

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

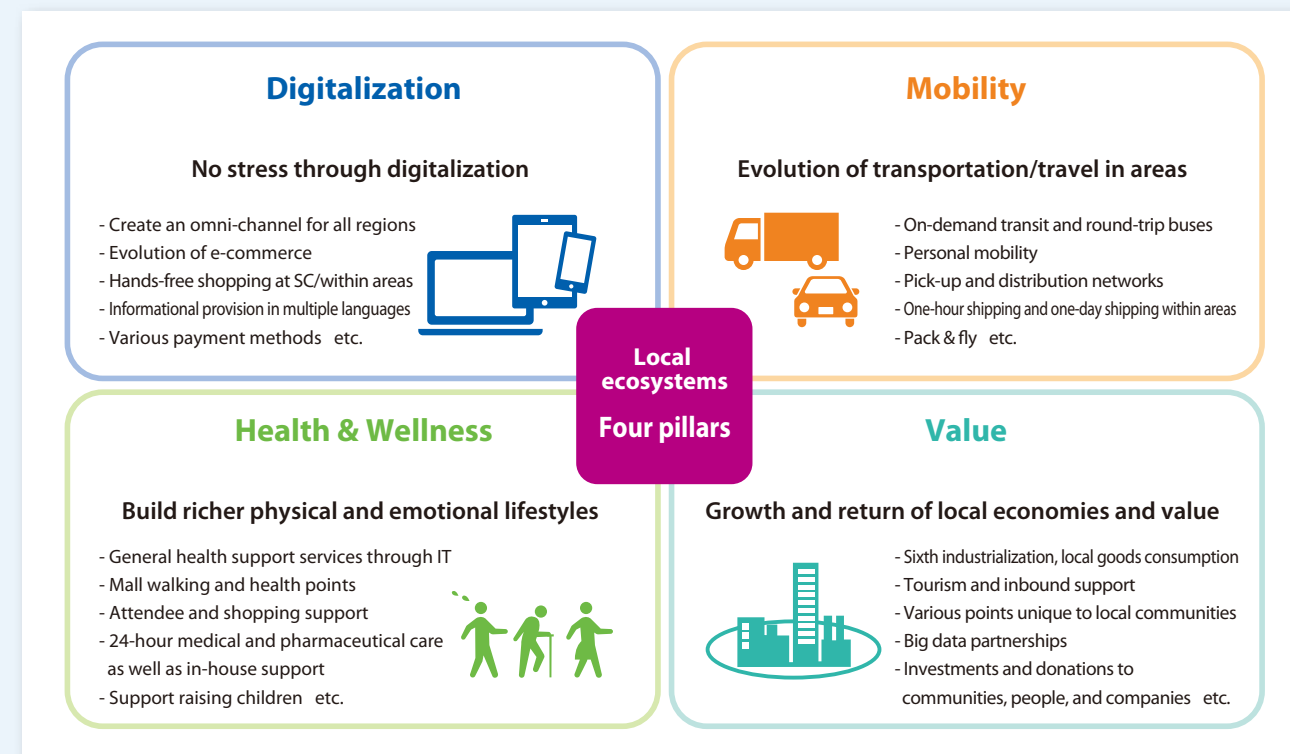
Local Ecosystems for New Relationships Between Communities and Lifestyles

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 (Ilimo 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

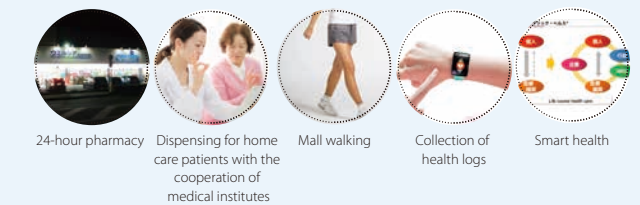
We are improving the level of medical care in communities that use a group and member platform.

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.

