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—Okadaya, Inc., Fujitaka, Inc., and Shira, 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 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 creat 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

- 1989: Established the Aeon Group 1% Club Foundation
- 1990: Established the JUSCO Earth-Friendly Committee
- 1991: Established the Aeon Group Environmental Foundation
- 1999: Formulated the Aeon Biodiversity Principle

2001-2008
Expanding Activities from a Global Perspective

- 2000: Initiated the Aeon Hometown Forests Program
- 2001: Started the Aeon Happy Yellow Receipt Campaign

2008-2010
Formulating More Group-wide and Planned Activities

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

Going forward, the Aeon Group will continue its CSR activities, including active engagement in various initiatives, in order to work toward creating a society and a world that will support future generations. The Aeon Group will always put the pursuit of "richness" and "responsible initiatives" ahead of everything else.

*Combined total for the Aeon Hometown Forests Program and AEON Environmental Foundation
Stepping Up Key Issue Initiatives Based on the Aeon Sustainability Principle

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 Sustainable Management, we set Medium- and long-term key priority items for all stakeholders. We are also reviewing how to proceed going forward. We are also reviewing the 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 aims to achieve a sustainable society with stakeholders based on our basic principle of “pursuing peace, respecting humanity and contributing to local communities, always with the customer’s point of view at its core.” With realization of a low-carbon society, “conservation of biodiversity,” “better use of resources” and “addressing social issues” as core principles, we will think globally and advance activities locally.

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 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.

### 4 Key Issues for Sustainable Management

- **Conservation of Biodiversity**
- **Better Use of Resources**
- **Addressing Social Issues**
- **Realization of a Low-carbon Society**

#### 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

#### Dialogue with the Environment Advisory Board, Outside Directors, and Others

1. **Stage I**
2. **Stage II**
3. **Stage III**

#### Realization of a Low-carbon Society

- Promoting the Aeon Eco Project
- Implementing the Aeon Natural Refrigerants Declaration
- Reducing CO2 in our products and services

#### Conservation of Biodiversity

- Formulation of Sustainable Procurement Guidelines
- Next 10 million trees (Circulation Program of Aeon Forest)

#### Better Use of Resources

- Zero waste

#### Addressing Social Issues

- Proposing ideas for healthy lifestyles
- Building a social brand
- Expanding employment of non-Japanese employees
- Raising our female manager ratio

#### Targeted level of achievement

- Aeon’s current level of achievement
- Risk control (Corporate ethics and compliance)

#### “Big Challenge”

1. **Fully integrated management of CSR and business CSV (Creating Shared Value)**
2. **Risk reinforcement generating strength initiatives toward addressing social issues (generating business opportunities)**

#### Our Targets for 2020

- **8.176 trillion JPY**
- **Approx. 520,000 employees**
- **11,179,065 trees**

#### 10 categories “Big Challenge 2020”

- **Realization of a Low-carbon Society**
- **Conservation of Biodiversity**
- **Better Use of Resources**
- **Addressing Social Issues**

- **Items of Particular Focus in FY 2016 that Targets Stage III**

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