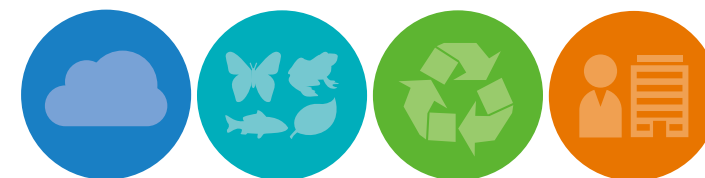




2016 AEON SUSTAINABILITY REPORT



Aeon is promoting sustainable management with the aim of both developing a sustainable society and growing the Group.



岡田 基也
Motoya Okada
Group CEO,
President of AEON CO., LTD.

Since it was first founded, Aeon has continuously worked to fulfill its mission as a retailer grounded in a basic philosophy of peace, people, and the community. This includes continually contributing to a better life for our customers by supporting their daily needs and continually contributing to the development of society with local people through our businesses. Aeon has maintained this stance over the years through partnerships with like-minded companies in terms of the commercialization, modernization and industrialization of the retail business, constantly responding to change in the process. Today, we employ a workforce of 520,000 and posts more than 8 trillion JPY in operating profit. We have to further promote sustainable management in order to realize both the development of society and the growth of the Group based on the basic principles as our scale of business expand and role become greater.

Aeon is implementing 4 Shifts in the Medium-Term Management Plan (FY 2014 - FY 2016). The 4 Shifts are Senior Shift for promoting development of new fields of business by each Group businesses to respond of needs of senior

generation, Digital Shift for accelerating initiatives in omnichannel to grasp growth opportunities in the e-commerce markets, Urban Shift to develop stores and businesses tailored to the lifestyle needs of people in the urban area, and Asian Shift to provide safe and reliable products and services to people in the China and ASEAN markets. We will respond to the diverse need of our customers in Japan and at a globally through these shifts. We will respond to the expectations of the stakeholders and request from the society while steadily but surely growing as a Group.

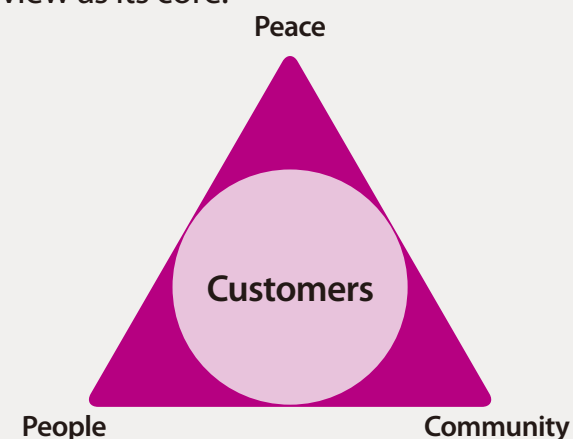
We are also continuing to enhance our CSR foundations globally. Aeon was the first retailer in Japan to become a signatory to the 10 Principles of the UN Global Compact and since then we have consistently supported and practiced the principles set out therein and continue to strive in our initiatives. Once achievement of these efforts has been establishing a framework for shared growth by requesting all suppliers in and outside Japan for Aeon's generic brand TOPVALU products to comply with the Aeon Supply CoC (Code of Conduct).

In April 2016, we announced the start of local ecosystem building. This is a framework which various stakeholders of the region to work together to create added value when living in that region. This is aim to be a new way of community development that is able to respond to the new values in a digital age through fully utilizing newest technologies. We have started in Chiba City as the first area to implement this approach. We are planning to expand this effort all over Japan through building local ecosystems and creating new local industry together with the stakeholders.

Aeon will continue, through dialogue and cooperation with our diverse stakeholders, to further evolve sustainable management and to grow over the Medium- and long-term to become Asia's pre-eminent retailer.

Aeon Basic Principles

Pursuing peace, respecting humanity and contributing to local communities, always with the customer's point of view as its core.



The word aeon (ÆON) has its origins in a Latin root meaning "eternity."

The customers' beliefs and desires comprise the central core of our philosophy. At Aeon, our eternal mission as a corporate group is to benefit our customers, and our operations are thus customer-focused to the highest degree.

Peace:

Aeon is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

People:

Aeon is a corporate group that respects human dignity and values personal relationships.

Community:

Aeon is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

On the basis of the Aeon Basic Principles, Aeon practices its "Customer-First" philosophy with its ever-lasting innovative spirit.

Editorial Policy

The Aeon Group has been publishing the Aeon Environmental Report every year since 1996 (Aeon Environmental and Social Report since 2003) to cultivate understanding in all of our stakeholders about our beliefs and activities for the CSR (corporate social responsibility) we should fulfill to realize a sustainable society.

In regards to our selection of items to report, we are covering and reporting initiatives of Group companies from both environmental and social perspectives with focus on Aeon, which is a pure holding company, in addition to General Merchandise Store Business and Supermarket & Discount Store Business according to items society has high interest and efforts Aeon is particularly focused.

The 2016 report includes two special feature sections.

The first special feature presents information on our Dialogue with Stakeholders carried out in June 2016 with two stakeholders who possess particular expertise. The dialogues were an opportunity to present initiatives in our Big Challenge 2020, aimed at integrating CSR activities with corporate management. They also presented assessments of these initiatives, brought forth expert opinions, and offered advice on what we should do and how we should proceed toward medium- and long-term growth. The second special feature is titled The Challenge of Aeon -- Together with Communities, and presents illustrative cases showing Aeon's understanding of issues and showing initiatives that stem from that understanding.

We are reporting initiatives in FY 2015 that include our full management approach to each priority issue in addition to the progress status of KPI, environmental conservation and social contribution activities undertaken with our customers, and initiatives through our products and stores. Information is also provided on our ongoing support to those in need following the Great East Japan Earthquake.

Report Period

FY 2015 (March 1, 2015 – February 29, 2016)*

*For operating companies with different fiscal years and a portion of businesses, the relevant time periods are indicated on each report section.

Scope of Report

This report covers the pure holding company AEON CO., LTD. and its consolidated subsidiaries 295 companies, 33 companies equity method affiliates (as of the end of February 2016).

When a section applies to only certain operating companies, it is indicated as such.

The AEON 1% Club Foundation, whose activities are funded by donations made by major Aeon Group companies totaling 1% of their pre-tax profits, and the AEON Environmental Foundation, which takes part in activities to protect the Earth's environment, also appear in this report.

Target Audience

Our customers, shareholders, students, local residents who live in the neighborhood of the stores of the Aeon Group, business partners, NPOs, NGOs, government, investors and Aeon people (Aeon employees)

Reference Guidelines

- Reference Guidelines Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4)
- Environmental Reporting Guidelines (2012 Version), Ministry of the Environment of Japan
- Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan
- ISO 26000: Guidance on social responsibility

Disclaimer

This report contains plans and strategies for the future of Aeon Group, as well as predictions and prospects regarding our performance. Such information is based on our determinations and convictions made based in accordance with the facts and information currently available to us.

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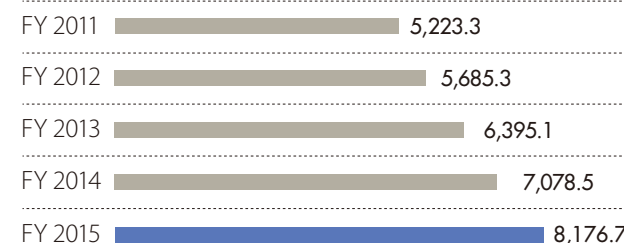
Aeon Group Overview Business Expansion

With approximately 520,000 Aeon employees in around 300 Aeon Group companies in Japan, China and ASEAN, Aeon is developing its business in sales, services, and nine total segments supporting people's daily lives in 13 countries.

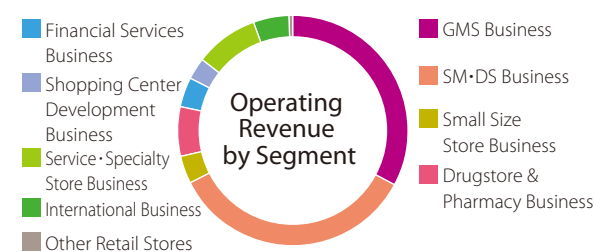
Aeon is mainly a GMS (General Merchandise Store) enterprise, but is expanding to large mall-type regional commercial area shopping centers (SC) as well as a variety of local commercial area specialty shops that supply life's daily necessities and offer specialized services to the local community. In addition, in support of our customers' healthy and comfortable lives, we are developing a variety of businesses such as small supermarkets, convenience stores, drug stores, and general financial services. 520,000 Aeon employees, in around 300 Aeon Group companies in Japan, China and ASEAN, are striving to contribute to the convenient and comfortable living of our customers and to achieve global 'customer satisfaction.'

Operating Revenue

(unit: billion JPY)



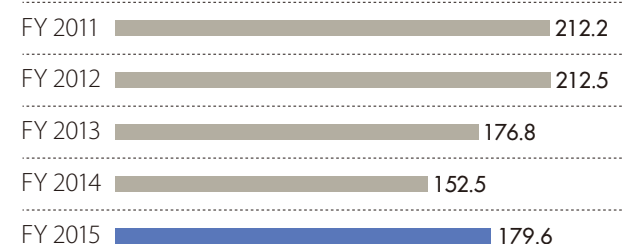
Operating revenue (%) by Segment*



*Based on simple combined figures before consolidated adjustment

Ordinary Income

(unit: billion JPY)



General Merchandise Store Business

The segment engages in operating general merchandise stores for enriching everyday lives of customers with specialized product lineups and services.

AEON Retail Co., Ltd., AEON Hokkaido Corporation, SUNDAY CO., LTD., AEON KYUSHU CO., LTD., AEON SUPERCENTER Co., Ltd., AEONBIKE CO., LTD., AEON Bakery Co., Ltd., AEON LIQUOR CO., LTD., AEON RYUKYU CO., LTD., TOPVALU COLLECTION CO., LTD., Bon Belta Co., Ltd.



Supermarket & Discount Store Business

We are expanding community-rooted supermarkets and discount stores. We are enhancing our line-up of everyday necessities focused on foodstuff.

United Super Markets Holdings Inc., Maxvalu Nishinohon Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Hokkaido Co., Ltd., Maxvalu Kyushu Co., Ltd., Inageya Co., Ltd., Belc Co., Ltd., A-Colle Co., LTD., AEON BIG CO., LTD., AEON MARKET CO., LTD., KASUMI CO., LTD., KOHYO CO., LTD., SANYO MARUNAKA CO., LTD., The Daiei, Inc., BIG-A CO., LTD., BIG-A KANSAI JAPAN CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., The Maruetsu, Inc., marunaka CO., LTD., Red Cabbage Co., Ltd.



Small Size Store Business

The segment engages in developing and operating small-sized supermarkets and specialty stores offering packed deli food mainly in urban areas in Japan, in addition to the convenience store business in Japan and Asian countries.

MINISTOP CO., LTD., ORIGIN TOSHU CO., LTD., My Basket CO., LTD.



Drugstore & Pharmacy Business

The segment engages in operating drugstores and dispensing pharmacies to help local residents maintain their own health. In addition to widening product line-ups from medical products, daily necessities to health foods, it is working to expand its services including dispensing for home care patients.

WELCIA HOLDINGS CO., LTD., Medical Ikkou Co., Ltd., TSURUHA HOLDINGS Inc., KUSURI NO AOKI CO., LTD., WELCIA YAKKYOKU Co., Ltd., SHIMIZU YAKUHIN CO., LTD., CFS Corporation, Welpark Co., Ltd., ZAG ZAG Co., Ltd.

*The above companies constitute Hapycorn, an alliance of drugstores and dispensing pharmacies.



Financial Services Business

The segment engages in offering integrated financial services that combine credit, banking, insurance services, and e-money WAON cards. In Asian countries, it mainly operates the credit card business.

AEON Financial Service Co., Ltd., AEON CREDIT SERVICE (ASIA) CO., LTD., AEON THANA SINSAP (THAILAND) PLC., AEON CREDIT SERVICE (M) BERHAD, AEON REIT Investment Corporation, AEON BANK, LTD., AEON CREDIT SERVICE CO., LTD., AEON HOUSING LOAN SERVICE CO., LTD., AEON Product Finance Co., Ltd., AEON INSURANCE SERVICE CO., LTD., AEON Reit Management Co., Ltd., FeliCa Pocket Marketing Inc.



Shopping Center Development Business

The segment engages in developing and operating community-friendly shopping malls in Japan and Asian countries. In cooperation with other segments, it is working to enhance its services and facilities in accordance with the changing trends in society.

AEON Mall Co., Ltd., AEON TOWN Co., Ltd.



Service-Specialty Store Business

The segment engages in providing services that make everyday life more convenient and comfortable, as well as operating an array of specialty stores tailored to diversifying customer needs.

[Service Business]

AEON DELIGHT CO., LTD., AEON Fantasy Co., Ltd., ZWEI CO., LTD., AEON Eheart Co., LTD., AEON ENTERTAINMENT CO., LTD., AEON CULTURE CO., LTD., AEON COMPASS CO., LTD., AEON LIFE CO., LTD., KAJITAKU Co., Ltd., Reform Studio Co., Ltd.

[Specialty Store Business]

GFOOT CO., LTD., COX CO., LTD., Taka-Q Co., Ltd., Abilities JUSCO Co., Ltd., AEON FOREST CO., LTD., AEON PET CO., LTD., AEON BODY Co., Ltd., Claire's Nippon Co., Ltd., Cosmeme CO., LTD., Talbots Japan Co., Ltd., Branshes Co. Ltd., MIRAIYA SHOTEN CO., LTD., Mega Sports Co., Ltd., MEGA PETRO Co., Ltd., LAURA ASHLEY JAPAN CO., LTD., AT Japan Co., Ltd., R.O.U CO., LTD.



Digital Business

The segment engages in driving further growth of e-commerce including Net Super, while promoting Aeon's unique strategy of omni-channel that integrates experiences, products and the Internet.

Aeon Link Co., Ltd.

*The corporate name changed to AEON.com Co., Ltd. on April 1, 2016



International Business

The segment engages in operating general merchandise stores, supermarkets, discount stores and other businesses in China and ASEAN countries. The stores, products and services are tailored to the life style of the respective countries.

[China]

AEON (CHINA) CO., LTD., AEON Stores (Hong Kong) Co., Limited, AEON EAST CHINA (SUZHOU) CO., LTD., AEON (HUBEI) CO., LTD., AEON South China Co., Limited, BEIJING AEON CO., LTD., GUANGDONG AEON TEEM CO., LTD., QINGDAO AEON DONGTAI CO., LTD.

[ASEAN]

AEON ASIA SDN. BHD., AEON CO. (M) BHD., AEON BIG (M) SDN. BHD., AEON INDEX LIVING SDN. BHD., AEON VIETNAM Co., LTD., AEON (CAMBODIA) Co., Ltd., AEON (Thailand) CO., LTD., DONG HUNG INVESTMENT DEVELOPMENT CONSULTANCY JOINT STOCK COMPANY LIMITED, PT. AEON INDONESIA, ©FIRST VIETNAM INVESTMENT JOINT STOCK COMPANY

Shared Function Companies: ©YAMAYA CORPORATION, AEON Integrated Business Service Co., Ltd., AEON AGRI CREATE Co., Ltd., AEON GLOBAL SCM CO., LTD., AEON TOPVALU CO., LTD., AEON FOOD SUPPLY Co., Ltd., AEON MARKETING CO., LTD., Cordon Vert CO., LTD., Research Institute For Quality Living Co., Ltd., Tasmania Feedlot Pty. Ltd., ©AEON Demonstration Service Inc.

* Only major companies in each business segment are shown.

©Equity-method Affiliates, ◇Affiliated Companies
(As of February 29, 2016)

Aeon is contributing environmentally and socially through business operations, and also through promoting initiatives of the AEON 1% Club Foundation and the AEON Environmental Foundation.

AEON 1% Club Foundation

The AEON 1% Club Foundation was established in 1989 with the philosophy that Aeon is a company that makes proper use of the benefits received from customers for the future and for the community. Our activities are centered around the sound upbringing of children who will lead the next generation, the promotion of international friendship and goodwill, and sustainable development of the local community. Major companies in the Aeon Group contribute 1% of pre-tax profits.

AEON Environmental Foundation

The AEON Environmental Foundation was founded in 1990 to provide support to like-minded groups actively developing projects to protect the global environment. The Foundation has planted trees around the world and promoted a variety of joint environmental protection initiatives, such as the development of human resources in the fields of the environment and conservation of biodiversity.

Aeon Group Overview

Global Expansion

Continuing to grow Aeon's business in countries across Asia to contribute to abundant lives and sustainable development in the region.

Since its founding, Aeon has pursued business under the principle that the "retail industry is rooted in the local community, and continues to grow—as a local industry—with the region." Currently, we have developed a diverse and varied business that supports the daily lives of people in 13 countries, from Japan to China and ASEAN. The Aeon Group Medium term Management Plan (FY2014-2016) is currently in progress and sees expansion in Asian markets as a growth opportunity for Aeon. We are unifying together as a Group to promote the expansion of multi-formatted business in retail, finance, services, and more. Through the extensive expertise

that we have developed in Japan, and through interacting with the people in places where we do business, Aeon is striving to contribute to sustainable development in local regions, address the unique needs of those regions, and provide solutions to the challenges facing society.

3 headquarters structure

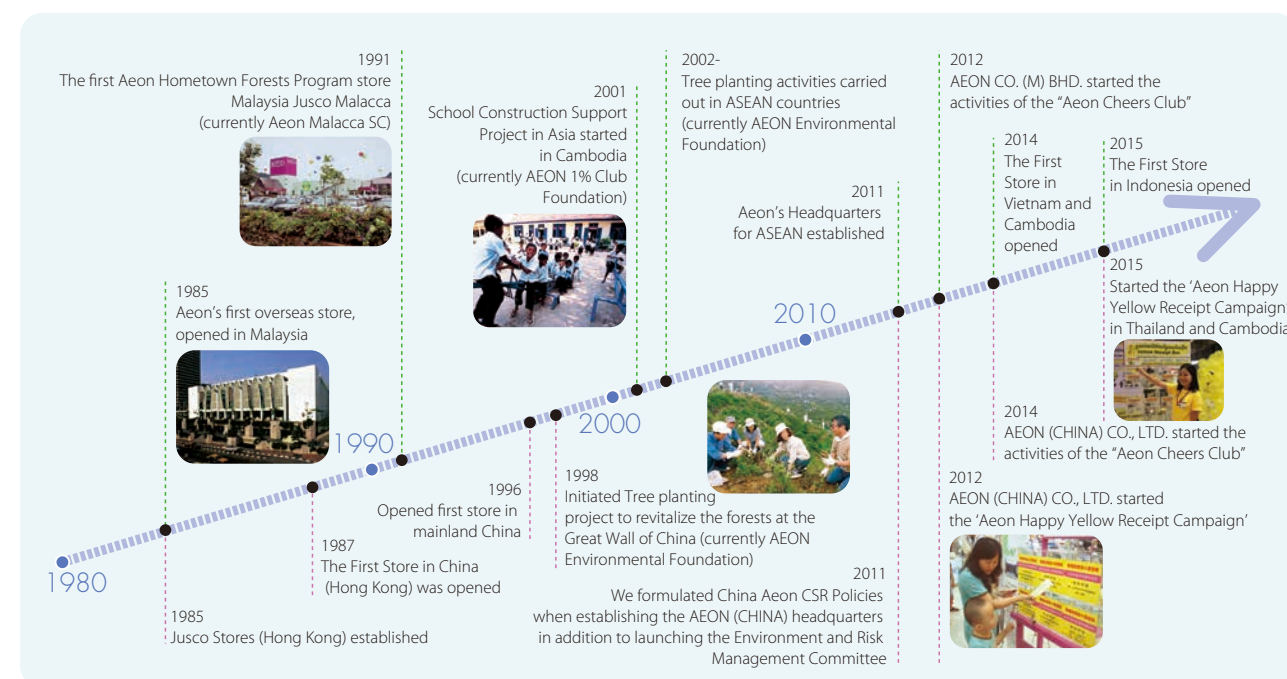


Group employees(FY 2015)

- Employees: 515,488 (151,809 men, 363,679 women)
- Indefinite contracted employees: 97,809 (59,929 men, 37,880 women)
- Fixed-term contract employees: 417,679 (91,880 men, 325,799 women)

* Domestic and overseas major 98 companies (as of the end of February 2016)

History of Aeon in China and the ASEAN region



The number of stores and offices, including consolidated subsidiaries and equity-method affiliates



- GMS (General Merchandise Stores) 625
- SM (Supermarkets) 2,121
- DS (Discount Store) 530
- HC (Home Centers) 120
- CVS (Convenience Stores) 5,061
- Specialty Store 4,331
- Drugstores 3,765^{*1}
- Other Retail Stores 832
- Mall-type SC (Shopping Centers) 274^{*2}
- NSC (Neighborhood-type Shopping Center) 173^{*3}
- Financial Services 701
- Service Business 1,934
- Other Businesses 9

Total: 20,476 Stores/Locations

^{*1} Including affiliated companies

^{*2} Including SCs operated under the name of Aeon Mall as well as those with total leased area of over 20,000m²

^{*3} NSCs operated under the name of Aeon Town

(End of FY 2015)

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

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

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

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

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

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

1989-2001

Building a CSR Promotion Framework and Launching New Initiatives

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

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

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

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

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

2002-2008

Expanding Activities from a Global Perspective

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

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

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



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

2008-2010

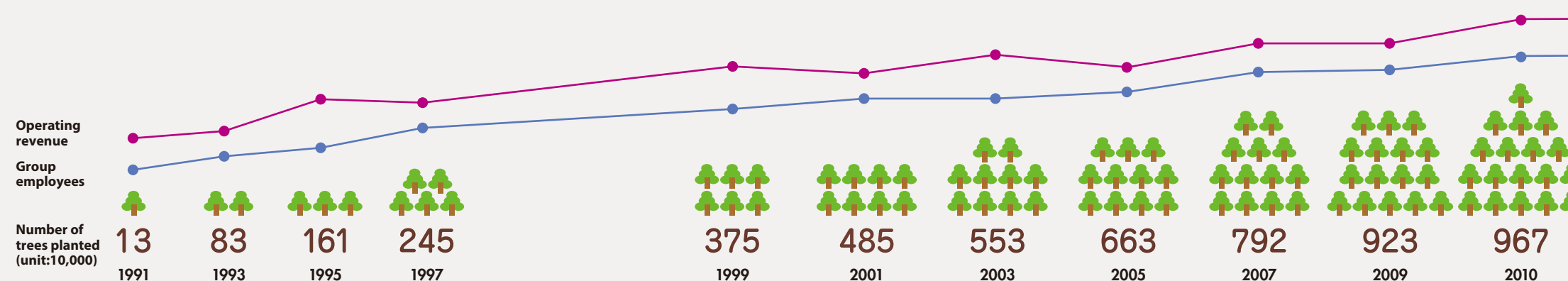
Promoting More Group-wide and Planned Activities

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

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

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

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



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

Stepping Up Key Issue Initiatives Based on the Aeon Sustainability Principle

2011-2013

Striving for Group Growth and Societal Development

'4 Key Issues' for Sustainable Management

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

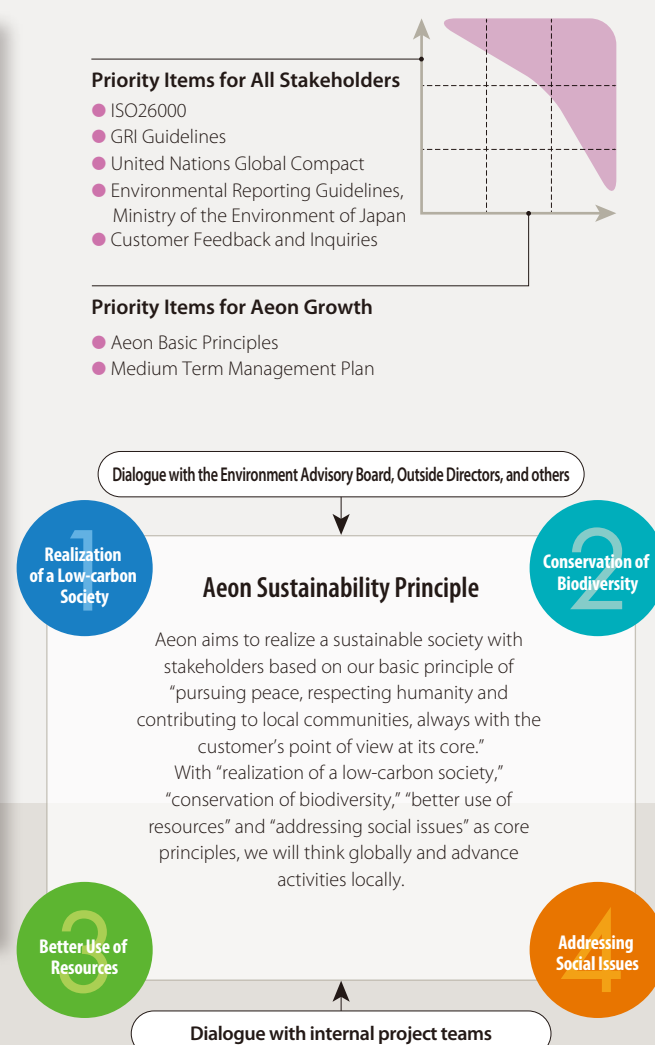
- 2011 Established Aeon Sustainability Principle
- 2012 Started Aeon Eco Project
- 2014 Formulated the Aeon Sustainable Procurement Principle
Global Framework Agreements
Joined forces with the United Nations Industrial Development Organization (UNIDO) to extend CSR programs in Malaysia

Priority Items for All Stakeholders

- ISO26000
- GRI Guidelines
- United Nations Global Compact
- Environmental Reporting Guidelines, Ministry of the Environment of Japan
- Customer Feedback and Inquiries

Priority Items for Aeon Growth

- Aeon Basic Principles
- Medium Term Management Plan

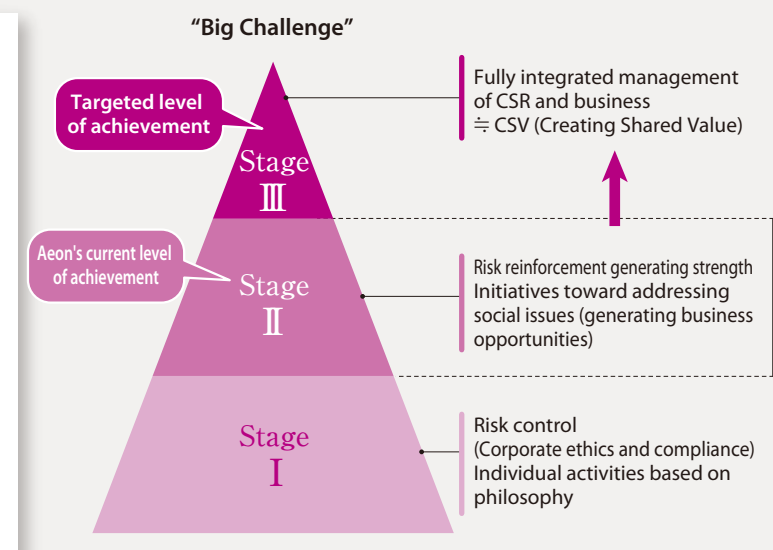


2014-2020

Putting sustainability management into practice

Launching "Big Challenge"—Our Targets for 2020

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



10 categories "Big Challenge 2020"

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

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



10 million trees

2013

8.176 trillion JPY

Approx. 520,000 employees

11,179,065 trees

2015



Feature 1 Dialogue with Stakeholders

Aiming to be the Truly No. 1 Retailer in Asia

Aeon is continually striving to overcome challenges and practice CSR activities with unified management throughout the Group based on its basic principles. This dialogue brings together experts to discuss how to respond to the changing society and what direction should be taken in this aim of CSR.



Hidemi Tomita

Senior Project Principal,
Lloyd's Register Quality Assurance Limited



Mariko Kawaguchi

Chief Researcher, Research Division, CMA,
Daiwa Institute of Research Ltd.



Shinya Wako

Deputy President, Chief Corporate Strategy Officer,
Chief International Business Officer,
AEON CO., LTD.



Haruko Kanamaru

General CSR Division Manager,
Corporate Citizenship Department,
AEON CO., LTD.

Societal Changes and Aeon CSR

As a Company Expanding Businesses Throughout Asia

Kanamaru:

We at Aeon are presently expanding our business with roughly 300 group companies in 13 countries by holding dear to our 'pursuing peace, respecting humanity and contributing to local communities' basic principle. We formulated the Aeon Sustainability Principle in 2011 for the purpose of realizing a sustainable society with our various stakeholders based on the much greater impact we have on the environment and society as our businesses expand globally. We have set four priority issues -- realizing a low-carbon society, conserving biodiversity, effectively using resources, and addressing social issues -- in order to achieve both the development of local communities and the growth of our business. We are also working with 10

actions set in the Big Challenge 2020 targets with the aim of integrated CSR and business management.

Tomita:

The various activities Aeon is conducting are fantastic. However, the initiatives also seem extremely broad. 2015 has been a year with great leaps forward in the field of sustainability with the adoption of Sustainable Development Goals (SDGs) by the United Nations and the Paris Agreement at the United Nations Framework Convention on Climate Change at the 21st Conference of the Parties (COP21). However, I think this has also been the first year for integration. Our generation has been one focused on activities since 2003, which is known as the first year of CSR, but management integrating both business and CSR will be of greater necessity in the future as the phase of CSR changes. Therefore, simply conducting a broad range of activities is not sufficient. First, social issues and environmental challenges directly confronted in business need to be identified, and then the company needs to select and deepen its perspective of priority issues for the organization. This could be referred to as the common global direction.

Kawaguchi:

Aeon has a bottom-up style of business. The impression I have of Big Challenge 2020 is as voluntary initiatives gathered on-site rather than policies formulated at the top applied on-site. A culture of voluntary initiatives set on the ground is excellent, but this makes the strategy of the Group as a whole difficult to see from outside of the company unfortunately.

Tomita:

I agree with this image for the General Merchandise Store Business, but what about the other businesses? Aeon

does have a wide range of businesses. New challenges are bound to be confronted as the number of Group companies increases. If we map topics for the environment, human rights, and society for each business, I think it would clarify the challenges and significance of initiatives Aeon should undertake and be easier to communicate to the stakeholders.

Kanamaru:

I agree. I believe the most important stakeholder as a retailer is definitely the customer in terms of communication. The activities Aeon has strived for up until now will always have the challenge of how to communicate those efforts to everyone in an easy-to-understand manner.

Kawaguchi:

Retails need to address Goal 12: Sustainable Consumption and Production that is outlined in the SDGs. I feel it would be easier to understand if initiatives were gathered for each stage of the value chain from stores and distribution to products in order to realize sustainable consumption and production. This would incorporate endeavors that include wood material initiatives, fair-trade and organic products.

Tomita:

Reviewing policies and strategies to match societal changes is a must. External environments change and so do the purchasing and business models of the business. For example, reviewing the direction of efforts once each year and the strategy of efforts once every five years is an important process.

Kawaguchi:

The 2015 Paris Agreement and SDGs are international frameworks to promote sustainability. U.K. and other European countries were the strongest promoters up until now, but the pace of European affairs may slow due

to Brexit (United Kingdom's withdrawal from the EU), refugee issues, and terrorism. On the other hand, Aeon has endorsed an Asian shift. Isn't this a chance for Aeon to be a world leader in sustainability activities on the Asian stage?

Tomita:

What if Aeon was able to bring out a model unique to Asia as an Asian company as CSR is a model that has been cultivated in U.K. and other European countries? Aeon would like to expand its initiatives with an original perception of Asia according to a principle of peace as the platform. I expect the enthusiasm would be at a level to create a standard as the No. 1 retailer.

Wako:

These are very valuable suggestions. In the same way as low carbon shifted to decarbonization at COP21, we have to work to address issues quickly as the world changes rapidly. We strive to comprehensively recognize the problems that come up in each of our businesses, but I once again feel the necessity for an even clearer understanding. I also think Aeon needs to propose a model unique to Asia. The problems faced by each country in Asia that we are expanding our businesses differ. The best way in which to conduct efforts in a constructive manner in-line with the situation in each country for issues such as the environment, resource recycling, additives, fair trade, and deforestation.





Core Fields of Big Challenge 2020

Define Long-term Targets Through Ideas Considering the Entire Supply Chain

Kanamaru:

We have been focusing on three items in our Big Challenge 2020 -- Aeon Eco Project, Next 10 Million Trees, and Zero Waste. Aeon Eco Project is an initiative formulated based on our experience after the Great East Japan Earthquake in energy policies toward 2020. This project aims to reduce the use of energy at stores 50% (compared to 2010 levels), create 200 thousand kW of renewable energy, and install disaster prevention facilities at 100 stores around Japan. Our renewable energy is currently generating 5.7 thousand kW through the installation of solar panels at more than 1,000 stores, but we hope to enhance this measure to achieve our targets for 2020. I also believe we need to set targets for 2030 and 2050 based on the modern trend for decarbonization.

Kawaguchi:

Solar power generation is realistic as an initiative in Japan for decarbonization. However, Aeon needs to think broadly about even purchasing rather than simply achieving independent power generation for all of the 200 thousand kW target of renewable energy. For example, local energy close to the local area is one active method, but linking to community power close to the local region is another. What about the use of biomass power generation as yet another? Biomass is difficult for reasons such as gathering the raw materials and the regions to expand to need to be chosen, but looking to diverse methods for power generation could be beneficial. Moreover, water is another issue as important as energy. Why not publicize the use of rainwater at stores even more?

Tomita:

A large objective for around 2050 is something all three

of these items have in common. This would increase the persuasive power for setting targets such as why Aeon is aiming to reduce the amount of energy in stores 50% by 2020. Quantification is also important. For example, 200 thousand kW, which is the target for generating renewable energy, is the capacity for equipment, but we are not sure how much of that renewable energy makes up the power actually used by Aeon. I would like this point visualized. The reduction of the amount of energy used is a basic initiative for climate change measures. However, another method would be to switch to even lower carbon energy. I would like to see the biomass power generation proposed by Mariko Kawaguchi to be considered rather than simply installing solar panels at stores. In this consideration, Aeon could turn to using the forests it has planted up until now. Trimmings generated in caring for the forests could be used as materials to bring new value to the tree planting activity.

Kanamaru:

Utilizing the potential of the forests. Aeon has been conducting tree-planting activities for over 20 years. We have succeeded in planting a total of 10 million trees as of 2013. In the Next 10 Million Tree initiative to plant another 10 million trees, we are expanding activities to growth and utilization as a company that has been engaged in planting initiatives for so many years. I hope we will work in ways to use wood materials at stores and products that are unique to a retailer. In addition, we must also respond to deforestation issues.

Tomita:

As a long-term target, Aeon could ultimately aim for complete recycling of wood. The paper industry is building a model to prevent new deforestation by planting an equivalent number of trees as the wood materials to use in their businesses. This is quite a difficult endeavor, but I think Aeon could also step up to this challenge. In this case, as quantification, Aeon needs to first measure the amount of wood materials necessary to construct a store. Then, understand how much wood would be taken from planted forests. By understanding this numerically, Aeon would understand the ratio of wood Aeon uses to the forests that are planted. This would generate a new visual image that



would illustrate the impact these 10 million trees could have.

Kawaguchi:

I agree. I am sure there are some strategies that would be difficult to illustrate numerically, but quantification is necessary to a certain degree in integrating CSR with the primary business of the company. The impact whether large or small on the business for the 10 million trees would be communicated more easily by indicating the percentage materials are incorporated into the primary business. This brings to mind the more than 100 Ministop stores that I have heard use FSC®-certified materials from Japan. Isn't there some way to make this accomplishment more appealing? Laws are being enacted to restrict the import of illegal wood materials. Pioneer examples for use of Japanese materials should be more highly praised because the import of wood materials from overseas is going to become more difficult in the future. In regards to deforestation, there are also problems related to palm oil used in a wide variety of food and everyday goods. Plantations after the consumer expansion of palm oil is related to the destruction of tropical rain forests. This has also garnered media attention in recent years. Awareness will possibly grow, eliminating complacency of deforestation between consumers.

Kanamaru:

Aeon has been participating in The Consumer Goods Forum, which is an international organization made up of retail and consumer goods manufacturer members. We agree with the targets to achieve zero net deforestation by 2020 laid out by this forum. We formulated the Sustainable Procurement Principle in 2014, and we are currently investigating specific initiatives in procurement policies for forest resources as well as products, materials, and architecture.

Another point of focus is zero emissions, we believe communication with our customers is important as something which can be done by a retailer. I also think it is necessary to consider the ideal form of shopping in the future together with our customers. For example, efforts to reduce waste is possible when customers choose items with a relatively short consumer period if we clearly know what food to have for the next day. Even in this case, the way in which to use the food waste which was not sold needs to be thought about collaboratively with our various stakeholders.

Tomita:

Where is the most waste produced in the supply chain? The present initiatives are generally focused on innovations at the store level, but isn't there a great deal of waste produced by consumers at their homes? It would be beneficial if Aeon could quantify the volume of waste produced by the consumer, even if only an estimate, as an approach to reducing waste. Consumers who feel they should always shop at Aeon because less garbage comes from goods bought at Aeon would be wonderful. In the generation of integration to come, ideas looking at the entire supply chain will be vital. Rather than doing what

Feature 1 Dialogue with Stakeholders

can be done, Aeon could see how measures would be able to quantify and bring shape to the truly ideal form Aeon is aiming. Aeon is already engaged in great initiatives, so I would like to see those initiatives expanded from this point of view.

Kawaguchi:

To touch on the subject of zero emissions, Europe is focusing on a circular economy. Japan also has something similar to a circular economy, but the motivation is different. The reduction of waste in Japan is for conserving resources and securing landfills even if costly through cooperation between the government and public. However, a circular economy is seen to generate new business and profit. While mining of underground resources is difficult with recarbonization and the depletion of resources, the idea is to mine above ground and more effectively use the resources already above ground.



Disaster Prevention and Local Ecosystems Located at Stores

Retailer to an Industry of Peace,

—Active relief efforts have been expanded even after the Kumamoto Earthquakes, but an important keyword for the Aeon Eco Project is disaster prevention.

Kawaguchi:

Aren't the current disaster prevention initiatives seen from a different perspective than a standpoint on climate change? The Aeon Eco Project itself can be seen as mitigation and adaption climate change measures. Reducing the amount of energy used at stores and generating renewable energy are mitigation measures while disaster prevention facilities at 100 locations could fall under adaption measures. Conventional initiatives at Japanese companies are founded on mitigation measures yet overseas companies put their effort behind adaption measures. For example, these adaption measures measure how much fuel and light expenses will raise due to the effects of global warming to use in store designs. Safeguards from procurement risks are also important aspects of adaption measures. For example, how does a company respond to risks like drought caused by climate change that affect the supply of products? Climate change is a business risk, but companies have a chance if they adapt.

Tomita:

I think the 100 prevention facilities is an excellent activity. Is this part of the local ecosystem initiative? Large facilities such as Aeon malls will fulfill various functions where stores are part of the town in the future. One of these many functions is disaster prevention. Or that is how I understand it.

Wako:

As Mr. Tomita said, disaster prevention is also one element of the local ecosystem. However, disaster prevention is advancing as a priority in each region as disaster prevention. Local ecosystems is an initiative that started in the spring of 2016. This initiative is not only an independent project of Aeon but is also moving forward with the cooperation

of local governments, universities, hospitals, companies, transportation agencies, financial organizations, and many other organizations. Stores are a physical facility for all of us. If the capabilities of organizations and people active as pillars of the community can effectively combined, the community would be a safer and more secure place with greater convenience.

Tomita:

Disaster prevention cannot be done by Aeon alone and requires the cooperation of municipals and community involvement. I believe this is a core element to create a local ecosystem. Aeon should probably further awareness of its presence with the local community by moving this initiative forward. This direction is extremely important from the perspective of integrating business and CSR. What will be brought about by further deepening this effort? We can expect further development.

Kawaguchi:

This would mean Aeon would quickly transition from a retailer. The company would stand as a type of local community manager. The impression would be totally different from a store lined with products for sale. Aeon would first be a place that brings people together. This would give the opposite impression of a place with stores selling daily necessities. Wouldn't this give birth to a new business model not in existence today?

Wako:

The insight I take away from what Ms. Kawaguchi said is changes to the word of retailer as an industry of peace, humanity and local communities which Aeon has stated in the principles for its business.

Expectations for Aeon

Building New Relationships with Customers

—Finally, I would like to ask for a comment about your expectations for Aeon in the future.

Kawaguchi:

Trees and fish are symbolic in the activities of Aeon. At the beginning of this discussion, I said retailers need both sustainable consumption and production, but there are a wide range of topics in this field of sustainable consumption and production. Trees and fish have been iconic among these topics and may need to be communicated both inside and outside of the company. Initiatives involving trees are expanding beyond tree planting activities to

include using Japanese materials and FSC-certified products at stores. I have heard the number of items for MSC-certified products even for fish are most numerous at Japanese retailers. ASC-certified products are said to be released first in Asia. In addition, Aeon is ahead of its competitors as a powerful leader in efforts such as selling fully cultured tuna not present in the wild. The issue of sustainability in the fishing industry is deeply intertwined with the food culture of Japan. I would like active publicity to develop initiatives as they are not very widely known.

Kanamaru:

I am worried about overfishing and the depletion of trees and fish. I am sincere in our efforts to protect resources and provide a stable supply of these commodities.

Kawaguchi:

Additionally, Aeon handles organic and fair trade products as a private brand. I was surprised I was already able to buy these products at a convenient store. I hope to promote expansion of these ethical products and examine the methods able to facilitate ethical consumption from purchase to disposal. I agree with Hidemi Tomita that we need to engage our customers in efforts to reduce waste.

As one additional point, I expect human resource initiatives. Big Challenge 2020 addresses the expansion of employment of non-Japanese employees as a response to social issues. However, is there any potential to employ the roughly 1,500,000 NEETS and people withdrawn from society throughout Japan? This initiative would be significant to society if Aeon was able to provide a workplace with employment training.

Tomita:

As I have said before, I would like activities to be further deepened after organizing the initiatives conducted up until now as well as setting and quantifying long-term targets. Moreover, as a comment from the perspective of one consumer who visits Aeon stores, I feel a great chance missed for the lack of communication with the customers on these sales floors. At the markets today, an increased amount of revenue is not guaranteed by simply offering the MSC certification for fish. The program will not grow without the enthusiasm for Aeon to create a generation MSC-certified fish is sold. I would really like to see the appeal for this program at stores enhanced. Aeon has stores used every day by consumers. A relationship of simply a seller and a buyer misses a great opportunity. Aeon should step up to a challenge that aims to build a new relationship with customers to truly create shared value (CSV).

Wako:

Thank you very much for all of your feedback. The Aeon Group has approximately 520,000 employees including part-time employees. The beliefs in our principles to be an industry of peace, humanity, and community are rooted in both our Group businesses and our employees. The perspective for contributions to realize a sustainable society in both Japan and Asia also need to be strengthened based on the globalization of our businesses in the future according to these shared principles. The problems directly

Feature 1 Dialogue with Stakeholders

confronted by Aeon will most likely only get bigger with the growth of the Group. Can Aeon realize both the growth of the Group and development of society? I have come to understand this as the most important question to ask in terms of CSR. Therefore, we have to identify the problems directly confronted by Aeon and work to assign priorities to these issues.

Moreover, how does Aeon create a model for all of Asia? This is one of the major goals. The people who can see the objective as it approaches are limited, but large goals set for the future can be seen by many. I know we must seriously consider what major goals we should set for 2050. We will advance our initiatives using today's dialog as a reference. I look forward to your continued strict evaluation of Aeon. Thank you very much.



Challenge of Aeon

We are introducing three initiatives that place particular focus on FY2016 with the objective of reaching Stage 3 in the Big Challenge 2020 activity items set by Aeon.

Aiming for Both Sustainability of Natural Resources and Business Growth

Sustainable Procurement

Products developed and sold by Aeon and construction materials used in our stores are a bounty provided by nature. We are procuring these resources from producers all around the world. Aeon began efforts toward procurement guideline formulation in 2011 to realize more sustainable procurement. We formulated the "Aeon Sustainable Procurement Principle" in FY 2014 with the aim for compatibility between the continuous growth of business and the sustainability of natural resources.

Conserving Fisheries Resources

Aeon actively works to procure sustainable seafood products by formulating the Aeon Seafood Procurement Principle (P.47) in order to protect limited marine resources and to hand down to future generations our traditional Japanese culture surrounding food sources from the water and sea based on the Aeon Sustainable Procurement Principle.

● Sales and development of MSC- and ASC-certified products

Aeon started sales of MSC-certified products (natural seafood caught in a sustainable fishing) under the Marine Eco-Label in 2016. We also began sales of ASC-certified products for aquacultured fish in 2014, which was a first as an Asian retailer. (P.47)

We have been displaying certified products for each type of fish up until now. However, at the Aeon Itabashi Maenomachi that opened in November 2015, we brought together and expanded certified products in a permanent section called FishBaton. We have begun proposals to pass down a rich food culture to the next generation. We plan to install this section in 100 stores of AEON Retail Co., Ltd. by 2020.



Aeon Sustainable Procurement Principle

1. Eliminating natural resource transactions, gathering, and fishing conducted illegally.
2. Establishing and managing Aeon standards from the perspective of biodiversity preservation and preventing the depletion of natural resources.
3. Minimizing use of non-renewable resources.
4. Establishing traceability, including place of production and fishing methods, for produce and marine resources.
5. Preventing the destruction of forest with high conversation value.

Aeon Sustainable Seafood Procurement Policy

Carry out regular risk assessments from a resource depletion prevention and biodiversity conservation perspective. Also, in order to mitigate risks, review feasible countermeasures and strive to procure sustainable seafood.

● Development and sales of full-cycle aquaculture fish

Following the introduction of fully cultivated TOPVALU Gurinai Amami Raw Tuna released in June of 2015, which is tuna that does not naturally in the wild as a resource, we began sales of full-cycle aquacultured TOPVALU Miyagi Yellowtail (cultured) on June 2016. We are also working to procure sustainable aquacultured fish that does not rely on natural eggs or juvenile fish.

MSC certification

Started in 2006. Seafood caught with sustainable fishing methods (natural seafood)



TOPVALU Gurinai MSC-certified salt sockeye

ASC certification

Started in 2014. Seafood produced through responsible aquaculture (aquacultured fish)



TOPVALU Gurinai ASC-certified raw Atlantic salmon

Full-cycle aquaculture

Aquaculture to grow adult fish from eggs spawned from aquacultured fish without resorting to natural eggs and juvenile fish (aquacultured fish).



TOPVALU Gurinai Raw tuna from Amami

Conservation of Forest Resources

Following the Aeon Seafood Procurement Principle, the Aeon Forest Resources Procurement Principle was established in 2016 based on the Aeon Sustainable Procurement Principle. We aim to contribute to the balance of utilization and conservation of forest resources based on the principle.

Aeon Forest Resources Procurement Principle (Paper/Pulp/Timber)

We will continue to utilize store materials and product raw materials made of lumber and pulp produced from properly managed forests, and we strive to prevent forest destruction.

Initiatives through our Products

Identify risks and opportunities, consider viable methods, and aim for sustainable procurement through continuous improvement.

1. Handling of Sustainable Products

Products that have acquired FSC® certification are handled assertively since it authenticates the use of raw material from properly managed forests.

2. Effective use of domestic lumber in Japan

Efforts for the effective use of domestic timber in order to have sustainable cycle of Japan's forests.

3. Ensuring Traceability Measures

For high-risk countries and regions, raw material traceability to forests are handled on a priority basis.

4. Prevention of Illegal Deforestation

We confirm legal timber based on clean Wood Law.

5. Preservation of Areas with High Conservation Value

We confirm if precautions were taken in order to maintain areas with high conservation value.

● Initiatives through our Products

FSC® certifies wood products and paper manufactured with timber from properly managed sustainable forests. Aeon has been selling notebooks and other FSC-certified paper products since FY2008.



TOPVALU Best Price tissue paper using FSC® certified paper (FSC®C005942)



● Initiatives through our Stores

In addition, MINISTOP CO., LTD. opened a Ministop store that used 100% FSC Japan certified wood materials in 2009, as the first FSC®-certified convenience store in Japan. As of the end of February 2016, 152 Ministop stores are using FSC® certified material. Going forward, we plan to actively increase the number of environmentally-friendly stores using FSC® Japan certified wood materials.



Voice

Aeon has always conducted a wide range of initiatives from the standpoint of sustainability in seafood resources. In 2001, we formulated the Gurinai Seafood Production Standards based on the organic EU standards. It began from the development of TOPVALU Gurinai Roasted Eel.

We are expanding the handling of seafoods that consider the environment including MSC-certified products, ASC-certified products, and full-cycled aquacultured tuna.

In the future, Aeon anticipates changes of modern times and keep directly confronting challenges from the environment and biodiversity to human rights and labor issues in the product supply chain.



Yasuyuki Yamamoto
Group Merchandising Strategy Department
AEON TOPVALU CO., LTD.

Voice

The reason Ministop uses FSC®-certified wood is to reduce the large investment and environmental burden required to open a store. As a result of pursuing a better economy with a lower environmental impact, we have come to use FSC®-certified kit materials from Yamanashi Prefecture. FSC® requires considerations for the environment in forests and the lifestyles of people who are working in forestry.

We are encouraging people engaged in forestry to value the bounty given to us by forests through the use of FSC®-certified wood.



Yukiyo Okamura
Construction and Facility Department
MINISTOP CO., LTD.



Next 10 Million Trees - Tree Planting to Tree Growing

Aeon Forest Circulation Program

We have been planting trees with customers since 1991 as an activity that embodies the "Aeon Basic Principles".
With the opportunity after surpassing 10 million trees

planted in FY2013, Aeon started the Aeon Forest Circulation Program with the theme of "Plant", "Nurture", "Thrive" in order to advance to a new stage.



● Aeon Hometown Forests Program

Since 1991, Aeon has planted trees with our customers when opening new stores.



2006 (trees planted)



2009



2016

Aeon, a shopping center nurtured in a green environment (AEON Mall Urawa Misono)

To Build a Recycling-oriented Society

Zero Waste Initiatives

The social demand for reductions in waste is increasing in Japan and overseas. Goals related to the reduction of waste and food waste were included as United Nations sustainable development goals (SDGs) and adopted in 2015. In addition, Japan is also expected to strengthen related regulations such as the Food Recycling Law and the Waste Disposal Law.

In order to meet these demands, Aeon aims for "Zero waste by FY 2020 (=disposal/incineration/landfill of waste as

is to zero), determines the "Aeon "Waste Zero" Effort Concept" and is promoting these efforts. Even within these efforts, there are important themes from the relevance of food waste to Aeon's business, and efforts have been strengthened in these 3 sections: "Through stores and products", "Through communication with customers" and "Together with local areas".

AEON Zero Waste Initiative Concept

We will continue to reduce waste through disposal/burning and landfills to zero through the 3R method of "Reduce", "Reuse" and "Recycle". In collaboration with stakeholders and customers through our efforts, we will contribute to the construction of a recycling-oriented society.

Initiatives for Food Waste



Through stores/products

Reducing food waste in the store and product supply chain through visualization, ISO14001, disposal sales change reduction, separation and recycling

Through communication with customers

Reducing food waste along with customers through food education and campaigns at stores

Together with Communities

Reduction of food waste through donations to food banks, etc. and construction of a recycling loop in cooperation with stakeholders in the region

Initiatives to Reduce Food Waste

(1) Through stores/products - Reduce food waste emissions

Aeon strives to control emissions of food waste at our stores. For example, we have set a goal for 3.5% lower waste-to-sales ratio at AEON RYUKYU in an effort to reduce the disposal loss. We are thoroughly managing inventory with methods that include progress management at each store by setting the number of days for stock turnover for both agricultural goods and delicatessen products. In addition, we are conducting order meetings at each store to improve order accuracy. These efforts result in restricting the volume of waste by clearly indicating set targets associating with net revenue, gross margin percentage, or other sales figures.

(2) Through communication with customers

- Food Loss Challenge Festival at Aeon Kasai Store

We held the Food Loss Challenge Festival at Aeon Kasai Store over three days starting February 19, 2016. As part of the food loss measures, one of which is Tokyo's "Model project to promote the sustainable use of resources", PR activities were conducted in shopping places along with the Tokyo Metropolitan Government Bureau of Environment and Food Loss Challenge Project, and awareness-raising and information dissemination about the food loss problem was carried out.



©FOOD-RESCUE

(3) Together with Communities - Build a food recycling loop

AEON AGRI CREATE Co., Ltd., which manages Aeon's directly operated farms, and Daiei Kankyo Co., Ltd., engaged in recycling business, concluded an Agreement on the Promotion of Food Recycling Loop in September 2014. We produce compost from food residue such as vegetables and meat generated in stores at Daiei Kankyo composting facilities to use at Aeon Miki-Satowaki farm. We are building an Aeon self-contained food recycling loop by harvesting vegetables cultivated with this compost to sell at Aeon stores. (▶P.58)

VOICE

The Aeon self-contained food recycling loop, which is close to the lifestyles that support food and farming, is a new initiative to effectively use resources by directly linking to the safety and peace of mind that is demanded by our generation. In the future, we will take charge of a stable supply of safe and secure compost

that clearly recognizes the deliciousness of vegetables for our tables while further expanding the volume we handle.



Fumio Kaneko
President and CEO
DAIEI KANKYO Holdings Co., Ltd.

Together with Communities

Aeon began efforts in April 2016 with the aim of building local ecosystems, which is a new framework of regional development that unites a wide-range of members from everyone in the community to governments and corporations.

Endeavoring to Build a Model to Create New Value with the Community

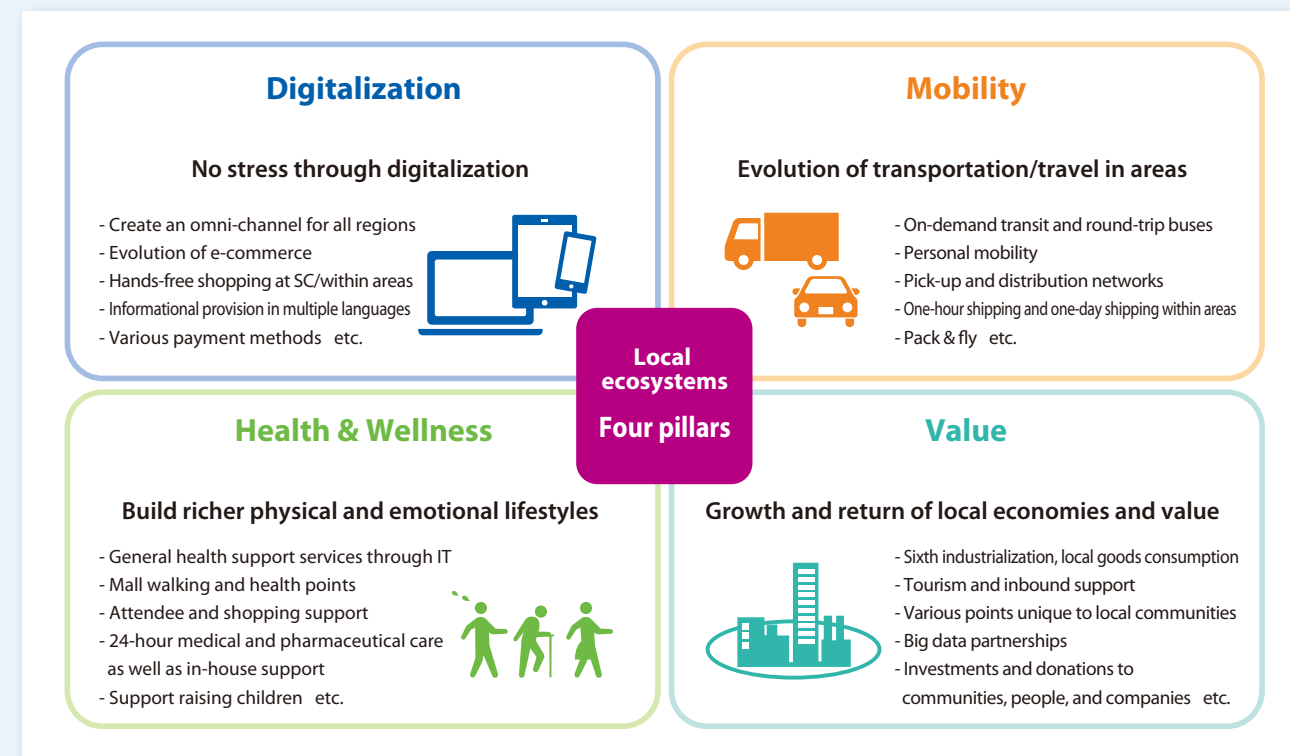
Local Ecosystems for New Relationships Between Communities and Lifestyles

The Local ecosystem is a framework for new community development to bring new values to every community member in the digital age based on the belief that the retail industry is rooted in the local community, which is one of the basic Aeon philosophies.

A lifestyle platform for living up to the expectations of the local region while eliminating losses is built through co-creation that surpasses barriers between government and corporations.

Chiba City is the first area for the local ecosystem. We are actively participating in a broad range of new initiatives toward a proven future city lead by Chiba City.

Aeon aims to contribute to the growth of the local society by pursuing new local industry that supports everyone in the region by building a local ecosystem with initiatives which can be expanded throughout Japan in the future.



Local Ecosystem Participating Members



Aeon strives to build local ecosystems by facilitating and cooperating with members who share a common desire to better the community through equality and open communication.

VOICE

The local ecosystem initiative brings together a partnership with the hope of building a better community. The direction Chiba City is advancing urbanization through this cooperation matches the objective of Aeon and I expect we will build a city as well as a bond which brings together the ideals of many people. The aim is to create specific initiatives for a model in other regions by starting with the Makuhashi and Inage districts as the first expansion areas to pioneer throughout Japan. The city is also cooperating in many different forms.



Toshihito Kumagai
Chiba Mayor

VOICE

The local ecosystem initiative builds a new lifestyle platform by linking the use of IT and other technologies with municipals, local communities, and corporations for the purpose of generating further growth through co-creation in order to respond to the expectations of the local communities and eliminate losses. Aeon has devised four pillars – digitalization, mobility, health & wellness, and value – to fulfill their commitment to realize the basic philosophy of Aeon to contribute to local communities.



Takehiko Saito
Local Ecosystem Project Leader, Aeon CO., LTD.

Chiba City Initiatives

Better comfort, greater convenience, more fun

Shopping Stress-free shopping experience anytime anywhere

Examples

Products and services not available at stores can be ordered and received anytime anywhere

Moreover, omni-channels throughout all regions allow direct orders to producers from fashion to lifestyle goods.

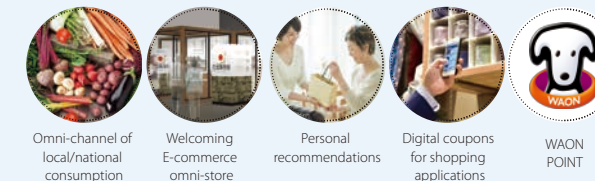
Welcoming customer service is made possible by people in addition to actually seeing and touching actual products at stores

An e-commerce omni-channel store (lilimo store) opened in June 2016 at Aeon Mall Makuhashi New City.

Valuable information is conveniently distributed each day for better living
Event information is displayed in shopping applications on smartphones and digital signs at shops and stores.

Points can be saved used anywhere

We started the WAON POINT service for the purpose of a common point service platform in local communities.



Transit/Transfer Simple, easy to get to, and close

Examples

More convenient shopping at stores!

We will expand routes and times of shopping buses

We will also start benefit services for using bus routes.

E-commerce allows pick-up of a wide range of products

We will start delivering products in as little as one hour (area coverage: Makuhashi/Inage districts)

We have begun pick-up services in various locations.

We will also deliver goods bought at stores the same day.



Changes customers lifestyles

Health and Wellness Richer physical and emotional lifestyles

Examples

Greater convenience to medications such as 24-hour pharmacies and dispensing for home care patients

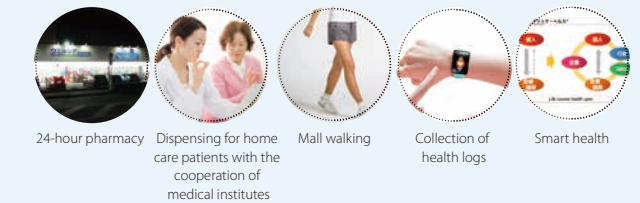
We are improving the level of medical care in communities that use a group and member platform.

Guest needs and transport service cards as well as attendance services have begun

Order or pick up products at your home or somewhere close to you or receive services to support your lifestyle.

Health events and health point services such as mall walking have begun
People can walk in the comfort and safety of the all while accumulating points for the number of steps they walk.

Cooperation with medical institutes such as hospitals and universities General health management and support services have begun
We are also furthering efforts toward realizing smart health to protect health in all regions.



Regional development Local connections, revitalization, and local contributions

Examples

This campaign contributes to local communities with shopping

Local WAON cards donate a portion of proceeds to municipals and other organizations no matter where the cards are used.

Aeon Day on the 11th of every month is a day for Happy Yellow Receipts. You can select an organization of your choice and place your receipt in the dedicated box to donate goods equivalent to 1% of the total amount purchased on the receipt to the organization you chose.

Initiatives with communities are also expanding

Local consumption, local goods consumption, the sixth industrialization, and inbound initiatives have also begun.

Investment to local communities, companies, and people is growing through crowd funding.



Corporate Governance

Basic Approach

Aeon has been leading all of its corporate activities according to the basic philosophy for ‘pursuing peace, respecting humanity and contributing to local communities, centered on our customers’.

We aim to continue management from a long-term perspective founded in this basic philosophy and DNA of innovation able to reach beyond any one generation. We formulated and released our Basic Corporate Governance Policy around our fundamental belief in focusing on our values, management approach, and corporate governance at Aeon by stipulating the basic approach to corporate governance indicated below.

<Basic Stance on Corporate Governance>

Value Creation through Customer Orientation and Frontline Focus

At Aeon, we consider realization of a sense of well-being for customers our most important mission. We pursue optimal value creation adapted to changing customer needs by focusing tightly on the frontline of the business, our point of contact with customers, and by always thinking with customers as the starting point.

Respect for People, Our Most Important Management Resource

By respecting employees, placing importance on diversity, and actively providing education opportunities in keeping with the conviction that people are the most important management resource, Aeon aspires to be a company made up of employees who strive for self-growth, are linked by strong bonds, and find their greatest pleasure in contributing to customers.

A Posture of Developing Together with Local Communities

As a member of local communities and a caring corporate citizen, Aeon seeks to develop together with our fellow community members, namely our customers, employees, shareholders, and business partners, and to contribute to the prosperity of local communities, sustainability of the natural environment, and peace.

Sustained Growth Based on a Long-Term Perspective and Ceaseless Innovation

To continue to meet the expectations of customers and local communities, Aeon strives for sustained growth accompanied by value creation from a long-term perspective and management focused on sustained value enhancement for the entire group by undertaking ceaseless innovation to cope with a changing business environment.

Pursuit of Transparent, Disciplined Management

Aeon strives for transparent and disciplined management by seeking proactive dialogue with customers and other stakeholders, taking their evaluation seriously, and being self-disciplined at all times.

Corporate Governance Framework

Aeon is engaged in management based on a basic philosophy from a Group-wide perspective and management that has transparency, sustainability, and stability in addition to ceaseless innovation with our customers at the core. To put these ideas into practice, we have chosen a nomination committee and other committees as the optimal corporate governance framework.

We have separated management supervision and business execution in order to greatly transfer authority to executive officers and construct a framework that realizes rapid decision-making of management. On another front, we have installed three committees--the nomination committee, audit committee, and compensation committee--made up of a majority of outside directors to assure transparency and objectivity of management.

We always aim to have the highest-level of corporate governance with ongoing inspections and reviews of our corporate governance framework.

Role and Structure of the Board of Directors

The Board of Directors determines and approves basic management policies and important matters in the execution of business while resolving the legal requirements as a decision-making body of management at Aeon. The Board of Directors also supervises the performance of directors and executive officers.

We are establishing a Board of Directors with executives who have diverse experiences, abilities, and specialized knowledge to heighten the effectiveness of our Board of directors.

The majority of members is made up of outside directors to enhance the supervision functions of the Board of Directors.

Outside Directors

Our Board of Directors, which are nomination committees and other committees institutionally separated by the supervision functions and business execution of management, is made up of nine inside directors and five outside directors. We are practicing management with a high-level of transparency based on supervision from a stance with outside perspectives.

Outside directors ask managers representing Japan to share the philosophy and values of Aeon to spearhead the most experience and knowledge each individual has from the standpoint of the customer.

As there are no special interests between the Outside Directors and Aeon, Aeon has notified the Tokyo Stock Exchange that all five of the Outside Directors are designated as independent directors.

Operations of the Board of Directors

The Chairman of the Board of Directors is building a framework able to facilitate lively discussion, appropriate decision-making, and fair supervision at the Board of Directors’ Meetings.

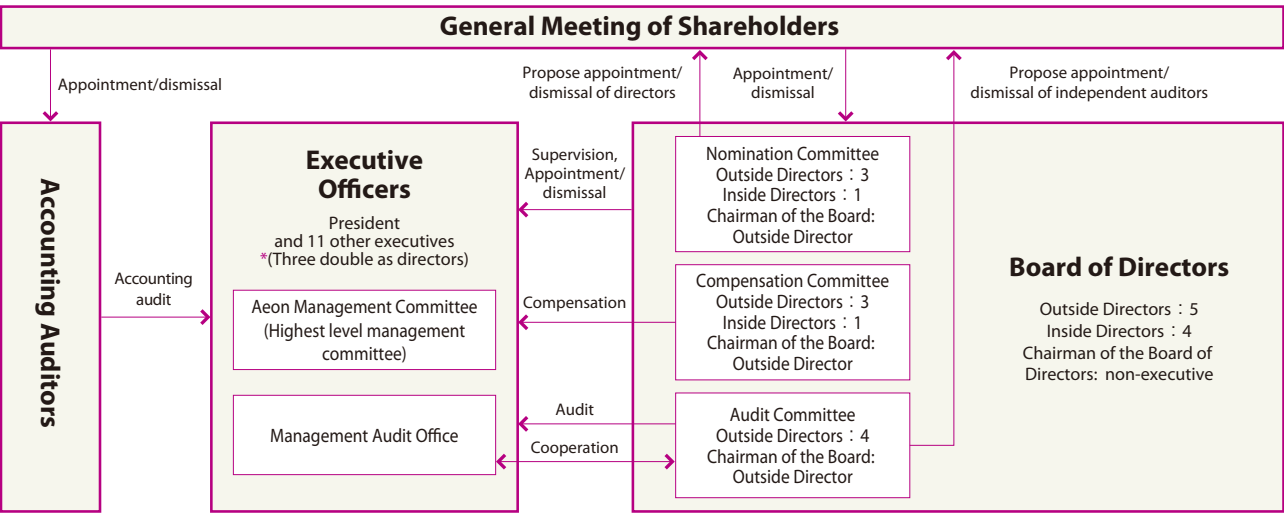
The thoughts and ideas based on the knowledge and objectivity of outside directors is reflected in the operations of the Board of Directors by sharing sufficient information with outside managers through efforts such as prior distribution of Board of Directors’ Meeting materials, explanation in advance as necessary, and sharing of vital information with all

management.

We have put in place opportunities for separate discussion toward deliberations at the Board of Directors’ Meeting for important issues prioritized in discussions such as medium term management plans and important policies.

Reason for appointment to Outside Director (As of May 25, 2016)		
Name	Duty	Reason for appointment
Takejiro Sueyoshi	Director Nomination Committee Chairman Compensation Committee Member	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.
Keiichi Tadaki	Director Nomination Committee Chairman Compensation Committee Member	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.
Ken Sato	Director Nomination Committee Chairman Audit Committee	Based on an extensive career and expert knowledge as well as crisis management, Ken Sato provided guidance in enhancing the transparency and objectivity of management.
Yukako Uchinaga	Director Audit Committee Nomination Committee	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
Toru Nagashima	Director Audit Committee Nomination Committee	Based on his extensive experience in global corporate management and his wide-ranging knowledge, Toru Nagashima, Outside Director and Independent executive, provided guidance to promote global management and enhance corporate governance at Aeon.

Aeon's Corporate Governance System (As of May 25, 2016)



Board of Directors’ Meeting and Corporate Committees (FY 2015)

	Held	Main Role
Board of Directors	7 times per year	• 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	9 times per year	• 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	3 times per year	• Determines resolutions concerning the appointment and dismissal of directors to be submitted to the general shareholders' meeting.
Compensation Committee	4 times per year	• Determines compensation of individual directors and executive officers.

We review the activities and performance of the previous fiscal year at the Board of Directors’ Meeting at the end of the fiscal year, and publish an overview of those results.

Three Committees

The nomination committee, audit committee, and compensation committee are run as even more highly objective and transparent committees by appointing an outside director as the chairman of each committee.

Three of the four nomination and compensation committee members are outside directors.

The audit committee is made completely separate from the business execution by appointing outside directors for every position in the committee to monitor whether the duties of directors and executive officers is lawful as well as whether operations are valid. In addition, we are working to improve functions by assisting in duties through the internal audit division which is independent from Group management and linking to external accounting auditors.

Corporate Governance

Executive officers

The President represents the company, determines items mandated by the Board of Directors and fully engages in operations. Executive offices determine the mandated items they receive based on the decisions made by the Board of Directors and engage in executing management according to the instructions of the President.

Decision-making for Business Execution

We appoint the President and make decisions more quickly, excluding matters that must be approved by the Board of Directors, according to the corporate laws and our articles of incorporation assigning authority to the Board of directors.

The Aeon Management Committee*, which is made up of management lead by the President, debates business execution policies as well as important matters, and the President makes decisions after this council.

The President clarifies responsibilities and expedites management decisions by clarifying the role and authority of each executive officer.

* 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.

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. The Management Audit Office was established as an organization independent of business units to aid the Audit Committee. In addition to linking to full-time auditors, the internal audit division, and accounting auditors of each Group company, the Management Audit Office aids in duties and conducts administrative operations of the Audit Committee.

Policies on Remuneration for Directors and Executive Officers

Remuneration for directors and executive officers is decided by the Compensation Committee consisting of a Chairman and majority of members who are outside directors for highly transparent remuneration policies determined from an objective perspective.

Basic Remuneration Principles

- (1) Remuneration by principle shall link to the management strategy and performance of Aeon and facilitate strong motivation to execute those management strategies.
- (2) Remuneration by principle shall have a high level of transparency and feeling of fairness in order for our partners (customers, shareholders, employees, etc.) to consent to and support this remuneration.

Total Compensation for Each Category of Corporate Officer, Total Amount for Each Type of Compensation, and Number of Eligible Corporate Officers
Implemented in 107 stores as of FY2015

Category of corporate officer	Total amount of compensation (Million JPY)	Total amount for each type of compensation (million JPY)			Number of eligible corporate officers (Persons)
		Basic remuneration	Stock option	Performance remuneration	
Directors (Excluding Outside Directors)	46	46	—	—	1
Executive officers	452	403	—	49	15
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 (Million JPY)	Total amount for each type of compensation (million JPY)		
		Basic remuneration	Stock option	Performance remuneration
Jerry Black (Executive Officer)	102	98	—	3

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

- 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.

Dialogue with Stakeholders and Management

Aeon positions all stakeholders from customers and local communities to shareholders and investors as partners of management and it strives to have an active dialogue with these stakeholders. We engage in constructive dialogue based on appropriate informational disclosure in a timely manner and from a long-term perspective. In addition to management strategies and financial information, we work to promote understanding even for non-financial information, which includes our environmental and social contributions and our corporate governance.

We have established a division in charge of IR under the executive officer in charge of IR as a contact point to further constructive dialogue with our shareholders and investors. We strive to enhance the content of this dialogue by organically linking the division in charge of IR to relevant organizations such as public relations, general affairs, environmental/social contribution, finance, accounting, and business proprietors. In addition to responding individually through the division in charge of IR for this dialogue, we respond directly to directors, executive officers, and management for important matters.

We also actively endeavor to disclose, explain and carefully answer questions related to our management policies at our general shareholders' meeting. Moreover, we are deepening informational disclosure and furthering the practicality of this dialogue for greater understanding of stakeholders and investors through efforts such as holding briefings for institutional investors and conducting inspections of business facilities both in Japan and overseas as well as by hosting social gatherings for shareholders and corporate overview briefings in each region for individual shareholders.

We appropriately debate the feedback we receive through this dialogue in a timely manner at the Board of Directors and Management meetings in an effort to reflect this feedback in the dialogue we have with our shareholders and investors.

Responding to the Corporate Governance Code

In March 2015, Aeon introduced and has been supporting each and every rule in our response to the corporate governance code required for a public company by the Tokyo Stock Exchange. For more information, please see our Corporate Governance Report at <https://www.aeon.info/en/investors/policy/governance.html>.

Risk Management

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 General Affairs of the Group and other departments 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 Natural Disasters, Incidents, and Major Accidents

Rules and procedural manuals have been conventionally 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.

We also introduced disaster prevention measures in each region around the world, including areas afflicted by disasters based on a BCP (Business Continuity Plan)*1 after the Great East Japan Earthquake.

In recent years, the estimated risks are diversifying, including terror attacks and bombings while the number of natural disasters is increasing from earthquakes to torrential downpours due to unusual weather.

Considering these types of environmental changes, Aeon has formulated the Aeon Group BCM (Business Continuity Management)*2 Five Year Plan with the aim of building a management framework able to heighten the performance of the BCP. We started the Aeon BCM Project toward the execution of this plan in March 2016.

Aeon aims to establish an operational framework by promoting BCM in five areas – (1) Information System, (2) Facilities, (3) Products and Logistics, (4) Training and Drills, and (5) Cooperation with External Organizations.

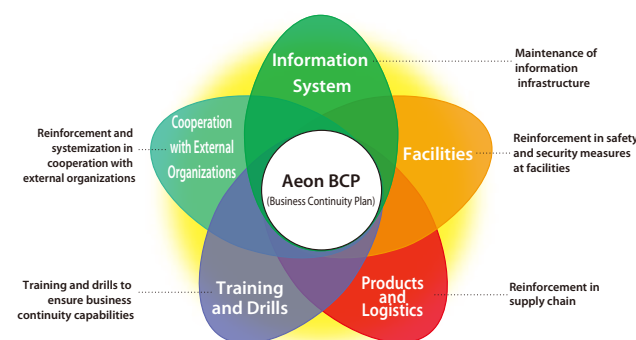
*1 Business Continuity Plan:

In case of an unforeseen situation, a plan to ensure continuity of important operations or to quickly resume operations after a suspension.

*2 Business Continuity Management:

To strategically conduct a process from establishing the BCP to implementing measures to ensure the plan is executed in case of emergency, and reviewing the plan.

<Five Areas of Focus in the Aeon BCM Project>



1. Information System (Maintenance of information infrastructure)

We will maintain an information infrastructure between our 315 Group companies for when disasters strike. We will reinforcing the link between each company even further by switching to a new Total BCM Aggregation System able to centralize disaster-related information such as disaster information, safety confirmation results, and the status of stores afflicted by disasters.

2. Facilities (Reinforcement in safety and security measures at facilities)

We will build disaster prevention facilities at 100 locations by fiscal 2020 to enhance security and safety measures of our establishments. This effort has currently completed installations at 27 locations since the start of the program in 2012. We will build new disaster-prevention facilities at nine stores in fiscal 2016.

3. Products and Logistics (Reinforcement in supply chain)

We started the operation of a new system to use during disasters that links approximately 50 companies such as manufacturers of food and daily necessities from March 2016. We use the BCP Portal, which connects our partners using cloud computing, to visualize information with each Group company and our partners and conduct centralized management of information such as plants, warehouses and products ready for shipment.

4. Training and Drills (Training and drills to ensure business continuity capabilities)

Aeon is periodically introducing Group-wide disaster prevention and safety drills. In the future, we will promote not only information gathering drills but also training at stores and business offices and improve our present business continuity capabilities with the aim of protecting our customers and employees from risk.

5. Cooperation with External Organizations (Reinforcement and systemization in cooperation with external organizations)

We are reinforcing links with external partners rooted in each community from local government offices, hospitals, and schools to private enterprises in each area in addition to links to energy companies required to sustain business when disaster strikes.

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.

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.

Promotion Framework

The Corporate Ethics Team was established as the department responsible for the promotion of the code of conduct throughout the Aeon Group, and is under the direct control of the person in charge of management. 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).

Each company in the Aeon Group has established administrative offices for promoting the code of conduct after appointing managers for the same purpose to connect to business practices. These managers conduct code of conduct training, conduct fact-finding investigations for consultations reported through the hotline, respond to revisions, 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.

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.

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 training. They also acquire skills to act as teachers themselves for conducting study sessions on the Aeon Code of Conduct.

■ General Training (since 2003)

All of the Group employees hold general training to reconfirm the Aeon code of conduct. This training connects to shared values among the employees by once again recognizing the necessity of corporate ethics.

■ Training for New Employees (since 2004)

This training is held mainly as an orientation for new employees of each Group company to teach the meaning of customer-first actions and decisions through the Aeon code of conduct.

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 FY2015, we held training on the Aeon Code of Conduct at 60 Group companies overseas. A total of 53,000 employees took part in grade-specific training for management, promotion leaders, general employees, and new employees.

In FY2016, we plan to hold training for about 54,000 Aeon people at a total of 62 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 FY2015, we conducted the survey at 59 Group companies overseas and received 37,000 responses.

In FY2016, we will survey 39,600 employees at 67 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. (The survey is conducted every other year in Japan with the next survey scheduled for FY2017.)

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 and initiatives of each group company.

Every month, approximately 290,000 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 Yaku-soku ("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.

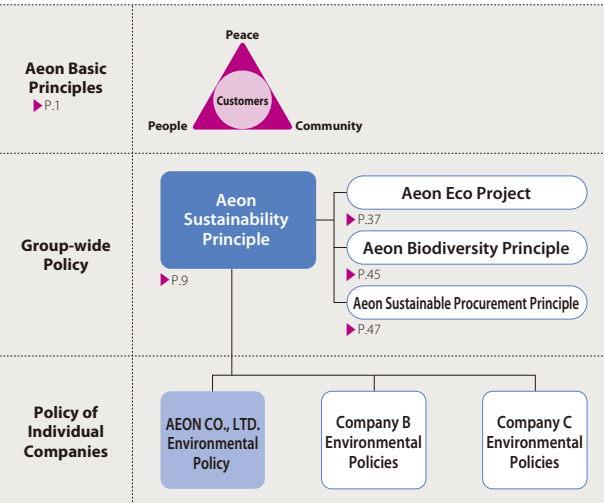
Effective measures are conducted following the environmental policies and environmental management systems established by each Group company based on their own unique characteristics. This is because the Aeon Group encompasses a multitude of business areas and the challenges that each Group company faces 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 the status of activities undertaken across the entire Group under the guidance of the AEON Deputy President, Chief Corporate Strategy Officer, Chief International Business 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, Deputy President, Chief Corporate Strategy Officer, Chief International Business 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 and Executive Officer
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., AEON LIQUOR CO., LTD.

Environmental Management

ISO Certification

As of February 2016, 36 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 2016)

Company		Company	
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. Head Office	●	AEON GLOBAL SCM CO., LTD.	●
AEONBIKE CO., LTD. Head Office	●	GUANGDONG AEON TEEM CO., LTD.	●
AEON LIQUOR CO., LTD. Head Office	●	The Daiiei, Inc.	●
Maxvalu Tohoku Co., Ltd.	●	AEON MARKET CO., LTD.	●
AEON FOOD SUPPLY Co., Ltd.	●	The Maruetsu, Inc.	●
Maxvalu Nishinihon Co., Ltd.	●	Kasumi Meat Processing Center, 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.	●		

● AEON STORE KYUSHU CO., LTD. acquired the ISO14001 in April 2016 and AEON Retail Store Co., Ltd. acquired the certification in March 2016.

We are working to restructure our environmental management system after the reorganization of our Group companies. As an example of the management framework that focuses on AEON CO., LTD. and AEON Retail Co., Ltd., we have had assessments of systems at 29 stores migrating from The Daiiei, Inc. to AEON Retail Co., Ltd. and 7 stores migrating from MaxValu Tohoku Co., Ltd. in April 2016. This assessment was separate to our standard periodic assessments. The Japan Audit and Certification Organization for Environment and Quality discovered there is still some separation, but stated a comparatively smooth transition had begun to acknowledge the expansion within the range of their certification. In the future, we are working to be able to drive a synergistic effect through integration while also increasing our overall level through the integration of systems based on issues confirmed through this assessment.

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 are taking this certification. 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 2016, a total of 1,876 employees have attended the seminars since 2000, when the 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.

FY2015 ISO 14001 Targets and Performance

[Company-wide Targets]

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

Environmental Policy	Category	Company-wide Targets	Target	Results	Evaluation	Supervision
Realization of a Low-carbon Society	Stores	◎	Promoting Theme1 Energy Conservation Reduce electric consumption to more than 1% to 3% of FY2014 * Target varies according to company	Target: 1,960,309,000kWh Result: 1,971,931,000kWh Stated target: 100.6% Comparison last year: 99.0% * The total of 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., and AEON BIG CO., LTD.	△	AEON CO., LTD. Each Group company
			Reduction of money used for materials At least 1% to 10% reduction from FY2014 * Target varies according to company	Target: 871,659,000 JPY Result: 902,240,000 JPY Stated target: 103.5% Comparison last year: 98.8% * The total of 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., and AEON BIG CO., LTD.	△	AEON CO., LTD. Each Group company
Better use of resources	Stores	◎	Maintain food waste-to-sales ratio at below 0.50% * Target varies according to company	<Average> Result: 0.54% Stated target: 117.8% Comparison last year: 92.6% * The total of 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., and AEON BIG CO., LTD.	×	AEON CO., LTD. Each Group company

[Departmental Targets]

Environmental Policy	Category	Company-wide Targets	Target	Results	Evaluation	Supervision
Realization of a Low-carbon Society	Stores	—	Smart Aeon Stores opening	AEON Mall Okinawa Rycom AEON Mall Shijonawate	○	AEON CO., LTD. AEON Mall Co., Ltd.
Conservation of Biodiversity	Together with Customers	—	Continuation of tree planting activities and education activities tree "Aeon Hometown Forests Program" Systematically introduction of sustainable management as hometown forests	1. Confirm the progress and thorough implementation of management plans at each GMS store 2. Spread weeding and cleaning through Clean & Green Activities carried out by employees at each GMS store 3. Revision of management manual (creation of by-laws manual)	△	AEON CO., LTD. Each Group company
Low-carbon, resources, and biodiversity	Products	—	Expand sales of environment-friendly products	Expand sales of MSC, ASC certification product Expand sales of LED light bulbs Expand sales of TOPVALU PEACE FIT Expand dealings in organic products Expand sales of water conservation toilets Expand sales of SELF+SERVICE products, etc.	△	AEON CO., LTD. AEON TOPVALU CO., LTD. AEON Retail Co., Ltd. Each Group company
Partnerships	Together with Customers	—	Promotion of the Aeon Cheers Club activity 1. All GMS stores implement more than 4 activities/year More than 80% 2. Complete store wall newspapers More than 80%	334 stores out of the 441 stores conducted activities more than four times/year. (Excluding new shops) Stated target: 97.2% Implement programs linked to companies within the Group and add activities. Aim for utilization for 0 activities at stores	△	AEON CO., LTD. Each Group company
Pollution Prevention	Stores	—	Implement proper wastewater management (comply with 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)	Implement simultaneous voluntary surveys Rate of violations to initial voluntary standards 24.3% (Improvements) Support was provided to stores with continual violations individually. Introduce proposals for equipment renovations and implement equipment. <Good Examples> We take pictures of the cleaning process to make sure cleaning is conducted correctly.	△	AEON CO., LTD. Each Group company

Environmental Management

FY2015 Environmental Accounting

Main Category	Accounting items	Aeon Group			GMS(subtotal)				SM/DS(subtotal)			Small-sized Stores(subtotal)			Developer(subtotal)			Drugstore & Pharmacy, Financial Services, Service & Specialty Store, Function Companies, Pure Holding companies (subtotal)		
		Environmental conservation costs (Thousand JPY)	Economic benefits of environmental conservation (Thousand JPY)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (Thousand JPY)	Economic benefits of environmental conservation (Thousand JPY)	Environmental conservation benefits (t-CO ₂)		Environmental conservation costs (Thousand JPY)	Economic benefits of environmental conservation (Thousand JPY)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (Thousand JPY)	Economic benefits of environmental conservation (Thousand JPY)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (Thousand JPY)	Economic benefits of environmental conservation (Thousand JPY)	Environmental conservation benefits (t-CO ₂)	Environmental conservation costs (Thousand JPY)	Economic benefits of environmental conservation (Thousand JPY)	Environmental conservation benefits (t-CO ₂)
Realization of a Low-carbon Society	Installation cost for photovoltaic power systems	3,815,116	34,646	1,022	-	-	-		168,915	-	51	2,910,324	34,646	770	733,311	-	201	2,565	-	-
	Investments in energy efficient equipment for new stores *Installation conforming to plans to implement energy-saving equipment set by the General Affairs Department	3,043,322	273,509	6,149	616,955	67,561	1,574		474,145	38,378	1,101	1,604,376	146,628	3,222	197,027	-	-	150,818	20,940	252
	Adoption cost of CO ₂ refrigerant at new stores	130,613	5,657	239	102,485	617	195		15,355	4,560	33	12,772	480	11	-	-	-	-	-	-
	Investments in energy efficient equipment for existing stores *Installation conforming to plans to implement energy-saving equipment set by the General Affairs Department	1,509,942	196,508	2,486	292,256	56,639	1,197		555,423	96,221	1,289	652,645	43,647	-	-	-	-	9,618	-	-
	Installation of LED lighting at existing stores	6,375,294	902,811	23,283	1,717,845	303,214	6,867		1,816,588	502,773	8,625	35,509	11,104	177	2,330,109	12,528	560	475,241	73,191	7,054
	Visualization of energy usage at existing stores	381,303	25,744	241	1,400	4,140	87		39,133	21,604	154	-	-	-	340,650	-	-	120	-	-
	Costs associated with energy management seminars (participation)	5,188	-	-	5,020	-	-		151	-	-	-	-	-	-	-	-	17	-	-
	FC filling costs	382,529	-	-	196,074	-	-		182,778	-	-	1,006	-	-	2,562	-	-	107	-	-
	Management costs of fluorocarbon leaks (new)	318,393	-	-	105,847	-	-		196,777	-	-	1,395	-	-	7,260	-	-	7,114	-	-
	Carbon offset costs CO ₂ emission trading (new)	7,234	-	1,150	2,962	-	-		3,688	-	350	-	-	-	-	-	-	584	-	800
Total		15,968,939	1,438,877	34,570	3,040,846	432,173	9,921		3,452,956	663,537	11,602	5,218,029	236,506	4,181	3,610,920	12,528	761	646,186	94,131	8,106
Conservation of Biodiversity	Aeon Hometown Forest program implementation costs	125,726	-	-	13,447	-	-		25,133	-	-	-	-	-	87,145	-	-	-	-	-
	Aeon Hometown Forest program tree planting festival	34,890	-	-	29,328	-	-		5,505	-	-	-	-	-	-	-	-	56	-	-
	Cost of regular maintenance for planted zones / Next 10 million trees	665,490	-	-	170,732	-	-		41,332	-	-	-	-	-	449,661	-	-	3,763	-	-
Total		826,107	-	-	213,509	-	-		71,971	-	-	-	-	-	536,807	-	-	3,819	-	-
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	1,331,861	-	-	340,657	-	-		643,764	-	-	109,322	-	-	-	-	-	238,116	-	-
	Operating costs for home appliance recycling program	89,440	-	-	89,364	-	-		75	-	-	-	-	-	-	-	-	-	-	-
	Processing cost of recyclables collected in-store	378,898	136,682	-	68,782	40,884	-		287,081	95,798	-	-	-	-	-	-	-	23,034	-	-
	Processing cost of recycling of food residue	603,854	11,077	-	129,289	-	-		322,507	2,491	-	119,885	2,880	-	-	-	-	32,172	5,705	-
Total		2,404,055	147,760	-	628,094	40,884	-		1,253,429	98,289	-	229,207	2,880	-	-	-	-	293,323	5,705	-
Addressing Social Issues	Contributions to the Aeon Happy Yellow Receipt Campaign	373,324	-	-	237,839	-	-		99,165	-	-	-	-	-	36,318	-	-	-	-	-
	Activity costs of the Aeon Cheers Club	117,206	-	-	4,950	-	-		403	-	-	-	-	-	-	-	-	111,852	-	-
Total		490,530	-	-	242,790	-	-		99,568	-	-	-	-	-	36,318	-	-	111,852	-	-
Environmental Communication	Cost of preparing the Aeon Environmental and Social Report	27,008	-	-	609	-	-		7,685	-	-	3,755	-	-	3,408	-	-	11,549	-	-
	Operating costs of environmental website	3,909	-	-	-	-	-		1,520	-	-	-	-	-	-	-	-	2,389	-	-
	Cost of operating or exhibiting at environmental events	63,538	-	-	830	-	-		1,176	-	-	-	-	-	27,400	-	-	34,131	-	-
	Environmental advertising (external)	308,052	-	-	126,525	-	-		2,833	-	-	-	-	-	19,597	-	-	159,095	-	-
	Cost of Eco Test	285	-	-	-	-	-		-	-	-	-	-	-	285	-	-	-	-	-
	Membership dues in and donations for environmental organizations	73,202	-	-	7,982	-	-		60,619	-	-	-	-	-	-	-	-	4,600	-	-
Total		475,997	-	-	135,947	-	-		73,835	-	-	3,755	-	-	50,692	-	-	211,766	-	-
Environmental Management	Processing cost of waste generated by stores and offices	12,069,838	-	-	4,958,415	-	-		4,515,722	-	-	585,938	-	-	1,815,103	-	-	194,658	-	-
	Implementation costs of waste measurement equipment (new)	53,671	-	-	325	-	-		53,346	-	-	-	-	-	-	-	-	-	-	-
	Maintenance of pollution prevention equipment and devices (including inspections and testing)	2,741,528	-	-	752,221	-	-		604,596	-	-	1,680	-	-	1,381,584	-	-	1,445	-	-
	Personnel costs	1,757,218	-	-	135,284	-	-		154,357	-	-	6,600	-	-	1,331,902	-	-	129,074	-	-
	Operating cost of environmental management system (ISO)	63,168	-	10,941	11,971	-	-		24,990	-	-	-	-	-	21,230	-	-	4,975	-	10,941
	Costs for preventing environmental accidents and for restoring in case of accident	597,481	-	-	1,126	-	-		16,237	-	-	-	-	-	580,117	-	-	-	-	-
	Cost of organizing waste management seminars	1,354	-	-	24	-	-		709	-	-	-	-	-	-	-	-	621	-	-
Total		17,284,261	-	10,941	5,859,368	-	-		5,369,959	-	-	594,218	-	-	5,129,938	-	-	330,775	-	10,941

Companies covered: AEON Retail Co., Ltd., AEON Hokkaido Corporation, SUNDAY CO., LTD., AEON STORE KYUSHU CO., LTD., AEON SUPERCENTER Co., Ltd., AEONBIKE CO., LTD., AEON LIQUOR CO., LTD., AEON RYUKYU CO., LTD., TOPVALU COLLECTION CO., LTD.

Companies covered: MV Nishinohon Co., Ltd., MV Tohoku Co., Ltd., MV Tokai Co., Ltd., MV Chubu Co., Ltd., MV Hokkaido Co., Ltd., MV Kyushu Co., Ltd., A-colle Co., Ltd., AEON BIG CO., LTD., AEON MARKET CO., LTD., KASUMI CO., LTD., KOHYO CO., LTD., SANYO MARUNAKA CO., LTD., The Daiei, Inc., MV KANTO CO., LTD., MV NAGANO CO., LTD., MV HOKURIKU CO., LTD., MV MINAMI TOHOKU CO., LTD., The Maruetsu, Inc., marunaka CO., LTD.
*MV=MAXVALU

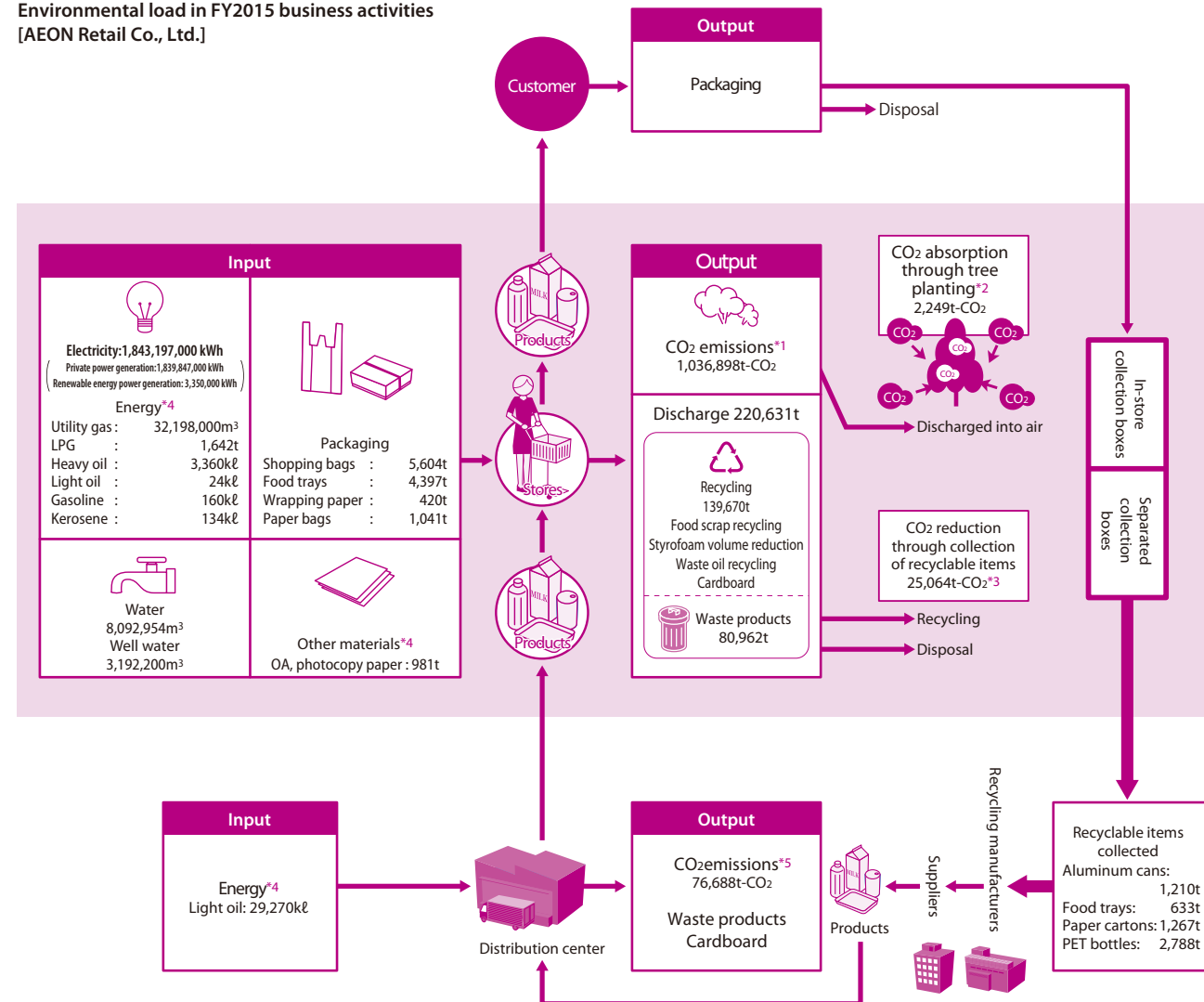
Companies covered: MINISTOP, CO., LTD., ORIGIN TOSHU, CO., LTD., My Basket CO., LTD.

Companies covered: AEON Mall, Co., Ltd., AEON TOWN Co., Ltd.

Companies covered: AEON CO., LTD., AEON Fantasy Co., Ltd., AEON Eaheart Co., Ltd., AEON CULTURE CO., LTD., Reform Studio Co., Ltd., G-FOOT CO., LTD., AEON FOREST CO., LTD., Claire's Nippon Co., Ltd., Talbots Japan Co., Ltd., Branshes Co., Ltd., MIRAYA SHOTEN CO., LTD., Mega Sports Co., Ltd., LAURA ASHLEY JAPAN CO., LTD., WELCIA YAKKYOKU Co., Ltd., SHIMIZU YAKUJIN CO., LTD., CFS Corporation, AEON AGRI CREATE Co., Ltd., AEON GLOBAL SCM CO., LTD., AEON TOPVALU CO., LTD., AEON FOOD SUPPLY Co., Ltd., Cordon Vert CO., LTD., FeliCa Pocket Marketing Inc.

Environmental Management

Environmental load in FY2015 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.

FY2015 Activities

Aeon Group CSR

Aeon devised Key Performance Indicators (KPI) as part of its commitment to achieving sustainable management. In conjunction with this, we have assigned a division and person in charge for each KPI field and established a system for taking stock of and managing the results of activities on a regular basis. Since FY2012, we have been reporting on the state of KPI implementation and sharing that informatin with

all stakeholders.

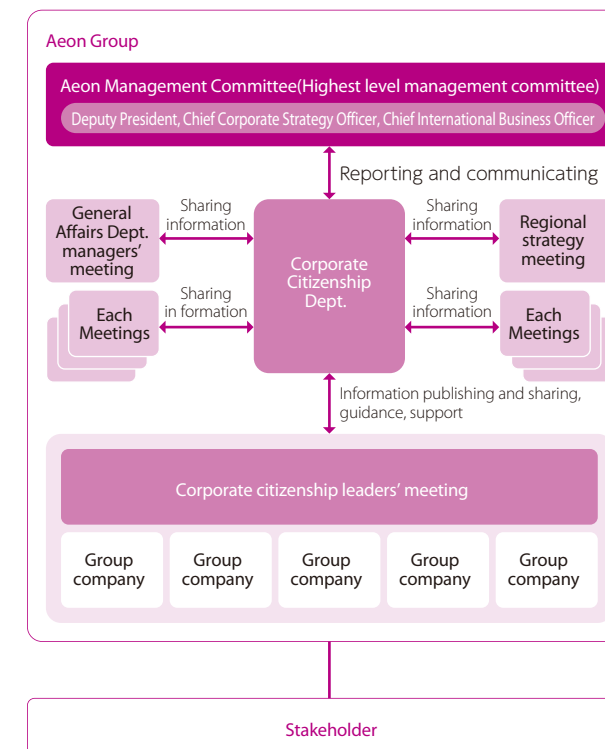
In addition, taking into account environmental changes inside and outside the Company, we regularly review KPI. The Aeon Management Committee receives proposals from the division and person in charge of each KPI field and takes into account input from external experts, government affiliates, and others before reviews are finalized.

CSR Promotion Framework

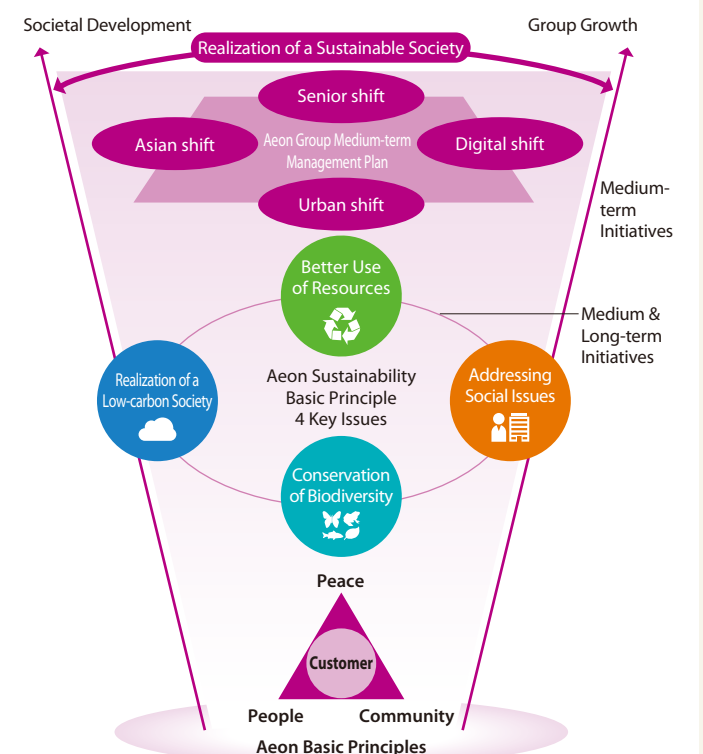
At Aeon, key issues concerning the environment, social contribution, and other CSR activities are reviewed and approved by the Aeon Management Committee (MC), of which all Aeon executives are members. As the scale and geographic scope of our business expand, and as our effects on society and the environment increase, Aeon will continue to practice our basic principle of 'pursuing peace, respecting humanity and contributing to local communities, centered on our customers.' In order to achieve our objectives of 'Improved customer satisfaction,' 'Societal development,' and 'Aeon Group growth,' promoting sustainable management that shares growth with all of our stakeholders is indispensable for identifying business opportunities in solutions to a variety of challenges endangering a healthy society.

Proposals and reports to the MC are brought forward by the chief environmental officer, Deputy President, Chief Corporate Strategy Officer, Chief International Business Officer, and approved matters are publicized throughout the Group to share and spread CSR awareness.

CSR Promotion Framework



Aeon Basic Principles and Sustainable Business



Realization of a Low-carbon Society

Management Approach

Recognition of Challenges

The problem of global warming has brought a large and negative impact to the global environment. Aeon has expanded its business to 20,476 stores/locations in 13 countries around the world, and as business activity has an impact on global warming, we believe that the use of energy in store operations and the use of alternative fluorocarbon refrigerants in refrigerated cases is large. A society with fewer greenhouse gas emissions - "the realization of a low-carbon society" is listed in the key issues, and we are working on a variety of initiatives.

Aeon's Approach

Aeon has set environmental targets for FY 2020, the Aeon eco Project. With current increasing needs for energy use efficiency and power conservation, and with the experience of the Great East Japan Earthquake, Aeon has added perspectives of reducing energy use and developing renewable energy to environmental protection in September 2012 and has additionally taken on a role as a lifeline center protecting the community in disasters and emergencies.

The Aeon Natural Refrigerant Declaration was announced in FY 2011, and the introduction of natural refrigerant refrigerated cases with a small global warming potential is also being promoted. In addition, we are also working on the reduction of CO₂ emissions in products and logistics.

Future Initiatives

In July 2015, the Government of Japan finalized a goal to reduce domestic greenhouse gas emissions 26% compared to FY2013 by the year 2030. To contribute to reaching this goal, Aeon will continue to engage in the Aeon Eco Project and will begin sharing its energy management expertise developed in Japan at its subsidiaries in China and ASEAN.

Aeon Eco Project

In the form of our Aeon Eco Project, Aeon set environmental targets for FY2020, and is carrying out various initiatives to achieve those targets. The project incorporates a protection strategy in addition to targets that aim to conserve energy and save power, such as strategies for reducing energy use that promote smart use of energy to conserve it, and strategies for generating energy to produce renewable energy, primarily solar power generation. This aims to turn stores into disaster prevention facilities to function as lifelines in times of emergency.

Smart Aeon is one of the initiatives for implementing the Aeon Eco Project. 9 stores have given birth to Smart Aeon up to the end of FY2015. (▶P.41)

Reduction Strategy

Generation Strategy

Protection Strategy

50% reduction in energy consumption

200,000 kW from renewable energy sources

100 disaster-prevention facilities across Japan

	FY 2015 Results	Targets for FY2020	Examples of Initiatives
Reduction Strategy ▶P.39	Energy consumption Expected reductions of 25% (compared to FY2010)	50% reduction in energy consumption	Transition to LED lighting
Generation Strategy ▶P.44	Stores installed with solar panels 916 stores Electricity generation capacity 56,474kW (total up to FY2015)	200,000 kW from renewable energy sources	Solar panel installation
Protection Strategy ▶P.85	Disaster-prevention 27 locations across Japan (total up to FY2015)	Make 100 Aeon stores across Japan disaster-prevention facilities	Private power generation equipment installation

FY2015 KPI Progress

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2015 Results	Summary of Actions/Initiatives in FY 2015
Reduce CO ₂ Emissions in Stores	Reduce Total CO ₂ Emissions	Total Annual CO₂ Emissions Factor (CO₂ Emissions/ Total Floor Area)	Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	FY 2010:0.101t/m ² (Performance) ▼ FY 2015:0.075t/m ² or less FY 2020:0.050t/m ² or less	0.0754t/m² (expected)	1) Energy-saving equipment introduction/update: · Store lighting LED conversion (basic lighting, such as spotlights) · Introduction/updates of energy-saving refrigerated cases, air conditioning equipment 2) Energy saving through operational improvement (lighting, refrigerated cases, air conditioning, etc.) · Education by energy advisor training · Verification of energy rational management techniques · Energy-saving operation propulsion using an energy-saving checklist and Procedure manual
	Improve Energy Efficiency [Reduction Strategy]	Total Energy Use Factor (Amount of Heat / Total Floor Area)	Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	FY 2010:2.731GJ/m ² (results) ▼ FY 2015: 2.048GJ/m ² or less FY 2020: 1.365GJ/m ² or less	2.048GJ/m² (expected)	
	Preventing Leakage of Fluorocarbons and Natural Refrigerant Equipment Introduction Promotion [Natural Refrigerant Declaration]	Measures for Ascertaining Replacement Amount and Preventing Leakage of Fluorocarbons used in Refrigerated Display Cases	Consolidated Group companies in Japan	FY 2015: Operation of management system compliant with the Fluorocarbons Recovery and Destruction Law	Aeon Delight Co., Ltd. introduces a centralized management scheme (Running in 22 companies such as GMS, SM, DS)	1) Simple and periodic equipment inspection 2) Fluorocarbon leakage amount management and periodic reporting follow up
		Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants	Consolidated companies in Japan for GMS, SM and Small-sized Store Business	Plan for installation at new stores FY 2015:Introduction in all new stores	Introduced to the six new GMS stores and eight supermarket and small stores (Total 42 stores)	1) CFC-free regular holding of implementation project 2) Information gathering for handling manufacturer expansion and consideration of introduction expansion of built-in CO ₂ refrigerant refrigerated cases.
	Reduce CO ₂ Emissions in Products and Logistics	CO₂ Emissions per Case during Shipment from Distribution Center to Store	AEON GLOBAL SCM CO., LTD.	FY 2015: 10% reduction compared with FY 2013	CO₂ emissions per case 132.3g (FY 2015) 10.0% reduction compared with FY 2013	1) Environmental vehicle introduction promotion 2) Eco-drive promotion 3) Excellent driver awards
	Generating Electricity in stores	Power generation capacity of renewable energy (purchased power only)	Consolidated Group companies in Japan for GMS and SM businesses	Generate 200,000kW of electricity by 2020	Total 57,000kW	Installed solar panels in 14 stores (Total 916 stores)

Reducing CO₂ in stores

CO₂ emissions reduction/energy efficiency improvement [Aeon Eco Project: Reduction Strategy]

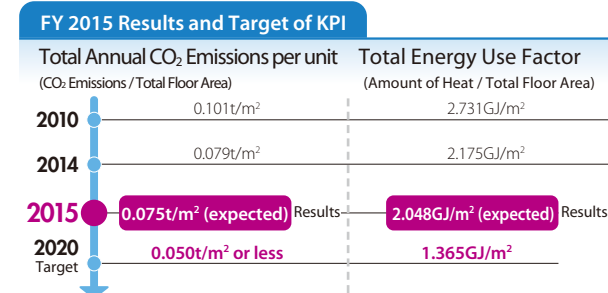
Aeon stores consume a large volume of energy^{*1}, mainly in air-conditioning and lighting as well as freezer and refrigeration cabinets. For Aeon, which has a store network spanning Japan as well as other countries in Asia, reducing CO₂ emissions from stores^{*2} plays a key role in reducing emissions for the entire company. That makes it all the more important for us to focus on reducing CO₂ in our stores.

Switching to LED lighting in stores continued and was actively promoted in FY 2015, and basic lighting and spotlights were changed to LED lighting in 333 stores nationwide and 4,339 stores in total. In addition, we have worked on items such as the introduction and updating of energy-saving equipment and verification of rational energy management techniques. For example, facility managers from AEON Retail Co., Ltd. worked with store Energy Advisors to plan and execute measures in an effort to improve the energy-efficient operations of stores that lacked energy consumption efficiency in terms of energy used per basic unit. Based on these efforts, Aeon's electricity usage in FY2015 was approximately 25% lower than in FY2010. This is mainly effective through the introduction of LED lighting and each piece of energy saving equipment and measures introduced.

In FY2016, we will work on reducing energy usage even more by introducing new energy-saving equipment and by improving energy-saving operations. Our efforts will focus on measures at stores with air conditioning systems that use hot-and-chilled water generators in an effort to reach our targets set for FY 2020.

^{*1} Looking at a breakdown of energy consumed on a heat conversion basis, around 90% is accounted for by electricity and the remainder by city gas, LP gas and heavy oil.

^{*2} All CO₂ emitted from stores can be attributed to energy consumption. Specifically, around 8% comes from direct emissions through city gas, LP gas and combustion of heavy oil (Scope 1) and around 92% comes from indirect emissions through power consumption (Scope 2). The calculation of CO₂ emissions from power consumption uses calculation standards and an emissions factor pursuant to the Act on Promotion of Global Warming Countermeasures.



^{*} With The Dai-ichi, Inc. becoming a full subsidiary in January 2015, figures have been recalculated back to FY2010.

Obtain ISO50001

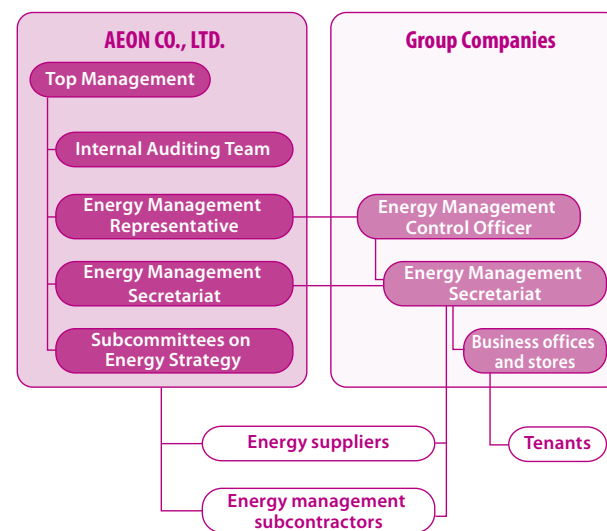
In July 2013, AEON CO., LTD. became the first retailer in Japan to obtain the ISO 50001 certification, an energy management certification defined by the International Organization for Standardization (ISO). ISO 50001 is an international standard specification that defines the requirements to be met by business operators when they establish an energy management system. It is being adopted around the world, including in the U.S. and China.

AEON CO., LTD. has established an energy management system under which it works as an entire group of companies to use energy more efficiently with the goal of attaining the energy-saving targets laid out in the Aeon Eco Project. The scope of Aeon's ISO 50001 certification is blanket energy management activities covering the entire Aeon Group of companies.



ISO 50001 certificate

Framework for Promoting our Energy Management System (EnMS)



Improving energy management practices

AEON CO., LTD. has systematized an in-house Energy Advisor Program aimed at leveraging our Aeon Eco Project to further develop human resources in our retail stores.

The Energy Advisors help assess the status of energy usage in stores and work to propose and promote ideas for more efficient usage. As of the end of February 2016, a total of 500 Energy Advisors had been certified.

In the future we will continue to develop more certified Energy Advisors, enhance the capabilities of current Energy Advisors, and work to expand the program to Group companies, including those outside of Japan.

Preventing Leakage of Fluorocarbons and Promoting Use of Natural Refrigerant Equipment

More and more freezing and refrigeration units started using non-ozone depleting alternatives to chlorofluorocarbons (CFCs) as refrigerant following the abolition of the production and use of ozone-depleting CFCs under the Montreal Protocol adopted in 1987. However, these alternatives have extremely high global warming potential (GWP)^{*1} and the problem of leaking into the atmosphere, which prompted calls to switch to natural refrigerants with low GWP.

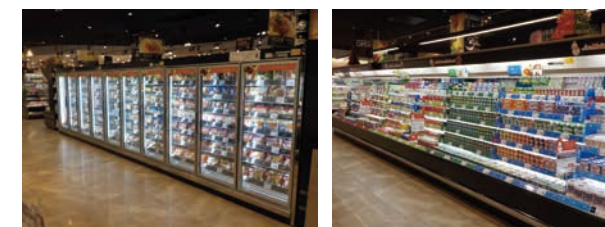
In 2009, Aeon became Japan's first retailer to start introducing refrigerators and freezers that use a low-GWP natural refrigerant^{*2} (CO₂). Following this, we announced the Aeon Natural Refrigerants Declaration in 2011 and are planning to install natural refrigerant-based refrigerators and freezers in every new store to open from now on as well.

As of the end of February 2016, we have installed natural refrigerant-based refrigerators and freezers at 42 stores, including our new Aeon Style Tokoname store, MaxValu supermarkets, and Ministop convenience stores. We will continue considering to switch to natural refrigerants even in existing stores on a gradual basis.

Aeon faces certain issues ahead of the introduction of natural refrigerants, including the lack of manufacturers and high installation costs. We will do our utmost to overcome these issues and promote the industry-wide use of natural refrigerants by leveraging performance data accumulated to date to raise awareness going forward and build ties with companies within the same industry and other industries.

^{*1} Global warming potential: Coefficient indicating the degree of influence to global warming. If CO₂ is 1, the alternative for fluorocarbons that are being used in refrigerated cases are several thousand times larger

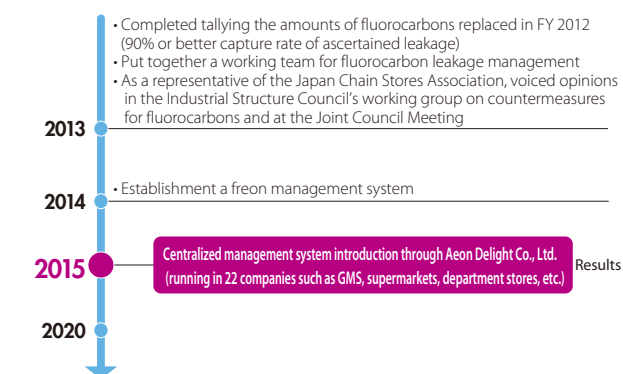
^{*2} Natural refrigerants: Substances known as natural refrigerants include ammonia and carbon hydride as well as CO₂.



Aeon Style Tokoname

FY 2015 Results and Target of KPI

Measures for Ascertaining Replacement Amount and Preventing Leakage of Fluorocarbons used in Refrigerated Display Cases



Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants on a Trial Basis



Aeon store development [Smart Aeon development]

Working to build environmentally friendly stores, Aeon has defined Eco Stores as outlets that achieve at least 20% lower CO₂ emissions in comparison with conventional stores, and a CASBEE^{*1} ranking of A* or higher. Since the opening of our first Eco Store, the Aeon Chikusa Shopping Center, in May 2005, 12 such stores had been opened by February 2013.

In September 2012, we started working on further developments for Next-Generation (Smart Aeon) Eco Stores. In addition to building stores with lower environmental impacts than in the past, we also formulated five criteria, (Smart Energy, Integration of E-Money and the Internet, Traffic Situation (Smart Mobility), Biodiversity and Landscape, Disaster Prevention and Regional Infrastructure), from the perspective of civic- and community-building efforts carried out in cooperation with local regions. We have positioned this as a key initiative for implementing the Aeon Eco Project.

Starting with the opening of the 1st Smart Aeon store Aeon Mall Yahata Higashi in March 2013, there was an expansion of 2 more Aeon Smart stores in FY 2015, Aeon Mall Okinawa Rycom, and Aeon Mall Shijonawate 9 stores^{*2} have given birth to Smart Aeon up to the end of February 2016.

^{*1} CASBEE: Environmental performance evaluation system architecture that was developed in 2001. It is used as an index to evaluate and display objectively the performance whether you are conscious how the global environment and surrounding environment, that there is no waste in running costs, such as, or comfortable for the user.

^{*2} 9 stores: Aeon Mall Yahata Higashi, Aeon Town Shin-Funabashi, Aeon Mall Osaka Dome City, Aeon Mall Makuhari New City, Aeon Mall Nagoya Chaya, Aeon Mall Kyoto Katsuragawa, Aeon Mall Kisarazu, Aeon Mall Okinawa Rycom, and Aeon Mall Shijonawate



Installation of Recharging Stations for Electric Vehicles

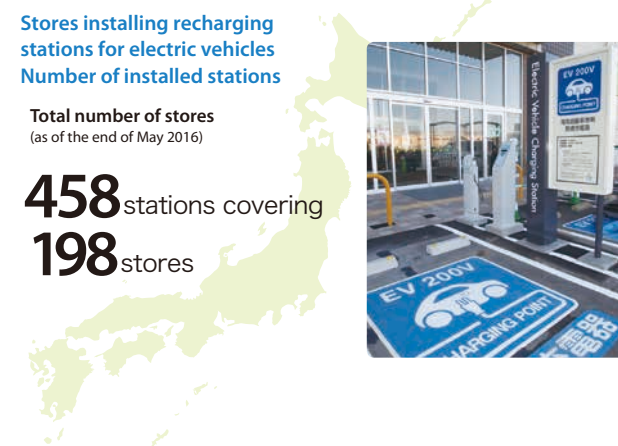
Aeon first set up a high-speed recharging station for electric vehicles at the Aeon Lake Town store located in Koshigaya city, Saitama prefecture in 2008 in order to respond to the increasing use of electric vehicles and plug-in hybrid vehicles. Since then, we have set up recharging stations at most of our new shopping centers as well as certain existing stores based on demand.

In FY 2015, we aggressively moved forward with the installation of recharging stations at existing stores, with the grand total now standing at 458 stations at 198 stores as of the end of May 2016 (of these 204 were rapid recharge stations and 254 were ordinary recharge stations). Going forward, we are continuing our proactive approach to installation.

Stores installing recharging stations for electric vehicles
Number of installed stations

Total number of stores
(as of the end of May 2016)

458 stations covering
198 stores



Reduce CO₂ Emissions in Products and Logistics

Promote Visualization in Logistics

Aeon defined "CO₂ emissions per case in delivery from distribution centers to stores" in KPI, and we are working on emissions reduction in "visualization" of CO₂ emissions related to logistics.

The results of continued efforts in FY 2015 for items such as the promotion of eco-driving and introduction of environmental vehicles such as large natural gas vehicles and electric vehicles were that the CO₂ emissions per case in delivery from distribution centers to stores were reduced to 132.3g CO₂, a reduction of 10.1% compared to FY 2014.

In FY2016, CO₂ emissions per case in delivery from distribution centers to stores were reduced to 128.0g CO₂, a reduction of 13% compared to FY 2013.

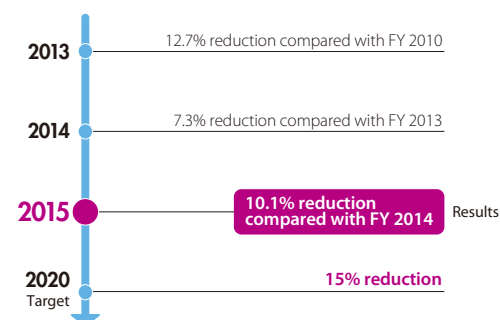
In addition, along with participating in various research meetings related to the environment started by groups such as universities, automotive manufacturers, gas companies, logistic companies and governments, through an environmental vehicle study group and rail transport study group sponsored by Aeon, we are promoting the introduction of large natural gas vehicles and the expansion of a modal shift.

In addition to continuing these efforts, in the future, we are promoting initiatives on both the hardware and software sides for the expansion of a good driver award system and implementation of Eco-drive^{*} workshops and 100% introduction of environmental adaptive vehicles.

^{*} Eco-drive: Efforts to save fuel such as trying gentle string or stopping wasteful idling, and driving to reduce CO₂ emissions

FY 2015 Results and Target of KPI

CO₂ Emission per Case during Shipment
from Distribution Center to Store



Promote a modal shift in collaboration with companies in other industries

AEON GLOBAL SCM CO., LTD., which is responsible for Aeon's logistics, aims for the reduction of CO₂ emissions and studies rail transport initiatives jointly with each member company through the Aeon Rail Transport Study Group sponsored by the same company.

As for these efforts, with the cooperation of the Japan Freight Railway Co., Ltd., seven member manufacturers^{*}

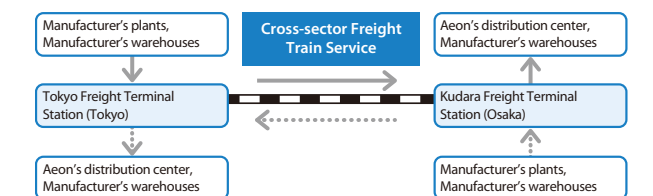
jointly participating in the same study group run a dedicated train between Tokyo and Osaka, and this has been greatly expanded to 40,786 containers (12 foot equivalent) through Aeon's railway transport. These efforts have been evaluated, and we were awarded the "Minister of Economy, Trade and Industry Award" in the "Green Logistics Excellent Business Award" at the "Green Logistics Partnership Conference" held by parties such as the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Economy, Trade and Industry held in December 2015. The same award is intended to honor initiatives with significant achievements in the creation of sustainable logistics systems, such as the reduction of CO₂ emissions through promotion of a modal shift.

We are assertively promoting a modal shift beyond industry in the future and are working to reduce CO₂.

^{*} Asahi Breweries, Ltd., Ajinomoto Co., Inc., Ezaki Glico Co., Ltd., Kao Corporation, Nestle Japan Ltd., Procter & Gamble Japan Co., Ltd. (P & G), Sapporo Breweries Ltd. (in alphabetical order)



Aeon rail transport study group dedicated trains



CO₂ reduction communication with customers

Aeon is working on a "visible" carbon footprint (CFP) that is displayed on products where CO₂ emissions are generated through the entire life cycle of the product (raw materials, processing steps, distribution, consumption, disposal, recycling). Through the "visualization" initiative, we are aiming for reduction of CO₂ emissions and further enhanced interest in the customers' environment.

We have participated in the "Carbon footprint (CFP) study group" sponsored by the Ministry of Economy, Trade and Industry since 2008, and we have been working on verification of carbon footprints in about 20 products.

We implemented "Bio My Basket" CO₂ calculation and verification in March 2015. Based on the results, we also implemented a carbon offset to compensate for CO₂ reduction activities in other places where CO₂ was emitted in FY 2015 as well.

Carbon Offset Achievements

- Target products: Bio My Basket
- Period: March 2015 - February 2016
- Amount: 700t-CO₂

Developing and Selling Products that Help Reduce CO₂ Emissions

Aeon is working to develop and sell products that help reduce CO₂ emissions.

Our TOPVALU Gurinai Yukigura potatoes from Toya, Hokkaido are one example. These potatoes use the cooling power of snow for preservation after harvest, which reduces electricity usage and also helps reduce CO₂ emissions. In FY 2015, CO₂ emissions have been reduced by about 30 tons through this initiative.



TOPVALU Gurinai Organic Food Series
Hokkaido Toya produced Yukigura potatoes

TOPICS

Selling "TOPVALU fururi" umbrellas to contribute to the reduction of CO₂ emissions

The "TOPVALU fururi", a changeable vinyl umbrella that combines vinyl fabrics and umbrella ribs, was launched in about 390 Aeon and Aeon Style stores^{*1}.

This product uses sugar cane-derived green polyethylene and reduces CO₂ emissions in part of the raw material. In addition, the vinyl fabric, ferrule and each part of the umbrella ribs can be disassembled and easily separated as garbage, which will lead to a reduction in CO₂ emissions.

You can "change" to your own style with up to 46 possible combinations, and the umbrella can be combined with your favorite colors and patterns. We have developed a long plastic umbrella that has been taken for granted as disposable until now, and it is a fashionable, ecological and next generation umbrella.

In addition, part of the sales of this product will be donated to the Association for Aid and Relief Japan (AAR Japan), an authorized NPO, through the activities of the AEON 1% Club. This is for the purpose of healthy development of young people in Asia in order to support the education of children in Cambodia, where the umbrellas are produced.

^{*1}: About 390 Aeon and Aeon style stores in Honshu, Shikoku and Kyushu



Tabulating CO₂ emissions across the entire supply chain

In addition to managing greenhouse gas emissions they generate directly (Scope 1) and indirect emissions from the use of electricity (Scope 2), companies must now manage emissions across their entire supply chain (Scope 3). In response to this development, Aeon has been calculating^{*} Scope 3 CO₂ emissions since FY2012.

Verification by a third party is planned in FY 2016 with regards to Scope 3 emissions.

In the future, we will further expand the precision of our

data, add more businesses for which we gather data, and use data analysis to pursue our reductions in CO₂ emissions.

^{*} For calculations, we reference the Emissions Rate Index Database for Calculating GHG Emissions, etc. in an Organization's Supply Chain (Ver. 2.0).

FY2015 Scope 3 Emissions

Category	Scope 3 Emissions Categories	Emissions(t-CO ₂ e)
1	Purchased products and services	2,846,663
2	Capital goods	1,665,987
3	Fuel and energy related activities not included in Scope 1 and Scope 2	336,072
4	Transport and shipments (upstream)	254,421
5	Waste from business activities	112,798
6	Business travel	72,752
7	Employee commutes	35
8	Leased assets (upstream)	—
9	Transport and shipments (downstream)	—
10	Processing of products sold	—
11	Use of products sold	486,764
12	Disposal of products sold	58,987
13	Leased assets (downstream)	824,111
14	Franchise	—
15	Investments	8,451

TOPICS

Verification of Greenhouse Gas Emissions by Third Party

Aeon has obtained a third-party review of the Scope 1 and Scope 2 greenhouse gases for AEON Retail Co., Ltd., which is the largest producer of these emissions within the Aeon Group's core retail business.

Third party verification was also done in AEON Mall Co., Ltd. group companies in FY 2015. We will continue to receive such reviews in the future in order to enhance the reliability of our data and continue with our efforts to reduce greenhouse gas emissions.

1. Scope of Verification

•Scope 1 and Scope 2 emissions:

Energy consumption of CO₂ emissions associated with the management of 388 AEON Retail Co., Ltd. stores in Japan in the period from April 1, 2013 to March 31, 2014.

2. Methodology

ISO 14064-3(2006): Obtained third-party verification in accordance with greenhouse gases-Part3: Specifications with guidance for the validation and verification of greenhouse gas assertions.

Verified greenhouse gas emissions	
Scope 1 96,799 t-CO ₂ e	Scope 2 1,021,303 t-CO ₂ e



Generating Electricity at Stores

Generating renewable energy

[Aeon Eco Project: Generation Strategy]

The goal of building electricity generation capacity of 200,000 kW^{*} by 2020 is part of the "Generation Strategy" in the Aeon Eco Project.

In FY 2015, we installed solar panels with electrical generation capacity totaling 2,679kW in 14 of our stores, including supermarkets with flat roofs, new large-scale supermarkets, as well as convenience stores. This brings our total of stores with installed units to 916, and our total generation capacity to 56,474kW^{*}.

In addition to leading to reductions in electricity usage, thanks to captive consumption, electricity from solar panels is also being sold back to power companies through the fixed wholesale purchase system. We are reinvesting profit from electricity sales to offset increased electricity rates, contribute to our BCP, invest in the environment, and invest in renewable energy.

In FY2016, we plan to add 3,720kW of generation capacity to 65 stores.

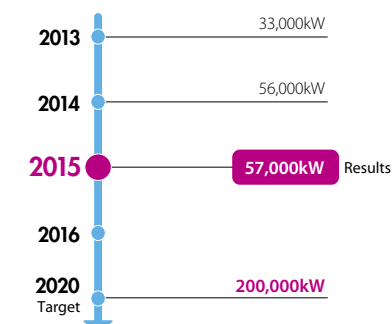
^{*} 57,000 kW is equivalent to the ability to cover the annual power of approximately 13,000 households in the common household.



Solar panel installation

FY 2015 Results and Target of KPI

Power generation capacity of renewable energy(Electricity sales only)



AEON Environmental Foundation

Donating Solar Systems to Junior High Schools

The AEON Environmental Foundation is donating solar power systems to junior high schools with the aim of promoting and spreading environmentally friendly renewable energy, and providing students with the opportunity to utilize the systems for environmental studies.

This activity started in FY2009 as a five-year project to commemorate the 20th anniversary of the founding of the Foundation. As of the end of FY2014, we have donated systems to 35 junior high schools, including schools in Japan, Malaysia, and Vietnam.

This initiative is determined to continue in the future, and it has donated solar power generation systems to 5 target elementary and junior high schools in Wuhan City, China in FY 2016.



Tan Nhut Junior High School in Ho Chi Minh City, Vietnam

Aeon Group Initiatives

AEON Retail Co., Ltd. Reform Section

Eco-Home (Uchi-Eco) Diagnosis Initiative

The Ministry of the Environment is implementing an initiative called Eco-Home Diagnosis in which accredited professionals with wide reaching experience in global warming and energy-saving home electronics use specially developed software to provide tailored advice for each household on more effective ways to reduce CO₂ and reduce energy usage in order to reduce the greenhouse gas emissions of ordinary households.

Aeon Retail, which maintains energy-saving proposals for helping consumers reduce utility bills as an important Company policy, completed its registration as a home ecology diagnosis provider so that it can carry out this policy. The company received certification in July 2014, and 110 people had passed the "Uchi-Eco" qualification test up to February 2016.

Furthermore, we conducted a diagnosis with 900 people up to June 2016 through stores and each local event.

We intend to promote energy conservation carried out in FY 2015 further by expanding the system to grant WAON points as Aeon Eco-points to customers who continue to be consulted by an "Uchi-eco diagnosis" and who have purchased specific energy-saving renovations and energy-saving equipment. In addition, we will carry out education and support towards obtaining qualifications, aiming for a system of 200 people as "Uchi-eco Consultants" in this fiscal year.



Diagnosis



Key Issue 2

Conservation of Biodiversity

Management Approach

Recognition of Challenges

All companies harness ecosystem services, leveraging the resources produced by our ecosystem in each phase of the lifecycle, from the sourcing of raw materials to production, sales, use and disposal. At the same time, however, the world continues to lose its tropical forests while the number of fauna and flora found on the red list of endangered species continues to grow unabated. Also, Aeon's business operations are based on the recognition that they cannot be sustained without the ecosystem services of agricultural produce and marine products, which is why Aeon continues to work on various initiatives for the sustainable use of resources, with biodiversity conservation considered as one of the key issues.

Aeon Approach/Aiming Direction

Aeon established the Aeon Biodiversity Principle in 2010 in order to continually promote the sustainable use of resources while conserving biodiversity. We are promoting various efforts in accordance with the Code of Conduct that was defined in this Principle.

● Sustainable procurement

We formulated the "Aeon Sustainable Procurement Principle" in FY 2014 in order to aim for compatibility between the continuous development of business and the sustainability of natural resources. As an example of these initiatives,

- In products, the "Aeon Seafood Procurement Principle" has been formulated for the sustainable procurement of marine products.
- In stores, we are building stores with consideration to sustainability by methods such as expanding the use of domestic FSC-certified lumber as building material for Ministop stores.

● "Aeon Forest Circulation Program" together with customers

We have been planting trees with customers since 1991 as an activity that embodies the "Aeon Basic Principles". The "Aeon Forest Circulation Program" was started with the theme of "Plant", "Nurture" and "Utilize" upon the planting of the 10 millionth tree in FY 2013.

Future Initiatives

Environmental agencies and the Conference of Parties (COP) under the Convention on Biological Diversity are working to make biodiversity mainstream through various social and economic activities promoting the protection of biodiversity and its sustainable use, from a worldwide to local community. Consequently, Aeon will utilize its business characteristic of coming into contact with vast numbers of consumers on a daily basis to continually highlight the importance of biodiversity through the familiar platforms of stores and products. As part of these efforts, "TOPVALU Gurinai Organic" product expansion proceeded in FY 2016 in addition to promoting efforts based on the "Aeon Sustainable Procurement Principle". In addition, there was a full-scale startup of the "Aeon Forest Circulation Program" in FY 2016, which was a milestone year celebrating 25 years of tree planting activities in Aeon.

Aeon Biodiversity Principle

Aeon's business depends on living products, such as agricultural and marine products. Recognizing this, Aeon formulated the "Aeon Biodiversity Principle" in March 2010, towards the conservation of biodiversity are essential to form a sustainable society.

Basic Principle

Grasping the impact our overall corporate activities have on the ecosystem, we actively focus on reducing the impact on the ecosystem and conservation activities, working in collaboration with our stakeholders, including our customers, local authorities and non-profit organizations. We focus on the following points related to the ecosystem in our corporate activities:

- Through our corporate activities, we
1. Remain conscious of blessings and burdens.
 2. Engage in initiatives that protect and nurture.
 3. Disclose information on our activities.

Action Guidelines (Excerpt)

1. Products: We will set sustainability targets for resource managed fresh seafood and processed products, engage in their purchase and sale while sharing those targets with our business partners, and communicate related information to customers.
2. Stores: We will continue to promote tree-planting campaigns with local customers at new store sites and continue to develop Eco Stores with less environmental impact than conventional facilities.
3. With Customers: Through tree-planting campaigns and other programs, we will share environmental awareness and learn together with all of our customers.

FY2015 KPI Progress

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2015 Results	Summary of Actions/Initiatives in FY 2015
Sustainable Resource Usage in Products	Promoting Sustainable Procurement	Sustainable procurement initiatives in seafood	Consolidated Group companies in Japan	Expansion of initiatives based on the Aeon Sustainable Procurement Principle and Aeon Sustainable Seafood Procurement Policy	(Marine Products) • Expansion of the MSC/ASC CoC (Chain of Custody) certification in Aeon group business Acquired in 4 GMS companies, 8 SM businesses MSC: 18 species, 36 items (as of the end of February 2016) ASC: 4 species, 9 items (as of the end of February 2016) • A permanent "Fish Baton" corner to display only MSC and ASC certified products is installed in 15 Aeon Retail (Ltd.) stores (As of April 2016) • Sales start of Completely Farm-Raised Bluefin Tuna (June 2015)	1) Analysis of the risks and opportunities for sustainable procurement based on input from internal and external shareholders in the Assessment Committee (Marine Products) 2) Identify priority initiatives and implementation feasibility in the Promotion Committee (Marine Products), and implement the breakdown of specific efforts
Sustainable Resource Usage in Stores and Products	Promoting Sustainable Procurement	Sustainable procurement policies of forest resources	Consolidated Group companies in Japan	Development of procurement policies of forest resources	(Products) • Sell about 130 FSC certified products in stationery and H&BC generic items Switched all 100 generic workbook items to FSC® certification • Take advantage of FSC-certified paper in generic items, even in food packaging and hanging clothes tags (Stores) • Number of Ministop stores in Japan that use FSC-certified wood: 152 stores (As of the end of February 2016)	1) Publication preparation and development of a sustainable procurement policy for forest resources 2) Development of an organizational structure for sustainable procurement in terms of products 3) Study of initiative contents in terms of products
Biodiversity Conservation at the Store Level	Aeon Hometown Forests Program	Maintenance and Management Situation of Forests	Companies to implement the Aeon Hometown Forests Program	100% implementation	Focusing on GMS and SM, spread planting zone management based on the management manual	1) Confirm the progress and thorough implementation of management plans at each GMS store 2) Spread weeding and cleaning through Clean & Green Activities carried out by employees at each GMS store 3) Management Manual Revision (Supplementary Manual Creation)
Contributions to the Community	Sustainable forest conservation	Aeon forest circulation Program Development	Consolidated targets in Japan Group Companies	Promotion of new businesses in the fields of the "Plant", "Nurture", "Thrive"	In a "Nurture" Field Pilot Project Implementation	A Curriculum to Education Forest-Conscious People • Cooperation with Mie Prefecture Miyagawa forest election set • Holding a tree nurturing event through collaboration with students and Mie Prefecture
Initiatives through our Products	Conscious of the Ecosystem Provide Products	Appropriate products in private brand	Consolidated companies in Japan for GMS and SM Small companies	TOPVALU Gurinai Organic Food Series Product expansion	A total of 27 Gurinai Organic products, one of the largest number as private brand label products in Japan Expand to 185 items. (As of the end of February 2016)	Get the JAS organic produce processed foods "Certified Importer" status prescribed by the Ministry of Agriculture, Forestry and Fisheries, develop domestic and foreign organic products, and promote procurement



Sustainable resource usage

Promoting Sustainable Procurement

Our natural resources face many threats today, from ecosystem destruction from overexploitation to poor agricultural harvests from abnormal weather caused by climate change. Whereas, with the supply chain now stretched across the entire world, Aeon must be conscious of human rights and working environments at suppliers as well as work to prevent corruption, including bribery and extortion.

The products manufactured and sold by Aeon are made possible by the bounty of nature and contain raw materials procured from producers and locations around the globe. Efforts towards procurement guideline formulation have begun from 2011 towards the realization of even more sustainable high-level procurement. Through the work of a CSR Procurement Guidelines Committee comprised of managers from related Aeon departments, and tasked with gathering CSR procurement-related information, we formulated and published, in February 2014, our Aeon Sustainable Procurement Principle.

Aeon Sustainable Procurement Principle

1. Eliminating natural resource transactions, gathering, and fishing conducted illegally.
2. Establishing and managing Aeon standards from the perspective of biodiversity preservation and preventing the depletion of natural resources.
3. Minimizing use of non-renewable resources.
4. Establishing traceability, including place of production and fishing methods, for produce and marine resources.
5. Preventing the destruction of forest land with high conversation value.

Promoting the Procurement of Sustainable Seafood

Aeon established the Aeon Seafood Procurement Principle in February 2014 in order to help protect limited marine resources and to hand down to future generations our traditional culture surrounding food sources from the water and sea.

We formulated the Seafood Assessment Committee comprised of Aeon's Environment Division and other Divisions at Aeon Group companies, functional companies, and other companies. Based on input from external stakeholders (NGOs, the government, seafood businesses), we analyzed risks and opportunities, reviewed feasible projects, and used the results to plan key initiatives.

Aeon Sustainable Seafood Procurement Policy

Carry out regular risk assessments from a resource depletion prevention and biodiversity conservation perspective. Also, in order to mitigate risks, review feasible countermeasures and strive to procure sustainable seafood.

Specific Measures

Aeon is constantly devising and implementing measures to shift from endangered seafood to seafood with a sustainable backing into the future.

1. Provision of Sustainable Products
 - Actively sell sustainable seafood such as MSC-certified and ASC-certified products
 - Strengthen handling of complete aquaculture
2. Elimination of Illegal Trade
 - Comply with international conventions, such as Washington Convention
3. Establishment of Traceability Measures
 - Promote strengthening of resource management in Indonesia
4. Regular Risk Assessments
 - Launch organization to promote sustainable procurement Measures in organization development as well such as "Assessment Meetings" and a "Sustainable Procurement Promotion Committee" for promotion have begun.

Sales and development of MSC-certified and ASC-certified products

The MSC (Marine Stewardship Council) is an independent and non-profit organization that can recommend sustainable fisheries and can put a "sea eco-label" on marine products caught by certified fisheries. After beginning to sell MSC-certified products in 2006, Aeon has gradually expanded the number of available items. As of February 2016, we offer customers 36 MSC-certified products across 18 species—more than any other retailer in Japan.



TOPVALU
MSC-certified salt sockeye

In addition, ASC (Aquaculture Stewardship Council) certified product sales began for the first time in Asia in 2014. It also aims for sustainable procurement through the dissemination of "responsible aquaculture fisheries" which also considered local



TOPVALU ASC-certified raw
Atlantic salmon

societies and human rights without imposing a heavy burden on the environment. As of February 2016, we are selling nine ASC-certified products across four species.

In June 2015, eight Group companies joined AEON Retail

Co., Ltd., AEON Hokkaido Corporation, AEON KYUSHU CO., LTD., and AEON RYUKYU CO., LTD. in acquiring Chain of Custody (CoC) certification. CoC certification ensures the reliability of MSC and ASC certified products and is a system for assuring consumers of the traceability of certified products.

Going forward, Aeon will promote procurement of sustainable seafood by increasing the number of companies that acquire certification.

Development and sales of "Full-cycle Aquaculture Pacific Bluefin"

Aeon started the sales of full-cycle aquaculture raised* Pacific bluefin tuna "TOPVALU Gurinai Amami Raw Pacific Bluefin Tuna". International measures have been stepped up for the management of wild natural resources. Bluefin tuna was designated in November 2014 as a wild animal in danger of extinction by the International Union for the Conservation of Nature and Natural Resources (IUCN), and, in December of the same year, the Western and Central Pacific Fisheries Commission (WCPFC) decided to halve catches of young Atlantic Bluefin tuna.



Complete farming for the first time in a while

These circumstances led Aeon to supply full-cycle aquaculture Bluefin tuna from the perspective of resource depletion prevention and biodiversity conservation, and we did so utilizing the cooperation of Maruha Nichiro Corporation and their ability to raise full-cycle aquaculture tuna that does not rely on wild stocks.

In addition, in consideration of the ecosystem surrounding fish farms, we are taking care to regularly carry out water quality checks and properly steward the natural environment around Amami island.

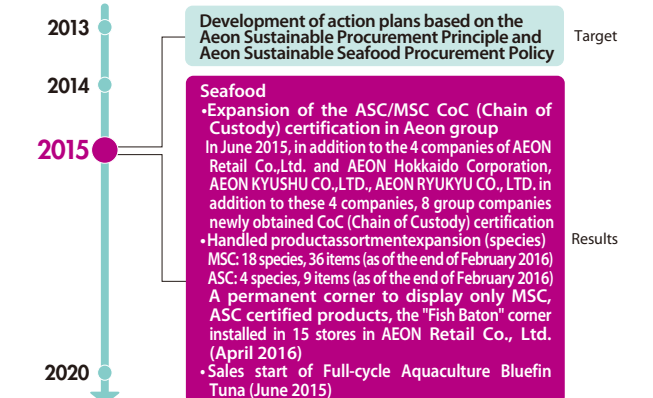
Sales of full-cycle aquaculture Japanese amberjack "TOPVALU Miyazaki Prefecture Japanese amberjack (aquaculture)" started in about 1000 Aeon and Aeon Style stores all over Japan. Generic sales of full-cycle aquaculture Japanese amberjack following full-cycle aquaculture Pacific bluefin tuna will be the first in Japan.

Going forward, Aeon will promote the procurement and sale of sustainable seafood by protecting limited resources.

* full-cycle aquaculture raised: Fertilized eggs are taken from adult tuna and artificially hatched, then those eggs are raised in a full-cycle that does not rely on wild tuna stocks.

FY 2015 Results and Target of KPI

Sustainable procurement initiatives in seafood



TOPICS

Start "Fish Baton" deployment

Based on the thoughts of "wanting to connect the next generation to a rich food culture", deployment of a permanent corner called "Fish Baton", which is composed of ASC and MSC-certified products indicating that they are sustainable marine products, started from FY 2015. As of June 2016, Aeon is handling up to 43 items in 20 species that are exhibited in 17 stores and are exhibited according to season and region.



* ASC-certified and MSC-certified products are also handled in stores where "Fish Baton" corners are not installed.



Promoting the Procurement of Sustainable Forestry Products

Following the Aeon Seafood Procurement Principle, the Aeon Forest Resources Procurement Principle was established in 2016. We aim to contribute to the balance of utilization and conservation of forest resources based on the principle.

Aeon Forest Resources Procurement Principle (Paper/Pulp/Timber)

We will continue to utilize store materials and product raw materials made of lumber and pulp produced from properly managed forests, and we strive to prevent forest destruction.

Initiatives through our Products

Identify risks and opportunities, consider viable methods, and aim for sustainable procurement through continuous improvement.

1. Handling of Sustainable Products

Raw material from properly managed forests is authenticated and products that have acquired FSC® certification are handled assertively.

2. Effective use of domestic lumber in Japan

Efforts for the effective use of domestic lumber in order to have sustainable recycling in Japan's forests.

3. Ensuring Traceability Measures

For high-risk countries and regions, raw material confirmation traceability to forests are handled on a priority basis.

4. Prevention of Illegal Deforestation

We confirm legal lumber, etc. based on laws related to promotion of the use of legally harvested lumber.

5. Preservation of Areas with High Conservation Value

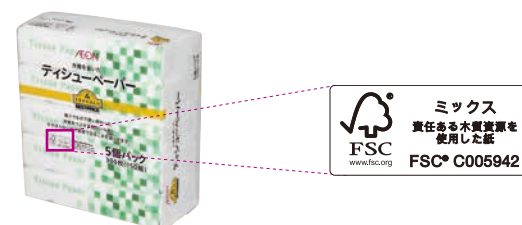
We confirm if precautions were taken in order to maintain areas with high conservation value.

Efforts in products: Products using FSC®-certified paper

The Forest Stewardship Council® (FSC®) certifies wood products and paper manufactured with timber from properly managed sustainable forests.

Aeon has been selling notebooks and other FSC®-certified paper products since 2008. From FY2011, we have been using FSC®-certified materials for price tags and other widely used markers.

About 130 stationery and H&BC category FSC®-certified products were sold in FY 2015. Furthermore, we switched all TOPVALU learning books to 100% FSC®-certified items. We plan to promote acquiring FSC® certification for items such as toilet paper and paper towels. (FSC® C005942)



TOPVALU Best Price tissue paper using FSC® certified paper

Efforts in stores: Stores using domestic FSC®-certified domestic lumber

Aeon practices store development with consideration to preservation of the ecosystem. For example, MINISTOP CO., LTD. opened a Ministop store that used 100% FSC® Japan certified materials in 2009, as the first FSC-certified convenience store in Japan. As of the end of February 2016, 152 Ministop stores are FSC® certified. Going forward, we plan to actively increase the number of environmentally-friendly stores using FSC Japan certified materials.



Store under construction



Ministop store



Properly managed Yamanashi Prefecture FSC®-certified forests



FY 2015 Results and Target of KPI

Sustainable procurement policies of forest resources



Biodiversity conservation communication with customers

Aeon is committed to informing customers and earning their support with regard to the importance and significance of using sustainable products and products that conserve biodiversity. Based on this commitment, we are engaging in a variety of initiatives such as providing products that take into account the sustainable use of bio resources, as well as providing opportunities for people to learn more about biodiversity.

TOPICS

We participated in the first "FSC Forest Week" held in Japan.

Aeon participated in the "FSC Forest Walk", Japan's version of the "FSC Friday" event which



is held in various countries around the world on the last Friday of every September.

This event aims to spread forest conservation means, and we have conducted awareness-raising activities such as volunteer work, seminars and workshops where about 20 companies and organizations that have been working on the expansion of FSC participate in. Aeon is implementing a stamp rally to find FSC®-certified products sold in the Daiei Akabane store and storytelling with the WWF Japan picture book "Let's choose a mark and protect the forest!" through group company AEON Fantasy Co., Ltd. carried out in 65 stores throughout Japan. These activities clearly tell children about FSC Japan activities and certification marks.

From now on, in order to deliver a green earth to the next generation and help sustainable forest development, we will implement various efforts through products and services.

TOPICS

AEON Fantasy Co., Ltd. official characters Lala-chan and lo-kun have been appointed 2016 FSC Japan Goodwill Ambassadors.

AEON Fantasy Co., Ltd. official characters Lala-chan and lo-kun have been observed in activities up to now, and they had been appointed as FSC Japan Goodwill Ambassadors in May 2016. There are plans to be active in various events so that even children can have a further awareness and understanding of FSC in 2016.



Sustainable forest conservation

Aeon Forest circulation program

When we open a new store, Aeon Hometown Forests Program joins with our customers to plant trees on the new site. Since this Program began at our JUSCO Malacca store in Malaysia in 1991 (Currently renamed Aeon Malacca SC), customers have planted trees together with us, passing the 10 millionth tree mark in 2013. In addition, Aeon will celebrate 25 years of tree planting activities in 2016.

With this opportunity, Aeon started the Aeon Forest Circulation Program with the theme of "Plant", "Nurture", "Thrive" in order to advance to a new stage. Specifically, we will continue to promote this with our "plant" objective targets tree planting that improves the quality of life in regions across the globe, and tree planting that protects areas from tsunami and disasters; our "nurture" objective targets activities to develop and managed planted trees and foster successor forests; and our "thrive" objective assertively promotes the utilization of forest products such as lumber, etc. as resources for our products and building materials for our stores.



Letting Forests Grow—Plant Aeon Hometown Forests Program

So that new stores become a local community place and spread the spirit of fostering green spaces to people in the region as well. With these thoughts in mind, since 1991, when Aeon opens a new store, "Aeon Hometown Forestation" is carried out with tree planting at the site of a store.

In FY 2015 we planted a total of 214,250 young trees in 31 locations.

As of the end of February 2016, 11,179,065 trees* had been planted through these activities. Aeon is deeply grateful to the customers who have participated in our tree planting efforts and we look forward to the next group of trees which we will plant and nurture alongside our customers and local communities.

*Through "Aeon Hometown Forestation", and AEON Environmental Foundation tree planting, total tree planting in the Great East Japan Earthquake disaster



"Aeon Hometown forest creation"
AEON MALL Okinawa Rycom

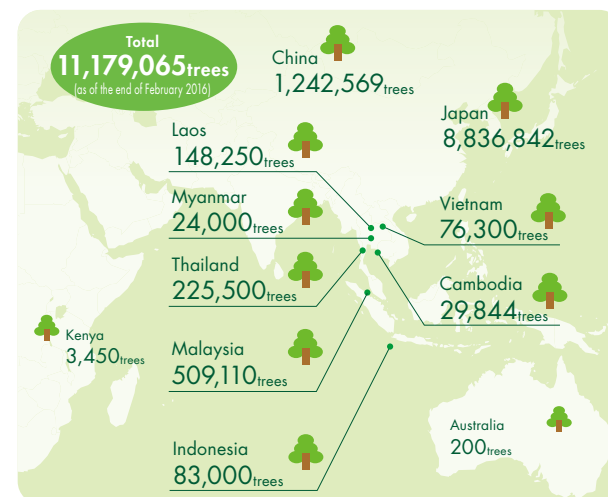
4th Kesennuma Oshima Kameyama
tree-planting ceremony

FY 2015 Results and Target of KPI

Maintenance and Management Situation of Forests



Letting Forests Grow



Letting Forests Grow—Nurture A Curriculum to Education Forest-Conscious People

In recent years, preventing global warming and conserving biodiversity are challenges joined by another urgent social issue. That is, preserving and sustainably using forests, which serve multifaceted roles for carrying on Japanese culture, offering recreation, etc., and villages, which serve as places for humans and nature to coexist.

The Forest Transcend Project—Educating Forest-Conscious People is a collaborative effort between Aeon, Mie Prefecture, and the NPO Miyagawa Shinsengumi, aiming to foster the future generation of forestry workers by offering various programs to deepen understanding of Japan's forest management.

In FY 2015, our second year, the Project was held over the course of two months, from December 20, 2015 to February 14, 2016, in Odaicho, Mie Prefecture. The curriculum had lectures and workshops related to forestry and forests ("Forest seminar" 1 day / Other 2 days) and hands-on training ("Forest techniques" 8 days / Field work 2 days) for a total of 13 days.

The eight-day "forest skills course" was especially unique and hands-on. By focusing on making a functional pathway for workers, the course taught forestry labor techniques and skills directly in the mountain forests of Odaicho.

This year 6 students completed the entire curriculum. After completion of the course, an event telling about the value of forests was conducted by project sponsor at the "Aeon Mall Yokkaichi Kita" on March 26 and March 27. We believe that we want to evolve with tree planting activities as one of the project's themes from now on.



Forest Transcend Project

Letting Forests Grow—Thrive Utilization of Forest Resources

In addition to the deployment of FSC-certified product sales (P.49) and deployment of stores using 100% domestic FSC-certified lumber (P.49), we are working on the promotion of utilizing forest resources in a variety of measures. For example, in the "Aeon Mall Toin", a permanent children's playground, the "Mie Tree Plaza" was installed utilizing forests from Mie Prefecture.



"Mie Tree Plaza"

Initiatives through our Stores

Developing and Evaluating Indicators

Aeon pays great attention to conservation and creation of ecosystems in developing its stores through initiatives such as planning and implementing biodiversity evaluation and environmental burden reduction measures when opening stores. The aim is to minimize the impact of our stores on the surrounding environment and ecosystem. Examples of these initiatives include the Aeon Hometown Forests Program and installing biotopes at some of our shopping centers.

As part of the store biodiversity assessment, "Creature symbiosis office" certification (Urban/SC version) was acquired through the "Association for Business Innovation in harmony with Nature and Community". Following the "Aeon Mall Toin" and "Aeon Mall Tamadaira Forest", certification was obtained in FY 2015 for the "Aeon Mall Tokoname", "Aeon Mall Shijonawate" and "Aeon Mall Sakai teppo-cho".

TOPICS

Ideal Biotopes as Fusions of Aeon Stores and Local Communities

A "Biopark" that appeared suddenly in the center of a spacious parking lot was Aeon's first biotope installed in "Aeon Yokkaichi Mall North", the first location opened in the 21st century. It is a lush green space about 300 square meters in size consisting of waterfront that surrounds the area that was a forest village shrine.

With the cooperation of Chamber Group, a local environmental NPO led by Chairperson Hiromi Tanaka, the biotope is being maintained with an aim toward proliferating plant and animal life, based on expert advice on insects, fish, and plants suitable for a shopping center location.

Weeding and daily maintenance is performed with the help of employee volunteers who are Aeon Biopark Assist members, while the site is also used for Aeon Cheers Club activities and advanced environmental education including planting festivals, pond drying and animal observation events, and invasive species surveys and removal.

We have also started seeing the results of firefly habitat creation coming out little by little. Since the prospects of development of black snails for bait and assurance of the proper amount and accumulation of know-how for light shading through 2015 initiatives were reached, from now on we will go to the next step of expanding spawning grounds.

In the future, we will promote continuing efforts with the realization of facilities where you can feel nature close by as the forms of retail consideration of biodiversity.



The Biopark (Aeon Mall Yokkaichikita)



The Biopark management conference by citizen's group, experts and Aeon members

Initiatives through our Products

TOPVALU Gurinai

TOPVALU Gurinai is a food safety brand that considers natural environmental friendliness and health for our bodies. The brand's product lineup offers food that meets customer demands and their desire "to buy food that is safer because it is something we eat every day".

Developing and Promoting the Procurement of Organic Products

In the "TOPVALU Gurinai" organic series, a rich assortment of environmentally friendly products that received certification both in Japan and overseas are offered, and as of February 2016, we handle 185 items, the largest amount of any retail generic brand in Japan.

In order to reflect increased consumer interest in healthy food, safety and security, as well as to respond to requests from customers for more organic products in our stores, we promote development and procurement of organic products in Japan and from other countries utilizing the Japanese Agricultural Standards (JAS)* certification for importers of organic agricultural/processed food products, a certification issued by the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan. In addition, we started handling organic goods, including some underwear, from the 2014 fall and winter season. In the 2015 fall and winter season, we expanded the deployment of children, baby and ladies inner wear, and in the 2016 spring and summer season we introduced men's items, and offered the organic series lineup of underwear for adults and children.



TOPVALU Gurinai
Organic Series

*Organic JAS logo

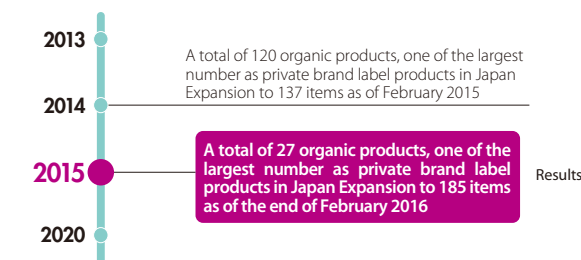
Operators certified by certification organizations registered by the MAFF are able to attach the organic JAS logo to their products. The logo is attached to agricultural, processed, or livestock products, as well as livestock feed, produced with a method of organic farming that uses natural power instead of pesticides or chemical fertilizers.



Organic JAS logo

FY 2015 Results and Target of KPI

Appropriate products in private brand





AEON Environmental Foundation Initiatives

25th anniversary of establishment

The AEON Environmental Foundation has supported many people since its establishment in 1990, and it celebrated its 25th anniversary.

To commemorate the 25th anniversary, the 4th Japan-China Environmental International Symposium was held in Beijing. Discussions were held by specialists and experts from both countries with the theme of "Sustainable development of society and environmental improvement in the international community", and the "Aeon Beijing Environment Proposal" was announced as a summary. Two lecturers in Japan, Mr. Kiyoshi Higuchi and Mr. Chiaki Mukai, were invited, and they conducted lectures thinking about environmental issues with the theme of "Contribution from the environment and health from space".

Aeon Tree-Planting Activities

The AEON Environmental Foundation, with cooperation at the national and local government level of each country, conducts tree-planting activities that aim to regenerate forests devastated by natural disasters. The Foundation's current tree-planting initiatives are being carried out in different parts of the world, particularly in Asia, in addition to Japan.

In FY 2015, tree planting was carried out in Urayasu-shi, Chiba Prefecture; Aya-cho, Miyazaki Prefecture; Atsuma-cho, Hokkaido and Okazaki-shi, Aichi Prefecture in Japan, and Yangon, Myanmar; Hanoi, Vietnam and Phnom Penh, Cambodia overseas.

In FY 2016, tree planting is carried out in Atsuma-cho, Hokkaido; Chiba-shi, Chiba Prefecture; Watari-cho, Miyagi Prefecture; and Taketa-shi, Oita Prefecture; in Japan, and Phnom Penh, Cambodia; Yangon, Myanmar; and Miyun District in Beijing, China.



Tree planting in Atsuma-cho, Hokkaido



Tree planting in Aya-cho, Miyazaki



Tree planting in Phnom Penh, Cambodia



Tree planting in Yangon, Myanmar

Giving Grants for Environmental Activities

Since its establishment in 1990, the AEON Environmental Foundation has awarded grants for activities related to sustainable use and the preservation of biodiversity in Japan and developing countries.

In FY 2015, 92.9 million JPY was awarded to 80 organizations in Japan and overseas that are engaged in tree planting and forest improvement, anti-desertification, regeneration of mountain villages and the nearby woodlands and ocean, cleanup of lakes and rivers, wildlife protection, and endangered species conservation. A total of 2645 organizations were given grants, with a total of 2,399,030,000 JPY in grant money.

We will also continue in 2016 to implement grant activities.



FY 2014 funding body activities
Nature observation meetings through the NPO corporation Fukuoka Wetland Conservation Society

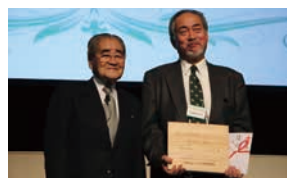
Excellence in Biodiversity Maintenance Biodiversity Award

The AEON Environmental Foundation inaugurated the Japan Awards for Biodiversity to promote biodiversity conservation and sustainable use of biodiversity in Japan, as well as the MIDORI Prize for Biodiversity, which is an international prize. The two awards honor recipients in alternate years.

The Yezo Deer Association was awarded at the 4th "Biodiversity Japan Award" Grand Prix in FY 2015.

In FY 2016, we will hold the fourth international awards ceremony for the Biodiversity Green Award.

FY 2015 Japan Award Grand Prix



Yezo Deer Association



Delivery class to learn about Yezo Deer

Outstanding Performance Award



ITO EN, LTD.

Biodiversity conservation efforts through the "Tea at beautiful Lake Biwa/Beautify Japan with tea"



Kyushu river fan club
(Kyushu University Shimatani Laboratory)

Regional revitalization and waterside environment conservation/regeneration implementation



Specified Nonprofit Corporation
Groundwork Mishima

Mobilize the power of citizens and regenerate/revive "hometown rivers" where a variety of creatures live in gutters



Kesenuma City Otani
Junior High School

Otani hummingbird plan



Key Issue 3

Better use of Resources Management Approach

Recognition of Challenges

The world's population continues to grow. Many believe it will increase from the current 7 billion to 9 billion by the year 2050. Meanwhile, the issues of hunger and poverty continue to plague developing countries. The only way to improve the living standards of people around the world in a sustainable manner is to make sure that the earth's limited resources are used effectively and responsibly. Aeon generates waste through its business and is also tied to waste produced by customers after the use of plastic bags and food containers. This is why we are working on various initiatives for the better use of resources as one of our key issues.

Aeon's Approach

Aeon launched the Bring Your Own Shopping Bag Campaign back in 1991 and has changed the specifications and formats of packaging materials as part of its ongoing efforts aimed at the responsible use of resources.

Societal demand for waste reduction has been increasing both in Japan and overseas. Goals related to the reduction of waste and food waste were included as United Nations sustainable development goals (SDGs) and adopted in 2015. In addition, Japan is also expected to strengthen related regulations such as the Food Recycling Law and the Waste Disposal Law.

In order to meet these demands, Aeon aims for "Zero waste by FY 2020 (=disposal/incineration/landfill of waste as is to zero), determines the "Aeon "Waste Zero" Effort Concept" and is promoting these efforts. Even within these efforts, there are important themes from the relevance of food waste to Aeon's business, and efforts have been strengthened in these 3 sections: "In stores and products", "Through communication with customers" and "Together with local areas".

Future Initiatives

Activities being worked on in each region and individual company in Aeon are aggregated based on growing social demand for waste reduction, which is listed in the goals such as the UN's SDGs, and we are committed to construction of a common group infrastructure through organizing items such as cases, indexes and the basic ideas of the activities. Starting in FY 2016, Aeon's subsidiaries will begin to set individual targets and carry out efforts to achieve them.

AEON "Zero Waste" Initiative Concept

We will continue to reduce waste through disposal/burning and landfills to zero through the 3R method of "Reduce", "Reuse" and "Recycle". In collaboration with stakeholders and customers through our efforts, we will contribute to the construction of a recycling-oriented society.



FY2015 KPI Progress

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2015 Results	Actions/Initiatives in FY2015
Initiatives for Zero Waste in Stores and Products	Reduce Amount of Materials Used in Packaging and Containers	Amount for Third-Party Processing Required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging (basic unit per ¥100 million in net sales)	Consolidated domestic companies subject to third-party processing requirements	FY 2010: 1.175 tons ⇒FY 2015: less than 0.88 tons * 20% reduction or more compared to FY 2010	1.080 tons 8.1% reduction compared to FY 2010	Reduce the use of sales materials such as plastic shopping bag reduction • Specification change of packaging materials • Review of providing method
	Reducing Waste	Emissions of non-food waste	Consolidated Group companies in Japan, China and ASEAN (Japan, China, ASEAN)	Expansion efforts	Initiatives Undertaken by Each Group Company Aggregation and information sharing (Ongoing efforts)	<Case> 1) Aeon Mall: Sorting 17 basic items into waste. We operate a system to weigh by item in cooperation with stores. Aim for "visualization" and work for reduction 2) COX: Efforts with the goal of product waste reduction through store responsibility. Interior part reuse implementation
	Reducing Food Waste Emissions	Food Waste Emissions (basic unit per ¥100 million in net sales)	Domestic consolidated target of food-related companies within GMS, SM companies	FY 2015: Reduction from the previous year	FY 2014 Results: 36.48kg/million JPY FY 2015 Results: 36.40kg/million JPY	1) Selling price change reduction through disposal of goods (food) 2) Thorough sorting of the resources 3) "Visualization" through introduction of a weighing machine, uniform management
		Food waste recycling rate	Domestic consolidated target of food-related companies within GMS, SM companies	FY 2015-FY 2019 55% (Abide by the basic policy related to promotion of food circulation resource recycling, etc.) * Year-on-year plus 1%	FY 2014 Results: 53.1% FY 2015 Results: 56.1%	1) Waste oil, fish crude recycling, consignment forwarding to play operators 2) Construction of a recycling loop, investment promotion
		Construction of Food Recycling Loop	Domestic consolidated target companies within food products Related companies	Construction of recycling loop (1 place / year)	Food residue recovery store: 12 stores⇒76 stores* * Operation from November 2016	Aeon Group Companies expand food residue recovery stores
	Together with Customers	Percentage of Customers Declining Plastic Shopping Bags (Nationwide store average)	Consolidated Group companies in Japan for GMS and SM businesses	FY 2015: More than 70% FY 2020: More than 80%	64.8% (Stop Free Plastic Shopping Bags stores increased 161 stores, 1,553 stores in total)	1) Provision of information to each group company shopping bag refusal rate and shopping bag free distribution stopping stores 2) Active participation and outreach to the shopping bag free distribution abort agreement in the region
Strengthening the Management System	Management System for Waste Emissions	Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions	Consolidated targets in Japan Group Companies	FY 2015: More than 360 people passed (Total from FY 2010)	45 students, out of 25 test examinees, 21 people passed A total of 361 people passed	The training by external specialized agencies In addition to utilizing videoconferencing, seminar contents are recorded in the Aeon Mall, and they are utilized as in-house teaching materials
		Electronic manifest introduction rate	Consolidated Group companies in Japan	Introduction rate of 50% by FY 2016 (Country target: introduction rate of 50% by FY 2016)	Adopting companies up to the end of FY 2015 (more than 95%) 15 companies: Aeon Kyushu, Aeon Store Kyushu, Daieli, MV Minami Tohoku, MV Kanto, MV Nagano, MV Chubu, MV Kyushu, Aeon Market, Maruetsu, Sanyo Marunaka, Aeon Big, Origin Toshu, My Basket, Acore (Less than 95%) 8 companies: Aeon Retail, Aeon Hokkaido, Aeon Bike, MV Hokkaido, MV Hokuriku, Marunaka, Aeon Mall, Aeon Town	1) Consignment to management providers, contract management and introduction of interlocked mechanisms 2) Sharing of roles with the stores, head office and management consignment company, and communication rules review implementation



Initiatives for Zero Waste in Stores and Products

Reduce the Amount of Materials Used in Packaging and Containers

Most of the rubbish discharged from the home is made up of packaging and containers. It is therefore an important responsibility of the retail industry to sell products used in everyday life that contribute to less rubbish by recognizing and minimizing them.

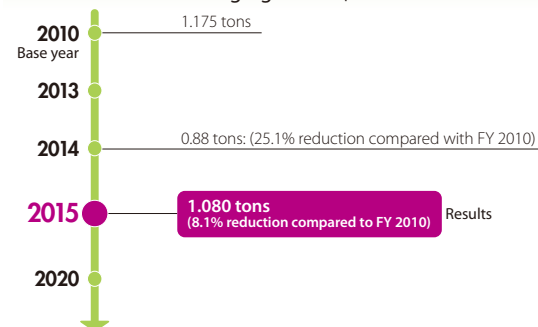
With this in mind, Aeon is working actively to reduce the amount of packaging and containers we use. In addition to focusing on reducing plastic shopping bags, we are also promoting the use of thinner as well as more ecofriendly trays.

When developing TOPVALU products, we closely examine packaging and containers and after careful consideration of the impact on the quality of product contents and safety during shipment, we work to make product containers lighter and more thin-walled and switch to recyclable material. Additionally, we are striving to develop refillable products and change packaging material based on customer feedback.

As a result of these efforts, we reduced the required amount of packaging and containers for recycling by a third party (per ¥100 million in net sales) under the Law for Promotion of Sorted Collection and Recycling of Containers and Packaging by 8.1% in FY 2015 compared with FY 2010, with a total of 1.080 tons. Moving forward, we plan to take further action in this area.

FY 2015 Results and Target of KPI

Amount for Third-Party Processing Required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging (basic unit per ¥100 million in net sales)



Packaging materials reduction case 1

For our product named TOPVALU BESTPRICE Buttered Roll, we tried to save materials by eliminating the closure mechanism and shortening the length of the product bag. As a result, we were able to cut the bag weight to approx. 50% of the benchmark national brands.



Packaging materials reduction case 2

In the past we attached both a product name sticker and a thermal sticker to bentos (boxed meals) and salads. We have eliminated the product name sticker by putting the TOPVALU logo on the thermal sticker. As a result, this has led to a reduction of about 14,210,000 stickers in FY 2015.



Waste Reduction

As an enterprise that operates business in approximately 20,476 stores and locations in Japan and overseas, Aeon generates a large volume of waste. The social demand for reductions in waste has increased in Japan and overseas. In addition to the targets for waste management and food waste reduction that were incorporated into the United Nations' Sustainable Development Goals (SDGs) and adopted by the UN General Assembly in 2015, regulations are also being strengthened in the EU. Moreover, there are plans to strengthen waste-related laws and regulations in Japan, including the Food Recycling Law and the Waste Management and Public Cleansing Act.

In order to meet these demands, Aeon has decided to further strengthen initiatives aimed at reducing waste and has established a new target for zero waste by FY 2020 (reduction of landfill waste to zero) to launch initiatives.

Currently, each Aeon Group company is implementing a variety of initiatives aimed at waste reduction.

For example, in AEON Mall Co., Ltd., the medium-term environmental plan from April 2015 to FY 2017 was determined, and for waste, they are aiming for zero emissions malls, with maintenance of a waste recycling rate higher than 80% and implementation of waste education to specialty stores as pillars of this plan. With the cooperation of specialty stores, a system to separate waste into 17 basic items and to measure each item is introduced, and this aims for waste "visualization". In separated waste, items that can be recycled are recycled, and the recycling rate is aggregated in each item.

In this way, although many of the group companies are implementing various initiatives, the actual situation is that initiatives are being worked on by individual company and region. Based on these circumstances, each company's situation in FY 2015 is collected and shared, and we promoted foundations to tackle commonly as a group and considered indicators along with organizing company thinking and approaches that have been successful.

In FY 2016, we will aim for each group company to establish targets and promote waste reduction initiatives.

The efforts of each region about waste through the characteristics and legal constraints of waste itself is important. Communication is enriched with stores as the base along with working with stakeholders in local areas such as recyclers,

producers, governments and NPOs, and we will continue to contribute to local waste reduction as a part of societal infrastructure.

FY 2015 Results and Target of KPI

Emissions of non-food waste



Food Waste Reduction

Aeon is working on the control of food waste emission occurring in stores.

For example, in AEON Retail Co., Ltd., a goal of "reducing the food waste sales ratio to less than* 0.5%" has been set.

Led by store managers, many stores successfully kept the food waste-to-sales ratio low through such means as implementing thorough progress management of price changes, promotion of information sharing through meetings, clearance of products using taste testing and other methods, and early withdrawal of products with degraded freshness.

Maxvalu Chubu Co., Ltd. is also working on a goal of a 5% year-on-year reduction of general waste weight, including food waste.

The company actually measures emissions in meters installed in waste depots, and the emissions are counted and managed daily in the head office general affairs department. The significant purpose is described in addition with descriptions of usage methods in the stores, and they are working to raise awareness.

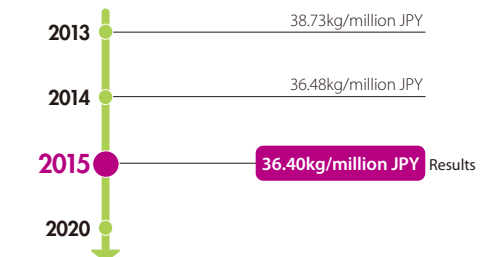
In addition, a discard rate (waste amount÷sales amount) goal is set by every company, and each department implements day-to-day execution management in a PDCA cycle. Changes and the like are also recommended to recyclers from business-based waste disposers in order to improve the food residue recycling rate.

In the future we will also share this best practice Group-wide in this way and continue promoting initiatives aimed at reducing food waste.

* Food waste-to-sales ratio: Food waste x Retail price / Sales

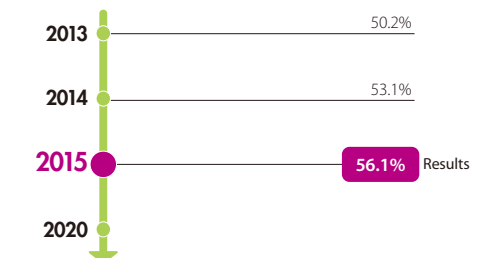
FY 2015 Results and Target of KPI

Food Waste Emissions(basic unit per ¥1 million in net sales)



FY 2015 Results and Target of KPI

Food waste recycling rate



Construction of Food Recycling Loop

AEON AGRI CREATE Co., Ltd., which manages Aeon's directly operated farms, and Daiei Kankyo Co., Ltd., engaged in recycling business, concluded an Agreement on the Promotion of Food Recycling Loop in September 2014. As a result, farms, stores and composting treatment facilities are connected, and they aim at the construction of a composting recycling loop.

Daiei Kankyo processes food waste such as vegetables and meat dregs gathered from the stores. The produced compost is then used on the Aeon Miki-Satowaki farm. The vegetables grown and harvested using this compost will be sold in Aeon stores. In this way, Aeon will be able to achieve a self-contained food recycling loop.



Cabbage that has been shipped from the Aeon Miki-Satowaki Farm

Soil development started from January 2016, and group stores in Hyogo Prefecture started full-scale shipments from June. Shipment of about 500 tons of agricultural products is being planned for radish, Chinese cabbage, spinach and cherry tomatoes in addition to cabbage.

In addition, implementation scales, etc. as a closed recycling loop are recognized worldwide, and the system was introduced as a best practice system at TCGF (The Consumer Goods Forum/the world's largest consumer goods distribution industry organization, with about 400 companies in 70 countries around the world) in April 2016.



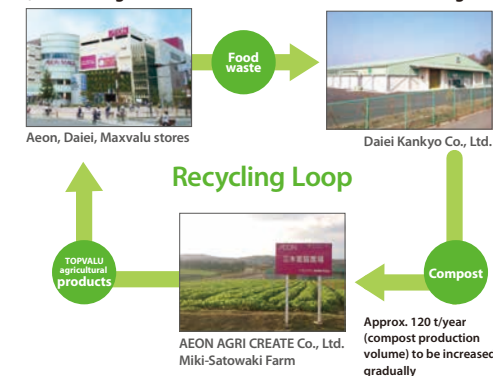
FY 2015 Results and Target of KPI

Construction of Food Recycling Loop



Circulation flow

Approx. 3,660 t/year (food waste collection volume) to be increased gradually
(Total of target Aeon stores and TOPVALU manufacturing factories)



Use of Returnable Containers

Aeon is reducing the amount of cardboard thrown away at stores by using returnable containers and agricultural product containers that can be used repeatedly when shipping products.

In addition, our apparel departments conduct reused hanger delivery in which clothing is brought to the store on hangers and then displayed on the sales floor using the same hangers. This reduces the amount of cardboard boxes used when transporting the clothing and the amount of hangers used only for transport.

In FY 2015 we used 76.19 million cases of returnable containers*, and 23.31 million cases of agricultural product containers, which helped us substantially reduce cardboard waste.

* Aeon's own containers only.

Usage of Returnable Container, Agricultural Product Container



Promoting Green Purchasing

Aeon started the Green Purchasing initiative from 1996. When purchasing stationery and other office supplies, we adequately consider their necessity and make purchasing decisions while prioritizing products with low environmental impacts. This is done as a matter of course for office supplies, but we are also expanding the scope of green purchasing to include display cases, shelving and other fixtures used on sales floors as well as construction materials and the like.

Green procurement of construction materials started from 2001. When developing new general merchandise stores, we strive to use products procured through green purchasing for construction materials and to increase the range of items subject to green purchasing.

Together with Customers

Reduce the Number of Plastic Shopping Bags

For more than twenty years since 1991, Aeon has engaged in efforts to conserve petroleum, the raw material of plastic bags, and cut CO₂ emissions from the production of plastic bags.

As of the end of February 2016, the reduction of plastic bags at our 29 Group companies has totaled 2,794.7 million bags, with 64.8% of customers declining plastic bags. This result broadly out paces the 51.86%^{*1} average for retailing businesses and has led to CO₂ reductions of 83,452 tons^{*2}.

Customers who also want to use plastic bags are provided them for a fee. These proceeds^{*3} help local environmental conservation activities, such as through local governments. Proceeds in FY 2015 were 16,360,000 JPY, and the total proceeds from plastic bag fees since 2007 have been about 602,340,000 JPY.

^{*1} As of October 2015. Japan Chain Stores Association examination

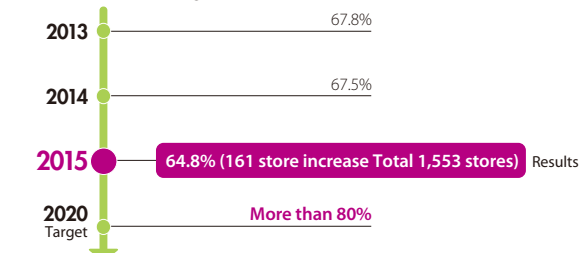
^{*2} CO₂ reduction rate index: 30.8g-CO₂ per plastic bag declined by customers (treated as 6.8g of unused HDPE plastic bags).

Source: Ministry of the Environment's "Tools for Visualizing 3R Activities"

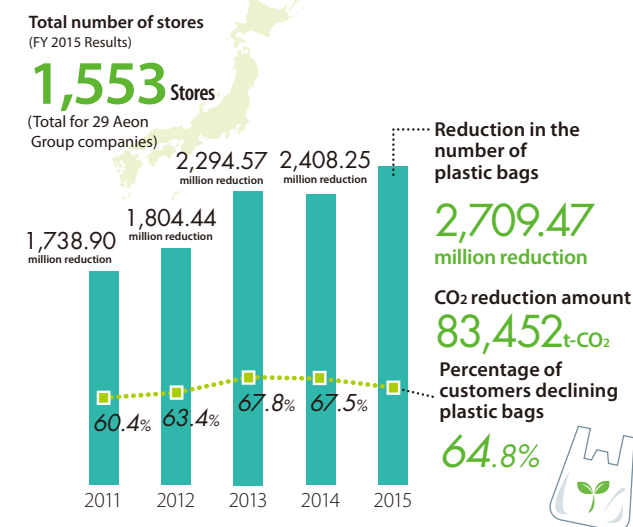
^{*3} Plastic bag profit = Sales price - (consumption taxes + material cost)

FY 2015 Results and Target of KPI

Percentage of Customers Declining Plastic Shopping Bags (Nationwide store average)



Stores Stopping Free Plastic Shopping Bags



TOPICS

Aeon welcomes the 25th year of "Bringing Our Own Shopping Bags".

We have been working on "Bringing Our Own Shopping Bags" since 1991 for the purpose of reducing CO₂ emissions during plastic bag production.

According to the June 2015 Environmental Monthly, reusable bags were reborn and made easier to use.

We have newly deployed "Bag IN Bag", a cold and room temperature 2 piece set, and a "non-woven fabric tote bag" with the ability to reflect light in the street at night (with retro-reflective tape) while having an affordable price.

Through these reusable bag suggestions and familiar shopping, we are committed to various environmental conservation activities going forward together with our customers.



Bag IN Bag

Non-woven fabric tote bag

Progress of plastic bag reductions





Reducing Waste by Collecting Resources in Stores

For recycling valuable resources, Aeon has collection bins for drink cartons, food trays, aluminum cans, and PET bottles in our stores. Drink cartons and aluminum cans are used as raw materials for TOPVALU brand products. Through these efforts, Aeon is moving forward to the creation of a recycling society. In the delicatessen sections in our stores, 100% of used oil is collected and recycled for soaps, feed, and fertilizer.



"TOPVALU BEST PRICE
Recycled toilet paper single"
Recycled toilet paper that uses 100%
waste paper pulp.

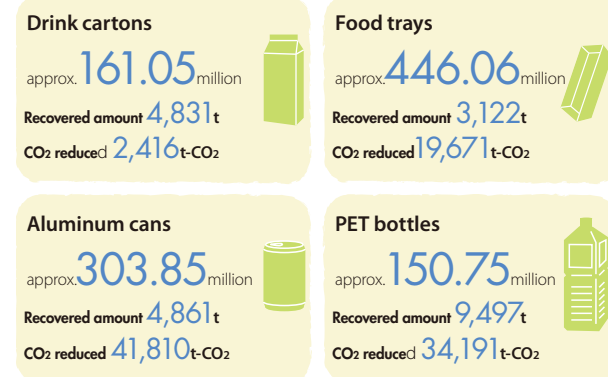


TOPVALU Oil Guard
An aluminum oil guard that prevents
soiling due to oil splashing around the
gas range cooktop. It is made using
at least 80% aluminum remelted from
aluminum cans collected at stores.



Collection boxes placed in one of our stores

Results for 2015 (total for 25 consolidated subsidiaries)



Weight conversion: Conversion as Paper carton (1000ml) 1 carton = 30g,
Food tray 1 tray = 7g, Aluminum can (350ml) 1 can = 16g,
PET bottle 1 bottle = 63g

*CO₂ reduction rate index (per 1kg of collected material):
Paper cartons: 0.50kg-CO₂, Food trays: 6.3kg-CO₂, Aluminum cans:
8.6kg-CO₂, PET bottles (material recycling): 3.6kg-CO₂ Source: Ministry of
the Environment's "Tools for Visualizing 3R Activities"

Launching Recovery of Waste Paper and Plastic Bottles Linked with WAON

Aeon has launched resource recovery (waste paper and plastic bottles) that provides WAON points to customers who take part in resource recovery with the aim of promoting resource recovery and increasing convenience for customers.

We are promoting the initiative with a focus on stores in municipalities where there are infrequent collections of recycling waste. As of July 31, 2016, the initiative had been introduced at a total of 59 stores—including 33 Aeon Retail Stores, 9 MaxValu Tokai stores, 12 MaxValu Chubu stores—and has been welcomed by customers. In introducing the initiative, we established a clear division of roles with recycling businesses to create a system that can carry out ongoing recovery.



A recycling station (waste paper and plastic bottle
collection equipment)

Initiatives Undertaken by Group Companies

AEON Retail Co., Ltd., Minami Kanto Company

[In food] Carry out an enlightenment event

The AEON Retail Co., Ltd., Minami Kanto Company held the "Food Loss Challenge Festival@ Aeon Kasai Store" in February 2016, hosted by the Tokyo Metropolitan Government and Food Loss Challenge Project.

As part of the food loss measures, one of which is Tokyo's "Model project to promote the sustainable use of resources", PR activities were conducted in shopping places along with the Tokyo Metropolitan Government Bureau of Environment Food Loss Challenge Project, and awareness-raising and information dissemination about the food loss problem was carried out.



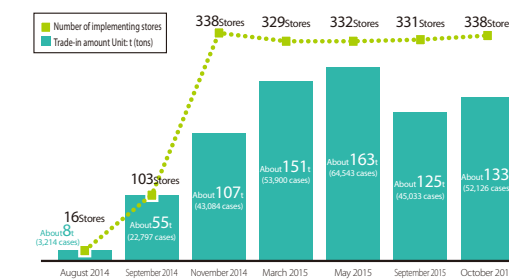
During the event

AEON Retail Co., Ltd.

Collecting and Promoting Reuse in Clothing

AEON Retail Co., Ltd. has established a system for regularly trading in clothing in partnership with I:CO Japan*, the Japanese subsidiary of SOEX, which is the world's leading corporate group in textile recycling. Traded in clothing is transported to I:CO's partner plants without being discarded in about one week and about 400 types are subsequently sorted at the plants of the company's overseas partners. 70% of the clothing is reused as apparel with the remainder being recycled according to condition and application. After trade-in at a store, the items are sold in 64 countries in places such as Africa, South America and Asia in at least 3 months.

FY 2015 trade performance



The trade-in campaign was also conducted 4 times in FY 2015. This campaign is also planned in FY 2016. A trade-in campaign was conducted in AEON Retail Co., Ltd. with the main purpose of continuous clothing rewear, and it aims towards the realization of a recycling-based society.

G-FOOT CO., LTD.

[In shoes] Promote reuse and recycling

G-FOOT CO., LTD. is actively working on shoe recovery and reuse/recycling. The company developed a system in cooperation with I:CO so that trade can be permanently carried out, and they are working to contribute to environmental issues. 942,599 shoes were recovered in FY 2015. In addition to providing shoes to those who need them overseas as reuse of traded-in shoes that can still be used, shoes that cannot be reused are recycled as road building materials, and the reduction of waste is promoted.

* I:CO stands for I COLLECT, and it is a subsidiary of the world's largest fiber and shoe recycling company, SOEX.

Strengthening the Management System

Management System for Waste Emissions

Aeon holds internal training courses on a regular basis aimed at improving its management of waste disposal. Each year the Waste Management Training Course, which was developed together with an external specialist organization, is held for environmental managers and waste management leaders of Group companies.

45 people attended waste disposal management training in FY 2015. 25 of these people took the waste disposal manager test, and 21 people passed. This result brought the cumulative total, since FY 2011, to 361 employees receiving the training and 218 receiving official waste disposal management certification. Continuing to provide training will pave the way to improvements in the Group's level of waste management.

Meanwhile, we provide combined training and testing for persons in charge, with the aim for them to acquire the requisite skills and knowledge, such as waste manifest management at each respective company.

Also, in order to make Manifest management more efficient and precise, we are introducing the Electronic Manifest* in

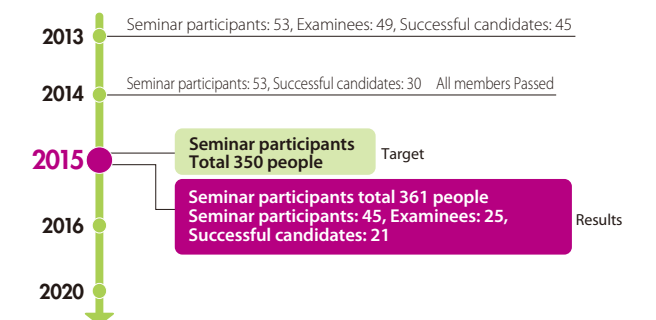
stages.

As of the end of February, 2016, the Electronic Manifest system had been introduced at 23 companies, including those where it had been introduced at some offices. We will continue efforts to have a target of introduction in half of the group companies.

* Electronic Manifest: A manifest issued to ensure that processing has been performed when discharging industrial waste. Traditional operation between emitters and processing companies has been done in paper form, but digitization of manifest information in recent years with electronic manifests that are exchanged through networks have become widespread.

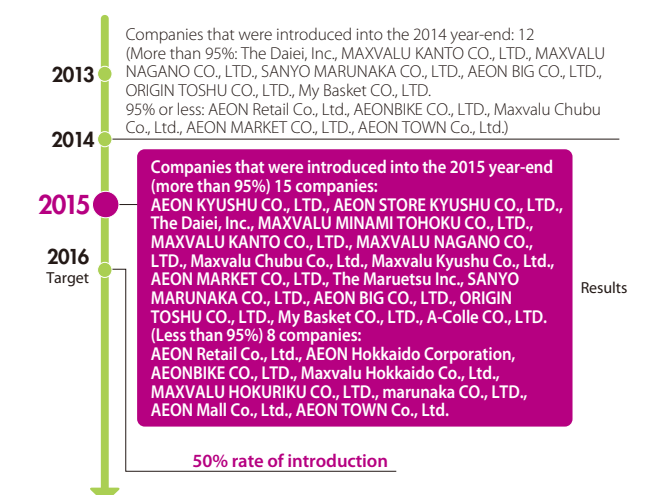
FY 2015 Results and Target of KPI

Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions



FY 2015 Results and Target of KPI

Electronic manifest introduction rate





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-Conscious 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.

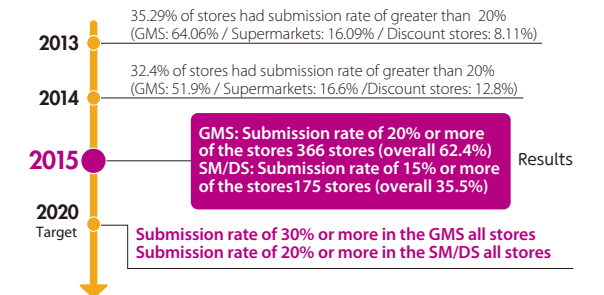
1. Activities to promote welfare
2. Activities to promote environmental preservation and environmental education
3. Activities to promote urban development
4. Activities to advance arts and culture
5. Activities to enhance the health and safety of children

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^{*1}. This effort plays a role in supporting the children in developing Asian countries.

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

^{*1} The three international organizations are:
Plan International Japan
Save the Children Japan
Vaccines to children around the world Japan Committee

^{*2} 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

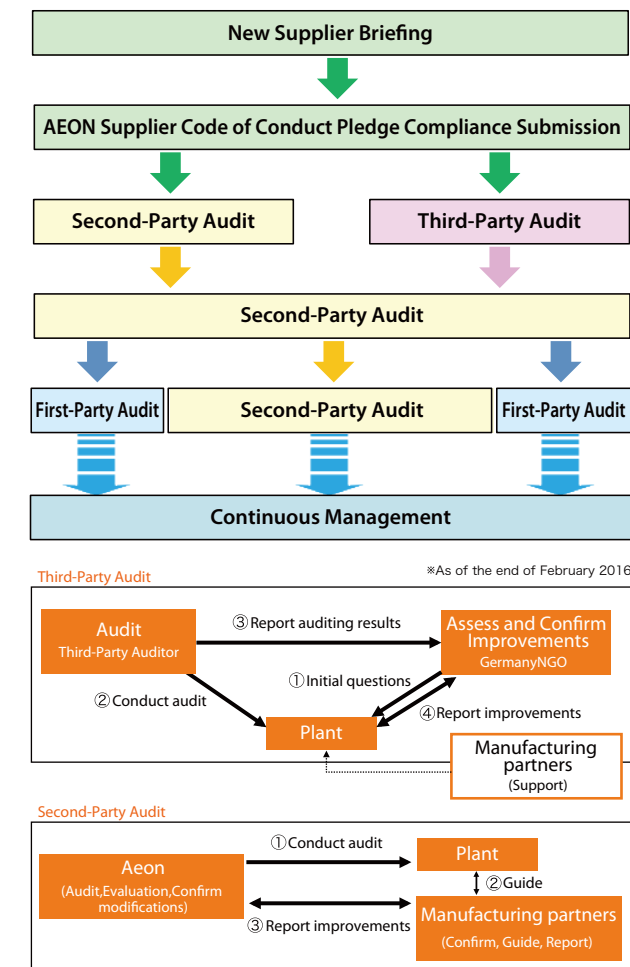
Aeon audits its manufacturing partners to make sure they are in full compliance with the requirements of the Aeon Supplier Code of Conduct (CoC). Audits include third-party audits carried out by professional auditing firms that objectively evaluate conformity with standards, second-party audits performed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

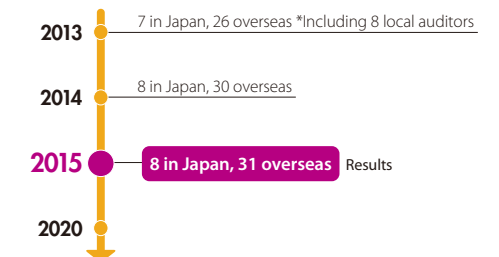
As the social environment changes year after year, these changes must be meticulously reflected in our communication with factories, and information and education must also be updated on-site, particularly overseas.

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

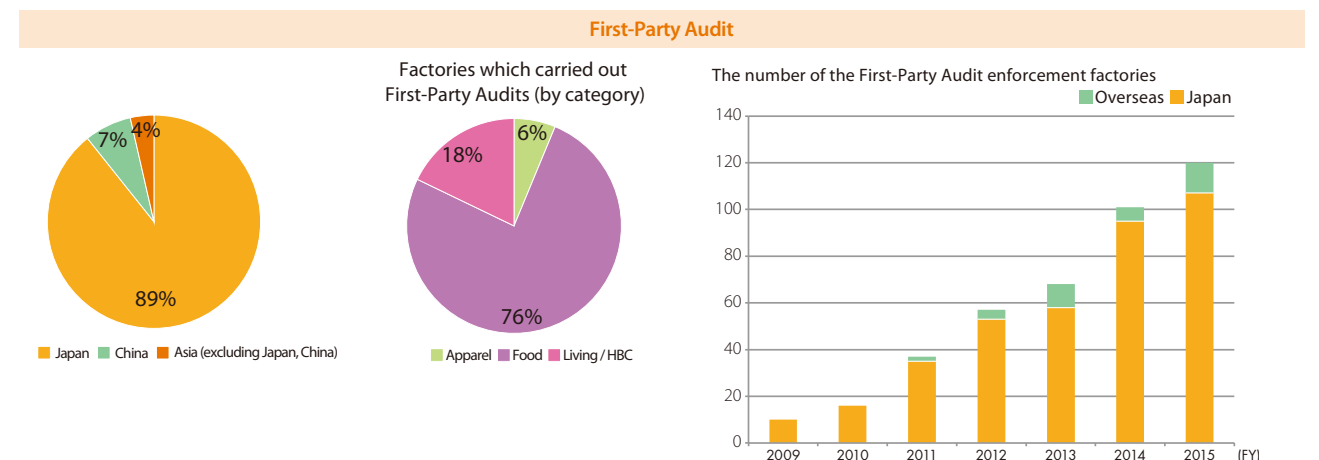
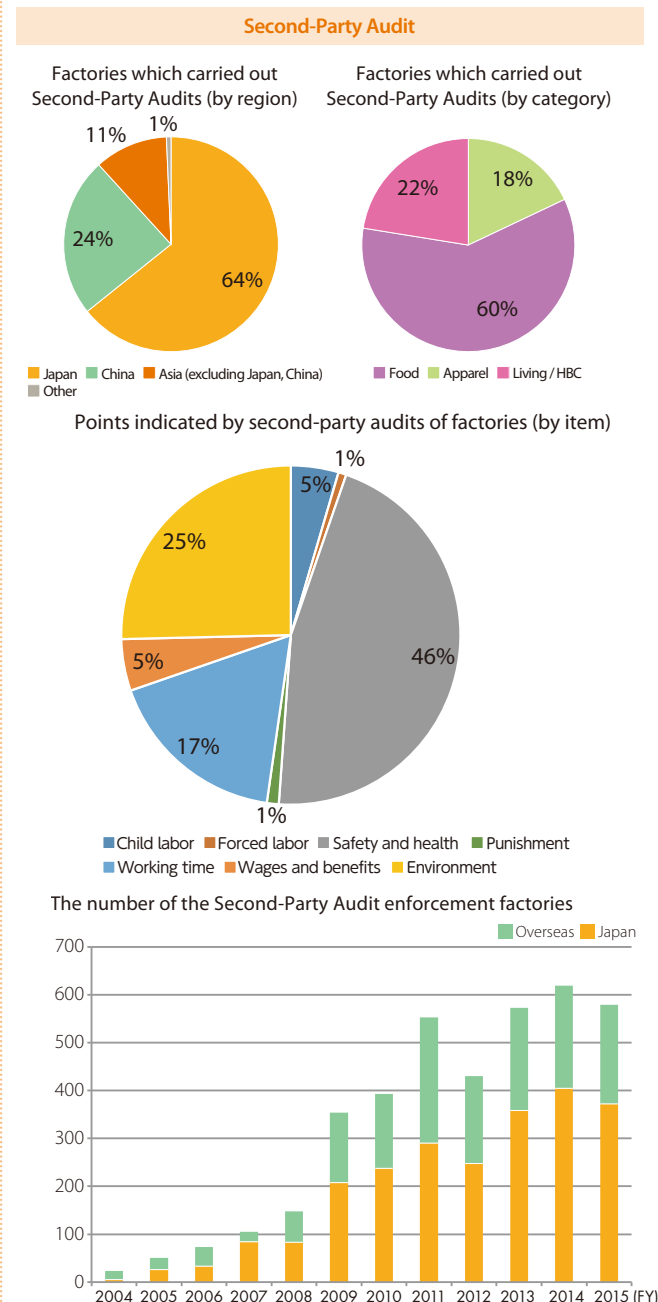
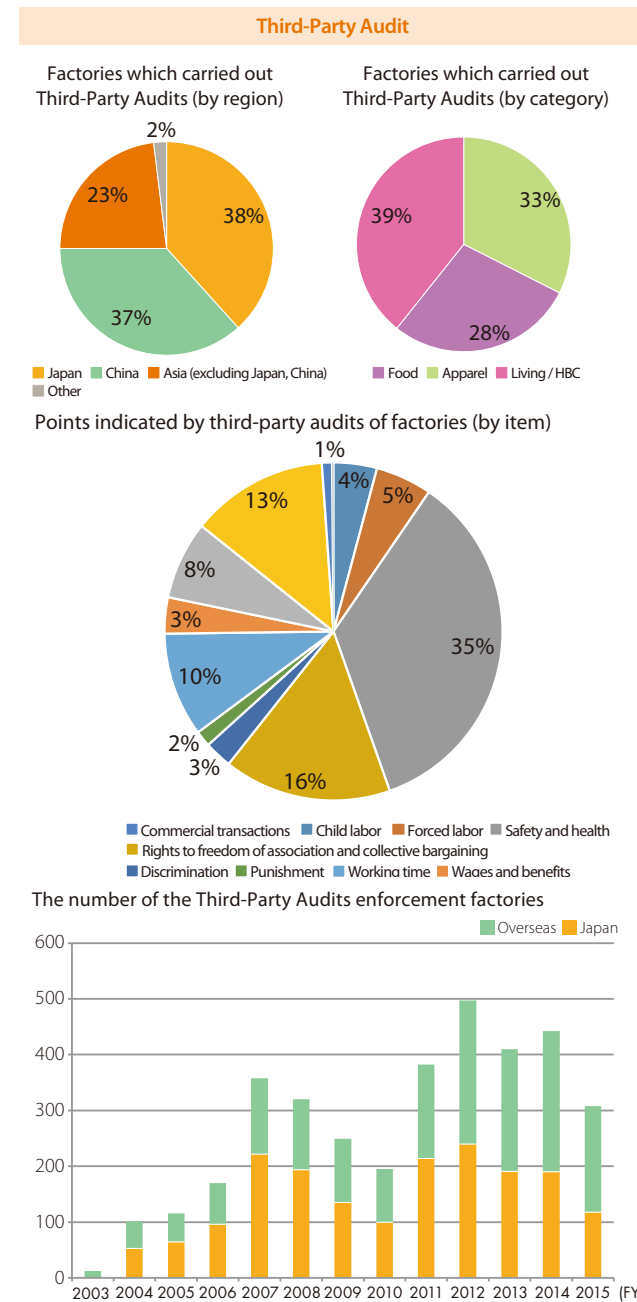
Construction of for sustainable supply chain building audit system



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:

- 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)

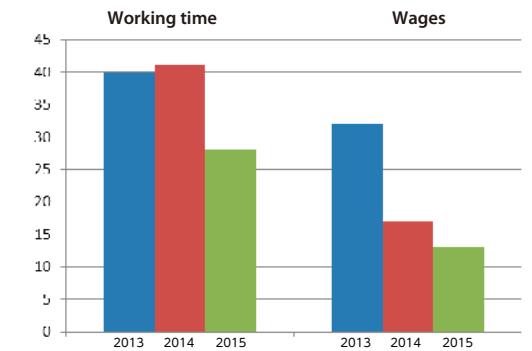
Reasons:

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

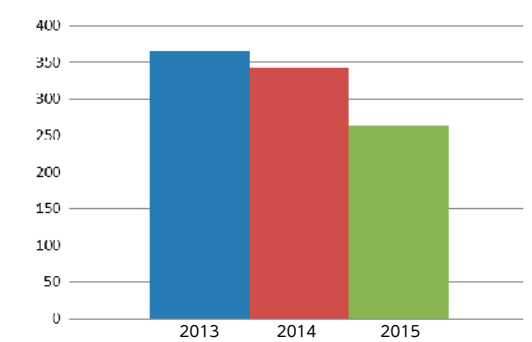
Reasons:

 - 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.

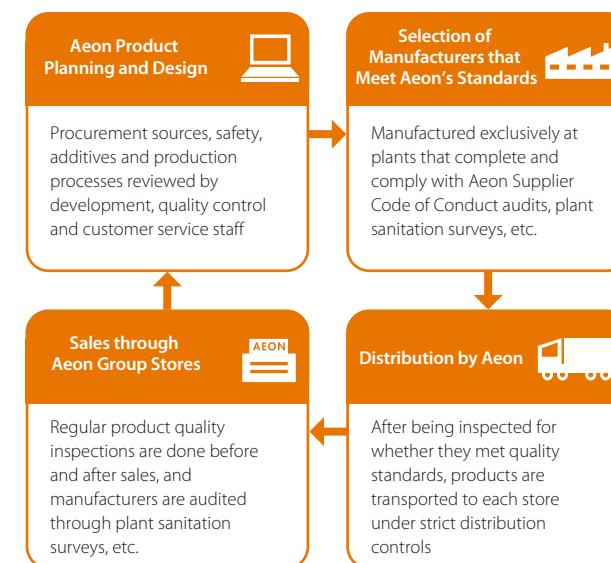
TOPVALU Brand System



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

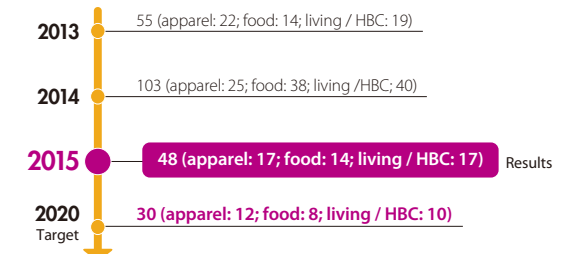
Following that, Aeon finalizes product specifications and then inspects production and sends only products that meet our criteria to stores. Thereafter, regular product quality evaluations, plant hygiene inspections and other types of audits are conducted to make sure that the products we offer are both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

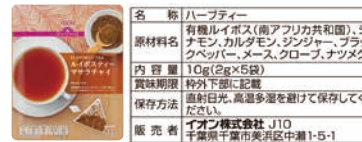
In April 2001 legislation in Japan enacted a labeling system for genetically modified ingredients, but even before this, in September 2000, Aeon began labeling TOPVALU brand products that contain genetically modified ingredients in response to urging from our customers. We have expanded the scope of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

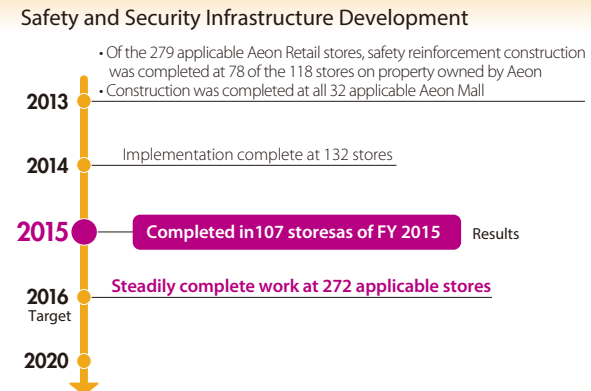
The number of AEON Retail Co., Ltd.'s stores that will be receiving safety and earthquake resistance work is 272.

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.



The dementia supporter mark and orange band



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.

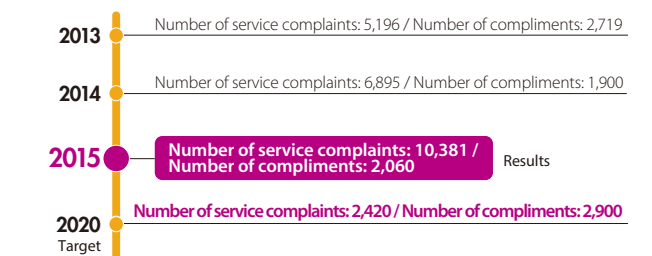
A total of 106,921 opinions (service complaints) were received in FY 2015 from our customers, which was up by 1%, or an increase of 1,055 opinions, compared to FY 2014. In particular, inquiries and complaints made by electronic mail increased.

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.

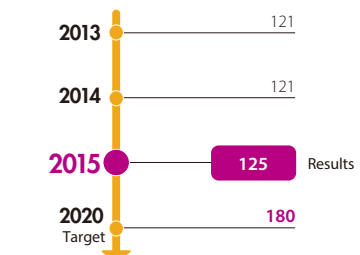
FY 2015 Results and Target of KPI

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.



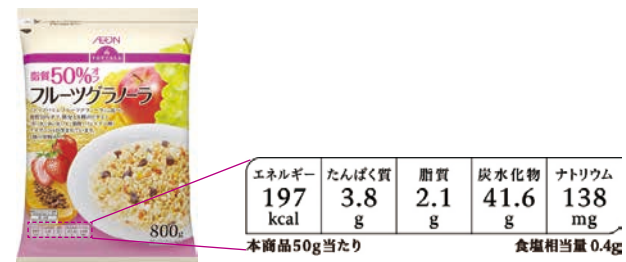
•Concept: "supplement"

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



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

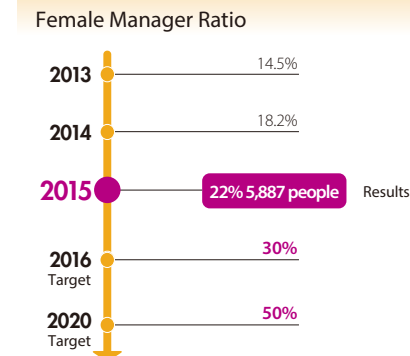
Appointment of Female Managers

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.

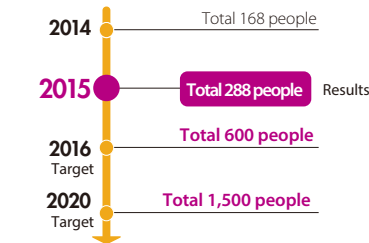
While proactively hiring talent that can take active roles on the global stage and beyond borders, Aeon encourages greater international exchanges within the Aeon Group with a target of exchanging a cumulative total of 600 people between FY 2013 and FY 2016, and 1,500 people by FY 2020. The cumulative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

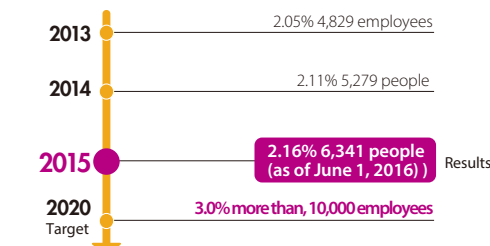
This employment rate exceeds the statutory employment rate of 2.0%, but we will continue to advance our efforts in order to reach a 3.0% employment ratio for people with disabilities, or 10,000 people, as a target for 2020.



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



Aeon Yumemirai Nursery
Chigasaki Nursery

of the day or time period in order to reduce the burden on employees from paying additional fees or arranging secondary childcare.

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

Support After the 2016 Kumamoto Earthquakes

- Initiatives Evolved from Experience After the Great East Japan Earthquake -

The 2016 Kumamoto earthquakes that struck Kumamoto and Oita prefectures on April 14, 2016 recorded a maximum magnitude of 7, which devastated the region greatly. We share our deepest sympathy with everyone who was afflicted by the disaster. Aeon has strived with all of its capabilities in the reconstruction and recovery of afflicted areas which have been influenced by its experience after the Great East Japan Earthquake by combining the strengths of the Entire Group to fulfill our duty as a lifeline center in our retail businesses.

As a Member of the Local Community

● Providing emergency relief supplies according to comprehensive agreements

According to comprehensive agreements with each municipality (▶P. 67), we have taken advantage of Aeon product procurement capabilities and distribution network. We took charge of roughly 5.3 million emergency relief supplies that were required from 11 organizations that included afflicted areas of Kumamoto prefecture, Kumamoto City, Ozu, Mifune, Oita prefecture, the Ministry of Economy, Trade and Industry, Japan Self-defense Force, and Japanese Red Cross Society to deliver daily necessities immediately after the earthquakes struck.

We entered into external partnerships through shipping memorandums for emergency relief supplies with Japan Airlines Co., Ltd., the Japan Self-defense force, various municipalities and other organizations to facilitate smooth and fast shipping.



Japan Airlines Co., Ltd. transported emergency relief supplies and store goods for sale by using a total of 49 aircrafts over five days from when the disaster struck.

● Offering Temporary Shelter

The Earthquake that struck on April 14th left Mifune in the Kamimashiki District of Kumamoto prefecture in need. We worked with Japan Airlines Co., Ltd. to transport balloon shelters (▶P. 69), which are large tents for use in emergency evacuations, from Haneda Airport to Nagasaki Airport. We quickly provided temporary shelters with the help of the self-defense force in Nagasaki prefecture to transport these balloon shelters by truck to the Mifune Fureai Square where they were installed by our Group company, AEON DELIGHT CO., LTD.



As Local Lifestyle Infrastructure

● Aiming to Resume Business as Quickly as Possible

Aeon aims to resume business unified as a Group to return usual lifestyles for everyone in the local area afflicted by the disaster as soon as possible. We suspended or limited operations at 84 of our stores in Kumamoto and Oita prefectures right after the earthquake struck, but we have worked to resume business with the support of 1,017 employees from our Group companies in the afflicted areas.



● Introducing Mobile Retailers and Opening Temporary Stores

We introduced mobile retailers from May 20th to July 13th in Aso, Kumamoto prefecture where recovery of major roadways was uncertain. We also opened temporary stores on September 6th at the Tekuno temporary housing site in Mishiki, Kumamoto prefecture, which is the largest temporary housing site in Kumamoto prefecture.



● Other Initiatives

We provided assistance by utilizing our Group as a whole from installing mobile AEON Bank ATMs (automated teller machine) through AEON Financial Service Co., Ltd. to caring for pets affected by the disaster through AEON PET CO., LTD.



As a Company Expanding Stores Throughout Japan

● Hosting a Special Revitalization Support Project

The Support Delicious Food from Kumamoto and Oita special revitalization project was hosted at approximately 510 Aeon and Aeon Style stores in Japan at the end of May fueled by our passion and the passion of our customers in Japan to encourage all of the producers in afflicted areas.



● Fundraising Activities

We accepted donations for the Kumamoto Earthquake Emergency Relief Fund at our stores and businesses in Japan from April 14th to May 31st. A total of 540,820,419 JPY was donated to Kumamoto and Oita prefectures with the money raised by AEON CO., LTD. and our overseas Group companies as well as the money raised with WAON points.



● Aeon Yellow Receipt Campaign

The Aeon Yellow Receipt Campaign to Support the Recovery of Kumamoto and Oita was held at approximately 600 stores in Japan from Aeon and Aeon Style to Aeon Super Centers over two days from May 29th to May 30th in order to deliver our and our customer's hopes and wishes for quick reconstruction and recovery. 1% of the total value of receipts mailed by customers was donated to Kumamoto and Oita prefectures, which was equivalent to 68,698,535 JPY.



● Supporting Manufacturing of All People with Disabilities

In August 2016, The AEON 1% Club Foundation endowed the Kumamoto Prefecture Vocational Aid Center Conference with 30,000,000 JPY in funding to offer for offices aiding in the employment of people with disabilities that were afflicted by the 2016 Kumamoto Earthquake.

This earthquake results in devastation that included damage to buildings and production equipment at offices that aid in the employment of people with disabilities in Kumamoto prefecture. We provided funding to 51 offices that aid in the employment of people with disabilities in Kumamoto prefecture to assist in constructing an environment where all people with disabilities are able to work in manufacturing. Each Aeon Group company also strives to secure and support the provision of routes to deliver manufactured goods produced by people with disabilities to an even greater number of customers.

Through this type of support, we are contributing to the sustainable growth for the future of disaster afflicted areas while hoping to further promote the independence and social participation of everyone with a disability.

Activity Report for Second Period of Project Aeon Joining Hands (FY 2015)

Project Aeon Joining Hands was launched March 2012. In the next ten years leading to 2021, we will aim to drive creativity and contribute the recovery after the Great East Japan Earthquake by utilizing diverse resources gained in the management activities of all Aeon employees.

In the second period between FY 2015 to FY 2017, we are working with local communities in the Project Aeon Joining Hands community-exchange support activities, which understand the social challenges of the disaster afflicted areas of Tohoku as revitalizing the sustainable of local communities. We are advancing this project to connect learning and networks through project activities with energizing the local industry of Aeon.

Project Aeon Joining Hands 10-year Project



"Project Aeon Joining Hands"

● Basic Concept

Based on the three principles of Aeon, which are "Peace," "People" and "Community," Aeon people throughout the world are committed to utilizing the diverse resources made available through Aeon's business activities, exercising their creativity and contributing in creative ways to the recovery of the areas affected by the Great East Japan Earthquake disaster. For Aeon people, this is an opportunity to both realize and experience firsthand Aeon's principles, as well as an opportunity for personal growth. By extension, it is also an opportunity for them to grow as business people.

● The Purpose of Supporting Recovery

We are supporting the sustainable recovery of local communities, in which people and industry coexist with nature, and where individuals feel connected with one another.

● The Project Vision

By combining the three principles of Aeon, which are "Peace," "People" and "Community," with the purpose of supporting recovery, we are able to objectively consider what we want to do and what we are able to do in order to achieve our aims. We will continue to contribute by being creative, engaging in activities, and walking alongside people living in disaster-affected areas, who are standing up to rebuild their communities.

Aeon Tohoku Reconstruction Hometown Forests Program

Outline of First Period Initiatives

- Conduct tree-planting activities on the costs of Iwate, Miyagi, and Fukushima
- Engage with everyone in the local community through tree-planting activities with the objective to revitalize a richly natural homeland



Outline of Second Period Initiatives

- Promote interaction with local communities through tree-planting activities in each region of Tohoku
- Plant fruit and shrubs in addition to trees and support reconstruction of industry and tourism
- Conduct recovery of the wood in the village shrine, a favorite spot of local people, and plant trees in squares in front of stations, many of which were washed away.



Support performance as of the end of February 2016

The number of trees planted in the affected area **146,279 trees**

Support targets by FY 2021 **300,000 trees**

Deployment of Volunteers to Disaster Affected Areas

Outline of First Period Initiatives

- Continue activities currently underway in Rikuzentakata city, Iwate prefecture, since FY 2012, and active in Minamisoma city, Fukushima prefecture since FY 2013.
- Conduct volunteer activities for many Aeon people to visit disaster-afflicted areas to engage through their own efforts and experience what is happening on the ground first hand.
- Work in a manner that is able to best match the hopes of everyone in the community



Outline of Second Period Initiatives

- Confirm the challenges in disaster-afflicted areas on-site through activities in Hamadori, Fukushima to regenerate the local community and bring people back from the places they dispersed to after the nuclear accident
- Utilize this experience gained through these activities in the social lives and work of each Aeon person

- We will work in activities by transitioning from activities realized from the blood and sweat of volunteers up until now to activities placing the focus on interaction with the local community.



Support performance as of the end of February 2016

Employees who participated in the disaster area as volunteers **Total 2,626 employees**

AEON Future Co-creation Program

- We will strive together with regions afflicted by the disaster and our Group companies in Project Aeon Joining Hands with community exchange type support activities by understanding social challenges of the disaster afflicted areas* of Tohoku as revitalizing the sustainable of local communities

*6 regions in Iwate, Miyagi, and Fukushima prefectures

1. Ootsuchi Town, Kamaishi City, Iwate Prefecture
2. Kome-dori, Tono City, Iwate Prefecture
3. Ooshima, Kesennuma City, Miyagi Prefecture
4. Marumori Town, Miyagi Prefecture
5. Nihonmatsu city, Namie, Fukushima Prefecture
6. Odaka, Minamisoma City, Fukushima Prefecture



Volunteer Activities Conducted by Each Group Company

Outline of First Period Initiatives

- Allocate a person in charge of advancing activities at each company within our Group, and continually implementing local training in the disaster-hit areas
- Develop our own unique activities at each of our Group companies, and with each member of our management and workforce
- Conduct Tohoku Recovery Markets and communicate the start of the project both inside and outside the company through activities such as the screening of the Utagokoro documentary film in each region



Outline of Second Period Initiatives

- Promote ongoing support able to be conducted from a distance in order for Group companies to generate recovery in Tohoku
- Advance support encompassing local communities with voluntary and independent thinking toward generating recovery in areas afflicted by the disaster at each Group company.



Support performance as of the end of February 2016

Employees who participated in volunteer activities in and around the Company **Total 194,102 employees**

Support targets by FY 2021 **300,000 employees**

*Includes number of full-time employees who participated in volunteer activities in disaster-hit areas.



“Bustling Tohoku - connect with hometown power” Main FY 2015 Tohoku reconstruction support activities

Five years have passed since the Great East Japan Earthquake. AEON aims for the next stage “creation of local areas (hometowns)” from “reconstruction assistance”, and has started “bustling Tohoku” efforts to help connect the energy of Tohoku throughout Japan and around the world. With these thoughts of wanting to create the future of Tohoku with “bustling energy” put into this theme, and with 4 policy pillars we will walk together with everyone towards Tohoku creation from here on out.

1. Activation of local industry through business

In addition to efforts to develop local products with producers in Tohoku, we are revitalizing the local industry by connecting customers throughout Japan with Tohoku.

Expand sales of Tohoku products by holding Bustling Tohoku Fair

Group companies centered in Tohoku are planning Bustling Tohoku Fairs in order to expand sales routes of Tohoku products. The first fair was held at a total of 132 stores in the Tohoku and Kanto districts from March 4th to March 6th in 2016.

We currently have 500 different products that generate 30 billion JPY. We aim to expand this to 2,000 different products able to generate 100 billion JPY in sales by 2018.



2. Creation of employment and creation of an environment that is easy to work in

We are creating employment by opening stores in areas afflicted by the disaster.

We are also working to build an environment anyone can work easily, including employees who are raising children, with initiatives such as the installation of nursery facilities at our business establishments.

AEON Hirono store opens at the Hirono Terrace

The AEON Hirono store opened in the Fukushima Prefecture public commercial facility “Hirono Terrace” The store is a community shopping center close to the local area, which made up of four specialty stores such as food and lifestyle related shops operated by local business proprietors.



Nursing facility opens at the Aeon Mall Natori

We plan to open an Aeon Yumemirai Nursery at Aeon Mall Natorishi in the fall of 2016 in light of the increasing number of children on waiting lists in Natorishi due to factors such as families moving from other areas. We are working to build a secure environment everyone in the region can work with peace of mind now and into the future.



Aeon Yumemirai Nursery in other communities

4 policies toward Recreating Tohoku

- ① Activation of local industry through business
- ② Creation of employment and creation of an environment that is easy to work in
- ③ Environmental and social contribution activities that “mutually make” the future of the region.
- ④ Development of towns where people can live with safety and peace of mind

3. Environmental and social contribution activities that “mutually make” the future of the region.

We are also working in environmental and social contribution activities with the people of local communities in activities such as Project Aeon Joining Hands (▶P.97). This is supporting the healthy growth of Tohoku, urbanization, and the children of the region.

Support Tohoku Aeon Happy Yellow Receipt Campaign

We would like to encourage everyone affected by the earthquake in Iwate, Miyagi, and Fukushima with our customers throughout Japan. We are expanding the Aeon Happy Yellow Receipt Campaign held every November to March 9th through 11th each year. During this campaign period, we will donate 1% of the total amount on receipts given to us by our customers. The total accumulated donation given to the areas afflicted by the disaster through this campaign by the spring of 2016 is 726 million JPY.



Supporting children through Tohoku Reconstruction Support WAON

In May 2012, we issued the Tohoku Reconstruction Support WAON to donate 0.1% of the amount used to scholarship funds to support the lives and learning of children in the three prefectures of Iwate, Miyagi, and Fukushima who were affected by the disaster. The total amount donated was 19,782,027 JPY by the spring of 2016.



4. Development of towns where people can live with safety and peace of mind

We are aiming to build safe and secure place for people to live by enhancing preventative measures based on our experience after the Great East Japan Earthquake.

Expanding local temporary shelters

Aeon is strengthening safety measures that include securing energy supply systems such as independent power generation facilities, which allows shopping centers to be used as disaster prevention centers during a disaster. We have already completed the installation of these facilities at 27 locations and aim to have 100 locations outfitted by 2020.

Awards List from the outside (FY2015)

Date	Awards
MAR, 2015	Received the Grand Prize in the Basic Achievement of the J-Win Diversity Award 2015
MAR, 2015	Recognized as a joint business with Japan Committee for United Nations Decade on Biodiversity (UNDB-J)
MAR, 2015	Selected in the 2014 Diversity Management Selection 100
MAR, 2015	Received the Outstanding Performance Award in Japan Resilience Award 2015 (AEON Mall Co., Ltd.)
MAR, 2015	Received commendation as one of 100 major companies with superior contribution to generating employment by the Korean government (Ministry of Employment and Labor) (Korean MINISTOP)
SEP, 2015	Received the Award for a Person with Disabilities presented by the Ministry of Health, Labour and Welfare and the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (Akemi Chiba employed by AEON SUPERCENTER Co., Ltd. and Abilities JUSCO Co., Ltd.)
SEP, 2015	Received the grand prize for the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers President's Award for entries of examples for improving the workplace of people with disabilities (AEON SUPERCENTER Co., Ltd.)
SEP, 2015	Received commendation as a superior place of work for persons with disabilities from the Minister of Health for outstanding offices for the employment of persons with disabilities (Abilities JUSCO Co., Ltd.)
SEP, 2015	Received the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers President's Effort Award for outstanding offices for the employment of persons with disabilities (AEON CO., LTD.)
SEP, 2015	FANPEKKA received the 2015 CCFA Golden Lily Most Popular Chain Store Brand Award (AEON Fantasy Co., Ltd.)
OCT, 2015	Received the Japan Resilience Award 2015 Special Excellence Award advocated by the Ministry of Health, Labour and Welfare (The Daiiei, Inc.)
OCT, 2015	Assigned an honorary member title from the Federation of Asia-Pacific Retailers Associations (FAPRA) (Honorary Chairman Takuya Okada)
OCT, 2015	Received the Special Award (environmental award and 3R award) in the Eco Business Awards held by the Ministry of Tourism Cambodia (AEON Mall Phnom Penh)
DEC, 2015	Minister of Economy, Trade and Industry Award for initiatives using dedicated Railway Transportation Research trains
DEC, 2015	Received the National Order of the Legion of Honour presented by the French government (Motoya Okada President AEON CO., LTD.)
DEC, 2015	Received the Japan Wood Design Award (New Care for Wood Honor) that acknowledges sustainable procurement of wood materials and contributions to reduce CO ₂ emissions (MINISTOP CO., LTD.)
DEC, 2015	Received the Minister of Economy, Trade and Industry Award for the 5th Carbon Offset Award (marunaka CO., LTD. and SANYO MARUNAKA CO., LTD.)
DEC, 2015	Received the 2015 Companies Promoting Part-Time Workers to Play Active Roles at Work Award from the Ministry of Health, Labour and Welfare (SANYO MARUNAKA CO., LTD.)
JAN, 2016	Received the 2015 Okayama-city Landscape Architecture Award (AEON Mall Okayama)
JAN, 2016	Received the Top Property Award for the 2015 Indonesia Property Awards (AEON Mall BCD City)
FEB, 2016	The Aeon Environmental and Social Report 2015 received the Environmental Report Awards (Environment Minister Award)
FEB, 2016	Received the 5th Carbon Offset Award (The Marutsu, Inc.)
FEB, 2016	Received the Kagoshima GHG Emission Reduction Excellence Prize (AEON KYUSHU CO., LTD.)
JUN, 2016	Certified with both Eruboshi and Platinum Kurumin certifications by the Minister of Health (AEON CO., LTD.)
JUL, 2016	Nikkei BP Eco Brand Survey 2016 2016 Ranked fourth in the overall rankings



Overseas Japan

Primary environmental conservation and social contribution activities

- 1965 Donation of 1,000 cherry trees to Okazaki city at the opening of the Okazaki Okada Store
- 1977 Established the JUSCO Company Welfare Fund (present day the Aeon Welfare Fund)
- 1979 Established Cultural Foundation of Okada
- 1989 Aeon Group 1% Club (present day AEON 1% Club Foundation) was established
- 1990 Launched the JUSCO Earth-Friendly Committee AEON 1% Club started the Small Ambassadors (present day Teenage Ambassadors) Program
- Established the Aeon Group Environmental Foundation (present day the Aeon Environmental Foundation)
- 1991 Launched the Aeon Hometown Forests Program, at JUSCO Malacca Store (present day Aeon Malacca Store) in Malaysia as its first store Started Clean & Green activities
- Started Clean & Green activities
- Commenced the Bring Your Own Shopping Bag Campaign on a trial basis (Began trial operation of the food tray collection and recycling campaign)
- 1992 Planted trees at JUSCO Shin Hisai Store (present day Aeon Hisai) the first store in Japan under the Aeon Hometown Forests Program
- 1993 Started development of organic and other agricultural produce as the Gurinai (present day TOPVALU Gurinai) private label
- 1994 Formulated the independent Aeon Heart Building Design Standards based on the Heart Building Law (the Barrier Free New Law from December 2006). Opened JUSCO Minamikata Store as the first building in Japan certified under the Heart Building Law
- Introduced returnable food container and reusable hanger systems
- 1995 Launched the Environment Committee
- 1997 Founded the JUSCO Children's Eco Club (present day the Aeon Cheers Club)
- 1998 AEON Environmental Foundation conducted the 1st tree planting project to revitalize the forests at the Great Wall of China
- 2000 Launched the My Basket and My Bag Campaigns
- Commenced development of SELF+SERVICE ecology shops
- Acquired ISO 14001 certification across the entire company
- 2001 Changed company name to AEON CO., LTD. and started the Aeon Day
- Started the Aeon Happy Yellow Receipt Campaign
- AEON 1% Club started support for the construction of schools
- 2002 Started Aeon Clean Road Activities in partnership with the Volunteer Support Program of the Ministry of Land, Infrastructure, Transport and Tourism
- 2003 Began use of biomass packaging materials
- Formulated the Aeon Supplier Code of Conduct
- 2004 Formulated the Basic Policy for the Prevention of Global Warming
- Announced participation in the Global Compact advocated by the United Nations
- Achieved SA8000 certification for TOPVALU supplier management and Aeon headquarters operations
- Commenced sales of TOPVALU Fairtrade Coffee under the TOPVALU label
- 2005 First Eco Store, Aeon Chikusa SC (present day Aeon Town Chikusa), opened
- 2006 Stores and shopping centers acquired chain of custody certification for processing and distribution of MSC-certified products (MSC-CoC), the first such certification by a

- general retailer in Japan AEON 1% Club started Aeon Scholarship Program
- 2007 Stop Free Plastic Shopping Bag Program began with the JUSCO Higashiyamanijou Store
- AEON CO., LTD. became the first company in the general retailing industry to sign an agreement on initiatives towards the establishment of a recycling-oriented society with the Japanese Ministry of the Environment
- AEON 1% Club started Aeon Sukusuku Laboratory
- 2008 AEON CO., LTD. formulated the Aeon Manifesto on the Prevention of Global Warming, becoming the first retailer in Japan to name a specific goal for reducing output of CO₂
- Started Aeon Clean Japan Campaign
- Started PET Bottle Cap Collection Campaign
- Started Rice Paddy Activities for Elementary School Students
- 2009 Trial sales of Carbon Footprint product labeling for nine varieties across seven TOPVALU products
- AEON Environmental Foundation established Japan Awards for Biodiversity
- Participated in Japan Climate Leaders' Partnership as a founding member
- Opened a FSC® certified store for the first time as a convenience store in Japan
- 2010 Established Aeon Biodiversity Principle
- AEON 1% Club started ASEAN University Students Environmental Forum (present day Asia Youth Leaders) and Aeon-UNICEF Safe Water Campaign
- The Tree planting project to revitalize the forests at the Great Wall of China by the AEON Environmental Foundation, the number of seeding planted reached one million
- The MIDORI Prize for Biodiversity established by the AEON Environmental Foundation
- 2011 Established Aeon Sustainability Principle
- Announced Aeon Natural Refrigerants Declaration
- 2012 Developed KPI System
- AEON Environmental Foundation started Asian Students Environment Platform
- AEON 1% Club started Aeon Eco-1 Grand Prix
- Twelfth Eco Store, Aeon Mall Funabashi, opened
- Established the Sustainable Management Committee
- Started Aeon Eco Project
- Started Project Aeon Joining Hands
- 2013 The first store of Smart Aeon, Aeon Mall Yahata Higashi, opened
- Obtained ISO 50001 for the first time in the Japanese retail industry
- Total number of tree planting exceeded 10 million
- 2014 Formulated the Aeon Sustainable Procurement Principle / Aeon Sustainable Seafood Procurement Policy
- Started sales of Aquaculture Stewardship Council (ASC) certified products
- Seventh Smart Aeon, Aeon Mall Kisarazu, opened
- Global Framework Agreements
- 2015 Eight and ninth Smart Aeon, Aeon Mall Okinawa Rycom and Aeon Mall Sijonawate, opened
- Aeon Yumemirai Nursery in Aeon Mall Makuhari New City acquired certification in Chiba City
- The first Completely Farm-Raised Bluefin Tuna Japanese private brand product commenced sales

GENERAL STANDARD DISCLOSURES

Strategy and Analysis

Indicator	Description	Page
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	- Message from the CEO (P.2)
G4-2	Provide a description of key impacts, risks, and opportunities	- Message from the CEO (P.2) - Aeon Group CSR (P.7) - Feature 1: Dialogue with Stakeholders (P.11) - Feature 2 Challenge of Aeon (P.17) - Feature 2: Together with Communities (P.21) - Risk Management (P.27)

Organizational Profile

Indicator	Description	Page
G4-3	Report the name of the organization	- Aeon Group Overview (P.3)
G4-4	Report the primary brands, products, and services	- Aeon Group Overview (P.3)
G4-5	Report the location of the organization's headquarters	- Aeon Group Overview (P.5) - Back cover
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	- Aeon Group Overview (P.5)
G4-7	Report the nature of ownership and legal form	- Aeon Group Overview (P.3)
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	- Aeon Group Overview (P.3)
G4-9	Report the scale of the organization	- Aeon Group Overview (P.5)
G4-10	a. Report the total number of employees by employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	- Aeon Group Overview (P.5)
G4-11	Report the percentage of total employees covered by collective bargaining agreements	- Labor Union Status (P.93)
G4-12	Describe the organization's supply chain	-
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	-

Commitment to External Initiatives

G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	- Risk Management (P.27) - Compliance (P.28) - Aeon Supplier Code of Conduct (P.75) - Quality Management of TOPVALU Brand Products (P.80)
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	- Aeon Group CSR (P.8)
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	-

Identified Material Aspects and Boundaries

Indicator	Description	Page
G4-17	- List all entities included in the organization's consolidated financial statements or equivalent documents - Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	- Aeon Group Overview (P.3)
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	- Aeon Group CSR (P.7) - Feature 1: Dialogue with Stakeholders (P.11)
G4-19	List all the material Aspects identified in the process for defining report content	- Aeon Group CSR (P.7)
G4-20	For each material Aspect, report the Aspect Boundary within the organization	- Progress of KPI of FY 2015 (P.38, 46, 56, 64-65)
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	-
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	- The number of the Third-Party Audits enforcement factories (P.77)
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Not applicable

Stakeholder Engagement

Indicator	Description	Page
G4-24	Provide a list of stakeholder groups engaged by the organization	- Aeon Group CSR (P.9)
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	- Feature 1: Dialogue with Stakeholders (P.11)

G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	- Feature 1: Dialogue with Stakeholders (P.11)
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	- Feature 1: Dialogue with Stakeholders (P.11)

Report Profile

Indicator	Description	Page
G4-28	Reporting period (such as fiscal or calendar year) for information provided	- Editorial Policy (P.1)
G4-30	Date of most recent previous report	- Editorial Policy (P.1)
G4-30	Reporting cycle (such as annual, biennial)	- Editorial Policy (P.1)
G4-31	Provide the contact point for questions regarding the report or its contents	- Back cover

GRI Content Index

G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured	- GRI Guidelines Indicators (P.101)
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Assurance

G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report - If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organization and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	-
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Governance

Indicator	Description	Page
Governance Structure and Composition		
G4-34	a. Report the governance structure of the organization, including committees of the highest governance body b. Identify any committees responsible for decision-making on economic, environmental and social impacts	- Corporate Governance (P.23) - CSR Promotion Framework (P.36)
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	- CSR Promotion Framework (P.36)
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	- CSR Promotion Framework (P.36)
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	- Corporate Governance (P.23)
G4-38	Report the composition of the highest governance body and its committees	- Corporate Governance (P.23)
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	- Corporate Governance (P.23)
G4-40	- Report the nomination and selection processes for the highest governance body and its committees - Criteria used for nominating and selecting highest governance body members	- Corporate Governance (P.23)
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed.	- Corporate Governance (P.23)

Role of Highest Governance Body in Setting the Purpose, Value and Strategies

G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	- CSR Promotion Framework (P.36)
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Ability of the Highest Governance Body and Evaluation of its Performance

G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	- CSR Promotion Framework (P.36)
G4-44	- Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment - Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	-

Role of the Highest Governance Body in Risk Management

G4-45	- Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes - Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	- Risk Management (P.27)
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	- Risk Management (P.27)
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	-

GRI Guidelines Indicators

Role of the Highest Governance Body in the Sustainability Report		
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	- CSR Promotion Framework (P.36)
Role of the Highest Governance Body in the Evaluation of Social, Environmental and Social Performance		
G4-49	Report the process for communicating critical concerns to the highest governance body	- Risk Management (P.27)
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	-
Remuneration and Incentives		
G4-51	Remuneration policies for the highest governance body and senior executives	- Corporate Governance (P.23)
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	- Corporate Governance (P.23)
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	- Corporate Governance (P.23)
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	-
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	-

Ethics and Integrity

Indicator	Description	Page
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	- Aeon Basic Principles (P.1) - Aeon Sustainability Principle (P.9) - Aeon Code of Conduct (P.28)
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	- Code of Conduct Hotline (P.28) - System for Listening to the Opinions of Customers (P.86)
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	- Code of Conduct Hotline (P.28) - System for Listening to the Opinions of Customers (P.86)

SPECIFIC STANDARD DISCLOSURES

Indicator	Description	Page
Disclosures on Management Approach		
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material b. Report how the organization manages the material Aspect or its impacts c. Report the evaluation of the management approach	- Aeon Group CSR (P.7) - Feature 1: Dialogue with Stakeholders (P.11) - Management Approach (P.37, 45, 55, 63)

Economic

Indicator	Description	Page
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	- Aeon Group Overview (P.3)
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	- Developing and Selling Products that Help Reduce CO ₂ Emissions (P.43)
G4-EC3	Coverage of the organization's defined benefit plan obligations	-
G4-EC4	Financial assistance received from government	-
Aspect: Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-
G4-EC6	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	-
Aspect: Indirect Economic Impacts		
G4-EC7	Development and impact of infrastructure investments and services supported	- Feature 2: Together with Communities (P.21) - Smart Aeon development (P.41) - Community Involvement (P.66)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	-
Aspect: Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	-

Environment

Indicator	Description	Page
Aspect: Materials		
G4-EN1	Materials used by weight or volume	- Environmental load in FY 2015 business activities (P.35)
G4-EN2	Percentage of materials used that are recycled input materials	

Aspect: Energy		
G4-EN3	Energy consumption within the organization	- Environmental load in business activities (P.35)
G4-EN4	Energy consumption outside of the organization	-
G4-EN5	Energy intensity	- Enhancing Energy Efficiency (P.39)
G4-EN6	Reduction of energy consumption	- Enhancing Energy Efficiency (P.39)
G4-EN7	Reductions in energy requirements of products and services	-
Aspect: Water		
G4-EN8	Total water withdrawal by source	- Environmental load in business activities (P.35)
G4-EN9	Water sources significantly affected by withdrawal of water	-
G4-EN10	Percentage and total volume of water recycled and reused	-
Aspect: Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	- Conservation of Biodiversity (P.45)
G4-EN13	Habitats protected or restored	- Promoting the Procurement of Sustainable Seafood (P.47) - Promoting the Procurement of Sustainable Forest Resources (P.49) - Aeon Forest circulation program (P.50) - Initiatives Through our Stores (P.52) - Tree planting activity of AEON Environmental Foundation (P.53)
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not applicable
Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	- Greenhouse gas emissions (P.43)
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	- Greenhouse gas emissions (P.43)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	- Scope 3 Emissions (P.43)
G4-EN18	Greenhouse gas (GHG) emissions intensity	- Reducing Total CO ₂ Emissions (P.39)
G4-EN19	Reduction of greenhouse gas (GHG) emissions	-
G4-EN20	Emissions of ozone-depleting substances (ODS)	-
G4-EN21	NOx, SOx, and other significant air emissions	-
Aspect: Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	-
G4-EN23	Total weight of waste by type and disposal method	- Environmental load in FY 2015 business activities (P.35) - Initiatives for Zero Waste in Stores and Products (P.57)
G4-EN24	Total number and volume of significant spills	Not applicable
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention2 Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	-
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	-
Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	- Smart Aeon development (P.41) - Installation of Recharging Stations for Electric Vehicles (P.41) - Developing and Selling Products that Help Reduce CO ₂ Emissions (P.43) - Sustainable Resource Usage (P.47) - Initiatives for Zero Waste in Stores and Products (P.57) - Reducing Waste together with customers (P.59)
G4-EN28	G4-EN28 Percentage of products sold and their packaging materials that are reclaimed by category	- Use of Returnable Containers (P.59) - Reducing Waste by Collecting Resources in Stores (P.61)
Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Not applicable
Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	- Promote Visualization in Logistics (P.42)

GRI Guidelines Indicators

Aspect: Overall		
G4-EN31	Total environmental protection expenditures and investments by type	- Environmental Accounting (P.33)
Aspect: Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	-
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
Aspect: Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Not applicable

Society

Indicator	Description	Page
Labor practices and decent work		
Aspect: Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	-
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	-
G4-LA3	Return to work and retention rates after parental leave, by gender	- Creating Pleasant, Comfortable Workplaces (P.91) - Securing Work-Life Balance (P.92)
Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	-
Aspect: Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	- Health and Safety Committees (P.93) - Labor Union Status (P.93)
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	-
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	-
G4-LA8	Health and safety topics covered in formal agreements with trade unions	- Global Framework Agreements (P.93)
Aspect: Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	-
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	- Training Programs Supporting the Growth of Employees (P.93)
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	- Training Programs Supporting the Growth of Employees (P.93)
Aspect: Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	- Promoting Diversity (P.88) - Employment for People with Disabilities (P.90) - Workshop on LGBT (P.91)
Aspect: Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	-
Aspect: Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	-
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
Aspect: Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	- Global Framework Agreements (P.78)
Human Rights		
Aspect: Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	- Human Rights Training (P.90)
Aspect: Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	-
Aspect: Freedom of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	- Aeon Supplier Code of Conduct (P.75)
Aspect: Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	- Aeon Supplier Code of Conduct (P.75)

Aspect: Forced or Compulsory Labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	- Aeon Supplier Code of Conduct (P.75)
Aspect: Security Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	-
Aspect: Indigenous Rights		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	-
Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	-
Aspect: Supplier Human Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	-
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
Aspect: Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Not applicable
Society		
Aspect: Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	- Feature 2: Together with Communities (P.17) - Community Involvement (P.66)
G4-SO2	Operations with significant actual or potential negative impacts on local communities	Not applicable
Aspect: Anti-corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	-
G4-SO4	Communication and training on anti-corruption policies and procedures	- Compliance education and training (P.29) - Promoting Corporate Ethics at Group Companies Overseas (P.29)
G4-SO5	Confirmed incidents of corruption and actions taken	Not applicable
Aspect: Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	-
Aspect: Anti-competitive Behavior		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not applicable
Aspect: Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	Not applicable
Aspect: Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	-
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
Aspect: Grievance Mechanisms for Impacts on Society		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Not applicable
Aspect: Customer Health and Safety		
Aspect: Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	- Quality Management of TOPVALU Brand Products (P.80)
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-
Aspect: Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	- Labeling and Disclosing Product Information (P.81) - Labeling of Nutritional Contents (P.87)
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-
G4-PR5	Results of surveys measuring customer satisfaction	System of Dialog with Customers (P.86)
Aspect: Marketing Communications		
G4-PR6	Sale of banned or disputed products	Not applicable
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Not applicable
Aspect: Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable
Aspect: Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not applicable