



October 16, 2017
AEON CO., LTD.

Setting Food Waste Reduction Targets

Making a concerted effort across the Aeon Group for a sustainable society

Aeon Co., Ltd. hereby announces that it has set the following food waste reduction targets: Cut per-unit generation^{*1} of food waste in half by 2025 relative to fiscal 2015, and build a food resource recycling model at 1,000 or more Group stores in at least 10 locations across Japan by 2020.

Aeon's Food Waste Reduction Targets

- **Cut food waste in half by 2025**
- **Build a food resource recycling model at 1,000 or more Group stores in at least 10 locations across Japan by 2020**

One in nine people worldwide or about 795 million people in total are undernourished^{*2}, while about 1.3 billion tons of food products—one-third of the total—are wasted^{*3}. Against this backdrop, the international community set a clear goal of halving per capita global food waste at the retail and consumer levels as part of the United Nations Sustainable Development Goals (SDGs) toward 2030. In Japan, where the food self-sufficiency rate is below 40%, 27.75 million tons of food are wasted^{*4}, making it urgently necessary for the country to deal with this issue.

Having been committed to achieving zero waste through the 3Rs (Reduce, Reuse, Recycle), Aeon has set the specific numerical targets as described above to speed up the related measures.

For food waste, Aeon will halve it by 2025, five years earlier than the 2030 deadline set in the SDGs. To this end, efforts will be made at each Aeon Group store for the reduction of food waste through the visual management of waste, and area-specific promotion organizations will be established beyond organizational boundaries to enable Group companies to share and implement the best practices.

With regard to products, Aeon will change the indication of the best-before date from the indication of year, month and date to the indication of year and month^{*5} for TOPVALU-branded processed food items with a best-before date set at one or more years after production, starting by April 2018 for some items and then successively working through the remainder. Unlike the use-by date indicated for perishables, the best-before date represents the date until which consumers can enjoy the food in its best condition, and Aeon will conduct activities to make more customers aware of this fact.

Moreover, to increase opportunities to use food waste as resources and avoid simple disposal, Aeon will build a food resource recycling model in at least 10 locations covering 1,000 or more Group stores across Japan by 2020. In addition to the establishment of a closed recycling loop system, under which food waste generated at stores and in the manufacture of TOPVALU products is recycled as compost for use at Aeon-operated farms

for the production of agricultural products to be sold at Group stores, Aeon will create a localized food resource recycling model at each store in collaboration with its partner companies across the country.

Based on its Basic Principles, “Pursuing peace, respecting humanity, and contributing to local communities, always with the customer’s point view as its core,” Aeon formulated the Aeon Sustainability Principle in 2011, and upheld “Big Challenge 2020” in 2014 to conduct various activities to promote sustainable management for both its corporate growth and the development of society. Aeon will continue to make contributions to the solution of social issues through a range of business activities.

*“Food Waste” as is defined here is total decrease in quantity or quality of food, while “food loss” refers to the removal from the food supply chain of food which is fit for consumption, or which has spoiled or expired, mainly caused by economic behavior, poor stock management or neglect.

¹ Per-unit generation: Generation of waste per each 1 million yen of sales (The unit is set for each industry in the Japanese Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources, and the unit set for the retail industry is sales of 1 million yen.)

² *The State of Food Insecurity in the World 2015*, United Nations Food and Agriculture Organization (FAO), United Nations World Food Programme, and International Fund for Agricultural Development (IFAD)

³ *Global Food Losses and Food Waste, 2011*, United Nations Food and Agriculture Organization (FAO)

⁴ Data on the use of food waste, including the reduction of food loss (estimates for fiscal 2014) provided by the Japanese Ministry of the Environment and Ministry of Agriculture, Forestry and Fisheries

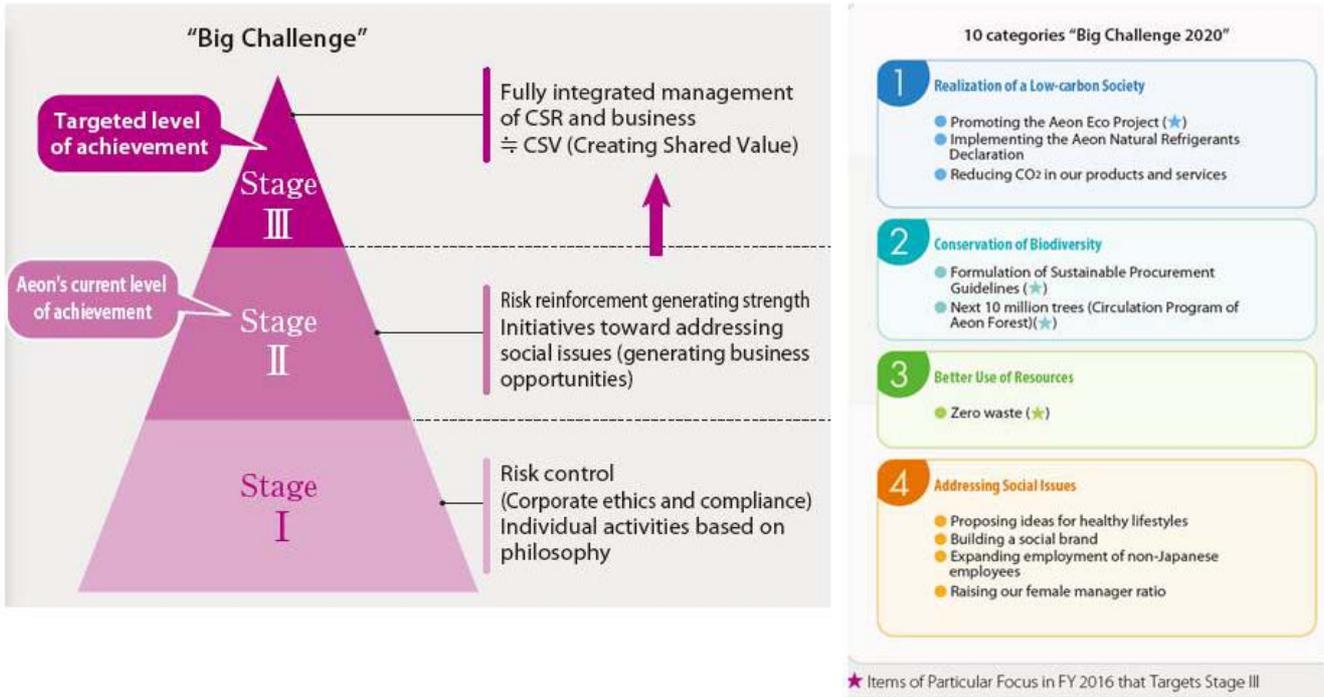
⁵ Indication in line with the Japanese Food Sanitation Act

Reference Materials

【Aeon Sustainability Principle】



【Big Challenge 2020】



【Transforming our world: the 2030 Agenda for Sustainable Development】



The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals have adopted at the UN Summit, held in September, 2015. Every company from all over the world is taking actions to achieve these Goals.

《Reference》

1. Food Waste Situation
2. Aeon Group's Approach to “Zero Food Waste”
3. Setting New Group Targets
4. Measures
 - ① Through Stores and Products
 - ② Together with Communities
 - ③ Together with Customers

Supplementary notes to the definitions

*"Food Waste" as is defined here is total decrease in quantity or quality of food, while "food loss" refers to the removal from the food supply chain of food which is fit for consumption, or which has spoiled or expired, mainly caused by economic behavior, poor stock management or neglect.

It's Time to Take Action to Reduce Food Waste

Social Responsibility

Global food problems

Food loss in Japan: 6210,000 tons

Increase in social interest
(Requests from food banks, etc.)

Corporate Management

Ensuring profitability by
reducing waste at stores

Enhancement of regulations on
food waste due to scandals, such
as illegal selling



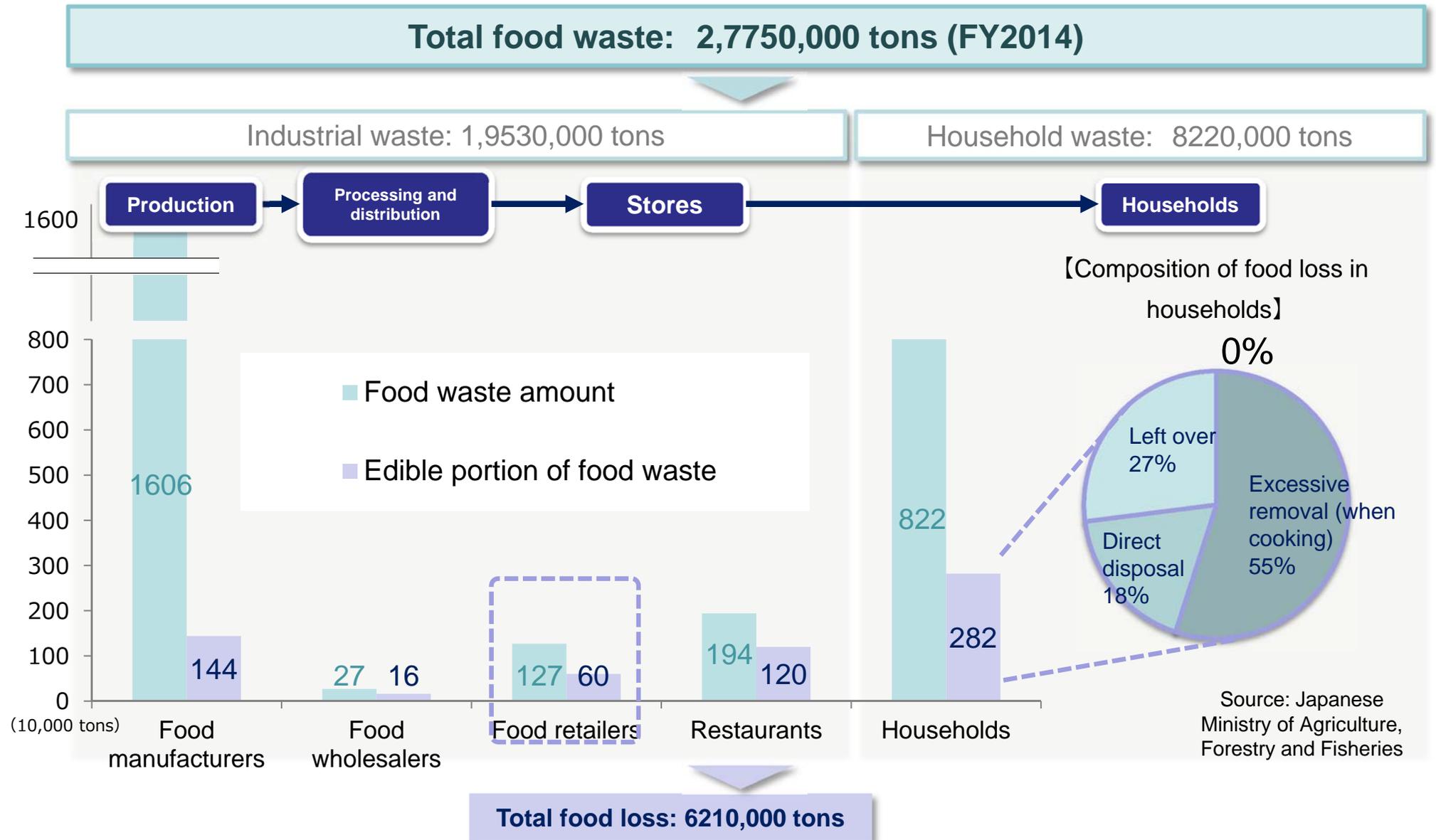
Setting long-term targets for the
reduction of food waste

Dealing with social
issues

Reducing the
management cost

Increasing
corporate value

Food Waste Situation : Generation of Food Waste



Aeon Sustainability Principle

Principle

Aeon aims to realize a sustainable society with stakeholders based on our basic principle of pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view at its core. With realization of a low-carbon society, conservation of biodiversity, better use of resources and addressing social issues as core principles, we will think globally and advance activities locally.

Top priority issue

1
Realization
of a Low-carbon
Society

2
Conservation of
Biodiversity

3
Better Use of
Resources

4
Addressing
Social Issues

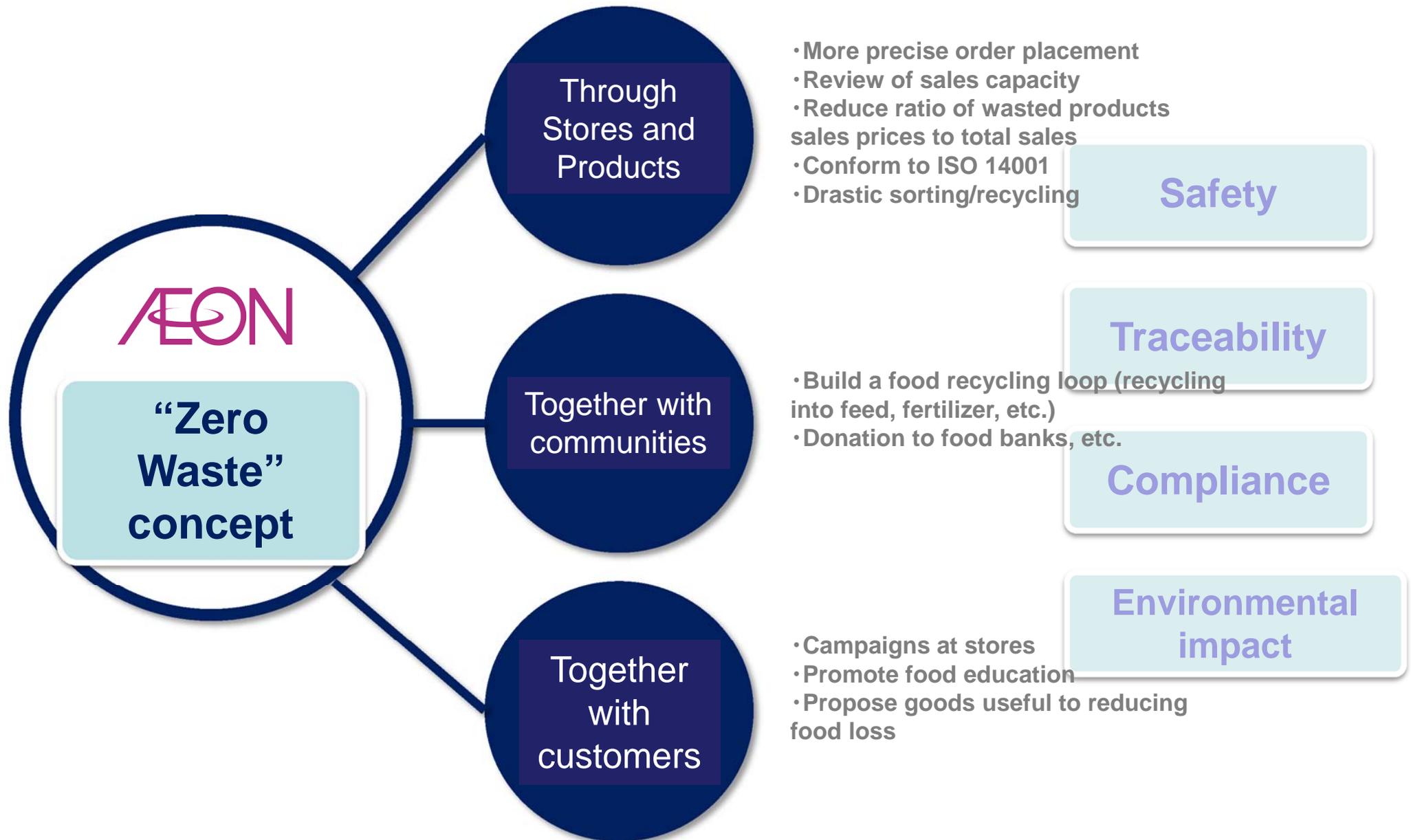
Match viewpoint

With store 

With product 

With customer 

1. Aeon Group's Approach to "Zero Food Waste"



Aeon Group's Food Waste Reduction Targets

1. **Cut food waste in half by 2025**

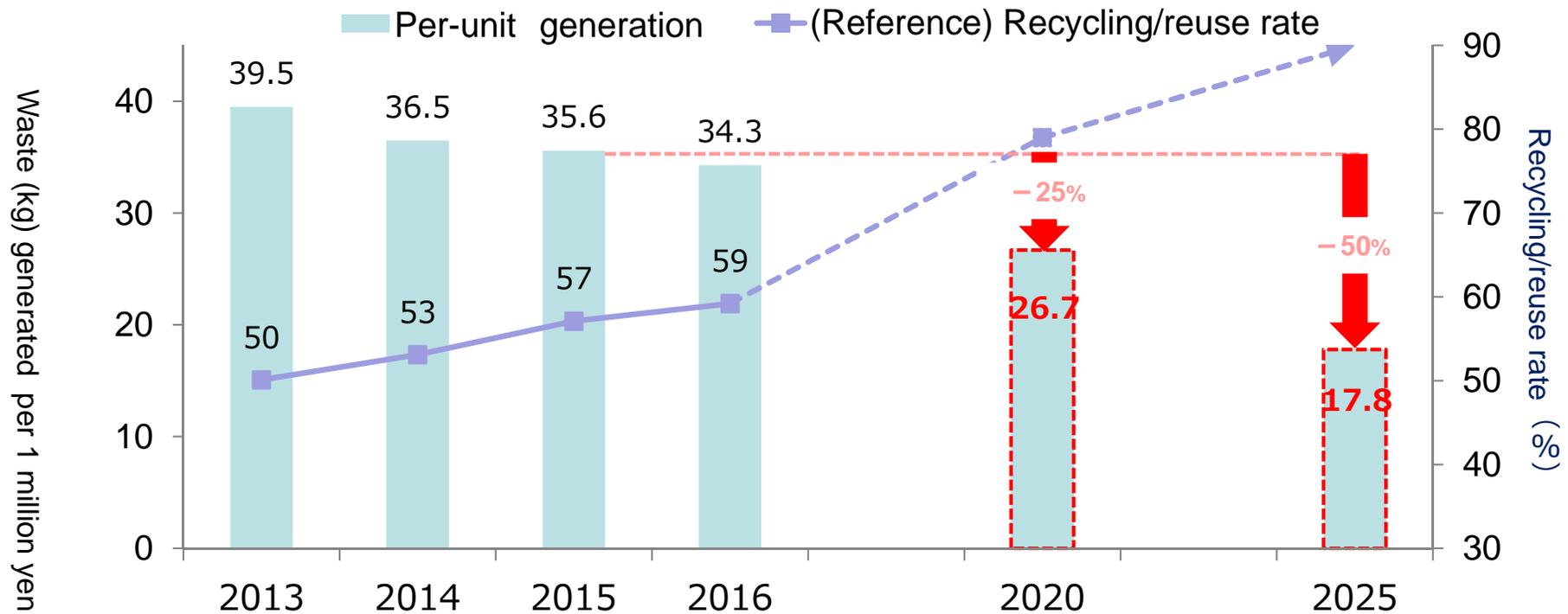
Reduce food waste per sales of 1 million yen by 25% relative to FY2015 by 2020 and by 50% by 2025

2. **Build a food resource recycling model**

Build a local recycling model based on store-producer-recycling company collaboration at 1,000 or more Group stores in 10 locations across Japan by 2020

Develop Measures across the Group and in Each Area

Aeon Group's per-unit generation of food waste



Reduce the Generation of Waste and Raise Employees' Awareness through "Visual Management"

Waste generation reduction measures (Examples)

Raise employees' awareness

Lower the generation of waste

Group synergy

Improvements on problems

- Share best practices
- Foster joint collection & transportation for each area



【Collection of best practices】

Visual Management

- Identify the amount of waste for each item by using measurement instruments
- Share information between stores and headquarters

- Analysis and identification of problems
- Instructions and support by the headquarters
- Drastic sorting and recycling



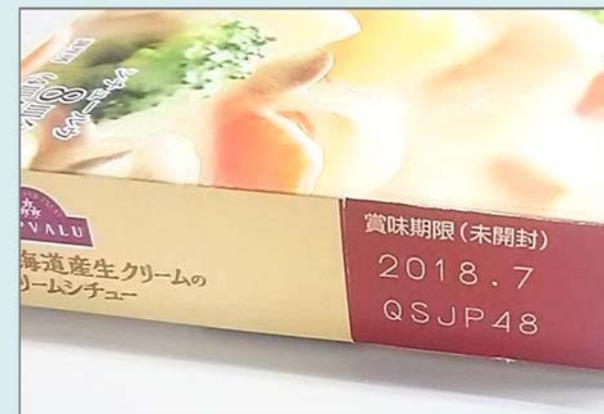
【Measurement by using an instrument】

Possible Change in April 2018 for the Following Three PB Items with One or More Years before Best-Before Date (Day indication will be removed).

Example of the new indication



Before change



After change

Targeted products



TOPVALU pure honey (250 g)



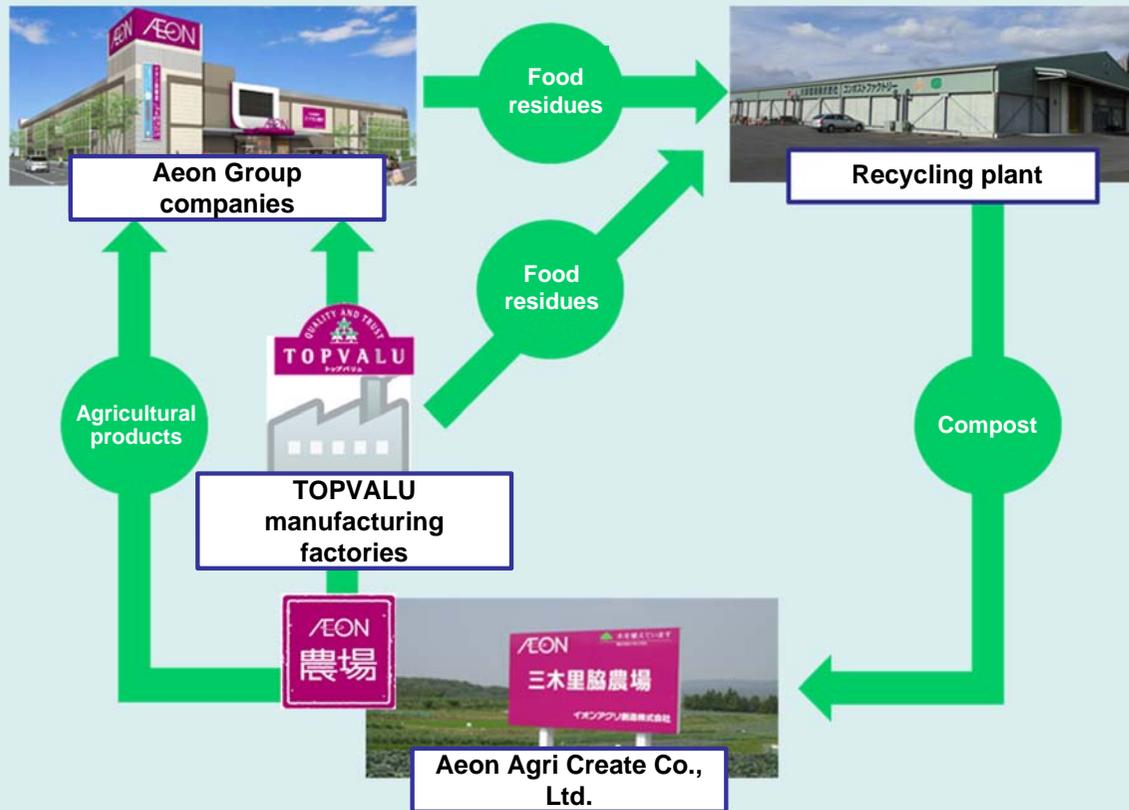
TOPVALU Torigomoku Kamameshi-no-moto (264.7 g)



TOPVALU Hokkaido-san Nama-cream Stew (150 g)

Build Aeon's Unique Recycling Model at Its Stores and Aeon-Operated Farms across Japan

Food recycling loop (agricultural products)



1,000 or more Group stores in 10 locations across Japan



Cooperate with the Government and Local Municipalities in Asking Customers to Take Action to Reduce Food Loss

Campaigns at stores (2017)

Food loss reduction campaign conducted in cooperation with the Ministry of Agriculture, Forestry and Fisheries
(Scheduled for November at all AEON Retail stores in the South Kanto Area)



Solicitation for ideas to help reduce food loss

Cooperate with Aeon Cheers Club to solicit for ideas that can be implemented at households



Provision of food storage goods

Sell food storage containers in the food section



(Reference) Implementing Measures across the Value Chain

	Production	Processing and distribution	Stores	Households
Waste reduction	<ul style="list-style-type: none"> • Agricultural products that do not meet standards (in shape and size) • Reduction of time required for transportation • Use of recycled materials 	<ul style="list-style-type: none"> • Advancement of technologies to keep food fresh • Extension of the best-before date • Integrated manufacturing and processing • Use of materials that do not meet standards • Mitigation on the requirements on due dates • Indication of only “year” and “month” without “day” 	<ul style="list-style-type: none"> • More precise order placement • Review of the unit of order • Review of capacity and packages • <u>Visual management of waste</u> 	<ul style="list-style-type: none"> • Education activities (to prevent food loss) • Food education seminar
Recycling	<ul style="list-style-type: none"> • Use as green manure and compost • Gasification • Effective use of inedible portion 	<ul style="list-style-type: none"> • Use as feed and fertilizer • Gasification and heat recovery • Effective use of inedible portion • Establishment of a resource recycling model 	<ul style="list-style-type: none"> • Drastic sorting • <u>Building of a resource recycling model</u> • Donation to food banks 	<ul style="list-style-type: none"> • Education activities (promote sorting)