

Corporate Governance

Basic Approach

Aeon engages in ongoing efforts that address the three core management challenges of corporate governance reform, Group management reform and execution of the Group's corporate social responsibility as a means to building a foundation that will continually enhance the corporate value of the entire Aeon Group.

Corporate Governance Framework

Aeon operates under the 'Company with nomination committee and other committees' system of corporate governance. Supervisory and executive functions of management have been clearly divided, with supervisory functions assigned to directors and executive functions fulfilled by executive officers. Executive officers have been given wide ranging authority to work toward the realization of our medium and long-term goals, which serves to facilitate timely managerial decision making, while the transparency and objectivity of those tasks are ensured by strong supervision from directors, thereby helping increase shareholder value.

Additionally, against the background in recent years of rapid expansion of our business, Aeon recognizes the necessity of an even stronger governance framework. Based on this recognition, we are pursuing reinforcements of compliance training, financial data monitoring, internal auditing, and our risk management framework, in order to bolster our internal control, including thorough compliance and risk management.

Business execution framework

Since Aeon is a company with a nomination committee and other committees, we have adopted a system under which the Board of Directors delegates substantial authority for business execution to the executive officers and timely decisions are

made. Among matters delegated to the executive officers by resolution of the Board of Directors, particularly important decisions on business execution are discussed and decided in the Aeon Management Committee.

The Aeon Management Committee is a deliberative body chaired by the Group CEO and consisting of the vice presidents, the chief corporate planning officer, and other persons named by the president and Group CEO. The committee deliberates and decides important matters pertaining to the management of the Aeon Group, including the Group's business strategies and investment plans.

Board of Directors and Committees

As statutory bodies, Aeon has established a Board of Directors composed of Directors elected by the general meeting of shareholders.

The Board of Directors is composed of nine Directors (five are Outside Directors (four men, one woman)), who implement highly transparent management based on oversight that values outside points of view. Over half the members of each of the committees are Outside Directors, and an Outside Director serves as the Chairperson of each committee.

The Outside Directors are appointed on the basis that they are able to make judgements that are independent from Aeon's management team, and they oversee and audit management from an objective perspective through their attendance at meetings of the Board of Directors and the committee they are responsible for. As there are no special interests between the Outside Directors and Aeon, Aeon has notified the Tokyo Stock Exchange that all of the Outside Directors are designated as independent directors.

Reason for Appointment of Outside Director and Attendance at Board/committee meetings (attendances/meetings)

Name	Reason for appointment	Board of Directors	Audit Committee	Nomination Committee	Compensation Committee
Masaharu Ikuta	Based on his extensive experience in management and his wide-ranging knowledge, Masaharu Ikuta, Chairman of the Audit Committee, provided leadership in discussions on ways to enhance corporate governance.	7/7	8/8	2/2	—
Takejiro Sueyoshi	Based on his knowledge and extensive experience in matters concerning global environmental issues and corporate social responsibility, Takejiro Sueyoshi, Chairman of the Nomination Committee provided leadership in discussions on a corporation's role in conserving the environment and contributing to society.	7/7	—	2/2	3/3
Keiichi Tadaki	Based on his extensive experience in and knowledge of legal and compliance-related matters, Keiichi Tadaki provided leadership in discussions aimed at promoting legal compliance management.	7/7	8/8	1/1	2/2
Ken Sato	Based on an extensive career and expert knowledge, Ken Sato provided guidance in enhancing the transparency and objectivity of management.	7/7	8/8	—	3/3
Yukako Uchinaga	In addition to her broad experience and expertise within the IT sector, Yukako Uchinaga is well versed in diversity-related issues and promoting healthy and efficient business management	7/7	8/8	1/1	1/1

Notice

1: Period covered is March 1, 2014 – February 28, 2015

2: Attendance at the Nomination Committee for Keiichi Tadaki shows his attendance up to May 28, 2014, and attendance at the Compensation Committee shows his attendance following his appointment to the Compensation Committee on May 28, 2014.

3: Attendance at the Compensation Committee for Yukako Uchinaga shows her attendance up to May 28, 2014, and attendance at the Nomination Committee shows her attendance following her appointment to the Nomination Committee on May 28, 2014.

Board of Directors' Meeting and Corporate Committees (FY 2014)

	Held	Main Role
Board of Directors' Meeting	7 times per year	<ul style="list-style-type: none"> Oversees the execution of work duties of directors and executive officers. Determines matters that must be decided by the board of directors as stipulated by Article 416 of Japan's Companies Act and matters that cannot be mandated to executive officers.
Audit Committee	8 times per year	<ul style="list-style-type: none"> Oversees the execution of work duties of directors and executive officers. Determines resolutions concerning whether to appoint, dismiss or reappoint the Company's auditor to be submitted to the general shareholders' meeting.
Nomination Committee	2 times per year	<ul style="list-style-type: none"> Determines resolutions concerning the appointment and dismissal of directors to be submitted to the general shareholders' meeting.
Compensation Committee	3 times per year	<ul style="list-style-type: none"> Determines compensation of individual directors and executive officers.

Organization for Internal Audits and Audits by the Audit Committee

Since Aeon is a company with a nomination committee and other committees, the Board of Directors and Audit Committee play central roles in the management supervision function. All members of the Audit Committee are outside directors, and their independence from business execution has been more clearly defined.

We have also established Internal Audit Department, an organization independent of the business units, as an organization to assist the Audit Committee. The office conducts internal audits concerning Group management, assists with the work of the Audit Committee in cooperation with the independent auditors, and serves as an executive office for the Audit Committee.

The Audit Committee approves the annual audit plan of the independent auditors and receives a report from the independent auditors concerning financial auditing at least once per quarter. The Audit Committee members exchange opinions and information periodically or as necessary, and work together to strengthen collaboration in order to enhance audit effectiveness.

Total Compensation for Each Category of Corporate Officer, Total Amount for Each Type of Compensation, and Number of Eligible Corporate Officers

Category of corporate officer	Total amount of compensation (million yen)	Total amount for each type of compensation (million yen)			Number of eligible corporate officers
		Basic remuneration	Stock option	Performance remuneration	
Directors (excluding Outside Directors)	41	41	—	—	1
Executive officers	547	498	36	13	23
Outside corporate officers	75	75	—	—	5

Total Amount of Compensation for Each Corporate Officer on Consolidated Basis

Name (Category of corporate officer)	Total amount of compensation on consolidated basis (million yen)	Company category	Amount for each type of compensation on consolidated basis		
			Basic remuneration	Stock option	Performance remuneration
Jerry Black (Senior executive vice president)	108	Reporting company	106	2	—

Note: Total amount of compensation on consolidated basis only for those with over ¥100 million.

Policies on remuneration for directors and executive officers

Remuneration for individual directors and executive officers shall be determined in a fair and highly transparent manner to create strong, performance-based incentives for senior managers to execute management strategy.

- Basic remuneration refers to compensation that is paid monthly to directors and executive officers. For the latter, basic remuneration is determined individually and is limited to standard amounts set for each position.
- Executive performance remuneration shall be a sum paid to executive officers after the end of each business year based on the annual results achieved for the year in question. It shall consist of the total of two remuneration components based on the financial results of Aeon Co., Ltd. and the results achieved by individual officers. However, President shall only be paid the remuneration based on the financial results of Aeon Co., Ltd.
- Stock compensation-type stock options shall be granted to executive officers in the form of stock acquisition rights following the end of each business year, based on their performance during the year.

The Company shall not pay directors' compensation to directors who also perform executive duties.

Training for Directors and Executive Officers

Aeon requires corporate officers to submit a pledge on observing compliance once a year. In addition, we also hold training on risk management and internal control based on changes in the environment inside and outside the company.

In FY2014, we held compliance training for all corporate officers of the Aeon Group. We plan to hold this training for corporate officers regularly (once a year as a target) in the future.

Risk Management

Internal Control Systems

Internal control systems are being further developed by reinforcing systems for promoting corporate ethics, the foundation of internal control. We are working to disseminate and instill good corporate ethics in all employees of the Aeon Group in accordance with the Aeon Code of Conduct, which was established in 2003. In addition, an internal reporting channel (hotline) has been set up as a part of our monitoring activities.

Overall internal control design and operation is overseen by the Internal Audit Department, which reports to the Aeon Management Committee (highest level management committee) and Audit Committee.

Group Management

Under the unchanging premise of its Customer-First philosophy, Aeon's Group management seeks to harmonize its strong operating companies, which are located closest to its customers, with its pure holding company, which can respond agilely to a myriad of changes in operating environment, in order to maximize the value it provides to its customers. This also represents the key to unlocking the Group's continuous development.

Operations to establish Group governance and ensure Group solidarity are concentrated in the pure holding company, which bears the role of drafting overall Group strategy for increasing corporate value, allocating management resources in the best way, disseminating the Basic Principles including the Corporate Philosophy, and pursuing Group synergies in order to achieve a strong business frontline.

Meanwhile, the operating companies are strengthening structures to execute management independently and swiftly in order to ensure the objectives of Customer First, Community Based, and Practical Implementation.

Basic Approach

Aeon regards risk management as an important task of management that is the responsibility of each department. Based on this recognition, daily risk management is handled at the company and department level, while internal control divisions monitor the status of risk management at each department.

The Risk Management Committee performs reviews of and makes decisions regarding external risk factors, such as new infectious diseases and large-scale earthquakes, which cannot be addressed by individual companies, and risks found in products, facilities and services across the entire Aeon Group. We work to foresee, predict and prevent risks with particularly high impact potential by assembling interdivisional task forces.

Aeon has taken an organizational response that includes establishing in-house regulations and forming close ties with investigative agencies with the aim of eliminating aggressive anti-social forces.

Response to Incidents, Accidents and Natural Disasters

Due to the effect of global warming, there has been an increase in heavy rain in Japan, and a variety of damage has occurred. To respond to such risks, rules and procedural manuals have been devised at Aeon to respond to large-scale natural disasters and major incidents and accidents and we are implementing education and training to ensure swift and precise responses.

In the event that a large-scale earthquake occurs, we will strive to minimize impacts from the event by quickly guiding customers and employees at store sites to evacuation areas, using Disaster Response Divisions at each Group company to confirm the safety of employees, using the Internet and Aeon's intranet to ascertain the status of each Group company and store site, and sharing information between companies to implement organizational countermeasures.

Compliance and Corporate Ethics

Basic Rules

—Aeon Code of Conduct

Aeon established the Aeon Code of Conduct in 2003 in order to express the Aeon Basic Principles in terms of a specific set of guidelines. Education and training on the code, establishment of a Code of Conduct Hotline as an internal reporting system, and monitoring activities (the Code of Conduct Survey) were all also started in 2003 in conjunction with establishment of the code.

The Aeon Code of Conduct makes explicit to Group employees criteria for action, consideration and judgment, under the Aeon Basic Principles, in order to serve customers. It is intended as a shared set of values for the Aeon Group.

Aiming to make the Aeon Code of Conduct shared and mutually recognized by all employees, training on the code for Group companies in Japan began on a full-fledged basis in 2004. The same training has been provided by Group companies overseas since 2006.

Since FY2011, we have been working to create a system to disseminate and instill the Aeon Code of Conduct at Group companies in China and ASEAN nations in line with the 'shift to Asian markets,' one of the strategies outlined in our medium term management plan.

Promotion Framework

The Corporate Ethics Team was established to promote compliance and the code of conduct throughout the Aeon Group, and is under the direct control of the head of human resources and administration at Aeon Co., Ltd. The Corporate Ethics Team develops and executes policies for the overall Aeon Group based on an annual plan and proposes and recommends specific measures to address various problems and issues facing the company. The status of compliance issues and initiatives as well as the promotion of the code of conduct pertaining to the overall Group are reported to the Aeon Management Committee, which is Aeon Co., Ltd.'s executive organ, and to the Audit Committee (outside directors).

Companies in the Aeon Group have appointed managers in charge of promoting the code of conduct and have established administrative offices for the same purpose. These managers conduct training at their respective companies, conduct fact-finding investigations for consultations reported through the hotline, respond to questions, and report to Aeon Co., Ltd.

Additionally, each store and business office selects one to three employees to serve as leaders in charge of promoting the code of conduct. They work on activities to disseminate and instill the Aeon Code of Conduct at the business office.

Aeon Code of Conduct

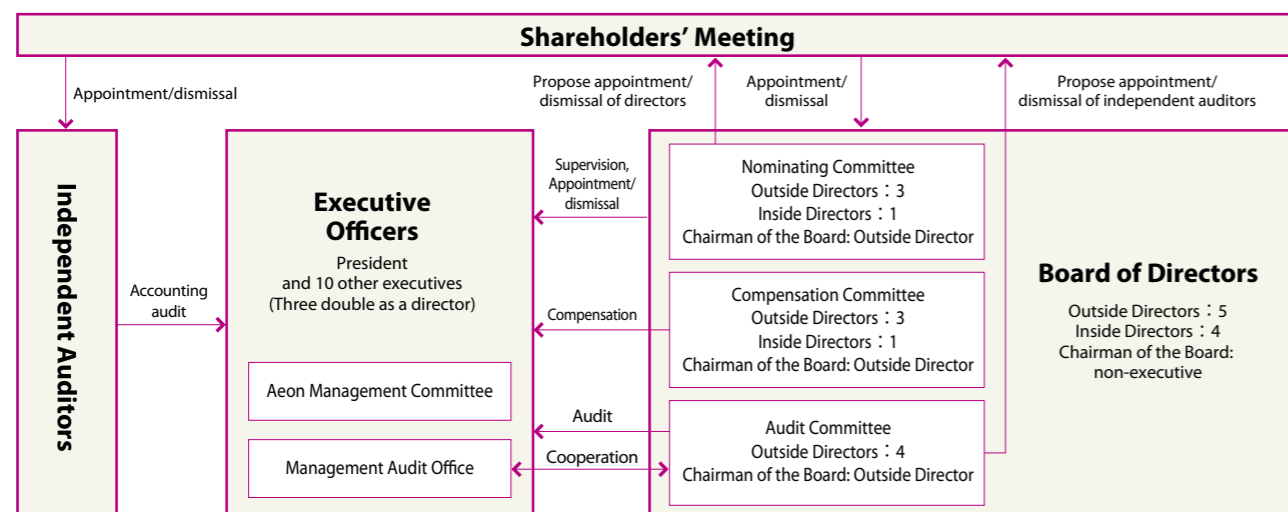
1. Aeon people are always grateful to the many other individuals who provide support and help, never forgetting to act with humanity.
2. Aeon people value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. Aeon people actively seek out ways to exceed customer expectations.
4. Aeon people continually challenge themselves to find new ways to accomplish the Aeon ideals.
5. Aeon people support local community growth, acting as good corporate citizens in serving society.

Code of Conduct Hotline

Aeon set up the Aeon Code of Conduct Hotline as an internal reporting system for employees for employees in 2004. The hotline can be used not only to report non-compliance and improprieties, but also to speak to someone about various workplace issues, such as not being able to speak with a boss or encountering something that is troubling. The hotline handles a wide variety of reports and consultations. It is available to all employees working at the Aeon Group. There are two lines in operation, one for internal consultations and another to connect and consult with an outside party.

Reports and consultations are passed on to Group companies concerned as feedback through a corporate ethics team. Within two weeks time, an investigation is conducted to ascertain the facts behind each report or consultation, and a response is made, with the results, including corrective measures, reported to the corporate ethics team. In addition, all consultation matters are conveyed to the executive management team of Aeon Co., Ltd. and the presidents of all Group companies in a weekly and monthly report.

Corporate Governance Framework (As of May 28, 2015)



Compliance and Corporate Ethics

Education and Training

Aeon conducts training to disseminate and instill the Aeon Code of Conduct as a buttress for corporate ethics, primarily through four programs: training for executive management, training for code of conduct promotion leaders, general training, and training for new employees. A code of conduct curriculum is also incorporated into problems asked on hiring examinations and in recruitment training.

Training for Executive Management (since 2003)

Executive management from Group companies learns about and shares the situation surrounding corporate ethics and risk management both within and outside their own respective companies. The curriculum aims to empower participants with the ability to make their own decisions based on the Aeon Code of Conduct and to lead as well as set a precedent for general employees.

Training for Code of Conduct Promotion Leaders (since 2003)

Participants learn about corporate ethics and how to proceed with related practices. They also acquire skills for conducting study sessions on the Aeon Code of Conduct.

General Training (since 2003)

All employees of the Aeon Group participate in general training once a year to review the Aeon Code of Conduct. Reconfirming the necessity of corporate ethics helps create a shared set of values among employees.

Training for New Employees (since 2004)

New employees of Group companies receive training as a part of new employee orientation. Through the Aeon Code of Conduct, employees learn about acting and making decisions while putting customers front and center.

Promoting Corporate Ethics at Group Companies Overseas

Since 2006, Aeon has begun introducing Code of Conduct training, establishing hotlines, and instituting monitoring systems (the Code of Conduct Survey) at Group companies overseas.

In FY2014, we held training on the Aeon Code of Conduct at 53 Group companies overseas. A total of 46,250 employees took part in grade-specific training for management, promotion leaders, general employees, and new employees.

In FY2015, we plan to hold training for about 50,000 Aeon people at a total of 58 companies, including Group companies where we plan to introduce the Code of Conduct for the first time.

Implementing the Aeon Code of Conduct Survey

Once a year since 2003 we have conducted an anonymous Aeon Code of Conduct Survey of employee awareness to ascertain the extent to which the Aeon Code of Conduct has penetrated the organization as well as to gather information on workplace issues, employee working formats, motivation levels and the like. This survey is used as a basis for assessing employee awareness and corporate culture across the entire Aeon Group, including its overseas locations, through evaluation of the visibility of promotional activities, the personal commitment of employees and the situation of each workplace. Its findings are also compiled, analyzed as well as shared with Aeon Group companies, and are used to help resolve specific social issues.

In FY2014, we conducted the survey at 57 Group companies overseas and received 29,899 responses.

In FY2015, we will survey 174,800 employees at 67 companies in Japan and 35,700 employees at 61 companies overseas. We will continue to strengthen our response to compliance risk by identifying the current situation at each company based on an analysis of the responses and building systems to draw up and implement measures to improve our corporate culture.

Creating Support and Awareness-Raising Tools

In addition to training programs, Aeon also creates a variety of awareness-raising tools to disseminate and instill its Code of Conduct.

For example, the Aeon Code of Conduct Newsletter, published every other month since 2004, presents issues reported or consulted on via the Aeon Code of Conduct hotline, reports on the results of training programs, and conveys Aeon's values through excerpts from the writings of our founder.

Every month 291,000 copies are printed and distributed to employees of Aeon Group companies. The newsletter has been very well received by employees, prompting some to revisit the Code of Conduct and take advantage of the hotline.

TOPICS

Utilizing a Picture Book to Share the Aeon Basic Principles

Aeon makes use of the picture book *Arigatou no Yakusoku* ("The Promise of Thank You," Text by Masato Ochi with pictures by Soya Nagashima) as a tool to share and encourage mutual understanding of the Aeon Basic Principles among new employees, employees of new Group companies, and employees overseas whose native language is not Japanese.

By providing the picture book, which introduces the importance of being grateful and saying 'thank you' in any situation, we aim to boost understanding of the essence of our principles in an intuitive manner.

Environmental Management

Environmental Policy System

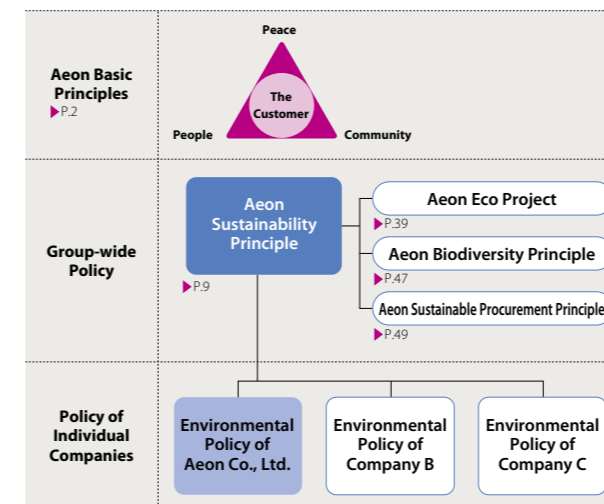
Aeon established the Aeon Sustainability Principle in line with the Aeon Basic Principles as the fundamental policy that governs the environmental and social contribution activities that all Aeon Group companies should take part in. Following these policies, the Aeon Eco Project and the Aeon Biodiversity Principle also represent environmental goals and policies for the entire Group.

Effective measures are conducted following the environmental policies and environmental management systems established by each Group company based on their own unique characteristics. This is because the Aeon Group encompasses a multitude of business areas and the challenges that each Group company faces may differ depending on their operating format and sector.

As an example, Aeon Co., Ltd. undertakes environmental protection activities based on the Aeon Environmental Policy, which sets targets and objectives for such activities pursuant to the key issues defined in the Aeon Sustainability Principle. Targets for the following fiscal year are determined by sharing environmental activities undertaken across the entire Group under the guidance of the Group Chief Environmental Officer as well as by an evaluation of the progress toward meeting previous targets.

* As we changed to a structure under which the Corporate Planning Section is the organization for the integrated operation of management strategy, environmental and social contribution, public relations, and investor relations in FY2015, the Vice President, Chief Corporate Planning Officer is now responsible for this function.

Environmental Policy System



Aeon Environmental Policy*

We strive to balance enriching lifestyles with environmental conservation by providing safe and comfortable stores, products and services to our customers.

We also operate an environmental management system to implement measures, conduct periodical reviews, and promote continual improvements.

1. We will strive to reduce the emission of greenhouse gases in all of our business activities in order to realize a low-carbon society.
 - (1) We will continually improve the energy efficiency of our stores.
 - (2) We will strive to reduce the emission of greenhouse gases in all phases of our products' supply chain.
2. We will promote conservation activities and ascertain the benefits and impact of our business activities on natural ecosystems.
 - (1) We will strive to develop and procure products that use properly managed resources in consideration of sustainability.
 - (2) We will promote tree planting and raising activities as well as undertake activities that safeguard the ecosystems of local communities.
3. We will strive to implement resources conservation and resources recycling initiatives in order to use resources in a sustainable manner.
 - (1) We will promote "reduce, reuse and recycle" for all the resources we use.
 - (2) We will strive to select raw and general materials that have less of an impact on the environment.
4. We will comply with legal requirements and with other requirements related to our environmental aspects, and strive to prevent pollution. In addition, we will communicate this policy to all persons working for or on behalf of the organization as well as making it available to the public.
5. We will develop partnerships with many stakeholders, including our customers, and widen the reach of our initiatives.

Enacted March 1, 2011
Motoya Okada
President
AEON CO., LTD.

* The Environmental Guideline of AEON CO., LTD. is applied in the following group companies: AEON CO., LTD., AEON Retail Co., Ltd., AEON SUPERCENTER Co., Ltd., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., AEON BIG CO., LTD., Aeon Integrated Business Service Co., Ltd., My Basket CO., LTD., AEONBIKE Co. Ltd., AEONLIQUOR Co., Ltd.

Environmental Management

ISO Certification

As of February 2015, 35 companies in the Aeon Group have acquired ISO 14001 certification, the international standard for environmental management systems. Each company runs its own Plan-Do-Check-Act (PDCA) cycle, achieving results in efforts to continually reduce environmental impacts.

List of ISO-Certified Companies (as of February 2015)

Company	ISO9001	ISO14001	Company	ISO9001	ISO14001
AEON CO., LTD.	●	●	Maxvalu Kyushu Co., Ltd.	●	●
AEON Retail Co., Ltd.	●	●	Maxvalu Hokkaido Co., Ltd.	●	●
AEON SUPERCENTER Co., Ltd.	●	●	AEON DELIGHT CO., LTD.	●	●
MAXVALU MINAMI TOHOKU CO., LTD.	●	●	LAURA ASHLEY JAPAN CO., LTD.	●	●
MAXVALU KANTO CO., LTD.	●	●	Mega Sports Co., Ltd.	●	●
MAXVALU NAGANO CO., LTD.	●	●	COX CO., LTD.	●	●
MAXVALU HOKURIKU CO., LTD.	●	●	Maxvalu Tokai Co., Ltd.	●	●
AEON Integrated Business Service Co., Ltd.	●	●	Research Institute For Quality Living Co., Ltd.	●	●
AEON BIG CO., LTD.	●	●	AEON Hokkaido Corporation	●	●
My Basket CO., LTD.	●	●	AEON GLOBAL SCM CO., LTD.	●	●
AEONBIKE CO., LTD.	●	●	GUANGDONG AEON TEEM CO., LTD.	●	●
AEON LIQUOR CO., LTD.	●	●	The Daiiei, Inc.	●	●
Maxvalu Tohoku Co., Ltd.	●	●	AEON MARKET CO., LTD.	●	●
AEON FOOD SUPPLY Co., Ltd.	●	●	Gourmetcity Kanto Co., Ltd.*	●	●
Maxvalu Nishinohon Co., Ltd.	●	●	Gourmetcity Kinki Co., Ltd.*	●	●
Maxvalu Chubu Co., Ltd.	●	●	AEON CREDIT SERVICE (ASIA) CO., LTD.	●	●
AEON Mall Co., Ltd.	●	●	AEON CREDIT SERVICE (M) BERHAD	●	●
AEON KYUSHU CO., LTD.	●	●	AEON THANA SINSAP (THAILAND) PLC.	●	●
AEON CREDIT SERVICE CO., LTD.	●	●	QINGDAO AEON DONGTAI CO., LTD.	●	●
AEON RYUKYU CO., LTD.	●	●			

* Gourmetcity Kanto Co., Ltd. and Gourmetcity Kinki Co., Ltd. were merged into The Daiiei, Inc. on March 1, 2015. The Maruetsu, Inc., which was included in the scope of consolidation on March 1, 2015, has also obtained ISO 140001 certification, and Kasumi Meat Processing Center, Ltd. has obtained ISO 9001 certification.

12 companies, centered on Aeon Co., Ltd. and Aeon Retail Co., Ltd., operate an integrated environmental management system. In the fifth renewal inspection conducted in March 2015, the Japan Audit and Certification Organization for Environment and Quality (JACO), the certification body, commended results achieved through efforts to reduce electricity consumption, amounts expended on materials and disposal price changes as well as a range of efforts, including communication with the community and development of human resources (energy advisors), and recognized the continuation of certification. Partial deficiencies in handovers and operations were issues identified. We are taking this as an opportunity to improve and are making remedial efforts.

Wastewater Management

Wastewater discharged from Aeon stores rarely if ever contains hazardous substances. Sometimes, however, this wastewater may contain large amounts of oils, which can exceed legal limits or clog up wastewater pipes leading to a leakage or other accident. As a result, Aeon conducts training for its employees and the employees of its tenants to ensure day-to-day maintenance is correctly performed, including compliance with cleaning grease traps. We have been making improvements by strengthening day-to-day management, including regularly taking photographs for use in providing instructions. We have also included grease trap monitoring as part of the required hygiene checks for our stores, and adopted a system where third parties regularly perform these checks.

Furthermore, Aeon Retail Co., Ltd. and several other Aeon Group companies perform water quality testing concurrently that includes sewage as part of annual voluntary inspections. Stores where values exceed our voluntary standards, which are even stricter than legal requirements are required to take corrective actions which helps to improve our overall wastewater management practices.

Environmental Education

Aeon provides time in its various training sessions for learning about Aeon's environmental principles and policies in order to raise the awareness of employees regarding the environment.

Since FY2008 we have encouraged employees to take the Certification Test for Environmental Specialists® (Eco Test)*. Department managers at the head office and higher ranked personnel as well as store managers and others take the test. To date, a total of 7,601 (310, FY2014) out of 12,637 (637, FY2014) Aeon personnel who took the test have passed.

Companies that have acquired ISO 14001 certification provide training for their employees. For example, Aeon Retail Co., Ltd. has established a web-based training tool and requires employees to keep an ISO 14001 handbook with them. Training seminars for internal environmental auditors led by qualified instructors are also held every year to facilitate smooth operation of the environmental management system. As of February 2015, a total of 1,876 employees (77, FY2014) have attended the seminars since 2000, when ISO certification was acquired.

* The Certification Test for Environmental Specialists is a certification program sponsored by the Tokyo Chamber of Commerce and Industry. It was started in 2006 in order to develop human resources who possess broad-reaching basic knowledge of environmental issues and who can utilize their awareness of these issues in everyday activities, and to help build a sustainable society with a balance between the environment and the economy.



Environmental Specialist Certification

FY2014 ISO 14001 Targets and Performance

Aeon Retail Co., Ltd., Maxvalu 4 companies*, Aeon Supercenter Co., Ltd., Aeon Big Co., Ltd.

○=Achieved △=X=Did not achieve, but will continue to make efforts

Environmental Policies	Category	Company-wide Targets	Targets	Results	Percentage over target	Evaluation	Department responsible
Realization of a Low-carbon Society	Stores	○	Reduction of electricity consumption At least 5% reduction from FY2013 * Target varies according to company	FY 2014 Target: 2,005,723 thousand kWh FY 2014 Result: 2,032,678 thousand kWh * The total of Aeon Retail Co., Ltd., Aeon Supercenter Co., Ltd., Maxvalu 4 companies and Aeon Big Co., Ltd.	Stated target: 101.3% Comparison last year: 97.4%	△	• General Affairs Division (Facility Management Group)
		—	Formulate new Smart Aeon standards	Complete formulation of new Smart Aeon standards applicable to new stores in and after FY2015 (June 2014)	—	○	• Construction Dept. • General Affairs Division (Facility Management Group)
Better Use of Resources	Stores	○	Reduction of the cost of material At least 10% reduction of use amount cost from FY2013 * Target varies according to company	FY 2014 Target: 1,014,898 thousand yen FY 2014 Result: 1,019,052 thousand yen * The total of Aeon Retail Co., Ltd., Aeon Supercenter Co., Ltd., Maxvalu 4 companies and Aeon Big Co., Ltd.	Stated target: 100.4% Comparison last year: 89.0%	△	• General Affairs Division • Corporate Citizenship Dept.
		○	Maintain food waste-to-sales ratio at below 0.5% * Target varies according to company	FY 2014 Results (average): 0.55% * The total of Aeon Retail Co., Ltd., Aeon Supercenter Co., Ltd., Maxvalu 4 companies and Aeon Big Co., Ltd.	Stated target: 113.0% Comparison last year: 96.0%	△	• Store Operations Dept. • Food Products Division
Conservation of Biodiversity	With Customers	—	Continuation of tree planting activities and education activities tree "Aeon Hometown Forests Program" Maintain and manage as forest	• Manage planting zone base on manual. • Correction of disparities is an issue as level of initiatives varies depending on company, including cleaning of planting zone as part of clean & green activities and tree maintenance events.	—	△	• Construction Dept. • Corporate Citizenship Dept.
Realization of a Low-carbon Society, Better Use of Resources, Conservation of Biodiversity	Products	—	Sales of environment-friendly products	FY2014 Example • Enlargement of sale of MSC, ASC certification product • PEACE FIT, LED energy saving illumination increase • SELF+SERVICE, etc.	—	△	• Each product division • SELF+SERVICE Dept.
Partnership	With Customers	—	Promoting the Aeon Cheers Club activity 1. A stores implement more than 4 activities/year 2. Aeon Cheers Club complete the wall newspaper 3. Appointment of at least five coordinators (* at least three at small-scale stores)	FY2014 Result 1. Until the third quarter in more than 4 activities/year: 73.5% 2. Zero activity stores: 31 stores	Stated target: 91.9%	△	• Corporate Citizenship Dept.
Pollution Prevention	Stores	—	Implement proper wastewater management (comply with voluntary standards, prevent accidents) 1. Implement efforts aimed at maintaining proper values at all times 2. Continue individual measures for problem stores (non-correction of infringements/lack of equipment)	FY2014 Result 1. Initial infringement rate: 26.0% (about same level as previous year) 2. Promote specific measures for stores with infringements (use of bio preparations, unit-type grease traps, net holders with handles, etc.)	—	△	• General Affairs Division (Facility Management Group) • Corporate Citizenship Dept.

* Maxvalu Minami Tohoku Co., Ltd., Maxvalu Kanto Co., Ltd., Maxvalu Nagano Co., Ltd., Maxvalu Hokuriku Co., Ltd.

Environmental Management

FY2014 Environmental Accounting

Category	Accounting items	Aeon Group			GMS(subtotal)			SM/DS(subtotal)			Small-sized Stores(subtotal)			Developer(subtotal)			Service & Specialty Store, Drugstore & Pharmacy, Shared Function Companies(subtotal)		
		Environmental conservation costs (thousand Yen)	Economic benefits of environmental conservation (thousand Yen)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (thousand Yen)	Economic benefits of environmental conservation (thousand Yen)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (thousand Yen)	Economic benefits of environmental conservation (thousand Yen)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (thousand Yen)	Economic benefits of environmental conservation (thousand Yen)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (thousand Yen)	Economic benefits of environmental conservation (thousand Yen)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (thousand Yen)	Economic benefits of environmental conservation (thousand Yen)	Environmental conservation benefits (t-CO ₂)
Realization of a Low-carbon Society	Installation cost for photovoltaic power systems	3,714,494	43,137	1,318.4	73,100	8,503	82.7	-	-	-	2,854,767	33,985	755.7	755,837	649	444.5	30,791	-	35.5
	Investments in energy efficient equipment for new stores	3,484,646	251,666	5,782.7	99,205	2,141	81.0	850,399	118,924	2,271.3	1,635,461	120,489	2,842.3	824,165	-	428.7	75,417	10,112	159.4
	Adoption cost of CO ₂ refrigerant at new stores	653,302	43,558	4,248.9	379,528	42,998	3,612.0	220,952	-	624.4	52,822	560	12.5	-	-	-	-	-	-
	Investments in energy efficient equipment at existing stores	3,152,152	495,550	8,734.4	2,547,345	369,891	7,487.0	135,636	87,016	388.2	452,432	38,643	859.2	-	-	-	16,739	-	-
	Installation of LED lighting at existing stores	5,997,435	949,452	21,186.4	4,816,345	676,078	16,346.4	798,182	216,782	3,744.5	49,541	15,771	163.3	-	-	-	333,366	40,820	932.2
	Visualization of energy usage at existing stores	26,164	14,090	158.8	-	-	-	24,556	13,678	43.8	72	-	-	-	-	-	1,536	411	115.0
	Costs associated with energy management seminars (participation)	5,084	-	-	4,945	-	-	139	-	-	-	-	-	-	-	-	-	-	-
	FC filling costs	196,500	-	-	117,147	-	-	79,354	-	-	-	-	-	-	-	-	-	-	-
Total	17,229,778	1,797,453	41,429.5	8,037,616	1,099,611	27,609.1	2,109,218	436,401	7,072.1	5,045,095	209,447	4,632.9	1,580,001	649	873.2	457,849	51,343	1,242.1	
Conservation of Biodiversity	Aeon Hometown Forest program implementation costs	347,690	-	-	55,368	-	-	40,874	-	-	-	-	-	251,448	-	-	-	-	
	Aeon Hometown Forest program tree planting festival	54,181	-	-	29,201	-	-	6,164	-	-	-	-	-	18,466	-	-	350	-	
	Cost of regular maintenance for planted zones / Next 10 million trees	444,583	-	-	142,667	-	-	29,481	-	-	-	-	-	272,435	-	-	-	-	
Total	846,454	-	-	227,235	-	-	76,519	-	-	-	-	-	542,349	-	-	350	-		
Better Use of Resources	Payment of third-party processing required under the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging	1,449,490	-	-	551,035	-	-	366,580	-	-	97,710	-	-	-	-	-	434,166	-	
	Operating costs for home appliance recycling program	108,669	-	-	108,654	-	-	15	-	-	-	-	-	-	-	-	-	-	
	Processing cost of recyclables collected in-store	370,853	367,784	-	124,516	258,010	-	246,337	109,774	-	-	-	-	-	-	-	-	-	
	Processing cost of recycling of food residue	493,933	9,698	-	215,721	-	-	253,148	1,494	-	24,627	8,204	-	-	-	-	437	-	
Total	2,422,945	377,482	-	999,926	258,010	-	866,080	111,268	-	122,337	8,204	-	-	-	-	434,602	-		
Addressing Social Issues	Contributions to the Aeon Happy Yellow Receipt Campaign	361,377	-	-	272,439	-	-	78,808	-	-	-	-	-	10,131	-	-	-	-	
	Activity costs of the Aeon Cheers Club	4,648	-	-	119,092	-	-	405	-	-	-	-	-	-	-	-	-	-	
Total	480,874	-	-	391,531	-	-	79,213	-	-	-	-	-	-	10,131	-	-	-		
Environmental Communication	Cost of preparing the Aeon Environmental and Social Report	17,826	-	-	1,942	-	-	3,551	-	-	3,290	-	-	8,402	-	-	640	-	
	Operating costs of environmental website	11,820	-	-	80	-	-	1,760	-	-	-	-	-	9,960	-	-	20	-	
	Cost of operating or exhibiting at environmental events	2,954	-	-	1,272	-	-	1,170	-	-	-	-	-	513	-	-	-	-	
	Environmental advertising (external)	211,326	-	-	201,592	-	-	3,550	-	-	-	-	-	6,184	-	-	-	-	
	Cost of Eco Test	5,763	-	-	2,891	-	-	257	-	-	350	-	-	1,552	-	-	713	-	
	Membership dues in and donations for environmental organizations	92,571	-	-	42,160	-	-	48,542	-	-	10	-	-	-	-	-	1,860	-	
Total	342,260	-	-	249,937	-	-	58,829	-	-	3,650	-	-	26,612	-	-	3,233	-		
Environmental Management	Processing cost of waste generated by stores and offices	10,510,682	-	-	6,290,166	-	-	2,081,280	-	-	492,974	-	-	1,519,900	-	-	126,363	-	
	Maintenance of pollution prevention equipment and devices (including inspections and testing)	3,301,260	-	-	643,915	-	-	417,175	-	-	-	-	-	2,240,170	-	-	-	-	
	Personnel costs	326,870	-	-	162,057	-	-	82,812	-	-	3,908	-	-	36,105	-	-	41,989	-	
	Operating cost of environmental management system	276,803	-	-	21,560	-	-	19,100	-	-	5	-	-	232,453	-	-	3,686	-	
	Costs for preventing environmental accidents and for restoring in case of accident	593,447	-	-	9,988	-	-	11,116	-	-	-	-	-	572,344	-	-	-	-	
	Cost of organizing waste management seminars	78	-	-	35	-	-	43	-	-	-	-	-	-	-	-	-	-	
Total	15,009,140	-	-	7,127,721	-	-	2,611,525	-	-	496,887	-	-	4,600,970	-	-	172,037	-		

Companies covered: AEON Retail, The Daij, AEON Hokkaido, AEON KYUSHU, AEON RYUKYU, SUNDAY, JOY

Companies covered: MV Hokkaido, MV Tohoku, MV MINAMI TOHOKU, MV KANTO, AEON MARKET, MV Tokai, MV HOKURIKU, MV NAGANO, MV Chubu, KOHYO, MV Nishinohon, marunaka, SANYO MARUNAKA, MV Kyushu, AEON SUPERCENTER, AEON BIG (MV: MAXVALU)

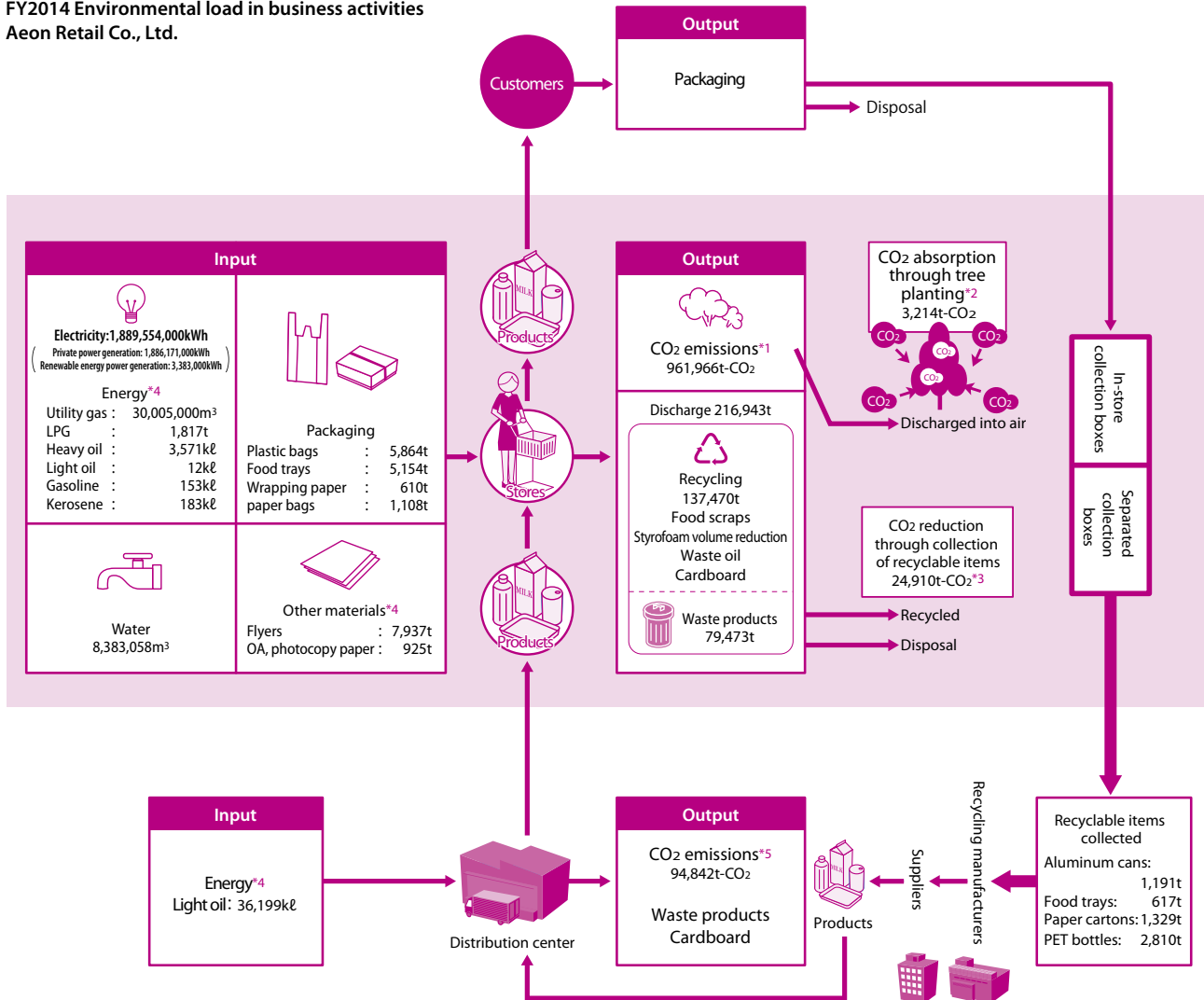
Companies covered: MINISTOP, ORIGIN TOSHU, My Basket

Companies covered: AEON Mall, AEON TOWN

Companies covered: AEON Fantasy Co., Ltd., AEON Eaheart Co., LTD., AEON FOREST CO., LTD., Mega Sports Co., Ltd., Claire's Nippon Co., Ltd., MIRAIYA SHOTEN CO., LTD., Branshes Co. Ltd, AEONBIKE CO.,LTD., CFS Corporation, AEON TOPVALU CO., LTD., AEON GLOBAL SCM CO., LTD., AEON FOOD SUPPLY Co., Ltd.

Environmental Management

FY2014 Environmental load in business activities
Aeon Retail Co., Ltd.



*1 Calculations based on energy consumption of equipment at stores and business places. Calculated using the CO₂ emission coefficient (2.62t-CO₂/kl) for light oil.

*2 Calculated based on the group-wide total number of trees planted under the "Aeon Hometown Forest" program.

*3 Calculated based on the 3R basic unit method (Waste Management and Recycling Department, Ministry of the Environment; March 2013).

*4 Calculated by multiplying the ratio of Aeon Retail by the total energy used by Aeon Global SCM.

*5 Calculated using the CO₂ emission coefficient (2.62t-CO₂/kl) for light oil.