



Addressing social issues

Management Approach

Recognition of Challenges

As more and more companies have multinational operations, the extent to which a company affects its stakeholders and society continues to grow, while impacts continue to increase. Amidst this, companies need to fulfill their responsibilities to society throughout the supply chain while facing off against myriad social issues, such as human rights, compliance, quality and labor practices. Aeon, is working on via various activities to help resolve social issues through dialogue held with its diverse stakeholders.

Aeon’s Approach

Aeon engages in primarily four activities as key pillars of its efforts to address social issues.

• **Community Involvement**

Aeon gives back to local communities by improving community economic conditions and welfare through its business operations and contributing to a safer society. And Aeon is also providing myriad programs for supporting the growth of our youth at each life stage, from infants up to university students.

Aeon continues to support the reconstruction of the Tohoku region following the Great East Japan Earthquake. The Project Aeon Joining Hands, established between labor and management in 2012, encourages tree planting and volunteer work in the disaster-affected areas as well as support in the form of new store openings in the region and sales promotion campaigns involving products made in Tohoku. Starting in FY2015, Tohoku earthquake reconstruction assistance has been added to our KPI and targets set out to FY2021.

• **Fair Operating Practices**

Under the Aeon Supplier CoC (Code of Conduct) established in 2003, Aeon is working with its suppliers in Japan and other countries in order to build a sustainable supply chain.

• **Consumer Issues**

With customer safety and reliability a top priority, Aeon stands thoroughly committed to quality control of TOPVALU products and working on store designs that are safe and comfortable for customers. The Aeon Eco Project represents one of these measures and under the Protection Strategy we have set a target to create 100 disaster-prevention facilities in our stores nationwide by 2020 so that they can serve as a lifeline for the community. These next-generation stores known as “Smart Aeon” will feature their own cogeneration facilities to prepare for power outages and water service stoppages during a disaster.

• **Human Rights/Labor Practices**

Aeon is working to appoint more female managers and hire more people with disabilities as part of its efforts to promote diversity in the workplace. We are also actively providing opportunities for our Japanese and non-Japanese employees to interact and network with one another. Aeon is committed to building workplaces that are environmentally friendly and that incorporate work-life balance initiatives so that employees can fulfill both their work and childcare needs.

Future Initiatives

Aeon plans on proactively expanding its business operations in Japan, China and ASEAN in the fields of retail, finance, real estate development, and services. The needs and expectations of stakeholders vary based on the business and region, so Aeon will seek to become a responsible retailer essential to the local community by identifying important issues and goals through dialogue with stakeholders.

Progress of KPI of FY2014

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2014 Results	Summary of Actions/Initiatives
Community Involvement	Make Contributions to Local Communities	Aeon Yellow Receipt Campaign Submission Rate	Consolidated Group companies in Japan and overseas for GMS, SM and DS businesses	FY 2014: Submission rate of greater than 20% at all stores taking part in the campaign FY 2020: Submission rate of 30% or more in the GMS all stores Submission rate of 20% or more in the SM/DS all stores	Submission rate of 20% or more of the store: 505 stores (overall 32.4%) GMS: 365 stores (overall 51.9%) Supermarkets: 135 stores (overall 16.6%) Discount stores: 5 stores (overall 12.8%)	1) Strengthening communication in stores 2) Strengthening communication utilizing media 3) Proper management
		Handling of region-specific products	Consolidated Group companies in Japan for GMS and SM businesses	• Development of handling planning of regional products • Model building in PB	Food Artisan Products: 34 item (as of July 2015)	Selling shochu and soda three types of using the material that was produced through the Food Artisan Project
	Develop the human resources of the future	Number of activities by the Aeon Cheers Club	Consolidated GMS companies, and some SM companies, in Japan and overseas	Conducted more than four times the activities in all stores to carry out the activities	Stores that implemented more than 4 activities: 328 (73.5% of all stores)	1) Strengthening of basic and thorough management foundation of • Implementation of “Aeon Cheers Club start expression” in all stores • Strengthening of skills training coordinator 2) Strengthening of the program in conjunction with business activities 3) Strengthening of publicity
Tohoku earthquake reconstruction assistance	Tree planting in affected areas	Regeneration of coastal forest in the affected area	Consolidated Group companies in Japan	300,000 tree planting in 10 years of the 2012-2021 fiscal year	69,317 trees (total 106,997 trees)	Promoting tree planting in the affected areas in the administrative cooperation
	Volunteer activities participation of Group employees	Volunteer Activities Promotion of Group employees as disaster relief	Consolidated Group companies in Japan	300,000 employees participated in volunteer activities in 10 years of the 2012-2021 fiscal year	67,741 people (total 138,053 people)	Conducted two kinds of local volunteer activities and volunteer activities in each company and region that can support without going to the northeast of the affected areas
Fair Business Practices	Promote the Aeon Supplier Code of Conduct	Construction of for sustainable supply chain building audit system	Aeon second-party audit certified auditors	FY 2014: 8 in Japan, 30 overseas	8 in Japan, 30 overseas	1) Held a group training on a regular auditors all subject to each country 2) Toward the construction of audit system intended for the overseas countries for development products, and promote the steady development program with the cooperation of national office 3) By nurturing a new auditor, to ensure the same number of auditors and the previous year
	Strengthening the Social Value of Our Brand	Strengthening of fair trade products	TOPVALU	Trading volume of the international Fair Trade certification cacao: 40 tons (10 times compared with FY 2012)	4.2 tons procurement (planning ratio 83.8% achieved)	1) Formulate an assortment expansion plans of fair trade chocolate 2) In January 2015, towards Valentine, and launched new products of TOPVALU fair trade chocolate

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2014 Results	Summary of Actions/Initiatives
Consumer Issues	Safe Food and Reliable Products	Number of TOPVALU Products Removed due to Serious Incident	Consolidated Group companies in Japan and overseas	FY 2020: 30 (apparel: 12; food: 8; living / HSC: 10)	103 (apparel: 25; food: 38; living / HBC: 40) * The increase due to the expansion of TOPVALU products	Conducted weekly regular meeting of the relevant departments • Sharing of goods complaints, to confirm the failure of the product. In addition, we conducted a study of the improvement points • To determine the goods removed by the need
	Store Safety and Security	Safety and Security Infrastructure Development	Consolidated Group companies in Japan for GMS, SM and DS businesses	Number of stores reinforced against earthquakes FY 2013: Steadily complete work at 270 applicable stores	Conducted completed in 132 stores in FY 2014	In order to reduce the enormous damage during the earthquake, and implementation ceiling of steadying, fall prevention of hot and cold water pipe or the like, captive of smoke vent duct, a non-combustible sheet of wall
	Serving as a form of life style infrastructure [Protection Strategy]	The number of local temporary shelters	Consolidated group companies in Japan for the GMS business	FY 2020: Local temporary shelters at 100 of its stores across Japan	Installed in a total of 16 stores, at Aeon Town Kamaishi, Aeon Mall Tendo such as new 8 stores and Aeon Omiya and Aeon Sagamiyama store, etc. existing 8 stores (total 21 stores).	Implementation temporary shelter in the event of a disaster, activity base of relief and rescue, towards the implementation of the provision of daily necessities, energy security measures to be able to open the food department in the event of a disaster
	System of Dialog with Customers	Number of Complaints and Compliments Received	Consolidated Group companies in Japan and overseas	Number of service complaints FY2020: 2,420 Number of compliments FY2020: 2,900	Number of service complaints: 6,895 Number of compliments: 1,900	Analyzes the complaint content and trend of customer feedback, it is possible to carry out the report and share to the relevant departments, review of measures to prevent recurrence, as well as implementing the corresponding
		Number of Products Developed / Improved based on Customer Feedback	Consolidated Group companies in Japan and overseas	FY 2020: 180	121	In weekly regular meeting by the relevant departments, use of the Product improvement and development share the voice of our customers
	Providing Products to Support Our Customers' Healthy Life	Health care efforts in products	Consolidated Group companies in Japan and overseas	FY 2015: Product development plans and product development in line with the concept of "Health & Wellness"	About 300 products sold in TOPVALU under the concept of "eliminate", "reduce" and "supplement"	1) Products from the former TOPVALU Healthy Ai brand have been integrated into TOPVALU. The brand concept has been recast to strengthen the concept of "health-conscious products" across the TOPVALU range. 2) For food of TOPVALU, switch to the display at the surface so that the display of nutritional components at a glance
Human Rights/Labor Practices	Promote Diversity	Female Manager Ratio	Consolidated Group companies in Japan and overseas	FY 2016: 30% FY 2020: 50%	18.2%, 4,365 people (as of April 1, 2015)	1) Building a diversity promotion system to group 65 companies 2) Four times a year, held to promote responsible leaders meeting to share information and training between each company implementation 3) Held a diversity award, which recognizes the company's efforts
		Group International People to People Exchange Programs	Consolidated Group subsidiaries	FY 2016: Total 600 employees FY 2020: Total 1,500 employees	Total 168 people	1) Implementation of group public offering for young overseas dispatch and overseas companies 2) Centralized management of human resources information
		Employment of People with Disabilities	Consolidated Group subsidiaries	FY 2020: 3.0% more than, 10,000 employees	5,279 employees (as of June 1, 2015)	1) Regularly carry out progress management of the employment situation 2) Challenges and measures in the employment of people with disabilities to share in the Group companies, and lead to adoption and fixing
	Labor Practices	Creating Pleasant, Comfortable Workplaces	Consolidated Group companies in Japan	Promote initiatives under the "General Business Action Plan" for Japan's Act for Measures to Support the Development of the Next Generation (expand number of companies certified to use the Kurumin logo)	13 companies certified to use the Kurumin logo (as of April 2015)	Reporting and verification of each company's acquisition situation and efforts in the Group companies Human Resources Director meeting and diversity promotion personnel meeting

Community Involvement
Making Contributions to Local Communities

Aeon Happy Yellow Receipt Campaign

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

In FY2014, the Campaign had expanded to include 23 companies and 1,572 stores, and we contributed goods worth approximately 277.90 million yen to a total of around 23,600 organizations. Of participating stores, 32.4% had a submission rate of at least 20%, a target which has been established as a KPI.

Since the Campaign's inception in 2001, 218,600 organizations have received support totaling around 2,494.35 million yen.

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

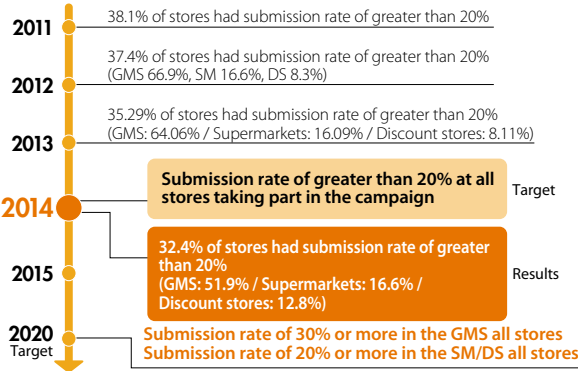
* Volunteer organizations' activities should fall under one of the following five categories.
1. Activities to promote welfare
2. Activities to promote environmental preservation and environmental education
3. Activities to promote urban development
4. Activities to advance arts and culture
5. Activities to enhance the health and safety of children

How Aeon Happy Yellow Receipt Campaign works



FY 2014 Results and Target of KPI

Aeon Yellow Receipt Campaign Submission Rate



Clean & Green Activities

Aeon is actively involved in community landscaping projects around its stores. Clean & Green Activities, conducted since 1991, consist of employees volunteering to clean up parks and rivers around stores and areas surrounding public facilities. These activities have been conducted every month on the 11th, Aeon Day, since 2001 at all General Merchandise Stores and supermarkets as well as head office and other business offices.

From FY2014, as part of the Clean & Green Activities we began collecting garbage and removing weeds from the area where trees were planted for the Aeon Hometown Forests Program.



Cleaning up around a store

Supporting Local Traditional Events

Aeon 1% Club Foundation

The Aeon 1% Club Foundation engages in activities in support of building more vibrant local communities through assistance provided for the hosting of local festivals and traditional events. Started in 2007, these activities have now supported a total of 369 festivals and traditional events held across Japan, helping to create more vibrant communities in the process.

In FY2014, the Aeon 1% Club Foundation supported festivals and local events in 33 locations throughout Japan, including the Aomori Nebuta Festival, one of the most famous summer festivals in the Tohoku region, as well as the Akita Kanto Festival, and Morioka Sansa Odori Festival, illustrating Aeon's commitment to being a contributing member of the local community for many generations to come.



Aomori Nebuta Festival

Yosakoi Festival in Kochi prefecture

Issuing Local WAON Cards

WAON is a system of e-money pre-paid cards available at over 213,000 participating stores throughout Japan. In the case of Aeon's Local WAON cards, a part of the proceeds from sales goes to social contributions for communities.*

The social contributions that result from Local WAON card use are wide-ranging, and include community environment conservation efforts, promotion of tourism and sports, preservation of cultural assets, and animal welfare. As of the end of April 2015, there are 100 different Local WAON card programs featuring wonderful local color. The contributions to local communities for FY2014 topped 243 million yen, and the aggregate amount comes to 597 million yen.

A total of over 50 million cards (as of May 31, 2015) 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.

* Some exceptions exist

Types of Local WAON Cards As of April 2015



Sample of Local WAON cards issued in FY2014



Hakodate WAON
Part of the proceeds is used to fund childcare assistance programs in Hakodate city.



Sukiyanen Osaka WAON
Part of the proceeds is donated to support initiatives sponsored by Osaka City for supporting civic activities to make the city more vibrant.

Concluding Comprehensive Cooperation Agreements

Aeon has entered cooperation agreements with local governments to effectively combine respective resources for expanding sales of local products, disaster preparedness, public health, 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 2015, we had agreements with 44 prefectural governments and 15 government-ordinance-designated cities.

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



Signing ceremony (Asahikawa City)

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

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

Direct Business Dealings with Fishery Cooperatives

Aeon has done business directly with fishery cooperatives since 2008 in an effort to raise customer satisfaction by providing even fresher fish while at the same time helping maintain cultural practices associated with consuming fish through a sustainable fishing industry. As of February 2015, we directly deal with five fishery cooperatives.*

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

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

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



All fish caught by this fishing vessel is purchased by Aeon



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

Promoting Food Artisan Project

Aeon has conducted the Food Artisan Project since 2001 with many producers across the country dedicated to preserving local flavors. The project seeks to preserve and build local culinary cultures as brands. Everyone involved pools their wisdom and works to publicize the ingredients and traditional techniques that support exceptional local culinary cultures in an effort to protect, preserve and create new brands.

As of July 2015, food artisan activities have covered 24 prefectures and 34 dishes, whose unique local flavors are being delivered to the dinner tables of people across Japan.



White Okra (Yamaguchi Prefecture)
White okra has been grown by local producers in the Misumi district of Nagato city in Yamaguchi prefecture for close to 60 years. It is known for its fruity texture and robust stickiness.



Mikasa Melon (Hokkaido)
Mikasa Melon is a brand of red-fleshed melon produced in Mikasa city, Hokkaido. It is known for its juicy flesh, creamy texture and sweet fragrance.

FY 2014 Results and Target of KPI

Handling of region-specific products



Holding Local Product Appreciation Days to Promote Local Production for Local Consumption

Faced with sharply declining and aging population, Japan faces the urgent task of regional revitalization that creates independent and sustainable communities utilizing the unique characteristics of each. Given growing concerns over local sustainability, more and more customers prefer to purchase locally made products because they want to give back to the communities in which they live by buying locally.

Aeon, recognizing this social issue and need, launched an initiative called Local Product Appreciation Day in October 2014 in order to promote local production for local consumption. With the help of local producers, Aeon provides customers a selection of local favorites that include familiar items, freshly harvested produce and seasonal seafood

Local Product Appreciation Day is now held every month at 2,000 Aeon Group stores across Japan.



Aeon Welfare Fund Supporting Disabled Persons

The Aeon Welfare Fund was established in 1977 to promote the welfare of persons with disabilities and to support their independent participation in society. Aeon has carried out various projects, focusing on donating special vehicles and contributing to volunteer activities, through 50-yen monthly employee contributions matched by the employer. As of the end of February 2015, 59,000 Aeon employees are participating in this program.

In FY2014, a total of nine of these special vehicles were donated to nearby regional welfare facilities for those with disabilities as we launched new stores in Iwate, Yamagata, Ibaraki, Shiga, Kyoto, Wakayama, Okayama, and Okinawa prefectures. This brings the total number of donated special vehicles to 51 since the inception of the Welfare Fund.

In addition, our volunteer activities included roughly 1,000 visits to welfare facilities, with events such as Christmas parties, in FY2014. A total of around 10,800 facilities have been visited so far.



Donation of a welfare vehicle (Aeon Supercenter Rikuzentakata Store)



Halloween party held at a welfare facility (Maxvalu Hitachioota Store)

Signing Disaster Prevention Agreements

Aeon strives to ensure that employees working at our stores constantly act as members of the community. The same applies during natural disasters. We continue to sign disaster prevention agreements with local authorities throughout Japan, pledging cooperation and support in the event of an emergency in an effort to be of use to people in the local community.

As of February 28, 2015, 773 Aeon Group stores and business offices have signed disaster prevention agreements with a total of 520 local governments and assist with local disaster prevention activities, including providing emergency supplies in the event of a disaster, providing car parks for use as evacuation points and organizing joint emergency drills.

Introducing Balloon Shelters

Aeon has promoted installation of “balloon shelters”—large tents for use in emergency evacuations—since 2004 to be ready in the event of an earthquake or other major natural disaster. The tents have been placed at a total of 29 locations, primarily shopping centers around the country (as of February 28, 2015). 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 lie down.

Supporting Disaster Recovery

Aeon 1% Club Foundation

The Aeon 1% Club Foundation carries out charitable activities at stores and presents disaster relief assistance money to areas in need following major natural disasters, supporting people affected by tragedy, and providing hope for a speedy recovery. Fund raising activities are also carried out in stores at Aeon Group companies.

In FY 2014, disaster relief assistance money was collected at approximately 2,300 locations throughout Japan to benefit the areas of Hiroshima city affected by torrential rains that hit Hiroshima prefecture in August 2014. Combined with emergency assistance from the Aeon 1% Club, 100 million yen was donated to the cause.

* Please see page 74 for the amount of funds raised.



Presenting disaster relief assistance money



Accepting donations

Community Involvement

Develop the Human Resources of the Future

Aeon Cheers Club

Aeon 1% Club Foundation

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

The theme for FY2014 was “The sun and nature.” Around 430 clubs and around 7,600 students from all over Japan participated in the activities. In July 2014, the Aeon Cheers Club National Meetings were held in Okinawa and Hokkaido. A total of 50 clubs, representing the top clubs selected at regional meetings, and 240 awardees gathered, with each club reporting on learning outcomes for the year and participating in nature experience programs.

In FY2015, we will be working on activities under the theme “Plants.”



Presentation of the learning outcome at the National Event



Study on a next-generation solar battery

FY 2014 Results and Target of KPI

Number of activities by the Aeon Cheers Club



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

Since 2012, Aeon 1% Club Foundation has held the Agricultural Eco-experience Project for children who are members of Aeon Cheers Clubs. As part of the project, children are given the opportunity to visit ‘TOPVALU Gurinai’ production sites throughout Japan where they learn about harvesting and packaging fresh vegetables, among other farm related experiences. Through these experiences, children are able to learn about environmentally friendly ways to grow delicious and safe vegetables in a fun and exciting environment. At the end of FY2014, a total of 3,268 students have participated in the project in 70 production lands.

In FY2014, 1,364 children from Aeon Cheers Clubs representing 80 stores across Japan took part in the 33 sessions held at 24 production sites.

In FY2015, we will continue to offer this project and expand the number of production sites visited.



Experience harvesting of taro

Held Biodiversity Training Program on Yakushima for Winners of the Environmental Essay Contest

Aeon 1% Club Foundation

Aeon 1% Club Foundation held a Junior High School Student Environmental Essay Contest and invited the winners to attend a training program about environmental issues and nature. Training programs have been held in Germany, home to advanced environmental initiatives, and Tasmania Island in Australia, home to vibrant nature.

In FY 2014, the training program was held on Yakushima, a World Heritage Site located in Kagoshima prefecture. A total of 34 contest winners were joined by four junior high school students selected to attend from those taking part in Aeon Cheers Club activities in Malaysia. The program taught the children about biodiversity through hands on experience with the natural surroundings, which include Japanese cedar trees that are more than 1,000 years old and primordial old growth forest.

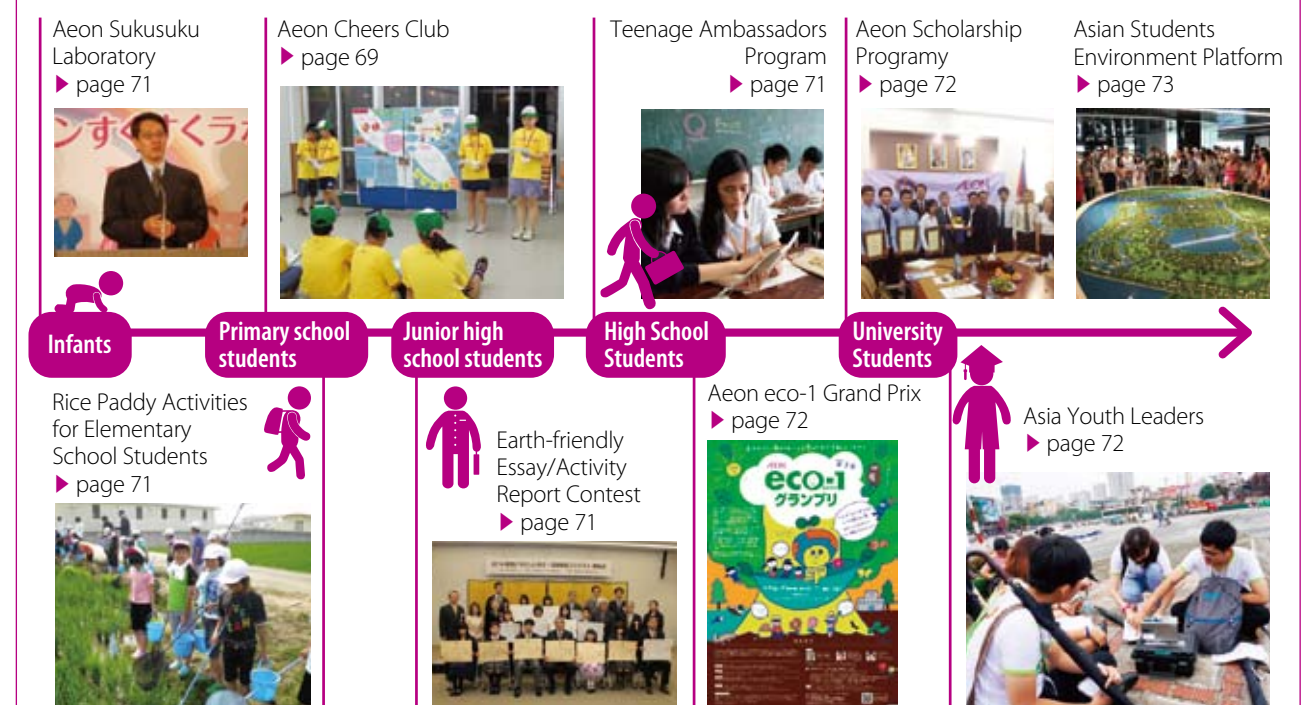
In FY 2015, the Junior High School Student Environmental Essay Contest will be held from July to September and the biodiversity training program is scheduled to take place again on Yakushima in April 2016.



Biodiversity training tour on Yakushima

Aeon's educational initiatives for the next generation

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



Aeon Sucusuku Laboratory

Aeon 1% Club Foundation

Aeon 1% Club Foundation has been organizing the Aeon Sucusuku Laboratory yearly at Aeon shopping centers since 2007. This is directed to families raising children and includes seminars on childcare led by experts in the field, as well as the singing of Japanese nursery rhymes and songs, with children and parents enjoying a meaningful chance to sing together.

In FY2014, Aeon Sucusuku Laboratory was held in four cities across Japan. A total of 789 attended the four sessions, including 490 adults and 299 children. As of February 28, 2015, the Aeon Sucusuku Laboratory had been held a cumulative total of 38 times.

In FY2015, we plan on holding four sessions nationwide.



Child-raising Seminar by Prof. Katsumi Tokuda, professor in the Faculty of Medicine, University of Tsukuba



Ms. Saori Yuki and Ms. Sachiko Yasuda holding a nursery rhyme concert

Rice Paddy Activities for Elementary School Students

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

In Shiga prefecture, students also learn the importance of protecting and raising living creatures, by raising juvenile nigorobuna fish (Lake Biwa's endemic crucian carp) in rice paddies.



Rice planting experience (Akamatsu Elementary School, Saga prefecture)



Observation of nigorobuna fish (Hayami Elementary School, Shiga Prefecture)



Rice harvesting experience (Kyowa Elementary School, Akita prefecture)



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

"Earth-friendly Essay/Activity Report Contest"

Aeon Environmental Foundation

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

In FY2014, we solicited essays and other works on the theme of "What each individual can do for the environment." We received 21,470 entries, including essays, activity reports, and posters on environmental protection. After stringent review by the experts in the board of review, 139 entrants were awarded. Additionally, from the schools that submitted ten or more entries, Suita Municipal Minami Yamada Elementary School, Osaka prefecture was recognized with the Aeon Environmental Foundation Prize (Schools Award).



Prize winners

Teenage Ambassadors Program

Aeon 1% Club Foundation

High school students from Japan and other countries learn about global perspectives and diverse values by interacting with each other and through ambassador activities, classes at high schools and homestays in the Teenage Ambassadors program. This program has been ongoing since the Aeon 1% Club Foundation was established and up to FY2014, 1,852 high school students from 18 countries, including Japan, had participated. In recent years, a total of three programs have been held annually, comprising two for ASEAN countries and one for China.

In FY2014, high school students from the Philippines, Indonesia and China and Japan participated.

In FY2015, we plan to conduct mutual exchanges with students in Laos, Cambodia and China.

Japan - The Philippines Teenage Ambassadors

In July 2014, 20 high school students from Sendai city, Miyagi prefecture traveled to the Philippines and met with students from the University of the Philippines Integrated School in Manila. In September 2014 the same high school students from the Philippines came to Japan to reunite and deepen their exchange with one another.

The Aeon 1% Club Foundation has continued to provide disaster relief assistance and donations to the Philippines, which has been struck by a number of natural disasters. This has served as the impetus behind the creation of the Teenage Ambassadors Program for high school students from the Philippines that was established at the request of the Embassy of the Philippines in Japan.



Students from the Philippines attend class in Japan

Japan - Indonesia Teenage Ambassadors

In January 2015, 20 high school students of SMA LABSCHOOL JAKARTA, Indonesia traveled to Japan where they met with high school students in Yokkaichi city, Mie prefecture. Later in March 2015 the same high school students from Yokkaichi city visited their counterparts in Indonesia to deepen their friendship.

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



Both countries of high school students that show the completed batik

Japan - China Teenage Ambassadors

This program was originally part of the Teenage Ambassador program, but branched off into its standalone exchange program called the Japan-China High School Student Exchange Program since 2010 after the People's Government of Beijing Municipality raved about the success of the program in 2009.

In FY2014, 60 high schools students from each country participated. The students deepened mutual understanding through a courtesy call to the embassy and cultural experiences. A total of 721 high school students had participated in this program as of the end of FY 2014.



Students from Japan experience homestay in China

Aeon eco-1 Grand Prix

Aeon 1% Club Foundation

With the goal of raising environmental consciousness through providing high school students who have engaged in daily environmental activities with a forum to report their achievements, and an opportunity to connect with other schools, Aeon instituted the Aeon eco-1 Grand Prix.

In FY2013, the third year of the Grand Prix, there were 123 submissions from 109 schools, with 14 schools selected to move on to the final screening session. Particularly excellent eco activities were presented with various awards, in addition to the Grand Prix (Prime Minister's Award).

In addition, we newly added "Eco-Ring's Prize", which targets eco-activities that were initiated based on previous Aeon Eco-1 Grand Prix projects as well as those that became a model for other schools.

In FY2015, we will establish "Environmental Ring" school registration system to promote cooperation of high schools all over the country and exchange of information.



Promotional poster



Prime Minister's Award, Education and Awareness Category, Aomori Prefectural Nakui Agricultural High School, "Environment purification activities through plants"



Prime Minister's Award, Research and Special Topics Category, Iwate Prefectural Tono Ryokuho High School, "Research and spread of Japanese paper using recycled hops"

Aeon Scholarship Program

Aeon 1% Club Foundation

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

In FY2014, we continued offering the Scholarship Program in Japan, China, Thailand, Vietnam, Indonesia and Cambodia, while newly adding two universities in Myanmar.

Students that received this scholarship have gone on to work in specialized fields after graduation as a bridge between Japan and their home country. Aeon 1% Club Foundation is committed to continually assisting the development of human resources that will contribute to the future development of Asia.



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

Grants 2006-2014		
country	universities	grantees
Japan	14	522*
China	8	2,730
Thailand	2	112
Vietnam	4	390
Indonesia	2	25
Cambodia	2	18
Myanmar	2	40
Total:		3,837

* Privately funded exchange students from Asian countries

Asia Youth Leaders

Aeon 1% Club Foundation

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

In FY2014, students from Indonesia, Japan and Vietnam gathered in Hanoi and discussed about air pollution.

In the high school students section, awareness campaign to improve air pollution was proposed, and specific regulations and policies for the improvement was suggested in the university students section. During the processes leading up to their proposal, they observed the situation about air pollution, inspected air pollution measuring facility, held hearings to local citizens, and visited public transportation institution.

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

relationships.

This program was initiated in FY2010 under the name “ASEAN University Students Environmental Forum,” and total of 417 students from six countries have participated to this date. For FY2015, the program will be held in Tianjin, China with the theme of “Trash problems.”



High school students investigating the contents of exhaust emissions from motorbikes

Students measuring concentration of PM2.5 in Hanoi

The Asian Students Environment Platform

Aeon Environmental Foundation

The Asian Students Environment Platform has been held since FY2012, following the 2011 United Nations Decade on Biodiversity.



The objective of this forum is to develop human resources with a global perspective who will be active in the field of the environment. University students from across Asia gather to exchange views on biodiversity while learning about differences in the natural environment, history, culture and values of each others’ countries.

In FY2014, the third forum, students of Tsinghua University (China), Waseda University (Japan), Korea University (South Korea), University of Malaya (Malaysia) and Vietnam National University, Hanoi participated in the platform held in China. Under the theme “Water-Human,” 80 students from five countries learned about biodiversity through fieldworks in the marshland, desert and the World Heritage site, Dujiangyan Irrigation System, and presented the results. Also, they maintained the trees planted at the Great Wall during 1998 -2009 by Aeon Environmental Foundation.

In FY2015, the platform is scheduled to be held in Vietnam, with participation by students from Royal University of Phnom Penh in Cambodia, under the theme of “Biodiversity and Human.”



Visit to Tianjin Planning Exhibition Hall, China

School Construction Support Project

Aeon 1% Club Foundation

In order to respond to children who wish to go to school, Aeon 1% Club Foundation has been working on school construction support project in Asian countries, which lack educational facilities. With the cooperation from customers, we have helped construct at total of 379 schools in Cambodia, Nepal, Laos, Vietnam and Myanmar by the end of March 2015.

In Myanmar, three-year support program has begun in 2012 with the partnership of the Japan Committee for UNICEF. By the end of March 2015, 22 schools were opened and around 5,000 children are learning there. Aeon 1% Club Foundation have added the same amount of the donations collected through “Myanmar School Construction Support Project” in 2014, and sent the added amount to the Japan Committee for UNICEF. At the opening ceremony held in March 2015 in Yangon Region, local children and some guests invited from Japan shared the joy of opening together.

Furthermore, in FY2014, the new project in cooperation with Myanmar government has begun and a new school was opened in Ayeyarwady Region.

In FY2015, plans call for the construction of three schools in the Ayeyarwady district under a partnership with the Government of Myanmar.



New schoolhouse (Aeon PADAUK School, Yangon Region)



Children studying in the new schoolhouse

Aeon and UNICEF Safe Water Campaign

Aeon 1% Club Foundation

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

In FY 2014, a total of 69.78 million yen representing donations from customers, donations from the Aeon 1% Club Foundation, and from 5-yen donations on the sale of each 500ml bottle of TOPVALU Natural Mineral Water purchased during the campaign period was donated to fund the activities of the Japan Committee for UNICEF. This donation ensured that some 240,000 people in traditional recipient countries Cambodia and Laos as well as Myanmar, where activities began in FY 2014, have access to safe drinking water. By reducing the labor needed to source water from wells, many children in these three countries are now able to attend school.

In FY 2015, this same campaign will be held from September 12 to October 25.



Children enjoying the availability of safe water



PET Bottle Cap Collection Campaign

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

In FY2014, 6,324,053 yen from 527.13 million*2 bottle caps was donated to these organizations. The funds will provide vaccines, nutritious food, and books to children in Asia.

*1 The three international organizations are :
Plan Japan
Save the Children Japan
Japan Committee for Vaccines for the World’s Children
*2 Caps collected from August 21, 2013 through February 28, 2015.
(Changed the donation cycle in accordance with the fiscal year)



Nutritious food for children in Vietnam
© Save the Children Japan



Children receiving training on handling of library books
© Plan Japan



Vaccinations to children of Akha people in Laos
© JCV, all rights reserved



Fundraising Activities (FY 2014)

Activity	Activity period	Number of participating stores and locations	Funds raised from customers and employees	Aeon 1% Club Contributions	Total Amount	Donees
The AEON and UNICEF Safe Water Campaign	April 5 - June 8	7,000	¥33,263,976	¥36,515,096	¥69,779,082	The Japan Committee for UNICEF
Hiroshima landslide disaster relief fund-raising	August 21 - September 7	2,300	¥49,579,181	¥50,420,819	¥100,000,000	*1 Hiroshima city government
Donation to the school establishment support in Myanmar	September 13 - November 16	9,500	¥37,828,805	¥37,828,805	¥75,657,610	The Japan Committee for UNICEF
24-hour television	June 20 - September 7	11,305	¥296,154,623	—	¥296,154,623	24-Hour Television Charity Committee
Total			¥416,826,585	*2 ¥124,764,720	¥541,591,315	

*1 Amount plus 3,251,120 yen sales of TOPVALU natural mineral water
*2 The amount of the combined fund-raising of customers, and profits of charity T-shirt that was sold in stores.

Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees	Accumulated funds	Donees
Red Feather Community Chest	October 1 - October 31	¥17,734,342	¥256,112,278 (FY 1983-2014)	The Central Community Chest of Japan

Initiatives Undertaken by Group Companies

AEON Fantasy Co., Ltd.

Promoting activities supporting children inside and outside Japan

Aeon Fantasy Co., Ltd. invites children from welfare facilities to visit Aeon stores and also dispatches its play original characters Lala and Io to pay visits to welfare facilities. Aeon Fantasy promotes these practices in Japan and also at Group subsidiaries outside Japan. The chart shows the number of times activities were carried out in FY2014.

In addition, a Lala & Friends Fund Drive was carried out at our Malaysia subsidiary, donating to child welfare facilities and other facilities an amount equal to 100% of the toys sales on March 21 every year, while in China, 14,550 yuan (approximately 300,000 yen) were donated to the Red Cross in response to the earthquake in Yunnan province.



Number of times of Invitation event and Visit to welfare facility

	Japan	China	Malaysia	Thailand
Invitation event	207	38	47	9
Visit to welfare facility	—	22	222*	—

* 204 times, it is the participation in the kindergarten graduate ceremony.

Fair Business Practices

Promoting the Aeon Supplier Code of Conduct (CoC)

Aeon Supplier Code of Conduct*

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

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

As of February 28, 2015, approximately 950 suppliers have submitted documentation verifying they are in compliance with the CoC. We are continuously working with our suppliers to build a sustainable supply chain.

* CoC: Code of Conduct

Aeon Supplier Code of Conduct

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. **Health and Safety:** Provide safe, healthy workplaces
- 4. **Freedom of Association and Collective Bargaining:** Respect employee rights
- 5. **Discrimination:** Discrimination on the basis of place of origin or creed is prohibited
- 6. **Disciplinary Practices:** Cruel punishment of employees is prohibited
- 7. **Working Hours:** Comply with laws related to working hours
- 8. **Wages and benefits:** Comply with laws related to wages and benefits
- 9. **Management responsibility:** Pledge compliance with the Aeon Supplier Code of Conduct
- 10. **Environment:** Work to prevent environmental pollution and damage
- 11. **Trade:** Comply with local laws on commercial transactions
- 12. **Certification, Audit, and Monitoring and Renewal:** Accept certification, auditing and monitoring under the Aeon Supplier Code of Conduct
- 13. **Ban on Gifts:** Gift-giving between Aeon and suppliers is prohibited

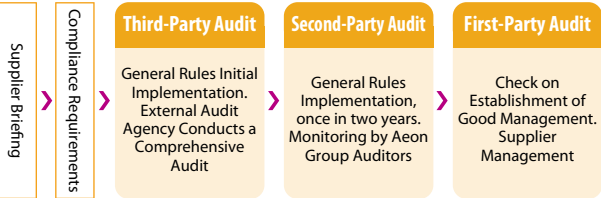
Auditing Our Manufacturing Partners

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

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

In terms of raw materials, currently we have yet to begin confirmations using direct audits, but our manufacturing partners have been asked to require and check that their second and third tier suppliers comply with the CoC. In this manner, the final goal of the Aeon Supplier CoC is to build a supply chain where management practices and competencies are continually improved.

Procedure of 'Aeon CoC' Certification and Audits



Third-Party Audit
For the first 'third-party audit,' an external audit agency checks over 350 universally recognized items and assesses anything differing from the standards. The evaluating agency points out items in need of correction and confirms improvements. In the process, there may be dozens of interactions to not only check results, but also to assure that proper management mechanisms are in place. When corrections are finalized, a certificate of CoC compliance is issued. By the end of FY 2014, around 2,500 production plants had been certified as meeting the standards.

Second-Party Audit
Following authentication of CoC compliance, a certified Aeon auditor will do checks through factory visits once in two years or, in the case it is deemed necessary, once in six months, as a 'second party audit.' Around 3,300 domestic second-party audits were conducted between FY 2004 – FY 2014.

First-Party Audit
Factories that have established good management through third and second-party audits are given a check-list to carry out a 'first-party audit' themselves. Between FY 2009, when the system was instituted, and FY 2014, there have been 101 factories (up 49% YoY) doing 'first-party audits' and the level of supply chain management overall has been steadily improving.

TOPICS

UNIDO, the Government of Malaysia, and Aeon to jointly start a CSR program helping suppliers in Malaysia

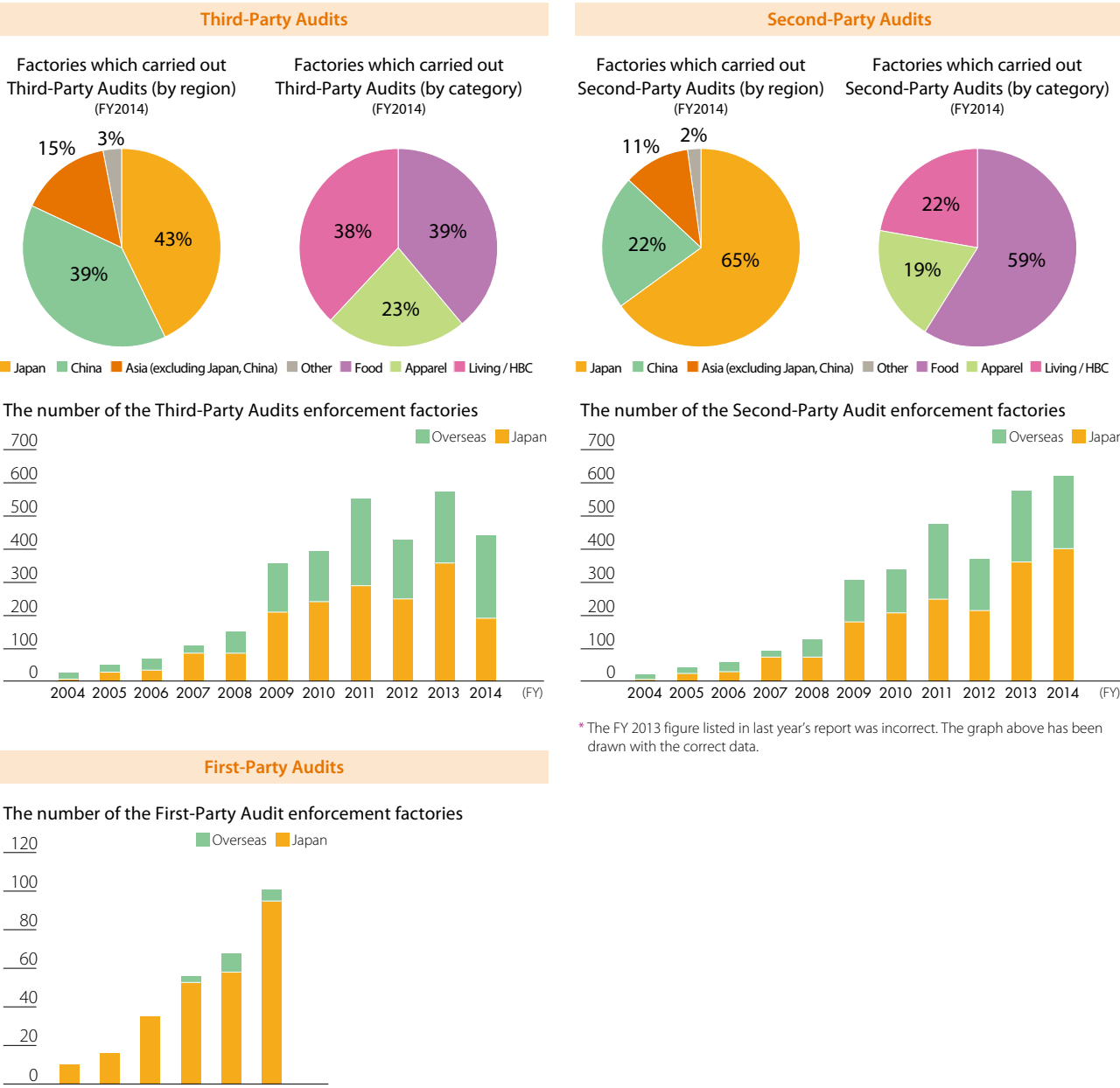
Aeon and UNIDO (the United Nations Industrial Development Organization) have started, from August 2014, developing a CSR program with the support of the Malaysian government and intended to assist Malaysia's producers. The program, implemented as the second phase of the "Sustainable Supplier Development Program," which started from June 2013, is aimed to support the development of suppliers, contribute to safe and sustainable procurement of raw materials, and help build out a framework for product procurement.

Aeon TOPVALU Malaysia will take on a central role in the program, including managing the program schedule, in order to help develop Aeon's TOPVALU brand in the ASEAN region. The program leverages tools developed for small- and medium-sized businesses and complies with global standards for environmental and social issues, such as the United Nations Global Compact, SA 8000, and ISO 14001.

By this initiative, we aim to strengthen and improve the problem-solving abilities of small- and medium-sized suppliers in Malaysia, particularly with respect to quality management and CSR. By meeting global standards in these areas, we expect the initiative to contribute to each supplier's business growth through increased trade with retailers worldwide and increased exports to other countries.

In partnership with UNIDO and the government of Malaysia, Aeon is energetically promoting this program and will continue contributing to the sustainable development of Malaysia's suppliers going forward.

Audit results of FY2014 year-end



Developing Accredited Auditors for Second-Party Audits

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

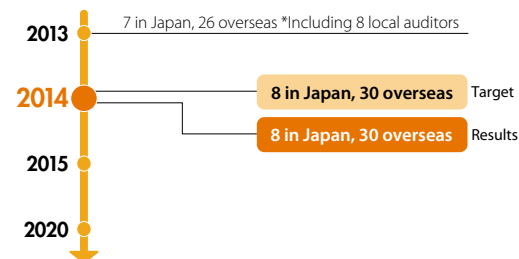
Auditors not only carry out audits and prepare reports, they also provide advice when improvements are necessary and continually provide support to ensure plants conform to the CoC. Depending on the region, we are expanding our local production and local sales of TOPVALU products, which has resulted in an increase in the number of audits performed. Second-party auditors are also asked to provide assistance when sales and business development staff select all new manufacturing partners, making their work wide reaching and requiring a high level of quality. The development of auditors has become an urgent task because of the extended period of time required to train them from auditor candidates all the way to independent second-party auditors.

Given this situation, we are enhancing our training programs led by our highly experienced second-party auditors, providing easier access to on-the-job-training opportunities, and creating training manuals. As a result, we have increased our team of second-party auditors from 10 in 2010 to 38 as of February 2015.

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

FY 2014 Results and Target of KPI

Construction of for sustainable supply chain building audit system



Acquiring and Maintaining SA8000 Certification

After establishing the Aeon Supplier Code of Conduct (2003), in 2004 we acquired SA8000 certification, an international standard, becoming the first Japanese retailer to do so. The standard establishes normative guidelines for protecting the human rights of workers in international labor markets. It requires compliance in eight areas that include protecting human rights and nondiscriminatory employment practices as well as development of a related management system and ongoing improvement to it.

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

Aeon will continue to pursue appropriate business processes together with suppliers on the twin basis of the Aeon Supplier Code of Conduct and SA8000.

Objectives of Aeon SA8000

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

Policies for Promoting Aeon SA8000

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

Strengthening the Social Brand

Practicing Fair Trade

Responding to customers' desire to do something through their purchases for the world's underprivileged, Aeon has developed and begun marketing Japan's first Fairtrade-certified coffee (in 2004) and Fairtrade*-certified chocolate (in 2010), both under the TOPVALU brand.

In order to make these products available to a greater number of customers, Aeon is the first and only Asian company to participate, since January 2014, in the new Fairtrade Sourcing Programs launched by Fairtrade International. We have also announced a plan to increase the purchase of Fairtrade-certified cocoa up to ten times the trade volume of 2012, by 2020. In addition, Aeon began visiting junior high and high schools across Japan so that the younger generation has a better understanding of Fairtrade.

The amount of cocoa procured in FY2014 was 83.8% of our planned amount, which occurred due to the three-month delay in the sale of Fairtrade chocolate products planned for October 2014. In FY2015, we plan to have a renewal in September of our product line using cocoa ingredients certified by Fairtrade International, which will entail a large increase in the projected amount of cocoa procured.

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



FLO (Fairtrade International) certification mark



TOPVALU Mild milk chocolate



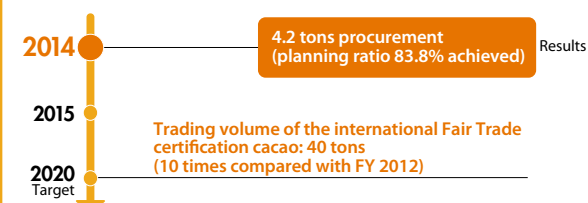
TOPVALU Bitter chocolate flavored with cocoa



Fairtrade Sourcing Program label (cocoa)

FY 2014 Results and Target of KPI

Trading volume of fair trade products



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 lives. In product planning and design, selection of manufacturers, finalization of product specifications, manufacturing management, and sales, we are creating products with our customers' needs in mind.

TOPVALU Brand System



TOPVALU pursues customer satisfaction and enriches the quality of lives



TOPVALU Best Price realizes the best prices in each trading area with product quality that exceeds customer expectations



TOPVALU Select enhances customers' daily lives by offering products of the highest quality

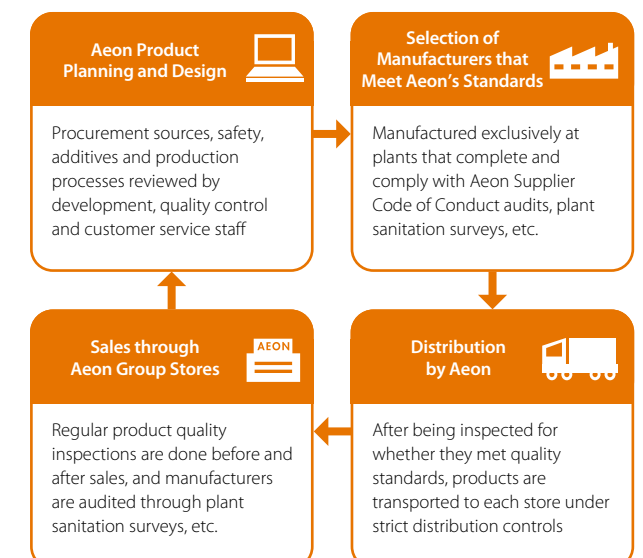


TOPVALU Gurinai ensures safety and security by delivering products that are healthy and friendly to the environment

The Five TOPVALU Commitments

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

The Process of TOPVALU Products to Customers



●Product planning and design

During product planning and design, our development, quality control, and customer service people scrutinize potential raw material suppliers, investigate possible safety concerns, examine the use of additives, research manufacturing processes, and consider other key issues to ensure that the final product is safe and without any health or safety risks.

●Selection of manufacturers

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

●Determination of the product specifications

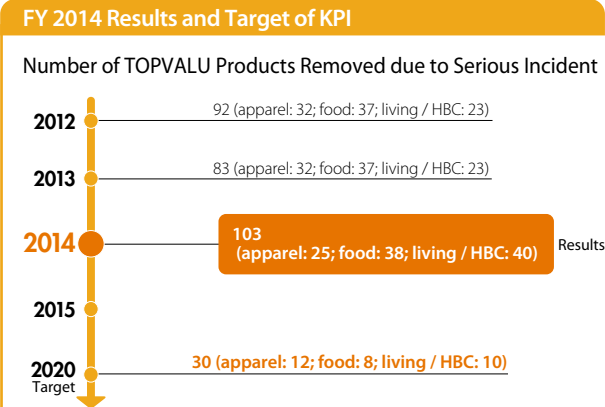
Customer monitors and Aeon employees evaluate the prototypes, considering matters such as raw materials, additives, and manufacturing processes.

●Distribution and sales

Following that, Aeon finalizes product specifications and then inspects production and sends only products that meet our 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 recalls and withdraws the product in question.

In FY2014, Aeon reported 103 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.



FY2014 TOPVALU Product Accidents

- TOPVALU Canned Chopped Tomatoes (24 packs)**
Accident details: Best-before date expired on arrival at stores
Response: Product withdrawal and voluntary recall (recall announced with in-store display)
- TOPVALU Select Tohoku Japanese Beef**
Accident details: Hokkaido Japanese beef had been used as an ingredient for Tohoku Japanese beef
Response: Voluntary recall (recall announced with in-store display)
- TOPVALU Okuramekabu (Okra wakame leaves)**
Accident details: Misprint of best-before date
Response: Product withdrawal and voluntary recall (recall announced with counter display)

Labeling and Disclosing Product Information

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

Labeling of Food Allergens

Aeon uses standardized icons on the outside of all food product packaging to ensure consumers can easily identify nutritional information and food allergens contained in products.*1 The information covers use of seven officially designated ingredients that by law must be displayed on the outside of product packaging.*2 The back label of products also contains the 20 secondary items recommended for inclusion in product labeling, bringing the total number shown to 27 ingredients.*3 We also strive to include, where possible, food allergens that are handled in the manufacturing process and therefore could be found in trace amounts in the product.

Inspections are also conducted every year on applicable products to confirm labeling accuracy.

*1 Icons are not used yet on certain products.
*2 The seven officially designated ingredients, which are the most common and most serious allergens and must be displayed according to law, are eggs, milk, wheat, prawns, crab, buckwheat and peanuts.
*3 The 20 secondary items: the 20 secondary items recommended by the national government for inclusion on labeling are abalone, squid, salmon roe, oranges, cashew nuts, kiwi fruit, beef, walnuts, sesame, salmon, mackerel, soy beans, chicken, bananas, pork, matsutake mushrooms, peaches, yams, apples, and gelatin.

Labeling of Genetically Modified Ingredients

In April 2001 legislation in Japan enacted a labeling system for genetically modified ingredients, but even before this, in September 2000, Aeon began labeling TOPVALU brand products that contain genetically modified ingredients in response to urging from our customers. We have expanded the scope of items labeled and strive to provide labeling even for items not mandated by law. Additionally, in order to confirm label accuracy, products subject to labeling (separate items) undergo testing for genetically modified DNA every year.

Labeling of Place of Origin of Ingredients for Processed Foods

The labeling of the place of origin of 26 food items, including dried mushrooms, green tea, and konjac, among others, has been required by law in Japan since October 2006. In order to address customer requests and inquiries, for TOPVALU brand products, Aeon strives to provide the place of origin for the main ingredients when the place of origin can be identified and not just for those food items required by law.

In addition, we have established clear quality standards for ingredients irrespective of their place of origin and investigations that include testing of ingredient standards and residual pesticides. At the same time, we sign agreements with manufacturers and carry out our own verifications when necessary.



Labeling of Place of Origin of Ingredients

Disclosing Information on Agricultural Product Producers

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

In FY2014 a cumulative total of approximately 75 agricultural products* were labeled with QR codes.

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



Products labeled with QR codes

Disclosing Information on Domestic Beef

Aeon established the Domestic Beef Safety Confirmation System in 2002, prior to enforcement of the Beef Traceability Act*, in order to provide peace of mind to customers buying beef. The system allows customers to find out information about beef products from cattle raised in Japan, including where the cow was raised, who raised it and what feed it was raised on. The system is available via a website.

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

Disclosing Information Related to Radioactivity and Radioactive Material

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

Search System for Manufacturing Plant Codes

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

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

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



Search screen of the Search System for Manufacturing Plant Codes

Food Sanitation Control

Under the Aeon Food Sanitation Certification System established in 1995, Aeon engages in a variety of activities to prevent the occurrence of food-related incidents such as food poisoning and contamination.

At the end of February 2015, 21 companies and 1,399 stores from our GMS Business and SM business have implemented the Aeon Food Sanitation Certification System, while a total of 7,990 sections had obtained certification.

Quality Keepers

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

Sanitation Training for Employees

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

In FY2015, we have strengthened education concerning those points that must be observed in the preparation of food with a focus on the three principles of food poisoning prevention: avoid contact with bacteria, avoid allowing bacteria to multiply, sterilize bacteria.

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

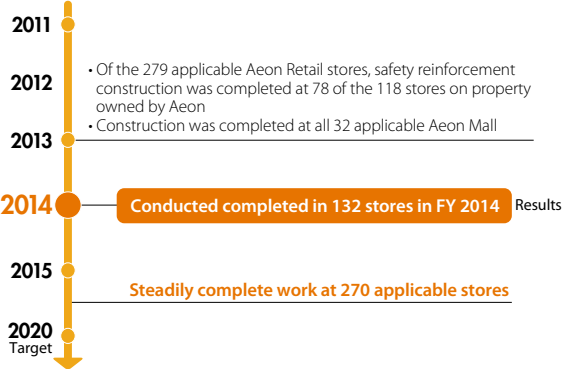
During the Great East Japan Earthquake many of our store buildings suffered extensive damage, which in some cases even caused loss of life. For this reason, Aeon is moving forward with improving the safety and earthquake resistance of its stores, giving utmost priority to protecting people's lives and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

The number of Aeon Retail Co., Ltd's stores that will be receiving safety and earthquake resistance work is 279. As of the end of FY2014, work had been completed at 100 of these stores. In FY2015, we plan on completing work at 10 more stores.

In addition, there were 32 Aeon Mall Co., Ltd's stores that required this same work, with work being completed at all locations during FY2013. Going forward, we will examine and implement work at Aeon Kyushu Co., Ltd., and Aeon Hokkaido Corporation.

FY 2014 Results and Target of KPI

Safety and Security Infrastructure Development



Fire Prevention and Disaster Preparedness

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

Group-wide disaster prevention and safety drills

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

In March 2014, we established the Aeon Komaki Crisis Management Center at the Aeon Komaki Store in Komaki City, Aichi Prefecture. In July, we conducted a drill with the Aeon Komaki Crisis Management Center working as the alternative head of operations based on the scenario that the Makuhari Headquarters had been damaged by a major earthquake striking directly beneath Tokyo.

Going forward, while adjusting our predicted scenarios, we will hold recurring drills that rally the combined strength of Group companies so that the local head of operations in the affected area responds swiftly when disaster strikes.



Aeon Komaki Crisis Management Center

Fire Prevention Drills at Stores

Aeon stores check safety and disaster preparedness measures on a daily basis, while security staff and store managers also conduct a final inspection after stores are closed.

Fire prevention drills have been conducted twice a year and earthquake response drills run once a year. Following the Great East Japan Earthquake that struck in March 2011, however, we have decided to increase the number of earthquake response drills to two per year. We strive to make these drills as realistic as possible by changing the scenario for each based on a variety of possible disasters. Full-time store employees as well as temporary, part-time and tenant employees participate in the drills. They are conducted to help us respond quickly and ensure the safety of customers in the event of a fire or earthquake.

Crime Prevention Measures

There have been a number of incidents at supermarkets over the past several years involving food products with needles or other dangerous objects. Aeon has therefore installed security cameras in food departments and begun using needle detectors at its stores. If a needle were to be discovered, it would be promptly delivered to the police or healthcare center and customers as well as local Group company stores would be informed through an in-store display or announcement in order to prevent additional injury or damage.

We are also conducting crime prevention drills to ensure the safety of customers in the event an incident or accident occurs in a store.

Measures to Combat New Flu Viruses

Aeon formed a project team in 2006 as a measure to address risks from the outbreak of infectious diseases such as the global spread of highly pathogenic H5N1 avian influenza in humans. We established Rules for New Flu Viruses in September 2006 and have since been readying infection prevention measures in order to ensure the safety of customers and employees.

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

From the end of FY2013 to the second half of FY2014 we will apply for recognition as a registered business requiring flu vaccines under the Act on Special Measures for Combating New Flu Viruses and strive to build a system that ensures operations can be continued during an epidemic.

Raising Safety Levels of Store Facilities and Fixtures

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

Safety Measures for Escalators

There has been an increase in recent years in accidents involving children getting caught in the gap between an escalator and the wall at shopping malls and department stores. Aeon stores work to prevent escalator-related incidents by setting up barriers or dividers to prevent exposure to such gaps.

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



Safety Measures for Escalators

Establishing Parking Lot Guardrails

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



Parking Lot Guardrails

Installing Automated External Defibrillators (AED)

Aeon is promoting the installation of AEDs in each of its stores. These devices give electric shocks as a means of resuscitation for people who have suffered a sudden cardiopulmonary arrest. In addition, we are providing emergency lifesaving training for managers and security staff.

In FY2014, we endeavored to increase the installation of AEDs in small-sized supermarkets, where the number of the devices installed is low. As a result, as of February 28, 2015, 655 of the devices were installed in 350 stores.

We aim to install 663 of the devices in 355 stores by February 29, 2016.

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 2015, over 750 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, also known as the Heartful Building Law, was revised and renamed the Barrier Free Law in December 2006.



Step-free entrance (Aeon LakeTown)



Easily visible in-store sign

TOPICS

Aeon's Universal Design Initiatives

The Aeon Group's universal design initiatives have received the following commendations.

Aeon Mall Co., Ltd. received the Eighth (2014) Minister of Land, Infrastructure, Transport and Tourism Award for Barrier-Free Design Contributor. The company strives to continually elevate its universal design efforts by incorporating opinions from specialists or organizations for the handicapped in the process of planning.

In addition, Aeon Retail Co., Ltd. received the Joint Grand Award in the Category of Public Space in the IAUD Award 2014 from the International Association for Universal Design (IAUD). The company's initiatives for universal design in its facilities over the years have been rated highly.



Award ceremony

Care-Fitters

We encourage Aeon employees to acquire Care-fitter* certification to help ensure that seniors and people in need of assistance can shop in our stores with total confidence. Certified Care-fitters in Aeon Retail Co., Ltd. numbered 8,197 as of the end of February 2015.

* Care-fitter : A certification administered by the Nippon Care-Fit Education Institute (a public interest incorporated foundation)



Care-fitter Training Session



Supporters for People with Dementia

Since 2007, the Aeon Group has been participating in the Dementia Supporter Caravan being jointly promoted by the Ministry of Health, Labour and Welfare and the non-profit organization Community-Care Policy Network, in order for our employees to correctly understand dementia and provide appropriate support.

So far, we have run Dementia Supporter training courses to educate Dementia Supporters* in addition to training instructors (in-house Caravan Mates) for the courses. Employees also undergo training at the preparation phase for opening a new store and become Dementia Supporters before the store opens.

In FY2014, employees of the Aeon Kyoto Katsuragawa store, which opened in October 2014, and the Aeon Okayama Store, which opened in December 2014, received training together before the stores opened and gained the knowledge necessary to approach customers with dementia.

As of the end of February 2015, there are 49,975 Dementia Supporters, the largest number among companies in Japan, and 899 "Caravan Mate" instructors for the training course.

In March 2015, the number of Dementia Supporters topped a cumulative 50,000. In the future, Aeon will expand its efforts to provide support to people with dementia and their families with the aim of building communities where they can live alongside local people with peace of mind.

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



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



Lectures and role playing and lectures in the dementia supporter training program



Consumer Issues

Serving as a form of lifestyle infrastructure that protects the local community

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

Aeon has established a goal to set up 100 disaster-prevention facilities across Japan by the end of FY2020 as part of the Aeon Eco Project (see p.39).

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

In FY2014, we established disaster-prevention facilities at 16 stores in total which were new and existing stores, including Aeon Mall Nagoyachaya, Aeon Mall Kyotokatsuragawa.

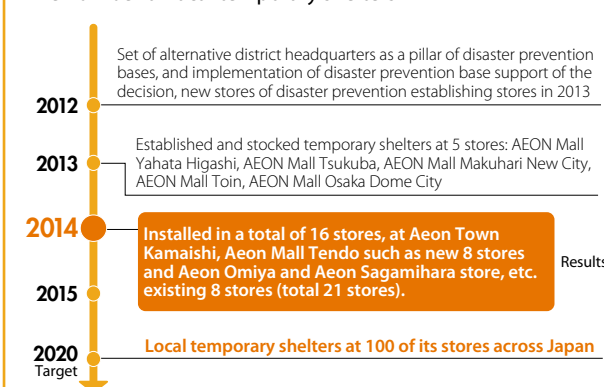
In FY2015, we plan on establishing disaster-prevention facilities at an additional 6 stores, with the goal of reaching more than 100 by 2020.



Private power generation equipment installation

FY 2014 Results and Target of KPI

The number of local temporary shelters



TOPICS

Excellence Award at Japan Resilience Award 2015

Aeon Mall Co., Ltd. received an Excellence Prize at the First Japan Resilience Award held in March 2015.

The Japan Resilience Award recognizes advanced activities related to building resilience being developed around the country with the aim of building a resilient society. Aeon Mall was recognized for playing the role of a local disaster prevention facility in times of emergency, such as large-scale natural disasters, in developing "Disaster Resistant Smart Aeon" while building earthquake resistant stores that function as a disaster recovery base to maintain the role of lifeline.

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 who 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 105,866 opinions (service complaints) were received in FY2014 from our customers, which was 108.6% of FY2013, or an increase of 8,362 opinions, compared to FY2013.

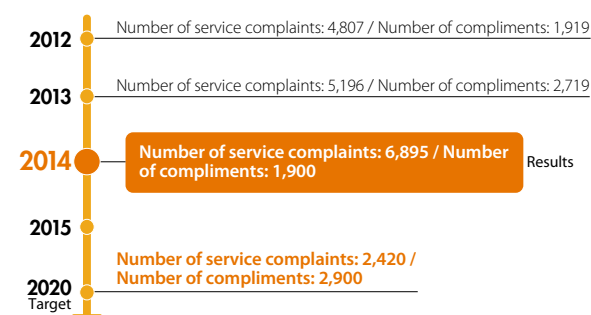
This is because the number of product inquiries increased in proportion to the expansion in TOPVALU product lineup and sales.

The number of service complaints stood at 6,895, which was 132.7% of FY2013, or an increase of 1,699 complaints. The number of compliments received was 2,050.

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.

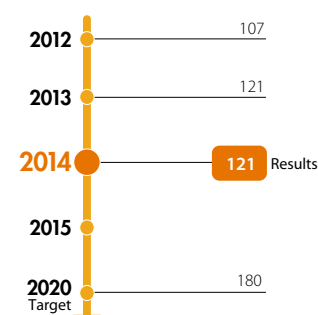
FY 2014 Results and Target of KPI

Number of Complaints and Compliments Received



FY 2014 Results and Target of KPI

Number of Products Developed / Improved based on Customer Feedback



Customer Monitor Program

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

First is the in-store monitor program where customers who visit the store to shop are asked to become monitors who assess the flavor and texture of food products without being told anything about the product itself. Second is the home use monitor program where customers test out a product in their own home. Assessment criteria include not only taste, but also quantity, price and ease of use. In a "product database," we are digitizing and compiling the evaluations from monitors, including categories such as quality, packaging, and inclination to purchase.

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



Home use monitors

In-store monitors

TOPICS

Examples of Product Development and Improvements Made Based on Customer Feedback

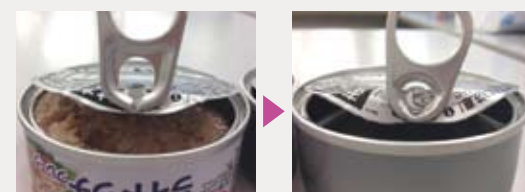
Improvement of the shape of can lid pull tabs

There were repeated reports that can lid pull tabs on canned tuna varieties made in Thailand broke off while opening.

In light of this, the shape of the can lid was improved so that the pull tab is less likely to separate from the lid when the pull tab is popped up.

As a result, while there were 98 reports in the six months between February 1 and July 31, 2014 before the improvement, this declined to 38 reports* in the six months from February 1 to July 31, 2015 after the improvement.

* The 38 reports were reports about pre-improvement products, and there were 0 reports about post-improvement products.



Shape of can lid improved to make the pull tab pop up more easily when pulled

Consumer Issues

Providing Products to Support Our Customers' Healthy Life

Health-Conscious Initiatives

Amid rising interest in healthy living, both physically and emotionally, and in living even better, Aeon is promoting the provision of goods and services and the establishment of stores that support a healthier life for customers in order to strengthen initiatives in the health and wellness field.

In the area of product development, we are mainly creating products based on the concepts of "eliminate," "reduce," and "supplement."

•Concept: "eliminate" and "reduce"

Foods that eliminate or reduce things like salt, energy, fat and other components that tend to be excessive in ordinary life. Also foods that eliminate or reduce specific nutritional contents.

•Concept: "supplement"

Foods that can readily supplement nutritional elements (vitamins, calcium, etc.) that tend to be lacking in ordinary life. Also foods that target people who have a positive desire to boost nutritional contents to maintain their health.



FY 2014 Results and Target of KPI

Health care efforts in products



Labeling of Nutritional Contents

From years past, we have taken such initiatives as prominently labeling food allergens on the outside of TOPVALU product packaging. However, starting in FY2014, while asking for customers' opinions on what kind of labeling is important, we decided to label nutritional contents* such as energy and fat on the outside of product packaging. By arranging and printing nutritional contents information in a fixed position on the outside of product packaging, we aim to provide individual customers with a yardstick for managing their health through diet, while remaining conscious of healthy balanced meals every day.

* Five nutritional contents of energy, protein, fat, carbohydrate, and sodium



Consumer Issues

Responding to senior generation

Aeon is using the name Grand Generation (G.G.) for seniors who are active and aggressive consumers – and responding to the shopping needs of seniors such as 'G.G. Mall' and 'G.G. Cards' targeted to seniors. For example, at the Aeon Kasai Store, which was renewed as a G.G Mall in 2013, we have established a fitness studio to help with promoting health and the Aeon Culture Club, which has two studios and six classrooms, to provide new places where customers not only buy "products" but can also have "experiences."

In addition, Aeon is developing Aeon Pharmacy sections within "AEON" general supermarkets, attracting general clinics with medical facilities as tenants to respond to rising medical needs against the backdrop of Japan's aging society.

Also, we are focusing on developing Food for Specified Health Uses (FOSHU) to meet the health needs of our customers.

Consumer Issues

Enhancing the Shopping Experience

Online shopping is becoming a familiar and convenient way to shop due to a diversification in shopping needs, which include customers who have difficulty getting to a store and those who wish to shop outside of normal business hours.

Aeon group is strengthening its omni-channel strategy by developing Aeon store e-commerce platforms through the "Aeon Square" website portal, taking advantage of the network of stores nationwide and allowing link of store and internet services, and increasing home delivery service of goods bought in stores or pick up at stores of goods ordered by internet.

Aeon is also promoting measures to meet diverse shopping needs such as increasing openings of urban small size stores stocking perishables and delicatessen items as well as processed food and daily essentials, primarily in urban areas of Tokyo and Kanagawa where there are few stores.

Human Rights / Labor Practices

Promoting Diversity

Since being founded, Aeon has respected human rights and aimed to be a company where diverse human resources can play active roles without any discrimination on grounds such as nationality, race, sex, academic background, religion, mental or physical disability, or any other attribute.

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

"Daimanzoku" is the key word in Aeon's activities to promote diversity. *Daimanzoku* is about realizing satisfaction for employees and their families, customers, and the company, who all create diversity. In FY2014, we built diversity promotion systems at each Group company and established in-house training and a commendation program aimed at achieving *Daimanzoku*.



Building Diversity Promotion Systems — Daimanzoku Summit

Aeon has designated a person responsible for diversity promotion, a leader to realize a corporation offering exceptional opportunities for women, and a leader to achieve an excellent workplace for women in each of 65 Group companies. All Aeon companies are now analyzing their status, identifying issues, and implementing their own ideas to solve the issues. Four times a year the Daimanzoku Summit is held. It is attended by leaders and people responsible for diversity promotion to share information between Group companies for utilization in activities at their own companies.

In the kickoff summit in April 2014, approximately 180 persons from 65 Group companies gathered.



Kickoff of Daimanzoku summit in April 2014

Running Diversity Training — Daimanzoku College

Aeon launched a Career Design Course in FY2014. The course is targeted at females aged around 25 years and aims to reduce retirement of young employees. Approximately 540 employees from 42 Group companies took the course.

In FY2015, two courses, the Career Up Course and the Management Course, will open.



Planning careers and sharing with colleagues

Establishing a Commendation Program — The Daimanzoku Award

Aeon has set up a Daimanzoku award to recognize the Group company that has most promoted diversity. The first award winner, Aeon Supercenter Co., Ltd., was recognized mainly for the effectiveness of their action plans.



Award ceremony on November 5, 2014

Basic principles on personnel

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

Basic approach to personnel

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

Five Human Resources Principles

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



TOPICS

Aeon's Diversity Initiatives Receive External Recognition

Aeon received the Grand Prize in the Basic Achievement of the 2014 J-Win Diversity Award. The Prize celebrates a company that views diversity and inclusion as a management strategy, and sets encouragement of female workers' active roles as an important issue. Aeon was recognized as a company whose efforts are most expected to make further progress among companies that have prepared a practical system to promote diversity and inclusion, and have begun creating a mechanism to continuously promote female leaders.



In addition, Aeon was selected in the 2014 Diversity Management Selection 100 hosted by the Ministry of Economy, Trade and Industry, as one of the companies that achieved results in the creation of innovation and improvement of productivity by utilizing diverse human resources. Aeon was recognized for the announcement of a target ratio of female managers by 2020, the successful cases of females' active roles, and the positive effects on management brought about by retention and cooperation with foreign workers.



Award ceremony on March 6, 2015



VOICE

“Expecting further promotion of diversity”

The award recognized the initiatives that involve 65 Group companies through summit meetings, college programs, and Group Awards under the concept of Daimanzoku, aiming to be an excellent place for women to work, and a corporation that gives women exceptional opportunity and is the most popular among women as a workplace. In addition, the company has achieved visible results such as the dramatic reduction of the turnover rate of young female workers in two years, which was the most serious prior issue, by closely analyzing the present status, identifying the issues, and implementing appropriate measures. The results also include the establishment of a framework for fostering active female employees.

Going forward, we expect the company to continue promoting diversity at an even stronger level and achieve the numerical target of 50% for the female manager ratio in 2020.



Yukako Uchinaga
Board Chair
NPO J-Win

Appointment of Female Managers

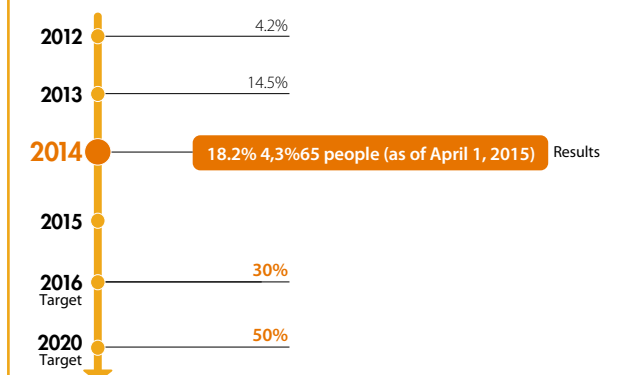
Aeon has established targets for the female manager ratio of 30% by FY2016 and 50% by FY2020.

As of April 1, 2015, the female manager ratio stood at 18.2% (includes consolidated subsidiaries).

Going forward, Aeon will make positive efforts to appoint women aimed at achieving the target.

FY 2014 Results and Target of KPI

Female Manager Ratio



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

Aeon is actively hiring young talent who will shoulder the future in the Asian countries of Japan, China, Malaysia, Thailand, Indonesia, and Vietnam. Ever since our three-year medium-term management plan and strategy of shifting to Asia began, we hired approximately 10,000 people (7,700 in Japan and 2,700 overseas) in three years from FY2011 to the end of FY2013, and around 5,000 (3,600 in Japan and 1,350 overseas) in FY2014. While proactively hiring talent that can take active roles on the global stage and beyond borders, Aeon encourages greater international exchanges within the Aeon Group with a target of exchanging a cumulative total of 600 people between FY2013 and 2016, and 1,500 people by FY2020.

The cumulative total for FY2013 and FY2014 was 168 people exchanged.

The target for FY2015 is to exchange 133 people.



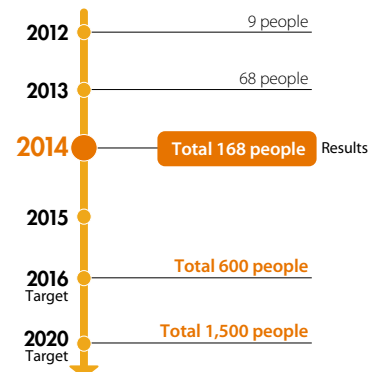
Training overseas (Myanmar)



Training overseas (China)

FY 2014 Results and Target of KPI

Group International People to People Exchange Programs



Employment for People with Disabilities

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

Abilities JUSCO Co. Ltd. established in 1980 runs 10 Scrum CD/DVD & Books stores in the Tohoku region, where people with disabilities are working alongside able-bodied staff. Furthermore, Aeon Supercenter Co., Ltd. has adopted a home and mobile working system for people with disabilities in cooperation with Abilities JUSCO.

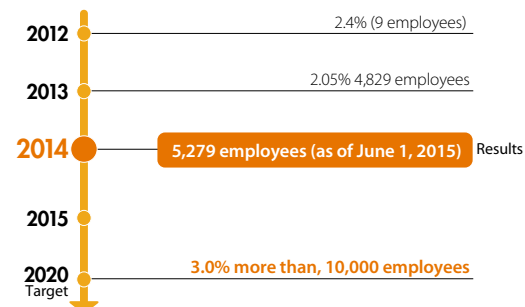
As of June 2015, the total number of people with disabilities employed at Group companies was 5,279.

Going forward, Aeon will continue to promote initiatives aimed at meeting the target for employment of 10,000 people with disabilities by FY2020.



FY 2014 Results and Target of KPI

Employment of People with Disabilities



Promoting Equal Opportunities for Part-time Employees

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

For example, Aeon Retail Co., Ltd. has a system that makes it possible for all employees to utilize the same training and hiring programs. It instituted the Community Employee* Program in 2004 to eliminate differences in roles, expectations and treatment depending on employee classifications (full employee or parttime employee) and to enable the continued growth of all employees depending on ability, performance and motivation. The program eliminates differences in educational and hiring opportunities. It also makes it possible for anyone to take on the challenge of a higher position, including willing Community Employees if they fulfill certain conditions set by the company.

* Community Employee is a collective designation for Aeon Retail employees working in a specific location and not subject to geographic transfer. There are two categories: hourly wage positions (part-timers) and monthly salaried positions (full-timers).

Improving the System for Employing the Elderly

Aeon Retail Co., Ltd. instituted a mandatory retirement age of 65 starting in 2007 in order to meet the needs of the company, which wants to continue employing people over the age of 60 who are highly motivated, and the needs of the workers, who want to continue working in a stable environment utilizing their knowledge and experience. As of the end of February 2015, approximately 20,000 employees (including part-timers) were working taking advantage of the experience, skills, and knowledge they acquired in the past. In addition, the number of consolidated subsidiaries that have instituted a mandatory retirement age of 65 has now reached 43.

Workshop on LGBT

Responding to increasing attention to human rights of sexual minorities (LGBT: Lesbian, Gay, Bisexual, and Transgender), Aeon held a workshop on LGBT to provide the latest knowledge on human rights and to create a workplace where individual employees can work in their own ways. We invited Ms. Maki Muraki, the chairperson of Nijiro Diversity, an incorporated non-profit organization, to give a lecture, and a total of 125 employees including personnel assigned to human rights enlightenment promotion and human resource managers, from respective Group companies, participated in it in FY2014.



Human Rights-related Training

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

To accomplish this, Aeon holds training programs to facilitate correct understanding and deepen awareness of a variety of issues, among all employees, including issues pertaining to social discrimination, foreign residents, abuse of

power, diversity, people with disabilities and work-life balance.

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

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

Creating Pleasant, Comfortable Workplaces

Aeon is a strong advocate of helping employees balance work life with child raising needs. Specifically, we strive to encourage employees raising children to reduce their overtime work, take childcare leave (including fathers), and take annual paid leave.

Continuing on from FY2013, in FY2014 we promoted initiatives at each Aeon Group company, of our general business action plan developed under the Act for Measures to Support the Development of the Next Generation. As a result, as of April 30, 2015, a total of 13 companies* have been certified to display the Kurumin logo.

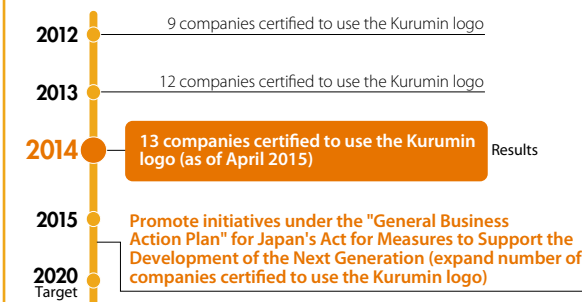
Going forward, we will continue to implement measures aimed at achieving a balance between work life and child rearing.



* Aeon Group companies certified as of the end of April 2015: AEON CO., LTD., AEON Retail Co., Ltd., The Daiiei, Inc., SUNDAY CO., LTD., AEON CREDIT SERVICE CO., LTD., AEON Mall Co., Ltd., AEON RYUKYU CO., LTD., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., ORIGIN TOSHU CO., LTD., CFS Corporation, AEON GLOBAL SCM CO., LTD., KASUMI CO., LTD.

FY 2014 Results and Target of KPI

Creating Pleasant, Comfortable Workplaces



Supporting the Balance between Work Life and Child Raising

Aeon is establishing childcare facilities in Aeon stores to enable Aeon employees and workers from mall tenants, who are raising children while working, and customers from the local area to balance work life with child raising, free from excess anxiety.

In December 2014, a nursery for Group companies, Aeon Yumemirai Nursery opened in Aeon Mall Makuhari New City. For the purposes of employees' smooth return to work from childbirth and subsequent child rearing, and to support

employees working while raising children, the nursery opens from 7:00 AM to 10:00 PM almost every day, including Saturdays, Sundays, national holidays, and year-end and New Year holidays. The childcare fees are calculated from hours of

care regardless of the day or time period in order to reduce the burden on employees from paying additional fees or arranging secondary childcare. We opened our second nursery at Aeon Mall Okinawa Rycom in August 2015.

In April 2015, we opened Aeon After-school Class at the Aeon Marinpia Annex and at

Daiei Narimasu Store. The classes, which offer a comprehensive after-school care program with physical, academic, moral, and dietary education, are located near train stations, making it convenient for parents to drop off and pick up their children and for children to come to the class.

The existence of bosses and organizations that recognize diversity and make use of it in management is key in achieving a balance between work life and child raising. Therefore, Aeon Co., Ltd. and Daiiei, Inc. became the first retailers to join the IkuBoss* Alliance in June 2015. In the future, we will increase membership to Group companies to accelerate the development of management that achieves outcomes while supporting the balance of work life and childraising.

* IkuBoss: The ideal advocated and promoted by non-profit organization Fathering Japan. It refers to a boss who considers the work-life balance of subordinates and staff working with him or her in the workplace and supports their career and lives while producing outcomes for the organization and being able to enjoy his or her own work and private life.



Opening ceremony of Aeon Yumemirai Nursery



Securing Work-Life Balance

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

Aeon Retail Co., Ltd established four career paths in 2004. Under this system employees may choose to take on the challenge of a different career path. Also, there are no differences in opportunities for acquiring qualifications or applying for new positions depending on the path, and employees are able to participate in various training programs regardless of the path.

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

The four career paths available to Aeon Retail Co., Ltd. employees (As of February 28, 2015)

- 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

The Aeon Good Life Club, Aeon’s mutual aid society, in which some 210,000 Aeon Group employees are enrolled, administers various programs contributing to the achievement and enhancement of common welfare to enable Group employees to have a sense of security, solidarity and pride. Programs include the payment of gift money for celebratory occasions or condolences (mutual assistance), subsidies for childcare and nursing care, various forms of insurance (self-help support), and support for leisure activities and health (motivational assistance).

Health and Safety Committees

Health and Safety Committees are organized at the store and business office level in order to ensure the safety and health of employees and promote the creation of pleasant, comfortable working conditions. For example, at Aeon Retail, store managers, managers of personnel and general affairs departments, employee representatives and labor union representatives attend the committee meetings, which are held once a month. Points for improvement in employee working conditions and the workplace environment are considered by labor and management, paving the way for improvements.

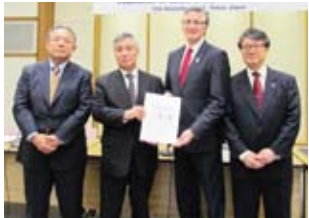
Labor Union Status

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

The labor union has encouraged part-time employees to become members, and as of the end of May 2015, the labor union had 217,000 members, including 163,000 part-time employees. We actively work to incorporate employee feedback through workplace meetings participated in by union members.

Global Framework Agreements

In November 2014, Aeon Co., Ltd. signed the Global Framework Agreement on labor, human rights, and the environment with UNI Global Union, which is an international labor organization, UA zensen, and Federation of Aeon Group Workers’ Union. The agreement is a commitment acknowledging that the multinational enterprise and the labor union are mutual partners and will work together as the enterprise expands business globally. Over 100 companies around the world concluded the agreement, and Aeon became the third company in Japan. On the occasion of signing the Global Framework Agreement, the four parties will jointly promote their efforts on labor, human rights, and the environment so as to become a role model for the labor-management relationship in Asia.



Interview on conclusion of Global Framework Agreements

Helping Employees Maintain or Improve Their Health

Aeon is working to ensure that all of its employees receive regular health exams and that it thoroughly conducts followup, which includes recommendations for additional medical screenings and work schedule adjustments based on the results of the exams, in order to properly manage employees’ health in compliance with the provisions of Japan’s Industrial Safety and Health Act.

To help employees maintain or improve their health, we also have developed an insurance program to provide more comprehensive health exams to employees over the age of 40 that are enrolled in Aeon’s corporate health insurance society. We also hold an annual Health Challenge Campaign for all enrolled members and have implemented initiatives to make activities to improve health into a habit in everyday life.

A counselling office is provided to support good mental health as part of the member services provided by the Aeon Good Life Club, Aeon’s mutual aid society.

Employee Satisfaction Survey

In 2012 and 2013, an employee satisfaction survey on morale was conducted targeting all Aeon Group employees. The results of this survey and employee feedback will be utilized to develop our organization and systems to improve motivation and make our workplaces more employee-friendly to enhance employee and customer satisfaction.

In FY2014, each company worked to further enhance employee satisfaction by drafting and implementing concrete measures to enhance satisfaction based on the results from the last two surveys.

In FY2015, we are conducting an employee satisfaction survey targeting approximately 240,000 employees at the 74 main Group companies in Japan.

Training Programs Supporting the Growth of Employees

Aeon believes that the greatest form of welfare is education. This phrase embodies the thought that education, in addition to wages and benefits, is key to enriching the lives of its employees. Given this, we have created a wide range of training programs that support the growth of employees and their desire for advancement.

In addition, we have created a system for employees to meet twice a year with their supervisors to discuss and reflect on their work performance and work challenges, and to look ahead to their future aspirations. There are also regular assessments of individual work results and career achievements.

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 FY2014, the system was implemented targeting the senior management level at 38 Group 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.

Global Trainee System

Under this system, Aeon posts outstanding human resources across national borders to Group companies in Japan, China and ASEAN in order to train the future leaders of the overseas business and human resources with the ability to act at the global level. The aim is acquisition of essential knowledge and skills through operational experience and training overseas.

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. 18 courses were held in FY2014 and up to 528 people attended.

Group Recruitment System

This system enables personnel to challenge the business and job position they aspire to without being restricted by the domain or company they belong to. In FY2014, recruitment was conducted for the junior employee overseas dispatch program and other opportunities at various new businesses

within A. Colle Co., Ltd., RO.U CO., LTD. AEON LIFE CO., LTD., AEON Integrated Business Service Co., Ltd. and the Global Trainee system.

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.



Sengyo-shi skill competition

Internal Certifications and Number of Holders*
(As of February 28, 2015)

◎Fresh fish master (grade 1)	16	• Senior cycle advisor	245
◎Fresh fish master (grade 2)	1,568	• Beauty advisor	698
◎Fresh fish master (grade 3)	3,023	• Handcraft advisor	489
• Baby advisor	659	• Senior care advisor	115
• Fashion advisor	1,045	◎Hot deli master	2,434
• Liquor advisor	622	◎Sushi master	2,313
• Fish advisor	362	◎Farm product master	1,061
• Digital advisor	287	◎Greenery master	542
• Home appliance advisor	88	◎Gardening master	312
• General appliance advisor	48	• Energy Advisor	Total 450
• Cycle advisor	1,288		

◎ denotes qualifications accredited by the Ministry of Health, Labor and Welfare.
* Total for Aeon Retail Co., Ltd., AEON SUPERCENTER Co., Ltd., Aeon Hokkaido Corporation, AEON KYUSHU CO., LTD., AEON RYUKYU CO., LTD., Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Kyusyu Co., Ltd., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., Maxvalu Nishinohon Co., Ltd. AEON BIG CO., LTD, TAKIYA Co., Ltd, KOHYO CO., LTD., AEONLIQUOR Co., Ltd., AEONBIKE Co., Ltd., (19 companies)

Aeon DNA University

In September 2012, Aeon instituted the Aeon DNA University to train the next generation of Aeon management by instilling the philosophy and values of the company passed down since its founding. Group CEO Motoya Okada himself is an instructor at the university.

In FY2014, the fourth class graduated in March 2014, and the fifth class graduated in September 2014, with a total of 100 students completing the course as of September 30, 2015.

Students will receive in-depth instruction into Aeon’s DNA and will contribute to Aeon’s future growth as the next generation of managers.



DNA University Class