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 (P47) 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.

1. 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 in an Asian retailer. (P48)

We have been displaying certified products for each type of fish up until now. However, at the Aeon Itabashi Mameomachi, which 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 future generations by spreading our traditional culture of seafood procurement.

2. Development and sales of full-cycle aquaculture fish

Following the introduction of fully cultivated TOPVALU Gurinai Amami Raw Tuna in June 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 do not rely on natural eggs or juvenile fish.

3. Initiatives through our Products

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

4. Prevention of Illegal Deforestation

Following the Aeon Seafood Procurement Principle, the Aeon Forest Resources Procurement Principle was established in 2016 to promote sustainable cycle of Japan's forests.

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 kits materials from Yamashita 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 valor the bounty given to us by forests through the use of FSC®-certified wood materials.

5. 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.

We 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.

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.

Aeon Sustainable Procurement Principle

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

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

Minimize the impact of resources on the environment and biodiversity, to human rights and labor issues in the product supply chain.

MSC certification

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

ASC certification

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

TOPVALU Gurinai MSC-certified salt octople

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

TOPVALU Best Price Issue paper using FSC® certificated paper (FSC®C008942)
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.

Planting the Next 10 Million Trees - Planting to Tree Growing

There are tree planting activities through the Aeon Environmental Foundation that aim for the regeneration of forests around the world along with carrying out “Aeon Hometown forest creation.” By planting trees on site with customers when a new store opens, and tree planting activities in areas affected by the Great East Japan Earthquake are also implemented.

Construction Materials and Products Made from the Timber of Properly-managed Forests

Sales of FSC® certified products (P.49) and in addition to expanding stores (MINISTOP) that use 100% FSC® certified wood materials from Japan (P.49), we are striving to promote the use of wood resources through various methods. For example, in the “Aeon Mall Tomi,” a permanent children’s playground, the “Mie Tree Plaza” was installed utilizing timber from Mie Prefecture.

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 FY2020” (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 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 RYUKU 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 alongside 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.

(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.

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.

Digitalization

- No stress through digitalization
  - Create an omni-channel for all regions
  - Evolution of e-commerce
  - Hands-free shopping at SCs/world areas
  - Informational provision in multiple languages
  - Various payment methods etc.

Mobility

- Evolution of transportation/travel in areas
  - On-demand transit and round trip buses
  - Pedestrian mobility
  - Pick-up and distribution networks
  - One-hour shopping and one-day shopping within areas
  - Pack & fly etc.

Health & Wellness

- Build richer physical and emotional lifestyles
  - General health support services through IT
  - Mall walking and health points
  - 24-hour medical and pharmaceutical care as well as an house support
  - Support raising children etc.

Value

- Growth and return of local economies and value
  - Credit mobilization, local goods consumption
  - TOURISM and inbound support
  - Various points unique to local communities
  - Big data partnerships
  - Investments and donations to communities, people, and companies etc.

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 we 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 Makuhari and Inage districts as the first expansion areas to pioneer throughout Japan. The city is also cooperating in many different forms.

Toshitoh Kamagai
Chiba Mayor

With the direction Chiba City is advancing, urbanization through this cooperation matches the objective of Aeon and we 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 Makuhari and Inage districts as the first expansion areas. There are various contributions in this direction, from co-creation in order to respond to the expectations of the local communities and eliminate losses. Aeon has devised four pillars - digitalization, mobility, health and wellness, and value - to fulfill their commitment to realize the basic philosophy of Aeon to contribute to local communities.

Toshitoh Saito
Local Ecosystem Project Leader, Aeon Co., LTD

Changes in customers lifestyles

Simplifying the way you live by delivering products in just one hour!

Health and Wellness

- Richer physical and emotional lifestyles
- 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
- Omnichannel of WAON cards can be used at home or somewhere close to you or receive services to support your lifestyle.
- Health and wellness point services such as mall walking have begun
- People’s health is the heart and soul of the activities and services provided. Over the number of steps they walk.
- Cooperation with medical institutes such as hospitals and universities

Regional development

- Local connections, revitalization, and local contributions
- This campaign contributes to local communities with shopping

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.

Feature 2

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

Examples
- A new online shopping service that delivers products at home was opened in June 2016 at Aeon Mal</p><p>Chiba City New City.

Examples
- Valuable information is conveniently distributed each day for better living
- We created the WAON point store that offers subscription for HP and digital gift cards at shops and stores

Examples
- Points can be saved used anywhere
- We started the WAON point store, the purpose of a common point service platform in local communities

Examples
- More convenient shopping at stores!
- We will expand routes and times of shopping buses
- We will also deliver goods bought at stores the same day.

Examples
- We will start delivering products in as little as one hour (area coverage: Makuhari/Inage districts, etc.)
- On-demand transit and round trip buses
- Pack & fly etc.

Examples
- A lifestyle platform for living up to the expectations of the local/national consumption

Examples
- The local ecosystem initiative builds a new lifestyle platform by linking the use of IT and other technologies with municipalities, 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 and wellness, and value - to fulfill their commitment to realize the basic philosophy of Aeon to contribute to local communities.

Examples
- 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.

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

Examples
- A new online shopping service that delivers products at home was opened in June 2016 at Aeon Mal</p><p>Chiba City New City.

Examples
- Valuable information is conveniently distributed each day for better living
- We created the WAON point store that offers subscription for HP and digital gift cards at shops and stores

Examples
- Points can be saved used anywhere
- We started the WAON point store, the purpose of a common point service platform in local communities

Examples
- More convenient shopping at stores!
- We will expand routes and times of shopping buses
- We will also deliver goods bought at stores the same day.

Examples
- We will start delivering products in as little as one hour (area coverage: Makuhari/Inage districts, etc.)
- On-demand transit and round trip buses
- Pack & fly etc.

Examples
- A lifestyle platform for living up to the expectations of the local/national consumption

Examples
- The local ecosystem initiative builds a new lifestyle platform by linking the use of IT and other technologies with municipalities, 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 and wellness, and value - to fulfill their commitment to realize the basic philosophy of Aeon to contribute to local communities.

Examples
- 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.

Examples
- 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