



## Key Issue 4

# 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 also working on via various initiatives to help resolve social issues through dialogue held with its various stakeholders.

### Aeon's Approach

Aeon, as a member of the local community and international community, aims to solve a variety of social issues through its business activities. Within "addressing social issues", we have set the following 4 efforts as pillars to cut to ISO26000 core subjects.

#### • Community Involvement

Aeon gives back to local communities by improving community promotion 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. We have also been working continuously on reconstruction assistance in Tohoku region since the Great East Japan Earthquake.

#### • 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

We thoroughly do quality management of "TOPVALU" so the safety and security of our customers will be top priority. We are also working on safe and comfortable store building.

#### • 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 employees in Japan and overseas to interact and network with one another. We are also focusing on making a worker-friendly work environment.

In addition, Aeon major group companies contribute 1% of their pre-tax profits, and they are supporting and participating in social contribution activities carried out by the AEON 1% Club.

### 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.

### FY2015 KPI Progress

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2015 Results	Summary of Actions/Initiatives in FY2015
Community Involvement	Making Contributions to Local Communities	Aeon Yellow Receipt Campaign Submission Rate	Consolidated Group companies in Japan for GMS, SM and DS businesses	FY 2015: Submission rate of 20% or more in the GMS all stores Submission rate of 15% or more in the SM/DS all stores  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	GMS: Submission rate of 20% or more in 366 stores (Entire rate 62.4%) SM/DS: Submission rate of 15% or more in 175 stores (Entire rate 35.5%)	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	FY 2015: Development of handling plan-ning of regional products • Model building in PB	Food Artisan products: ASC: 25 prefectures, 35 items	Local goods such as "Red picked tomatoes" produced in Taketa-shi and Usuki-shi, Oita Prefecture and "silk-skin eggplants" produced in Saijo-shi, Ehime Prefecture are sold.
	Develop the Human Resources of the Future	Number of activities by the Aeon Cheers Club	Consolidated GMS companies and some SM companies in Japan	Conducted more than four times the activities in all stores to carry out the activities	Stores with more than 4 activities/year: 343 stores (overall 77.8%)	1) Strengthening of basic and thorough management foundation of • Implementation of "Aeon Cheers Club start expression" in all stores • Strengthening of skills training coordinators 2) Strengthening of programs in conjunction with business activities such as "TOPVALU", "Food Artisan", "Aeon Agri Farm" 3) Strengthening of publicity
Great East Japan Earthquake reconstruction	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	39,282 trees (Total 146,279 trees)	Implement tree planting activities to reproduce coastal forests lost in a tsunami in cooperation with governments (country, prefecture, municipalities)
	Tohoku earthquake reconstruction assistance ~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	58,675 people (Total 196,728 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 2015: 8 in Japan, 30 overseas	8 in Japan (31 overseas)	1) Implement group training for all auditors in the China and ASEAN districts, and improve auditing skills 2) Train auditor leaders in each region, and upgrade a system that can respond in each region to give education to new auditors 3) Develop overseas affiliates, and strengthen training of "overseas sales TOPVALU full-time auditors" who audit contract manufacturing plants that sell TOPVALU products
	Strengthening the Social Value of Our Brand	Strengthening of fair trade products	TOPVALU products	Trading volume of International Fair Trade certification cacao: 40 tons by FY 2020 (10 times compared with FY 2012)	5 times the trading volume of International Fair Trade certification cacao: (Compared with FY 2012)	Participate in the International Fair Trade "Fair Trade Procurement Program", and expand the fair trade raw material procurement amount

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2015 Results	Summary of Actions/Initiatives in FY2015
Consumer Issues	Safe Food and Reliable Products	Number of TOPVALU Products Removed due to Serious Incident	Consolidated Group companies in Japan and overseas (Japan, China, ASEAN)	FY 2020: 30 (apparel: 12; food: 8; living / HSC: 10)	48 (apparel: 17; food: 14; living / HBC: 17) *Improvement results through implementation of a challenge extraction meeting	Hold a TOPVALU customer voice committee meeting and aggregate requests/comments, and fix defects by concentrating discussions with projects that need to be resolved in particular
	Store Safety and Security	Safety and Security Infrastructure Development	Consolidated Group companies in Japan for GMS, SM and DV businesses	Number of stores reinforced against earthquakes: Since FY 2013: Steadily complete work at 270 applicable stores	Implementation completed in 107 stores up to FY 2015	In order to reduce the enormous damage during the earthquake, there has been implementation of work such as making ceilings steady, preventing falls of items such as hot and cold water pipes, prevention of smoke vent ducts falling out, and installation of non-combustible wall sheets
	Serving as a form of lifestyle 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	In a total of 7 new and existing stores such as Aeon Mall Okinawa Rycom and the Aeon Komaki Store Development has already been implemented in 27 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 FY 2020: 2,420 Number of compliments FY 2020: 2,900	Number of service complaints 10,381 Number of compliments 2,060	1) Increase opinions through Internet email 2) Analyzes the complaint content and trend of customer feedback, and it is possible to carry out the report and share to the relevant departments, review measures to prevent recurrence, as well as to implement correspondence
		Number of Products Developed / Improved based on Customer Feedback	Consolidated Group companies in Japan and overseas	FY 2020: 180	125	In weekly regular meeting by the relevant departments, use of the Product improvement and development share the voice of our customers
Human Rights / Labor Practices	Providing Products to Support Our Customers' Healthy Life	Health-Consious Initiatives	Consolidated Group companies in Japan and overseas	FY 2015: New product development plans and product development planning in line with the concept of "Health & Wellness"	Low carbohydrate generic item products, about 15 items sold (as of the end of April 2016)	Strengthening development of "low carbohydrate" products with reduced carbohydrates in generic items
	Promoting Diversity	Female Manager Ratio	Consolidated Group companies in Japan and overseas	FY 2016: 30% FY 2020: 50%	Female Manager Ratio: 22% 5,887 people	1) Group diversity promotion: officers/leaders gather 4 times a year to conduct a meeting and share information 2) Hold a seminar for women and managers in order to solve common group issues 3) Held a diversity award, which recognizes each company's efforts 4) Expanding installation of workplace childcare facilities
		Group International People to People Exchange Programs	Consolidated Group companies in Japan and overseas	FY 2016 (Target) Total 600 people, FY 2020 (Target) Total 1,500 people	2013-2015: Total 288 people	1) Implementation of a group public offering for young overseas dispatch and overseas companies 2) Centralized management of human resources information
		Employment Rate for People with Disabilities and the Number of People	Consolidated Group companies in Japan	FY 2020: more than 3.0%, 10,000 people	Employment Rate for People with Disabilities: 2.16%, 6,341 people (As of June 1st, 2016)	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 the number of companies certified to use the Kurumin logo)	Companies that acquired Kurumin: 13 Group Companies Companies that acquired Platinum Kurumin: 1 company	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. The "Aeon Happiness Yellow Receipt Campaign" started from these feelings. 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 FY 2015, the Campaign had expanded to include 1,670 stores, and we contributed goods worth approximately 289.85 million JPY to a total of around 24,000 organizations. Of participating stores, 32.6% had a submission rate of at least 20%, a target which has been established as a KPI.

Since the Campaign's inception in 2001, 242,600 organizations have received support totaling around 2,784.21 million JPY.

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.

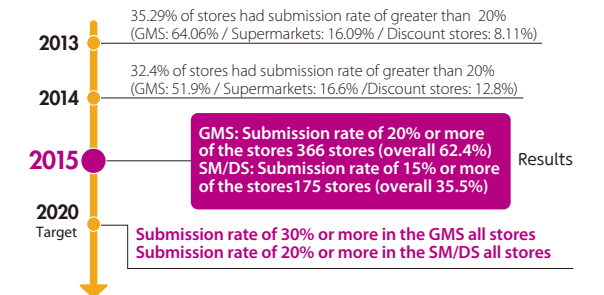
1. Activities to promote welfare
2. Activities to promote environmental preservation and environmental education
3. Activities to promote urban development
4. Activities to advance arts and culture
5. Activities to enhance the health and safety of children

#### How Aeon Happy Yellow Receipt Campaign works



#### FY 2015 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.

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



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.

In FY 2015, the AEON 1% Club Foundation supported festivals and local events such as 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.



Sansa Festival (Iwate Prefecture)





## Issuing Local WAON Cards

WAON is a system of e-money pre-paid cards available at over 246,000 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 February 2016, there are 109 different Local WAON card programs featuring wonderful local color. The aggregate amount of local contributions comes to about 665 million JPY.

A total of over 56 million cards (as of the end of February 2016) 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 Current as of the end of February 2016



### Sample of Local WAON cards issued in FY 2015



"Tonami Tulip WAON"  
Part of the money used will be donated to flower and green town development in Tonami-shi, Toyama Prefecture.

"Karatsu Karawan WAON"  
Part of the money used will be donated to efforts related to the healthy development of children responsible for the future of Karatsu-shi, Saga Prefecture

## 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. The first agreement was concluded in June 2010 with the Osaka prefectural government. At the end of February 2016, 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 upon request, 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 the end of February 2016, we directly deal with five fishery cooperatives.\*

Provision of "fresh fish caught in the morning" started from July 2013. By arranging fresh fish that landed in the morning over-the-counter in the afternoon of the same day, we enjoy giving fresh fish to homes. We provide delicious menu suggestions for children who don't like to eat fish as well.

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. We do minced fish processing of rockfish caught in season, and we have new plans for the sale of minced fish containing natural tuna.

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 the end of February 2016, food artisan activities have covered 25 prefectures and 35 dishes, whose unique local flavors are being delivered to the dinner tables of people across Japan.



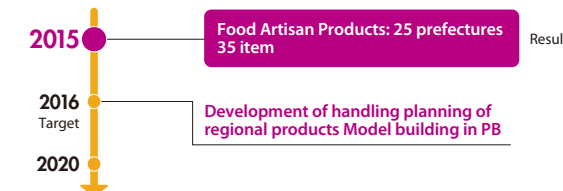
"Red picking tomatoes"  
"Red picking tomatoes" have been grown in Usuki-shi and Taketa-shi, Oita Prefecture. They are picked when they become red and are delivered to our customers in the most delicious state.



"Silk-skin eggplant"  
"Silk-skin eggplant" fostered by "stamping" in the spring water of Saijo-shi, Ehime Prefecture, which is referred to as the "City of Water". Its features are soft skin and a smooth feeling when being eaten.

### FY 2015 Results and Target of KPI

#### Handling of region-specific products



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

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 each Aeon Group store across Japan. Aeon launched "regional rice balls" in March 2015, and it has provided specialties and famous products of regional areas in 1,400 stores and 47 prefectures from Hokkaido to Okinawa.

Aeon will also respect the diversity of regional food culture in the future. We are promoting a variety of initiatives towards regional revitalization through measures such as improving the

assorted expansion of local products that are "delicious", "fresh and good" and "safe and secure" to customers hand in hand with our regional producers.



Kagawa Prefecture Udonashi rice ball Gunma Prefecture Green onion rice ball

## Aeon Welfare Fund Supporting Disabled Persons 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-JPY monthly employee contributions matched by the employer. As of the end of February 2016, 63,250 Aeon employees from 89 companies are participating in this program.

In FY 2015, neighborhood welfare facilities for people with disabilities were presented with welfare vehicles upon opening new stores. This brings the total number of donated special vehicles to 63 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. About 10,981 facilities have been visited so far.



Welfare vehicle presentation ceremony

## 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 the end of May 2016, disaster prevention agreements have been signed with about 700 municipalities around Japan, and they will provide parking spaces as evacuation sites or provide relief supplies during a disaster. We are also strengthening cooperation and cooperating in local disaster prevention activities such as implementing disaster prevention training in addition to joint activities.





## 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 the end of February 2016). 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 is implementing items such as the presentation of disaster reconstruction assistance funds as a way for disaster victims and regions affected by events such as a large-scale disaster to return to everyday life as soon as possible. Fund raising activities are also carried out in stores at Aeon Group companies.

In FY 2015, in response to the Nepal earthquake that occurred in April, emergency financial assistance of 10 million JPY was presented to the Embassy of Nepal in Japan. In addition to this, we conducted fund-raising across the country at about 9,600 locations. With the same amount of donations being matched, we donated a total of 108,748,194 JPY.

Emergency assistance of 5 million JPY was donated to Ibaraki Prefecture, Tochigi Prefecture and Miyagi Prefecture respectively in response to damage due to record heavy rain in the Kanto and Tohoku regions. Additionally, a total of 49,340,952 JPY in funds raised from customers around Japan were presented to the three prefectures.



Presenting disaster relief assistance money

## 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 FY 2015 was “Plants.” Around 440 clubs and around 7,900 students from all over Japan participated in the activities. In July and August 2015, the Aeon Cheers Club National Meetings were held in Okinawa and Hokkaido respectively. 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 addition, AEON Retail Co., Ltd. clothing shop “SELF + SERVICE” products were picked up and a “friendly organic cotton program to a people-friendly earth” program is implemented as an educational program with the theme of “Plants.” Members learned about topics such as commodity production and cultivation methods until organic cotton can be made while touching material and SELF + SERVICE goods. About 230 Cheers Club members in 22 stores around Japan participated in this program.

In FY 2016, we will be working on activities under the theme “Animals.”



National meeting in Hokkaido



Survey of aquatic plants in the plant program

### FY 2015 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. The Project has children visiting TOPVALU Gurinai production sites around Japan and AEON AGRI CREATE Co., Ltd. farms. Its objective is for the children to have fun while learning about the commitment to taste and the ingenuity in order to have safe, secure and environmentally conscious vegetable production through agricultural experiences such as vegetable harvesting and packaging operation. As of the end of February 2016, a total of 4,322 students have participated in the project in 93 production sites.

In FY2015, 1,054 children from Aeon Cheers Clubs representing 65 stores across Japan took part in the 30 sessions held at 23 production sites.

We will also continue to offer this project in FY 2016.

In addition, the Aeon Cheers Club Farmers Program, where children can consistently learn about the process of growing agricultural products, will be conducted at the Aeon Mie Inabe Farm in the Tokai area and the Aeon Mikisato Cooperative Farm in the Kinki area.



Experience harvesting of pumpkin

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

AEON 1% Club Foundation

AEON 1% Club Foundation held an 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.

Following FY 2014, this training will be conducted in FY 2015 in Yakushima, which has been designated as a World Natural Heritage Site, in Kagoshima Prefecture. In addition to the 40 contest winners, 4 junior high school students selected from children who are doing Aeon Cheers Club activities in Malaysia will also participate. 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 2016, the Junior High School Student Environmental Essay Contest will be held from September to October and the biodiversity training program is scheduled to take place again on Yakushima in March 2017.



Biodiversity training tour on Yakushima

### Aeon's training 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 Sukusuku Laboratory

AEON 1% Club Foundation

AEON 1% Club Foundation has been organizing the Aeon Sukusuku Laboratory yearly at Aeon shopping centers since FY2007. 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 FY 2015, Aeon Sukusuku Laboratory was held in four cities across Japan. A total of 593 attended the four sessions, including 374 adults and 219 children. As of the end of February 2016, the Aeon Sukusuku Laboratory had been held a cumulative total of 42 times with a cumulative total of approximately 8,600 participants.

In FY 2016, 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

## TOPVALU Rice Project

The TOPVALU Rice Project was conducted at four schools in four prefectures with the hope for the children to learn about the nature we are blessed with and the importance of food through the cultivation of rice. This is an ongoing effort undertaken with local agricultural cooperatives and educational committees 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 with activities tailored to each region of each prefecture.

At Hayami Elementary School 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 retail marketing 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)

## 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 FY2015, 2,052 high school students from 18 countries, including Japan, had participated. A total of three programs have been held annually, comprising of two for ASEAN countries and one for China.

In FY2015, high school students from Laos, Cambodia, China and Japan participated. In FY2016, we plan to conduct mutual exchanges with students in Myanmar, Vietnam and China.

### Japan - Laos Teenage Ambassadors

In July 2015, 20 high school students from Uji City, Kyoto visited Laos for an exchange with Vientiane High School students in Vientiane City, which is the capital of Laos. Later in September 2015, the same Laotian high school students visited their counterparts in Japan to deepen their friendship.



Japanese high school students talking with host families

### Japan - Cambodia Teenage Ambassadors

In January 2016, 20 Cambodian high school students came to Japan and interacted with Japanese high school students in Sapporo, Hokkaido. Later in March 2015, the same high school students from Sapporo, Hokkaido visited their counterparts in Cambodia to deepen their friendship.



Japanese high school students presenting a memento to Deputy Prime Minister Sok An

### Japan - China Teenage Ambassadors

This program was originally part of the Teenage Ambassador program, but branched off into its standalone exchange activities 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 FY 2015, an exchange between a total of 120 participants was had with 60 high school students from Beijing, Wuhan, and Suzhou, China and 60 high school students from Tokyo and Chiba. In Japan in July and China in October, the students deepened mutual understanding through courtesy calls to the embassy and cultural experiences. In FY 2016, we plan to conduct an exchange between a total of 140 participants with 70 high school students from Beijing, Wuhan, and Qingdao and 70 high school students from Tokyo, Chiba, Hokkaido, and Oita for a cumulative total of 1,050 participants.



Chinese high school students participating in a Japanese high school English class

## Aeon eco-1 Grand Prix

AEON 1% Club Foundation

Aeon instituted the Aeon eco-1 Grand Prix to raise environmental consciousness and proliferate ecological activities by providing high school students who are engaged in daily environmental activities with a forum to report their achievements and learn about the efforts at other schools.

FY 2015 is the fourth year the Grand Prix has been held with 130 entries from 126 schools. 14 schools were then 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, an "Environmental Ring" school registration system was newly established to promote cooperation of high schools all over the country and exchange information. Roughly 155 schools are registered as participants. In FY2016, we established an Easy Entry system to allow schools without any familiarity in eco activities to participate easily and further expand the Environmental Ring.



Prime Minister's Award, "Education and Awareness Category" Iwate Prefectural Morioka Agricultural High School



Prime Minister's Award, "Research and Special Topics Category" Hyogo Prefectural Sasayama Shinonome High School

## Aeon Scholarship Program

AEON 1% Club Foundation

The AEON 1% Club Foundation has held the benefit-type Aeon Scholarship Program since 2006 for students from countries throughout Asia as well as privately financed international students from Asia to study in Japan. Economic support throughout the year is of course provided along with assistance for further growth in students' futures by holding seminars such as discussion workshops as well as offering opportunities to participate in volunteer activities.

To date, we have provided scholarships to 4,393 students in attending 34 universities in seven countries; Japan, China, Thailand, Vietnam, Indonesia, Cambodia, and Myanmar.

Scholarship graduates have gone on to work in specialized fields as a bridge between Japan and their home country.



Certificate award ceremony in Hanoi, Vietnam

## Asia Youth Leaders

AEON 1% Club Foundation

Asia Youth Leaders is a program to advocate solutions to governments in the host country by bringing together the next-generation of high school students from Japan and the rest of Asia to discuss ways to resolve the environmental and social issues of that country. This program provides opportunities for participants to learn about diverse values through multi-national debate while nurturing a global

perspective and self-motivated action to resolve issues.

In FY2015, students from Japan, China, Indonesia, Malaysia, Thailand, and Vietnam debated urban beautification and waste issues in Tianjin, China.

After field work that included touring a waste processing facility and interviews regarding the separation of garbage by citizens, the high school students presented an enlightenment campaign from the standpoint of city residence to improve the waste problems. The college students gathered and presented specific governmental policies to overcome the issues from a political perspective.

This program was initiated in FY2010 under the name "ASEAN University Students Environmental Forum," and a total of 534 students from six countries have participated to date. In FY2016, we plan to hold this forum in Bangkok, Thailand with the theme of "water conservation issues".



Multi-national team discussions between students



Students giving proposal to Tianjin City officials

## 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 FY 2015, the fourth forum, a total of 90 students of Royal University of Phnom Penh (Cambodia), 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 Vietnam under the theme "Biodiversity and Humanity".

The students discussed the ideal form of environmental conservation and the coexistence with nature, undertook field work in Hanoi, Ninh-binh, and at the world heritage of Hạ Long Bay, held lectures from experts, and conducted interviews with people of the community.

In FY2016, we plan to hold the Environmental Platform in Japan under the theme of "Biodiversity and Wisdom".



Students exchanging ideas about biodiversity





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 projects since 2000 in Asian countries, which lack educational facilities.

With the cooperation from customers, we have helped construct a total of 393 elementary schools in Cambodia, Nepal, Laos, Vietnam and Myanmar by the end of February 2016. In addition to school buildings, we are supporting faculty education and assisting with plumbing facilities.

We supported the construction of three schools in FY2015, which was the final fiscal year of our three year plan in Myanmar. AEON 1% Club Foundation has added the same amount of the donations collected through “Myanmar School Construction Support Project”, and sent the added amount to the Japan Committee for UNICEF. By the end of October 2015 in Myanmar as well, 35 schools were opened and around 320,000 children are learning there.

In FY2016, we plan to support the construction of schools in both Nepal and 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, Laos, and Myanmar, 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 FY2015, 19,247,501 JPY in donations from customers, an equivalent in donations from the AEON 1% Club Foundation, and a total of 1,844,160 JPY of donations from 5-JPY 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 378,000 people in the three countries of Cambodia and Laos as well as Myanmar would 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 2016, this same campaign is planned to be held.



Villagers using the newly installed water supply tap (Laos)  
©UNICEF/Laos/2014/S.Nazer



PET Bottle Cap Collection Campaign

Aeon collects PET bottle caps from customers at its stores from 2008. The caps are converted into money as recycling resources, which is then donated to three international support organizations<sup>\*1</sup>. This effort plays a role in supporting the children in developing Asian countries.

In FY2015, 5,179,649 JPY from 375.46 million<sup>\*2</sup> bottle caps was donated to these organizations. The funds will provide vaccines, nutritious food, and books to children in Asia.

<sup>\*1</sup> The three international organizations are:

- Plan International Japan
- Save the Children Japan
- Vaccines to children around the world Japan Committee

<sup>\*2</sup> Caps collected from March 1, 2015 through February 29, 2016.



Nutritious food for children in Vietnam  
© Save the Children Japan



Children in Vietnam receiving training about using the library  
©Plan International



Vaccinations to children of Mon people in Laos  
©JCV



Fundraising Activities (FY2015)

Activity	Activity period	Number of participating stores and locations	Funds raised from customers and employees	AEON 1% Club Contributions	Total Amount	Donees
Donation to the school establishment support in Myanmar	April 4, 2015 to June 7, 2015	9,696	28,702,025 JPY	10,000,000 JPY	38,702,025 JPY	ADRA Japan specified non-profit corporation
Nepal Earthquake Emergency Relief Fund	April 24, 2015 to May 10, 2015	9,600	54,374,097 JPY	64,374,097 JPY	118,748,194 JPY	Federal Democratic Republic of Nepal Embassy
Kanto-Tohoku Heavy Rainfall Disaster Emergency Relief Fund	September 11, 2015 to September 30, 2015	7,568	49,340,952 JPY	15,000,000 JPY	64,340,952 JPY	Ibaraki, Tochigi, and Miyagi prefecture
Aeon and UNICEF Safe Water Campaign Fund	October 11, 2015 to November 15, 2015	8,000	19,247,501 JPY	21,091,661 JPY	40,339,162 JPY	The Japan Committee for UNICEF
Disability manufacturing support-fund	February 10, 2016 to March 13, 2015	9,000	22,584,904 JPY	10,000,000 JPY	32,584,904 JPY	Association of Aid and Relief, Japan (AAR Japan)
24-hour television 38 fundraising	June 10, 2015 to August 30, 2015	11,916	285,585,894 JPY	-	285,585,894 JPY	24-Hour Television Charity Committee
Total			459,835,373 JPY	120,465,758 JPY	580,301,131 JPY	

Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees	Accumulated funds	Donees
Red Feather Community Chest	October 1, 2015 to December 31, 2015	18,355,723 JPY	274,468,001 JPY	The Central Community Chest of Japan

Kumamoto Earthquake Relief Fundraising

Activity	Activity period	Number of participating stores and locations	Funds raised from customers and employees	AEON 1% Club Contributions	Total Amount	Donees
Kumamoto Earthquake Emergency Relief Fund Round 1	April 15, 2016 to April 24, 2015	8,683	187,243,283 JPY	100,000,000 JPY	287,243,283 JPY	Kumamoto prefecture
Kumamoto-Oita Earthquake Emergency Relief Fund Round 2	April 25, 2016 to May 31, 2015	10,120	248,891,036 JPY	73,384,635 JPY	322,275,671 JPY	Kumamoto and Oita prefectures
Total			436,134,319 JPY	173,384,635 JPY	609,518,954 JPY	





## Fair Business Practices

### 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 the end of February 2016, approximately 1,540 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

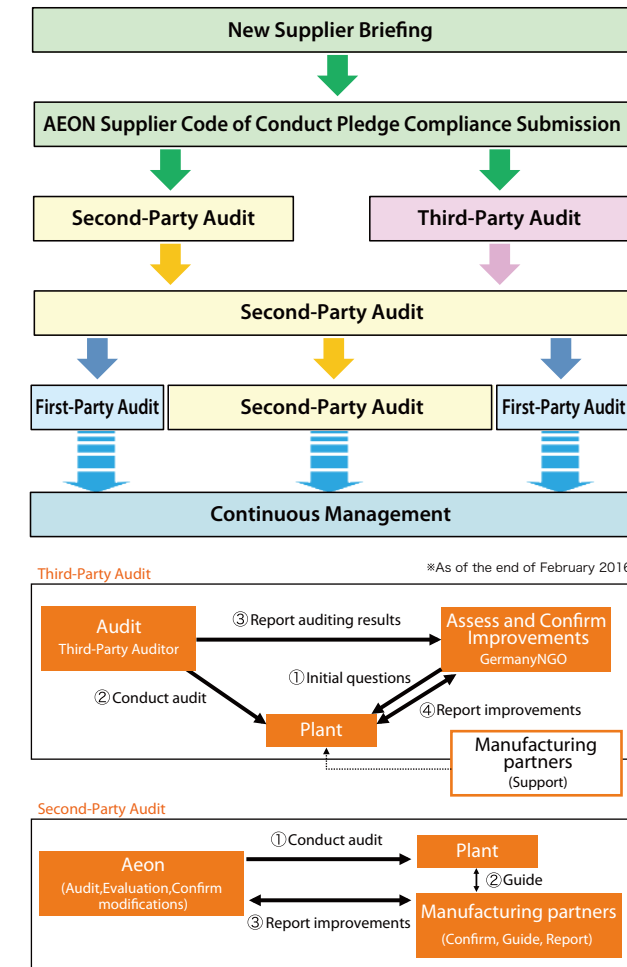
Aeon audits its manufacturing partners to make sure they are in full compliance with the requirements of the Aeon Supplier Code of Conduct (CoC). Audits include third-party audits carried out by professional auditing firms that objectively evaluate conformity with standards, second-party audits performed 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.

We had been implementing initial third-party audits for all final processing plants both in Japan and overseas starting in 2003 and ran until FY 2015 (as of the end of February 2016). However, because the environment and issues differ overseas and in Japan, third-party audits are only being conducted overseas from FY2016. In Japan, we are facilitating communication and confirming the state of things with second-party audits through Aeon-certified auditors. Even overseas, we are conducting second-party audits as monitoring audits for subsequent audits.

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 at factories outside of Japan.

The evaluating agency points out items in need of correction and confirms improvements. In this 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 2015, around 2,800 production plants (including plants in Japan) 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 3,900 domestic second-party audits were conducted between FY2004 - FY2015.

#### 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 2015, there have been 112 factories (up 112% YoY) doing 'first-party audits' and the level of supply chain management overall has been steadily improving.

### Developing Accredited Auditors for Second-Party Audits

There are eight internally certified auditors in Japan and 31 overseas. (As of the end of February 2016)

These auditors not only conduct audits but also support improvements.

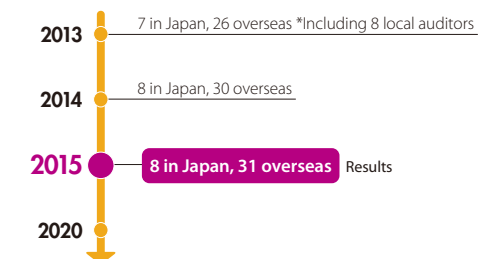
As the social environment changes year after year, these changes must be meticulously reflected in our communication with factories, and information and education must also be updated on-site, particularly overseas.

Therefore, we train leaders in each region to build a system to quickly and cordially respond to evaluations for audits and the education of auditors.

In Japan, audits had been conducted using the same initial third-party audits as overseas, but these evaluations are now conducted by second-party audits as of FY2016. For this reason, the number of second-party audits increased, which required a greater number of auditors. This fiscal year no one has yet been certified, but six auditor candidates were selected and are in training.

### FY 2015 Results and Target of KPI

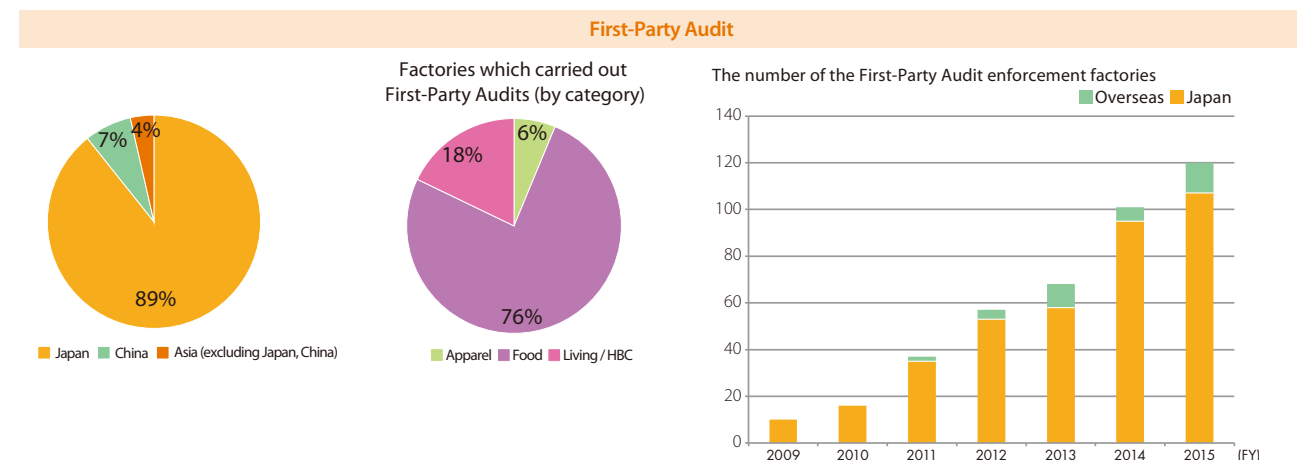
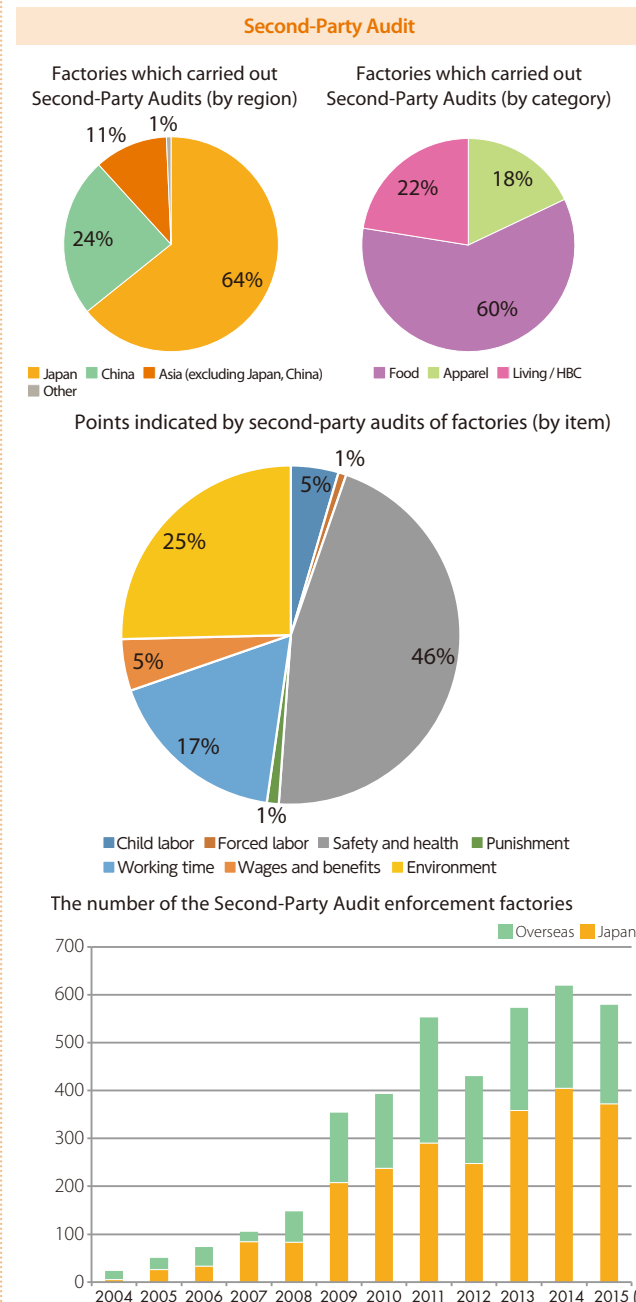
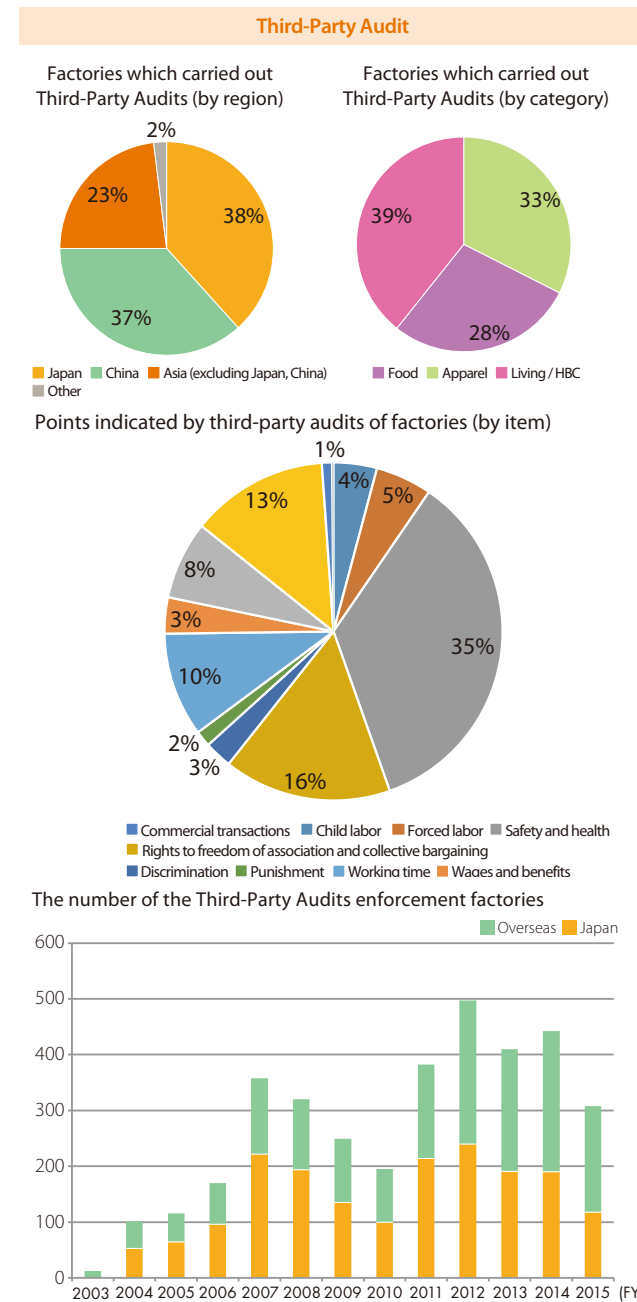
#### Construction of for sustainable supply chain building audit system



Developing Accredited Auditors for Second-Party Audits



## Audit results of FY 2015 year-end



## Reference: Actual Auditing Examples

### ① Top priority management:

#### Private TOPVALU brand suppliers

● **Management method:** Confirmation of status and improvements with third-party and second-party audits at all final processing factories. Factories satisfying the standard evaluation implement audits by manufacturers and confirm improvements.

● **Scope of manufacturers:** Japan 520; Overseas 369; Total 889 (Conducting business as of the end of February 2016)

● **Scope of plants:** Japan 2,038; Overseas 1,940; Total 3,978 (As of the end of February 2016)

#### ● Audits conducted in FY2015:

Third-party audits: Total 308

Japan 118: China 113; Asia (excluding China) 71; Europe 4; South America 1; North America 1

By industry: Total Apparel 99; Food 88; Living/HBC 121

Japan: Apparel 3; Food 75; Living/HBC 40

Overseas: Apparel 96; Food 13; Living/HBC 81

Second-party audits: Total 579

Japan 372: China 139; Asia (excluding China) 64; Europe 2; North America 2

By industry: Total Apparel 104; Food 345; Living/HBC 130

Japan: Apparel 4; Food 313; Living/HBC 55

Overseas: Apparel 100; Food 32; Living/HBC 75

First-party audits: Total 112

Japan 100: China 8; Asia (excluding China) 4

By industry: Apparel 7; Food 85; Living/HBC 20

Japan: Apparel 2; Food 84; Living/HBC 14

Overseas: Apparel 5; Food 1; Living/HBC 6

#### ● Points indicated in FY2015 audits:

1. Points indicated by audits were reduced compared to the previous year for items related to working time and wages overseas (China and other Asian countries)

Reasons:

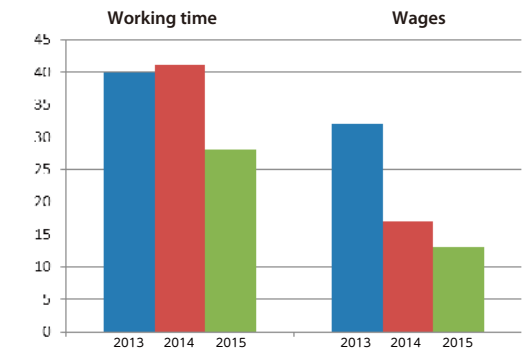
- Stronger management of compliance with laws and regulations in each country
- Employees do not request more working hours because the minimum wage is increasing
- Finding employees is difficult if conditions are not improved in a labor shortage

2. The overall assessment is improving (fewer points indicated by audits)

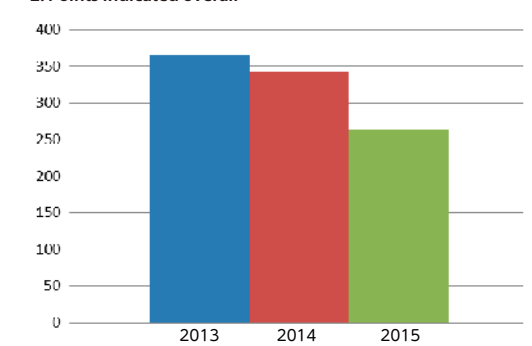
Reasons:

- We use factories that have improved their Code of Conduct management through the use of existing plants rather than contracting new factories. We have decreased the points indicated by auditors as a result
- We conduct simple guidance and provide explanations before audits

### 1. Points indicated in working time and wages



### 2. Points indicated overall



### ② Group Company Management

The Aeon Supplier Code of Conduct of course pertains to TOPVALU but also covers the PB products and business activities of each Group company.

In FY2015, we provided education to our specialized shoe business at our GFOOT CO., LTD. Group company and AEON Retail Co., Ltd. construction and developer division.

As part of reinforcing our policies overseas, we also held lectures by deploying speakers from our head office even to overseas business establishments (AEON China, AEON Vietnam, and AEON BIG Malaysia) other than AEON TOPVALU.



## TOPICS

### Global Framework Agreement efforts in conjunction with labor unions

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 Aeon and the labor union are partners who will work to resolve problems as the enterprise expands business globally.

The first investigative committee was convened on October 30, 2015. At this meeting, Aeon and the labor union discussed supplier management in great depth based on the Aeon Supplier Code of Conduct. In regards to the labor union trouble that occurred at our partner factory in Bangladesh in February 2016, we responded together with UA Zensen to resolve the matter.

In the future, we will continue to further our cooperation with labor unions in order to appropriately respond to global labor issues.





#### 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.

The SA8000 certification applies to head office operational management of AEON CO., LTD., AEON Retail Co., Ltd., and AEON TOPVALU CO., LTD. as well as supplier management of the TOPVALU Aeon brand. The 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.

#### 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\*-certification 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.

As of the end of February 2016, the amount of procurement of Fairtrade-certified cocoa has increased five times that of the previous year. In the fall of 2016, we plan to have a renewal of our product line using cocoa ingredients certified by Fairtrade International, which is in-line with our projected plans for procurement through 2020.

In the future, we plan to expand Fairtrade-certified products even more broadly by acquiring certifications for additional products such as raw cane sugar certified by Fairtrade International.

In addition, Aeon has been visiting junior high and high schools across Japan so that the younger generation has a better understanding of Fairtrade.

\* 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.



TOPVALU  
Fair trade chocolate milk



TOPVALU  
smooth mouth-melting bite-sized  
milk chocolate

#### FY 2015 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. We are working to create products in the point of view of our customers, from the product planning and design phase up to selection of subcontractors, determination of product specifications, production management and sales.

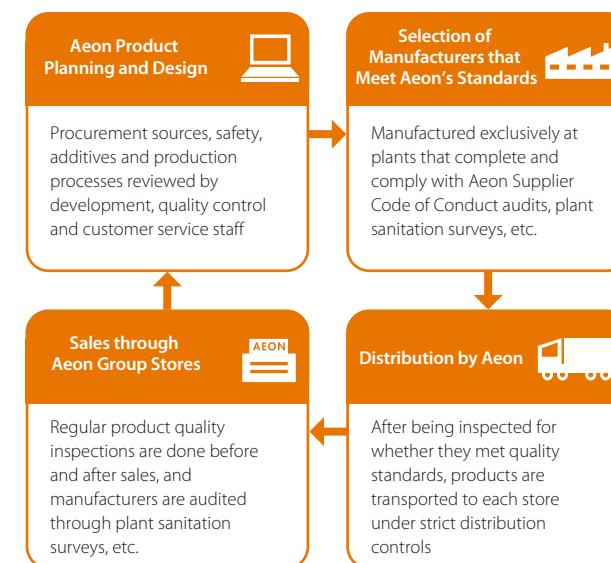
##### TOPVALU Brand System



##### 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

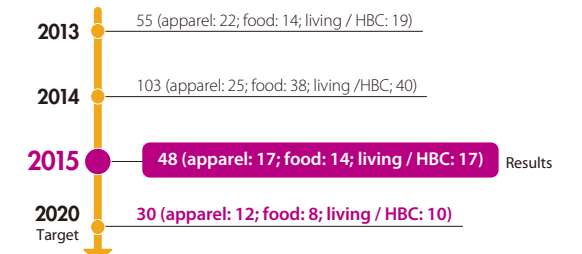
Following that, Aeon finalizes product specifications and then inspects production and sends only products that meet our criteria to stores. Thereafter, regular product quality evaluations, plant hygiene inspections and other types of audits are conducted to make sure that the products we offer are both safe and reliable.

We are implementing initiatives aimed at ensuring product safety and security. 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 FY2015, Aeon reported 48 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.

#### FY 2015 Results and Target of KPI

##### Number of TOPVALU Products Removed due to Serious Incident





#### FY 2015 TOPVALU Product Accidents

##### TOPVALU Tuna Konbu

Accident details: Missing allergen labeling (Milk)  
Response: Product withdrawal and voluntary recall (recall announced with in-store display and on the homepage)

##### TOPVALU Coffee Machine

Accident details: The bottom of the machine became a heat source during use  
Response: Product withdrawal and voluntary recall (recall announced with in-store display and on the homepage)

##### TOPVALU Women's Denim

Accident details: Denim contained broken machine needles  
Response: Product withdrawal and voluntary recall (recall announced with in-store display and on the homepage)

### 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.



Labeling of Food Allergens

\*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

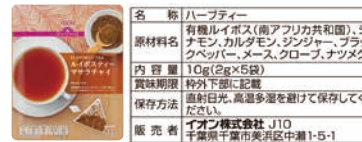
In April 2001 legislation in Japan enacted a labeling system for genetically modified ingredients, but even before this, in September 2000, Aeon began labeling TOPVALU brand products that contain genetically modified ingredients in response to urging from our customers. We have expanded the scope of 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 FY2015, 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

Aeon has been voluntarily inspecting radioactivity and radioactive materials in Japanese beef, seafood, agricultural goods, and other foodstuff since the Great East Japan Earthquake. The results of those inspections are published on our websites.

#### 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.

\* This is written on the cap of PET bottle drinks and other beverages. Please check the package as the area including the labeling differs according to the product.



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 2016, 24 companies from our GMS business and SM business have implemented the Aeon Food Sanitation Certification System, while a total of 8,923 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 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.

## 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 272.

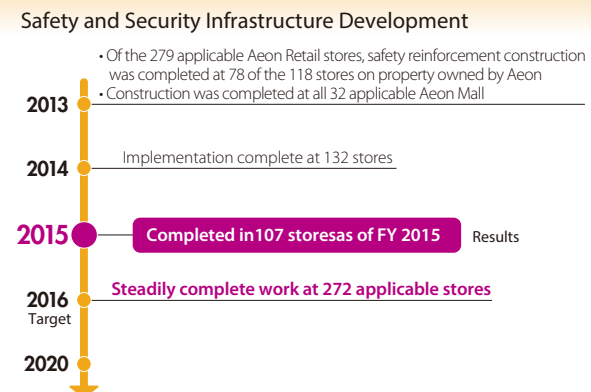
As of the end of February 2016, work had been completed at 107 of these stores. In FY2016, we plan on completing work at 13 more stores.

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 2015 Results and Target of KPI



#### 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 from FY 2011 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 from 2012. 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 FY 2013 to the second half of FY 2014 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 FY2015, we endeavored to increase the installation of AEDs in small-sized supermarkets, where the number of the devices installed is low. As a result, the installations reached 1,450 devices at 880 stores throughout the entire Aeon Group.

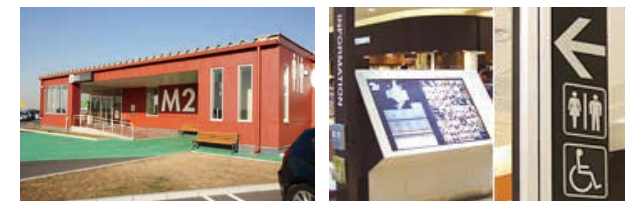
#### Creating a Convenient and Comfortable Store Environment for Everyone

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 2016, 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

#### Care-Fitters

We encourage Aeon employees to acquire the 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 the Aeon Group numbered 11,737 as of the end of February 2016.

\* 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 FY 2015, this training course was held before opening general merchandise stores, including the Aeon Mall Around Asahikawa Station (Hokkaido prefecture) that opened March 2015 and the Aeon Mall Okinawa Rycom (Okinawa prefecture) that opened in April that same year. Even at Aeon Town, which is expanding shopping centers, specialty shop employees at Aeon Town Utsunomiya (Kagawa prefecture) and Aeon Town Narita Tomisato (Chiba prefecture) take this training course before their stores open to gain the knowledge necessary to approach customers with dementia.

As of the end of February 2016, there are a total of roughly 59,360 Dementia Supporters, the largest number among companies in Japan, and 899 "Caravan Mate" instructors for the training course. 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.



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 FY 2020 as part of the Aeon Eco Project (see p.37).

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 FY 2015, we established disaster-prevention facilities at seven stores in total which were new and existing stores, including Aeon Mall Okinawa Rycom and Aeon Komaki Store. As of February 2016, a total of 27 stores have already been outfitted with disaster-prevention facilities.

In FY2016, we plan on establishing disaster-prevention facilities at an additional 9 stores, with the goal of reaching more than 100 by 2020.



Private power generation equipment installation

### FY 2015 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 2015 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.

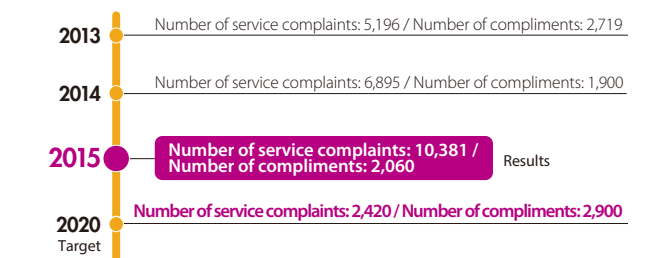
A total of 106,921 opinions (service complaints) were received in FY 2015 from our customers, which was up by 1%, or an increase of 1,055 opinions, compared to FY 2014. In particular, inquiries and complaints made by electronic mail increased.

The number of service complaints grew to 10,381, which was up by 50.6%, or an increase of 3,486 complaints, compared to FY 2014. In addition, the number of compliments increased 2,060 compared to the previous year.

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.

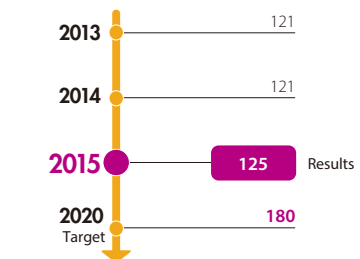
### FY 2015 Results and Target of KPI

#### Number of Complaints and Compliments Received



### FY 2015 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. They 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

In the second half of 2015, we received ongoing feedback the zipper on our frozen cut okura and cut green onion products was difficult to open. After receiving this feedback, we made the zipper easier to open by expanding the width from the zipper to the line to open the package with scissors.

Easy-of-use is also one of the development philosophies of TOPVALU. We are steadily improving products with small revisions according to the feedback we receive from our customers.



Easier to open package with a wider width from zipper to perforated line

## 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. Foods that also eliminate or reduce specific nutritional contents.

TOPVALU is furthering the planning and development of TOPVALU products that limit the sugar content so that anyone who has to restrict their sugar intake can enjoy food without the hassle. We began selling TOPVALU profiteroles and TOPVALU eclairs with less than 10 grams of sugar in 2016. In addition to these sweets, we are developing and releasing products that limit the sugar content such as the sugar present in noodles while responding to the requests of our customers.




##### •Concept: "supplement"

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

##### 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



エネルギー	たんぱく質	脂質	炭水化物	ナトリウム
197 kcal	3.8 g	2.1 g	41.6 g	138 mg
本商品50g当たり		食塩相当量 0.4g		

## 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 the 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

### 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



### 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. To realize "Daimanzoku" in FY2015, we held diversity promotion seminars and internal group awards as well as furthered the expansion of nurseries for Group companies.



### 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.



The Daimanzoku Summit was held four times in FY2015. We are rapidly spearheading diversity throughout the Group with efforts that include lectures regarding diversity efforts both inside and outside of Group companies.

#### Running Diversity Training — Daimanzoku College

In FY 2015, we have started to conduct two new courses for career advancement and management for the purpose of enhancing the motivation of women to advance their careers and reform a sense of awareness related to present management positions.

In FY2016, we held courses for women who aim to advance their careers further with present management roles.



#### 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 second Daimanzoku award defines categories for six items that are vital initiatives in promoting diversity and a Best of Action award was presented for each category. AEON KYUSHU CO., LTD., AEON SUPERCENTER Co., Ltd., The Daiei, Inc., KOHYO CO., LTD., MAXVALU NAGANO CO., LTD., and SANYO MARUNAKA CO., LTD. (six companies in alphabetical order) were each presented this award.



Award ceremony on November 11, 2015

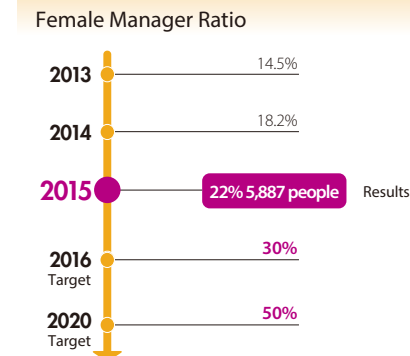
#### Appointment of Female Managers

Aeon has established targets for the female manager ratio of 30% by FY 2016 and 50% by FY 2020.

As of the end of February 2016, the female manager ratio stood at 22% (includes consolidated subsidiaries).

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

#### FY 2015 Results and Target of KPI



#### 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 based on the Asia Shift strategy stipulated in the medium-term management plan.

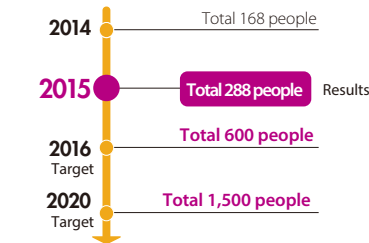
While proactively hiring talent that can take active roles on the global stage and beyond borders, Aeon encourages greater international exchanges within the Aeon Group with a target of exchanging a cumulative total of 600 people between FY 2013 and FY 2016, and 1,500 people by FY 2020. The cumulative total for FY 2013 through FY 2015 was 288 people exchanged.



Training atmosphere overseas (Myanmar) Training atmosphere overseas (China)

#### FY 2015 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 has expanded to 4 Scrum CD/DVD & Books stores where people with disabilities are working alongside able-bodied staff, and 6 business establishments for employment transfer support. Furthermore, AEON SUPERCENTER Co., Ltd. has adopted a telecommuting system for people with disabilities as one part of its diversity promotion action plan in cooperation with Abilities JUSCO.

As of June 2016, the total number of people with disabilities employed at Group companies was 6,341 with an employment ratio of 2.16%.

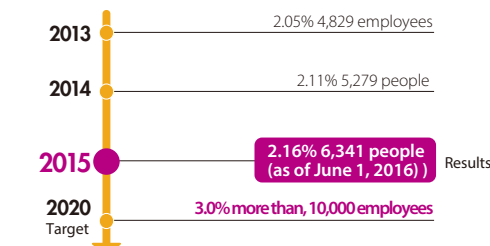
This employment rate exceeds the statutory employment rate of 2.0%, but we will continue to advance our efforts in order to reach a 3.0% employment ratio for people with disabilities, or 10,000 people, as a target for 2020.



Employees working at Scrum

#### FY 2015 Results and Target of KPI

##### Employment for 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 part-time employee) and to enable the continued growth of all employees depending on ability, performance and motivation. The program eliminates differences in educational and hiring opportunities. It also makes it possible for anyone to take on the challenge of a higher position, including willing Community Employees if they fulfill certain conditions set by the company.

\* Community Employee is a collective designation for Aeon Retail employees working in a specific location and not subject to geographic transfer. There are 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 2016, approximately 21,000 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 45.

#### Human Rights 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.

##### Fundamental Principles of the Aeon Basic Human Rights Policies

1. Respect human rights
2. Prevent discrimination
3. Establish a friendly working environment
4. Conduct fair employment
5. Introduce human rights enlightenment training

We have built a human rights enlightenment system as the Aeon Group to promote the Aeon Human Rights Basic Policies in an effort to improve human rights awareness through a wide range of internal training.

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





#### ① Human Rights Enlightenment Committee (convened once every six months)

Committee to define the direction of human rights enlightenment at Aeon, assess and make decisions regarding issues, and train individuals responsible for promoting human rights at each Group company

#### ① Human Rights Enlightenment Study Group (convened once every six months)

Study group to educate individuals responsible for promoting human rights at each group company.

#### ③ Human Rights College (convened four times a year)

College to define courses to teach the basic human rights principles originating at Aeon. This college is primarily a place for fundamental education for the participation of managers and individuals responsible for or in charge of administrative education as well as individuals responsible for or in charge of promotion.

Human Rights and Aeon Code of Conduct Training has provided guidance to over 13 companies conducted under themes selected to be in-line with the training needs of each Group company while linking to the Aeon Human Rights Enlightenment Office and Corporate Ethics Team.

We have also published a Human Rights Enlightenment Guidebook as a tool to promote basic knowledge about human rights. We will continue to strive to build tools and develop training materials that utilize this guidebook. In FY2016, we plan to conduct Human Rights and Aeon Code of Conduct Training with all of our employees.

#### Workshop on LGBT

Responding to increasing attention to human rights of sexual minorities (LGBT: Lesbian, Gay, Bisexual, and Transgender), Aeon is holding workshops on LGBT to provide the latest knowledge on human rights and to create a workplace where individual employees can work in their own ways.

This training was also incorporated into the FY2015 new employee orientation with roughly 3,000 new employees taking the program. We aim for further penetration to all Group companies in the future while collecting examples from companies who are actively engaged in these efforts.



#### 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.

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 May 2016, AEON CO., LTD. has been certified with the Platinum

Kurumin. 13 Group companies have also 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.



\* Companies that have acquired Platinum Kurumin: AEON CO., LTD. Companies that have acquired the Kurumin certification: AEON CREDIT SERVICE CO., LTD., AEON GLOBAL SCM CO., LTD., AEON KYUSHU CO., LTD., AEON Mall Co., Ltd., AEON Retail Co., Ltd., AEON RYUKYU CO., LTD., CFS Corporation, The Daiei, Inc., KASUMI CO., LTD., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., ORIGIN TOSHU CO., LTD., and SUNDAY CO., LTD. (in alphabetical order)

#### FY 2015 Results and Target of KPI



#### Supporting the Balance between Work Life and Child Raising

We installed Aeon Yumemirai Nurseries at Group business establishments so that not only our employees but also employees working at tenants inside of Aeon Mall as well as the local can be assured of both work and childcare.

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.



Aeon Yumemirai Nursery  
Chigasaki Nursery

After opening a nursery at Aeon Mall Makuhari New City, we opened nurseries at Aeon Mall Okinawa Rycom in August 2015 and at Aeon Mall Tokoname in October of the same year. We also opened nurseries at Aeon Style Shonan Chigasaki and Aeon Lake Town Mori in April 2016 as well as at Aeon Mall Saga Yamato in June 2016. These nurseries support people to work while raising their children.

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.

Moreover, based on the belief that 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, AEON CO., LTD. and The Daiei, Inc. became the first retailers to join the IkuBoss\* Alliance in June 2015. 14 Group companies have joined the IkuBoss Alliance as of the end of June 2016.

\*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.

#### TOPICS

#### AEON CO., LTD. will be certified with both Eruboshi and Platinum Kurumin certifications by the Minister of Health!

These certifications acknowledge initiatives to promote women in the workplace and support child rearing. Aeon acquired the highest Eruboshi certification of all three ranks and the Platinum Kurumin certification given to businesses with superior support of both the work and lives of employees.

Aeon acquired the highest Eruboshi certification of third stage for fulfilling all of the five assessment items (hiring, continued employment, work style such as working time, ratio of women managers, and diverse career paths) based on the law to promote women in the workplace enacted in April 2016. Four Group companies (AEON Retail, MINISTOP, AEON Integrated Business Service, and AEON MARKETING) have also received the same Eruboshi certification, bringing the total number of certified Group companies to 11 to date.

In addition, we aimed to reach an even higher standard level after acquiring the Kurumin in August 2013. We were awarded with the Platinum Kurumin certification as the first in our Group as recognition of our efforts, including the promotion of male employees to take childcare leave, the advancement of nurseries at our business establishments, and our childcare subsidy program.

In the future, Aeon will strive to promote diversity management and work to build a climate which mutually respects diverse human resources as a corporate organization ceaseless endeavoring to innovate.



#### 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 the end of February 2016)

- 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 Employee: 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 215,000 Aeon Group employees are enrolled. 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). We aim to administer various programs contributing to the achievement and enhancement of common welfare to enable Group employees to have a sense of security, solidarity and pride.

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 April 2016, the labor union had roughly 252,800 members, including 195,000 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.

More than 100 companies worldwide have entered into the Global Framework Agreement, and the four parties are jointly promoting 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 counseling 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 FY2015, 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 FY2016, each company works to further enhance employee satisfaction by drafting and implementing concrete measures to enhance satisfaction based on the results of the survey from the previous year.

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 FY2015, the system was implemented targeting the senior management level at 41 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. 12 courses were held in FY2015 and up to 552 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 FY2015, we introduced staff recruitment (including global training) at AEON PET CO., LTD., AEON Integrated Business Service Co., Ltd., AEON GLOBAL SCM CO., LTD., My Basket CO., LTD., AEON Bakery Co., Ltd., ORIGIN TOSHU CO., LTD., A-Colle Co., Ltd., and overseas businesses (China/ASEAN).

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 the end of February 2016)

◎ Fresh fish master (grade 1)	17	• Senior cycle advisor	261
◎ Fresh fish master (grade 2)	1,776	• Beauty advisor	851
◎ Fresh fish master (grade 3)	3,298	• Handcraft advisor	573
• Baby advisor	740	• Senior care advisor	67
• Fashion advisor	1,134	◎ Hot deli master	2,471
• Liquor advisor	680	◎ Sushi master	2,395
• Fish advisor	408	◎ Farm product master	1,236
• Digital advisor	295	◎ Greenery master	608
• Home appliance advisor	86	◎ Gardening master	359
• General appliance advisor	65	• Energy Advisor	422
• Cycle advisor	1,308		

◎ 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, KOHYO CO, LTD, AEON LIQUOR CO, LTD, AEONBIKE CO, LTD, (18 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. The Group CEO himself is an instructor at the university.

In FY 2015, we started with guidance for 20 sixth term students in March and 20 seventh term students in September. Approximately 100 employees have trained and are active in each Group company as of the end of February 2016.



DNA University Class