customers that our TOPVALU products are safe and secure. For this reason, we established the AEON Supplier Code of Conduct (CoC) in 2003 and request compliance from all of our suppliers.

Suppliers are requested to comply with 13 requirements in compliance with the law, including ensuring that working environments are safe and hygienic for employees, respecting human rights and guaranteeing adequate wages. We have held briefings for and requested compliance from approximately 500 suppliers to date and have received compliance declarations from 500 companies.

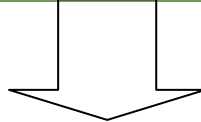
 **AEON Supplier Code of Conduct** <http://www.aeon.info/> > Environmental and Social Activities > AEON Environmental and Social Report > AEON Supplier Code of Conduct

 **SA8000** <http://www.aeon.info/> > Environmental and Social Activities > AEON Environmental and Social Report > SA8000

 **UN Global Compact** <http://www.aeon.info/> > Environmental and Social Activities > AEON Environmental and Social Report > UN Global Compact

IV.-2 A background of supplier CoC

The time has come when AEON & its suppliers must be involved and be held accountable in all the stages of the manufacturing process



Establishment of the AEON Supplier CoC (Code of Conduct)

Through the AEON Supplier CoC, we, together with our suppliers guarantee that our businesses comply with global environmental and ethical standards.

AEON requires that its domestic and foreign suppliers comply with social and environmental responsibility standards.

IV.-3 AEON Supplier CoC Requirements

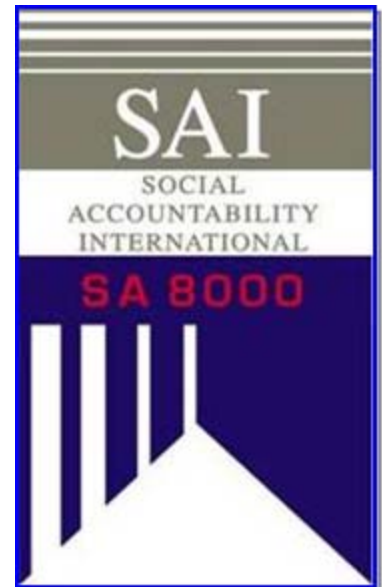
Basis of AEON Supplier CoC requirements

1. Child Labour
2. Forced Labour
3. Health & Safety
4. Freedom of Association & Collective Bargaining
5. Discrimination
6. Disciplinary Practice
7. Working Hours
8. Wages & Benefits
9. Management Responsibility
10. Environment
11. Trade
12. Certificate, Audit, Monitoring and Renewal
13. Ban on Gifts

IV.-4 ^{*}SA8000 History and Definition

※SA = Social Accountability

- Published in late 1997 and revised in 2001, the SA8000 Standard and verification system is a credible, comprehensive and efficient tool for assuring humane workplaces.
- The SA8000 Standard is an auditable certification standard based on international workplace norms of International Labour Organisation (ILO) conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child.



IV.-4 The SA8000 certification acquisition

AEON has certified and acquired **"SA8000"**

SA8000 certification
range

AEON Co., Ltd.
Headquarter employees

security hygiene /
labor circumstances

TOPVALU
Supplier management

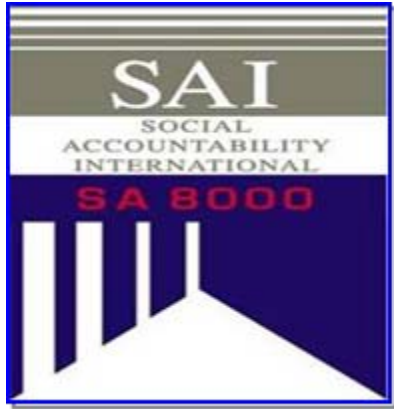
A legal compliance request /
inspection monitor enforcement
to domestic and foreign production
trust point factories

Supplier management item of SA8000

Supplier demands

1. The observance of the requirements of SA8000
2. Cooperation to SA8000 inspections
3. The enforcement of corrective measures

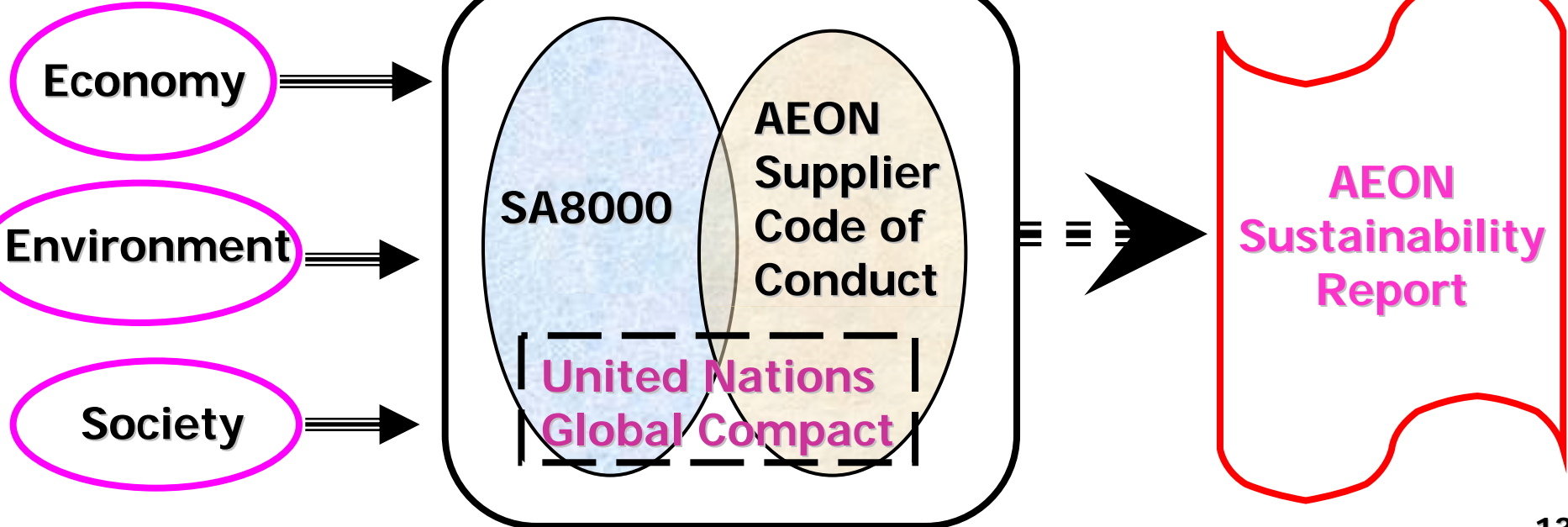
IV.-4 Acquisition of SA8000 Certification, Participation in the United Nations Global Compact



Customers, Community,
Shareholders,
Business partners, Employees



AEON Business Process



V. MSC certification(marine eco-label) / FSC certification(since 2006)

2006 onwards

MSC certification (marine eco-label) / FSC certification

Using well-managed resources

The MSC (Marine Stewardship Council) certification guarantees that fisheries are sustainable and well managed in an effort to protect the world's dwindling marine resources. AEON sells various products certified with this so-called "marine eco-label," including Alaskan red salmon and salmon roe.

We also sell products such as notebooks made from timber resources certified by the FSC (Forest Stewardship Council). The fact that we only use trees from sustainable forests where logging is strictly controlled means that customers are indirectly helping to preserve the world's forests every time they buy any of our products.



TQCSI-JA111

The marine eco-label



Natural red salmon from Alaska



An A4 notebook



The FSC certification logo

VI.-1 Carbon footprint initiatives (since 2008)

Carbon footprint initiatives :
Showing CO₂ emissions
on our products

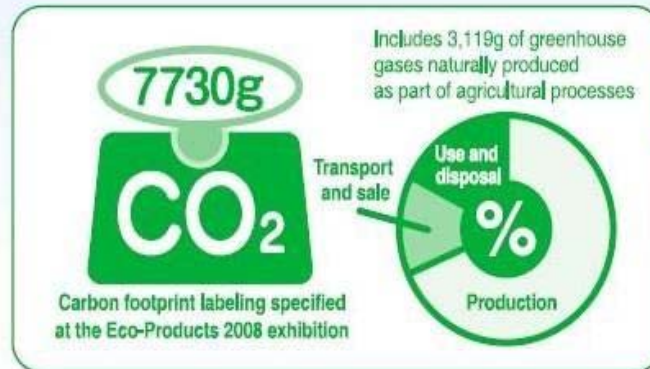
Total CO₂
emissions
7,730g



〈 Case 1 〉

Example: TOPVALU Gurinai
Akita Komachi Premium Rice (5kg)

In January 2009, nine products from seven product lines were sold with their respective carbon footprints indicated on the packaging on a trial basis at 10 TOPVALU stores around the country.



Production



CO₂
emissions
5,296g

Production

[Scope of CO₂ measurement]

Mining, transportation and processing of raw materials for use in production and packaging, etc.



Carbon footprint initiatives can help increase efficiency and cut costs

It is possible to reduce CO₂ emissions by switching to farming methods that use fewer pesticides and chemical fertilizers. We make every possible effort to reduce our carbon footprint because it helps increase production efficiently and cut costs.



TOPVALU Gurinal Akita Komachi
Premium Rice producer
Representative,
Tanekko Farmers' Union **Osamu Kudo**

Transportation and sale



CO₂ emissions
1,091g

Transportation and sale

[Scope of CO₂ measurement]

Transportation and sale of products in stores (refrigerated cases, lighting, etc.)



Promoting reduced CO₂ transportation throughout the

AEON Group

Our main initiatives to reduce CO₂ emissions include shipping products via freight train instead of trucks ("modal shift") and reducing fleet numbers by utilizing empty trucks on return journeys. Other initiatives include using larger vehicles in order to carry more products per trip and introducing environmentally friendly vehicles such as hybrid vehicles. In addition to ideas relating to transporting products, we are also working on environmentally friendly initiatives at our distribution centers.



AEON Global SCM Co., Ltd. **Azusa Kominami**

Use and disposal



CO₂ emissions
1,343g

Use and disposal

[Scope of CO₂ measurement]

Use, cooking and disposal of products in the home, etc.



Changing your cooking habits to help reduce CO₂ emissions

Displaying CO₂ emissions on the products that we use makes us, as consumers, more aware of the need to reduce emissions. Reducing waste is one way of reducing CO₂. You can unplug your rice cooker while allowing the rice to settle for example. This helps save on your electricity bill and also reduces CO₂. You should also eat all the rice once it is cooked. If there is any left over, you should divide into portions and freeze it. The worst thing you can do is to throw away leftovers. AEON is always the first to address issues that we all have to face, so I always pay close attention.



Conservation advisor **Kikuno Yano**

< Case 2 >

VI.-2 Carbon footprint of onion (700g)

Process	Material procurement	Production	Delivery	Sales	Waste/ Recycling	TOTAL
GHG emissions (g-CO2/product)	76g	39g	12g	87g	7g	221g

For reducing GHG emissions

Reducing GHG emissions by setting the target

HAL Group (producers' association) is producing Topvalu Green Eye Onion. As producers from Hokkaido where Toyako summit was held, HAL Gropu is trying to establish new production system concerning environment in the agricultural field and to reduce GHG emissions.

Activities

- Reducing pesticide and chemical fertilizer
- Reducing fuel use for farm machinery.
- Use of waste oil for food as bio fuel.



Producer of onion: Mr. Okamoto

I'm concerning delicious and safe production with heartfelt care and agriculture in the low carbon society .

< Case 3 > VI.-3 Carbon footprint of Copy paper (A4)

Process	Material procurement	Production	Delivery	Sales	Waste/ Recycling	TOTAL
GHG emissions (g-CO2 /Product)	691	2238	147	175	119	3370

Activities for concerning environment

- Made from 35% recycled pulp and virgin pulp from sustainable and managed forest which is certified by FSC.
- Additive which used to be abolished is reproduced from waste paper and used for production.
- As for delivery with the distance of more than 600km, vessels and trains are used for reducing CO2 emissions.



VI.-4 The 3 AEON Carbon footprint initiatives for 2009

Japanese CFP Pilot Project (2009 – 2011)

Development of PCR * for CFP

PCR review by PCR Committee

Publication of PCR for CFP

CFP study

Independent verification for CFP

CFP review by PCR Committee

*PCR...
Product Category Rule

Permission of CFP label use

All cleared

Detergent for apparel



Canola oil



Rice



VII. <Addendum>Japan's Carbon footprint System

<Addendum ①>

Progress of Carbon Footprint of Products (CFP) System in Japan

July 29, 2008	<p>Cabinet Decision: “Action Plan for achieving the Low-carbon Society”</p> <ul style="list-style-type: none"> · Experimental introduction of CFP system into Japan on a trial basis from fiscal 2009 · Proactive contributions to the discussions for establishing international standards under ISO
	<p>Exchange views on CFP with other countries.</p> <ul style="list-style-type: none"> · visit the government agencies concerned, etc.
October 8, 2008	<p>The draft of “National Basic Guideline of Carbon Footprint of Products” was issued (page2)</p> <ul style="list-style-type: none"> · By the Working Group for study & development of rules of GHG emission calculation, communication methods and other schemes of CFP.
	<p>Process of Public comments on the draft of Guideline</p>
November 5, 2008	<p>The deadline of ballot for NWIP (New Work Item Proposal) of CFP</p> <ul style="list-style-type: none"> · Approval of “Committee for the discussions of ISO establishing international standards” composed of Academics, Industry Bodies (27 bodies) , Consumer Groups, Accreditation Bodies, Certification Bodies and Government agencies concerned
December 11 to13, 2008	<p>“Eco Products 2008”, exhibition of trial products labeled CFP (30 companies, 54 products) (page3)</p> <ul style="list-style-type: none"> · Organized by “Working Group for practice and wide use of CFP system” · Academics, Companies (30 companies) , Consumers and Government agencies concerned · Participating companies drew up provisional PCR s of their own products and calculate CFP on a trial basis
January 19 to 24, 2009	<p>Participation in the discussions of ISO/TC207/SC7 in Malaysia</p>
January 30, 2009	<p>“National Basic Guideline of Carbon Footprint of Products” will be issued</p> <ul style="list-style-type: none"> · The Guideline is to be issued as “Technical Specification” shortly.
From April 2009	<p>Commencement of “National Pilot Project for building of CFP system” (page4, 5)</p> <ul style="list-style-type: none"> · project period 2009 - 2011

〈Addendum ②〉

Structure of Rules for Carbon Footprint of Products System in Japan

Basic concept of Structure of Rules

ISO 14040, ISO 14044 & ISO 14025

- making the best use of the concept of PCR, giving consideration to “Each Product Category may have each characteristic / need”, not depending on one common / rigid rule for all types of product categories.

“Basic Guideline of the Carbon Footprint of Products”

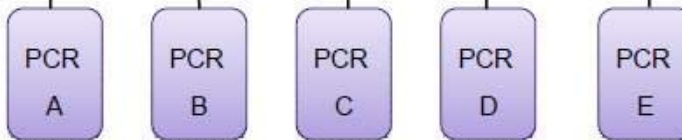
The Guideline provides basic frameworks (General Principle) for GHG calculation, communication methods and other schemes regarding CFP, attaching importance to the concept of PCR

“Guide of Establishing Product Category Rules” (complement rules)

The Guide provides principles, criteria & process for establishing PCRs in accordance with the Guideline

To be issued as TS* / JIS*

Contribute to ISO discussions



Organizations/Industry Circles; Establish PCRs according to the Guideline & the Guide

Organization;
Calculates Carbon Footprint of Product and put label on the product according to PCR

*JIS; Japanese Industrial Standard (nationwide standard),

*TS; Technical Specification published without a sufficient consensus to be established as a JIS but recognized to have such potential in the future.

〈Addendum ③〉

Eco Products 2008 - Exhibition of trial products labeled CFP

List of companies & Products (open December 11 to13, 2008, the total number of visitors 173,917)

Company	Products	Company	Products
KOKUYO FURNITURE Co., Ltd	Desk & chair for office	Nihon Tetra Pak K.K.	Paper Packages for beverage
KOKUYO S&T Co., Ltd	Notebook, File, Glue	MARUI GROUP CO.,LTD.	Business shirt
KOKUYO STORE CREATION Co., Ltd	Showcase	Nestlé Japan Ltd.	Cup coffee
AEON Co., Ltd	Rice, Vegetable, Electric battery	Panasonic Corporation	Light bulb
JAPANESE CONSUMERS' CO-OPERATIVE UNION	Saran wrap (plastic cling film)	TOSHIBA LIGHTING & TECHNOLOGY CORPORATION	Light bulb
The Seiyu, Ltd.	Cleaner	KAGOME CO.,LTD.	Tomato juice
Lion Corporation	Toothpaste	SAPPORO BREWERIES LIMITED	Canned beer
Kibun Food Chemifa Co., Ltd.	Soybean milk	FamilyMart CO.,LTD.	Mineral water, Paper cup
Chuo Kagaku Co., Ltd.	Food packages	Calbee Foods CO.,LTD.	Potato crisps
CGC JAPAN Co., Ltd.	Green tea	Dai Nippon Printing Co., Ltd.	Packaging
Unicharm Corporation	Paper diaper	Ajinomoto CO.,LTD.	Frozen food
TOYO SEIKAN KAISHA, LTD	Metal Can for beverages	NIPPON MEAT PACKERS,INC.	Wiener, Pizza
NISSIN FOOD PRODUCTS CO.,LTD.	Instant noodles	UNY CO., LTD.	Egg, Toilet paper
Nisshin Seifun Group Inc.	Spaghetti	Seven & i Holdings Co.,Ltd	Udon (thick white noodles)
LAWSON, INC.	Rice ball	Kao Corporation	Shampoo

〈Addendum ④〉

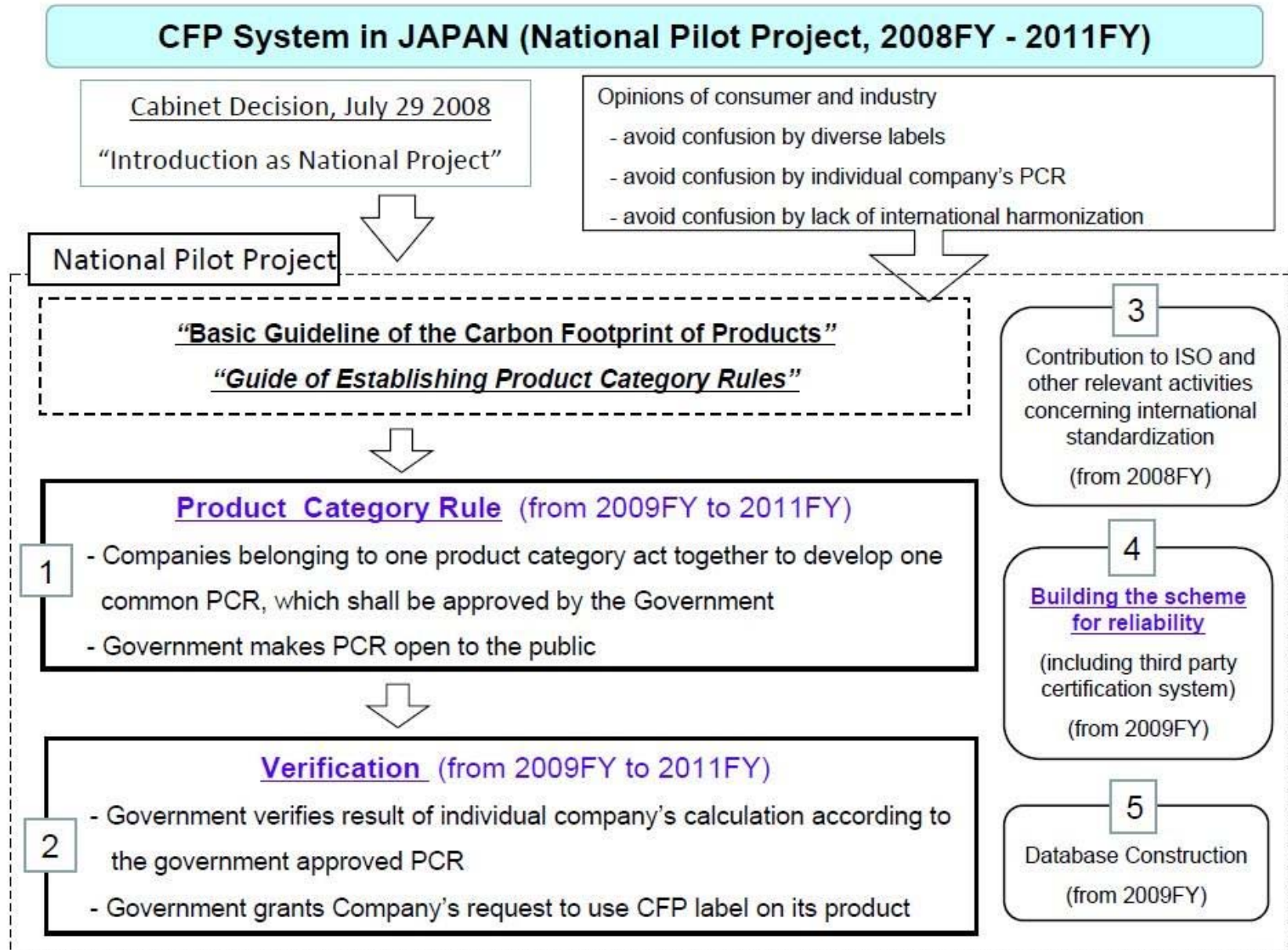
Eco-products 2008

December 11-13 at Tokyo Big Site

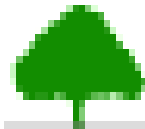


1999	288 companies 30,000 persons
2000	305 67,000
2001	350 89,000
2002	370 100,000
2003	416 114,000
2004	453 124,000
2005	502 140,000
2006	572+NPOs, etc. 153,000
2007	632+NPOs, etc. 165,000

〈Addendum ⑤〉



Thank you



Planting Seeds of Growth

We are AEON

