

Basing Actions on our Company mission statement of “Supporting the Local Community through Commerce”

The Origin of Aeon’s CSR Activities Engaging in “Responsible Initiatives” while Expanding our Business

Aeon’s predecessor company, JUSCO, Inc., came into being in 1969, as the result of a merger between three companies—Okada, Inc., Futagi, Inc., and Shiro, Inc. JUSCO expanded business with the mission statement at the time of ‘Supporting the Local Community through Commerce.’ Since that time, the Aeon Group has grown its business and partnered with companies that share its aspirations for moving retail into more corporate, modern, and industrial forms. In the past 46 years, sales have increased from 500 million JPY to 8 trillion JPY, the number of stores has expanded from 70 to 20,476, and the number of employees has increased from 4,000 to approximately 520,000.

While charting this course, Aeon has generated new strength for responding to changes in the times by bringing together a work force with a diverse array of skills. In order to continue providing safe and reassuring products, we have constantly increased our emphasis on and recognition of “responsible initiatives” along with business expansion. In alliance with our business partners and many stakeholders, we have remained aware of the importance of increasing value, such as the quality of products, and of the growing expectations from society for our role in providing employment and protecting the environment as the scale of our business increases.

The Origin of Tree Planting Activities Carrying the Source of Wealth forward into the Future

In the 1960s, Takuya Okada, then president of JUSCO (present day AEON) and currently Aeon Honorary Chairman and Advisor, noticed that the Nandina Heavenly Bamboo flowers in the garden of his home had stopped blooming. He assumed that was a result of the earth’s changing environment. He also felt a sense of crisis, realizing that the pollution accompanying economic growth would create social problems and that the loss of nature’s richness would be connected with a loss of sources of wealth. The result was contemplation on how a retailer could improve the situation, and establishment of The Aeon Hometown Forests Program. Based on our reflection, we started the tree planting activity in 1991. By planting trees with local customers, the Company was able to work side by side with local residents, deepen connections, and share a peaceful sense of joy while recognizing the importance of nature. Mr. Okada’s idea was to incorporate implementation of the Aeon Basic Principles in tree planting activities.

1989-2001

Building a CSR Promotion Framework and Launching New Initiatives

Starting with Trees—Embarking on Many Activities Leading to Today’s CSR Initiatives

In order to carry out corporate activities befitting of a retailer representing Japan as well as Asia, and to continue to be a retailer consistently delivering vital value in the form of “richness,” Aeon has proceeded to build a framework since the latter 1980s for engaging in CSR activities as an organization.

In 1989, the Aeon Group 1% Club (the present AEON 1% Club Foundation) was established (see p.4) and in 1990 the JUSCO Earth-Friendly Committee was formed, along with the Aeon Group Environment Foundation, the present AEON Environment Foundation (see p.4).

Building on this framework, the Aeon Hometown Forests Program was started in 1991, followed by the Bring Your Own Shopping Bag Campaign and the Collecting Recyclable Resources at Stores Campaign. In 2000, we received ISO 14001 certification for our environmental management system. In this way, Aeon has embarked on environmental conservation and many other activities leading up to today’s CSR initiatives.

- 1989 Established the Aeon Group 1% Club Foundation
- 1990 Established the JUSCO Earth-Friendly Committee
Established the Aeon Group Environmental Foundation
- 1991 Initiated the Aeon Hometown Forests Program
Started Clean & Green activities
Commenced the “Bring Your Own Shopping Bag” Campaign on a trial basis as well as launched the experimental “Collecting Recyclable Resources at Stores” Campaign.
- 2000 Acquired the international standard ISO14001 certification for environmental management
- 2001 Started the Aeon Happy Yellow Receipt Campaign

2002-2008

Expanding Activities from a Global Perspective

Launching Initiatives Incorporating the 10 Principles of the United Nations Global Compact

With a view to reinforcing its global perspective on CSR, Aeon in 2004 became Japan’s first retailer to sign the United Nations Global Compact. Based on the 10 Principles outlined in the United Nations Global Compact, Aeon formulated its “Aeon Supplier Code of Conduct” (CoC) (see p.75), and acquired SA8000 certification (see p.79), an international standard related to human rights and labor conditions. Building on these activities, Aeon and three labor organizations, including the international labor body UNI Global Union, signed the Global Framework Agreement on labor practices, human rights, and the environment in 2014.

Since 2008, Aeon has participated in the Supply Chain Sub-Committee of the Global Compact Japan Network in order to promote CSR together with our supply chain partners. Dialog with member companies is ongoing.



- 2003 Formulated the Aeon Supplier CoC (Code of Conduct)
- 2004 Endorsed the United Nations Global Compact
Acquired the international standard SA8000 certification for evaluating work environments

2008-2010

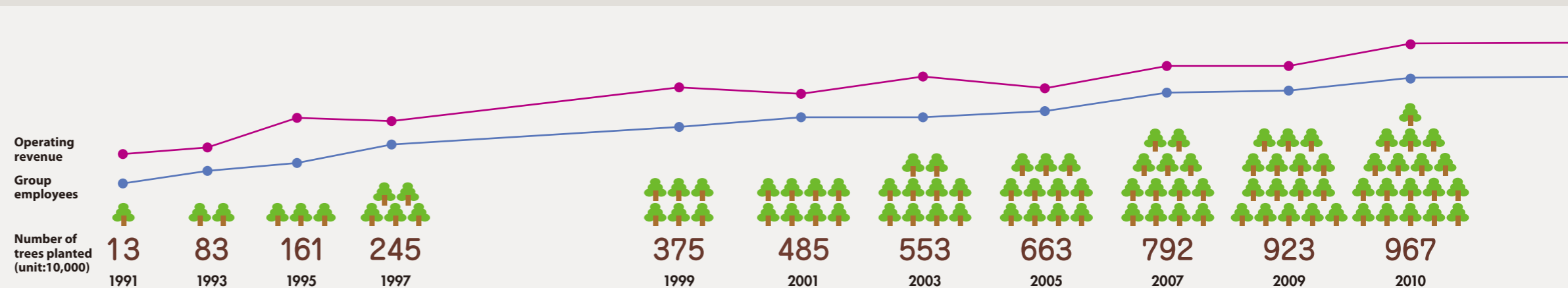
Promoting More Group-wide and Planned Activities

Formulating Aeon Group Principles Concerning Biodiversity and the Prevention of Global Warming

In 2008, we announced the Aeon Manifesto on the Prevention of Global Warming, the first Japanese retailer set specific targets for CO₂ emission reduction. Through initiatives in our stores (developing Eco Stores, etc.), in our products (conserving resources used in packaging materials and changing transportation methods), and with our customers (planting trees at Aeon stores), we were able to achieve the FY 2012 reduction target of a 30% (1.85 million tons-CO₂) cut, in comparison with FY 2006 levels, one year early in FY 2011. At present, we are moving forward not only with environmental conservation initiatives, but have also added the Aeon Eco Project (see p.37), as part of our effort for stores to be emergency lifeline centers.

Furthermore, we formulated the Aeon Biodiversity Principle in 2010, the year that COP10 (the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity) was held in Japan. Aeon continues to develop and sell biodiversity-responsive products with MSC (Marine Stewardship Council), ASC (Aquaculture Stewardship Council), and FSC (Forest Stewardship Council) certifications, and creates stores conscious of protecting and rejuvenating ecosystems.

- 2008 Formulated the Aeon Manifesto on the Prevention of Global Warming
- 2010 Formulated the Aeon Biodiversity Principle



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

Stepping Up Key Issue Initiatives Based on the Aeon Sustainability Principle

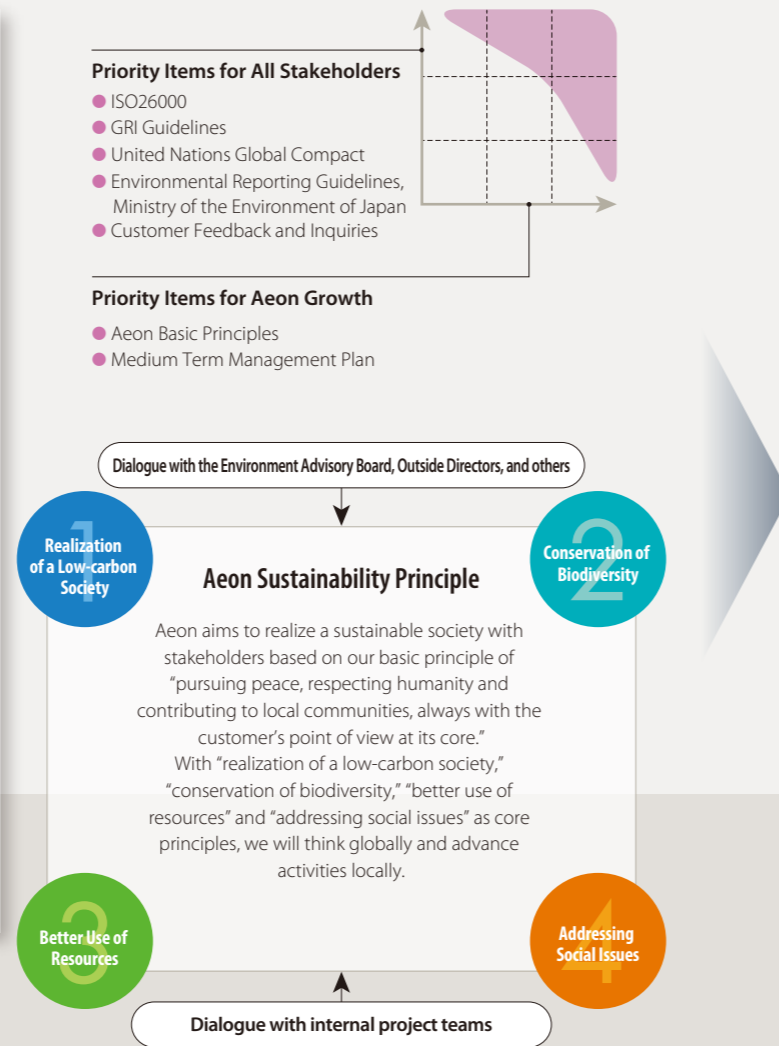
2011-2013

Striving for Group Growth and Societal Development

'4 Key Issues' for Sustainable Management

As the globalization of our business continues to make great strides and our impact on the environment and society rise to new levels, we are more actively promoting CSR initiatives Group-wide. In March 2011, we formulated and announced the Aeon Sustainability Principle seeking to achieve sustainable management that satisfies both group growth and societal development. In March 2011, Aeon CO., LTD. formulated and announced the Aeon Sustainability Principle. In formulating the Principle, we took into account worldwide megatrends, the changing values of people, social issues addressed in the UN Millennium Development Goals, initiatives and guidelines regarding social responsibility, such as ISO 26000, as well as the basic content of our new Medium-term Management Plan. Deliberations took place by stakeholders inside and outside the company, such as our Environmental Advisory Board, outside Directors, and Aeon people involved with CSR activities. Along with determining the 4 Key Issues for the Aeon Group, we set Medium- and long-term key performance indicators (KPI) for each Key Issue, and publicize our progress every year in our Aeon Environmental and Social Report.

- 2011 Established Aeon Sustainability Principle
- 2012 Started Aeon Eco Project
- 2014 Formulated the Aeon Sustainable Procurement Principle
Global Framework Agreements
Joined forces with the United Nations Industrial Development Organization (UNIDO) to extend CSR programs in Malaysia

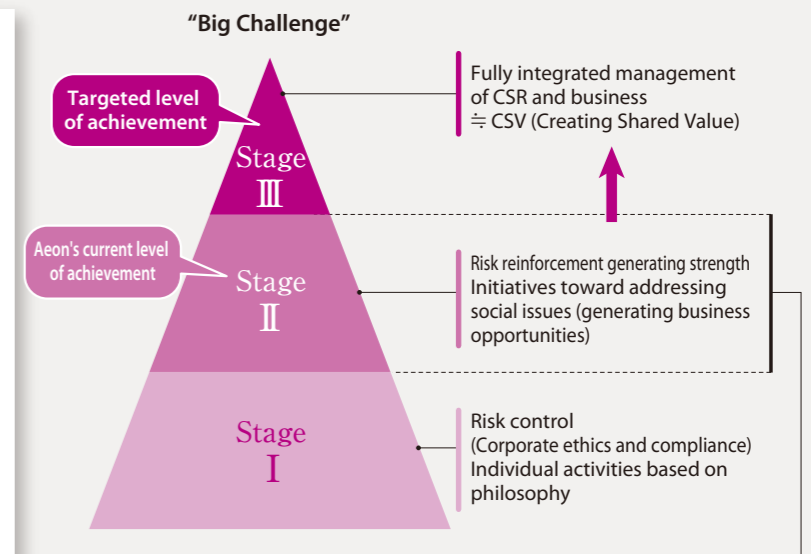


2014-2020

Putting sustainability management into practice

Launching "Big Challenge"—Our Targets for 2020

In order to further advance our sustainability management while responding to the changes in the social environment and the business environment, Aeon assessed the results of its current CSR activity level as "Stage II" in 2014. This refers to a three-stage classification system where Stage I denotes business management that controls risk in social, environmental, and economic terms; Stage II denotes CSR activities as functioning to solve social issues and providing the opportunity for growth; and Stage III denotes CSR activities and business activities being managed in a fully integrated fashion. Aeon announced its "Big Challenge" comprising 10 categories that need to be achieved for Stage III by 2020. In addition, we are periodically holding dialogues (see p.11) with our stakeholders (including external experts), discussing our progress on these activities and receiving advice on how to proceed going forward. We are also reviewing priority challenges in the future based on the Sustainable Development Goals (SDGs) adopted by the United Nations in September 2015 and the new international framework related to climate change (Paris Agreement) adopted at COP21 in December. Aeon will continue to promote dialogue with stakeholders inside and outside the Company. While not settling for the status quo, we will endeavor toward responsible corporate conduct befitting Asia's pre-eminent retailer.



10 categories "Big Challenge 2020"

- 1 Realization of a Low-carbon Society**
 - Promoting the Aeon Eco Project (★)
 - Implementing the Aeon Natural Refrigerants Declaration
 - Reducing CO₂ in our products and services
- 2 Conservation of Biodiversity**
 - Formulation of Sustainable Procurement Guidelines (★)
 - Next 10 million trees (Circulation Program of Aeon Forest)(★)
- 3 Better Use of Resources**
 - Zero waste (★)
- 4 Addressing Social Issues**
 - Proposing ideas for healthy lifestyles
 - Building a social brand
 - Expanding employment of non-Japanese employees
 - Raising our female manager ratio

★ Items of Particular Focus in FY 2016 that Targets Stage III

