## Addressing Social Issues

### 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 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 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

<table>
<thead>
<tr>
<th>Main Category</th>
<th>KPI</th>
<th>Scope Covered</th>
<th>Target</th>
<th>FY 2015 Results</th>
<th>Summary of Actions/Initiatives in FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEON Yellow</td>
<td>Receipt Campaign Submission Rate</td>
<td>Consolidated Group companies in Japan for GMS, SM and DS businesses</td>
<td>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</td>
<td></td>
<td>Strengthening communication in stores</td>
</tr>
<tr>
<td>AEON Yellow</td>
<td>Receipt Campaign Submission Rate</td>
<td>Consolidated Group companies in Japan for GMS, SM and DS businesses</td>
<td>FY 2020: Submission rate of 30% or more in the GMS all stores Submission rate of 25% or more in the SM/DS all stores</td>
<td></td>
<td>Strengthening communication in stores</td>
</tr>
<tr>
<td>Handling of region-specific products</td>
<td>Consolidated Group companies in Japan for GMS and 3M businesses</td>
<td>FY 2015: Development of handling plans of region-specific products and the building in FY15</td>
<td>Food-artisan products: 25 prefectures, 35 items</td>
<td></td>
<td>Strengthening communication in stores</td>
</tr>
<tr>
<td>Number of activities by the AEON Chefs Club</td>
<td>Consolidated GMS companies and some 3M companies in Japan</td>
<td>Conducted more than four times the activities in all stores to carry out the activities</td>
<td>Stores with more than 4 activities per year: 345 stores (overall 77.8%)</td>
<td></td>
<td>Strengthening of basic and thorough management issues</td>
</tr>
<tr>
<td>Regeneration of coastal forest in the affected area</td>
<td>Consolidated Group companies in Japan</td>
<td>300,000 new planting in 10 years of the 2012-2021 fiscal year</td>
<td>304,282 trees (Total 146,279 trees)</td>
<td></td>
<td>Strengthening of skills training coordinators</td>
</tr>
<tr>
<td>Volunteer Activity Promotion of Group employees in disaster relief</td>
<td>Consolidated Group companies in Japan</td>
<td>300,000 employees participated in volunteer activities in 10 years of the 2012-2021 fiscal year</td>
<td>58,675 people (Total 196,728 people)</td>
<td></td>
<td>Strengthening of programs in conjunction with business activities such as “TOPVALU” Food Artisan “Aeon Agri Farm”</td>
</tr>
<tr>
<td>Construction of sustainable supply chain building audit system</td>
<td>Aeon second-party audit certified auditors</td>
<td>FY 2015: 8 in Japan, 30 overseas</td>
<td>8 in Japan (31 overseas)</td>
<td></td>
<td>Strengthening of basic and thorough management issues</td>
</tr>
<tr>
<td>Strengthening of fair trade products</td>
<td>TOPVALU products</td>
<td>Trading volume of International Fair Trade certification causes: 40 times by FY 2020 (10 times compared with FY 2012)</td>
<td>5 times the trading volume of International Fair Trade certification causes: (Compared with FY 2012)</td>
<td></td>
<td>Strengthening of basic and thorough management issues</td>
</tr>
</tbody>
</table>
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, 125% had a submission rate of at least 20%, a target which has been established as a KPI.

Since the Campaign’s inception in 2001, 2,424,600 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 wellbeing
  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

**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 Kiotomura Forest Program as part of the Clean & Green Activities.

**Supporting Local Traditional Events**

The AEGN 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 AEGN 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 Morisaka Sansai Odori Festival, illustrating Aeon’s commitment to being a contributing member of the local community for many generations to come.
Issuing Local WAON Cards
WAON is a system of e-money pre-paid cards available at over 56 million 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 655 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.

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.

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-ordnance-designated cities.

In 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.

Promoting Food Artisan Project
Aeon has conducted the Food Artisan Project since 2015 when it agreed to assist 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 19 districts, whose unique local flavors are being delivered to the dinner tables of people across Japan.

Impressed with the initiative called Local Product Appreciation Day in February 2016, directly dealing with five fishery cooperatives.*

Ishikawa, JF Katase-Enoshima. Additionally, we signed disaster prevention agreements with about 700 municipalities around Japan, and they will provide parking spaces as evacuation facilities.

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.

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.

Consolidated Economic and Social Results
Aeon Environmental and Social Report 2016
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

The AON 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.

FY 2015 Results and Target of KPI

<table>
<thead>
<tr>
<th>Number of activities by the Aeon Cheers Club</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores that implemented more than 4 activities: 319 (77.6% of all stores)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores that implemented more than 4 activities: 326 (77.6% of all stores)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores that implemented more than 4 activities: 341 (77.6% of all stores)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores that implemented more than 4 activities: 106%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Agricultural Eco-experience Project for elementary and junior high school students

Since 2012, AEDN 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 Gunma 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, 1,034 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 FY2016.

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 Mieisato Cooperative Farm in the Kii area.

We provide a host of programs to support the learning development of youth in various life stages, from infants to university students.

Aeon environmental and social report 2016
Aeon Sukusukus Laboratory

Aeon 1% Club Foundation has been organizing the Aeon Sukusukus 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 Sukusukus 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 Sukusukus 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.

Rice Harvesting Experience

Rice harvesting experience (Akamatsu Elementary School, Saga prefecture)

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, parents also learn about the importance of protecting and raising living creatures, by raising juvenile nigorobuna fish (Lake Biwa’s indigenous crucian carp) in rice paddies.

Rice Harvesting Experience

Rice harvesting experience (Kyowa Elementary School, Akita prefecture)

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 Lazac high school students visited their counterparts in Japan to deepen their friendship.

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.

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, Hokkaido, and Cita for a cumulative total of 1,059 participants.

Aeon eco-1 Grand Prix

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 FY 2016, we established an Easy Entity system to allow schools without any familiarity in eco-activities to participate easily and further expand the Environmental Ring.

Aeon Scholarship Program

The AEDN 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.

Asia Youth Leaders

Asia Youth Leaders is a program to advocate solutions to environmental issues 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 334 students from six countries have participated to date. In FY2016, we plan to hold this forum in Bangkok, Thailand with the theme of “waste conservation issues”.

The Asian Students Environment Platform

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), Thammasat University (Thailand), and 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 Ha Long Bay, held lectures from experts, and conducted interviews with people of the community.

In FY2016, we plan to hold the Environment Platform in Japan under the theme of “Biodiversity and Wisdom.”
**Key Issue 4**

**Addressing Social Issues**

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### School Construction Support Project

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.

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### 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. This effort plays a role in supporting the children in developing Asian countries.

In FY2015, 5,179,649 JPY from 375.46 million bottle caps collected from March 1, 2015 through February 29, 2016 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, and UNICEF.
2. Caps collected from March 1, 2015 through February 29, 2016.

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### AEON and UNICEF Safe Water Campaign

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 S-PET donations on the sale of each 500ml bottle of TOPVALU Natural Mineral Water purchased during the campaign period was donated to 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.

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### Fundraising Activities (FY2015)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Activity period</th>
<th>Number of stores participating and locations</th>
<th>Donor raised amount and percentage</th>
<th>AEON 1% Club Contributions</th>
<th>Total Amount</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relief Fund Round 1</td>
<td>to April 11, 2015</td>
<td>8,683</td>
<td>187,243,283 JPY</td>
<td>100,000,000 JPY</td>
<td>287,243,283 JPY</td>
<td>Kumamoto Oita Earthquake Relief Fund</td>
</tr>
<tr>
<td>Relief Fund Round 2</td>
<td>to April 25, 2016</td>
<td>10,120</td>
<td>248,891,036 JPY</td>
<td>73,984,615 JPY</td>
<td>322,775,671 JPY</td>
<td>Kumamoto Oita Earthquake Relief Fund</td>
</tr>
<tr>
<td>Relief Fund Round 3</td>
<td>to May 31, 2015</td>
<td>9,600</td>
<td>54,374,097 JPY</td>
<td>64,374,097 JPY</td>
<td>118,748,194 JPY</td>
<td>Federal Democratic Republic of Myanmar (UNICEF)</td>
</tr>
<tr>
<td>Relief Fund Round 4</td>
<td>to August 31, 2015</td>
<td>17,014</td>
<td>1,015,073,073 JPY</td>
<td>128,405,768 JPY</td>
<td>1,143,488,841 JPY</td>
<td>AEON 1% Club</td>
</tr>
</tbody>
</table>

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### Continuous Fundraising Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Activity period</th>
<th>Number of participating stores and locations</th>
<th>Donor raised amount and percentage</th>
<th>AEON 1% Club Contributions</th>
<th>Total Amount</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relief Fund Round 1</td>
<td>to December 31, 2015</td>
<td>18,052</td>
<td>1,015,073,073 JPY</td>
<td>274,468,001 JPY</td>
<td>2,289,541,074 JPY</td>
<td>AEON 1% Club</td>
</tr>
</tbody>
</table>

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### Kumamoto Earthquake Relief Fundraising

<table>
<thead>
<tr>
<th>Activity</th>
<th>Activity period</th>
<th>Number of stores participating and locations</th>
<th>Donor raised amount and percentage</th>
<th>AEON 1% Club Contributions</th>
<th>Total Amount</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kumamoto Earthquake Relief Fund</td>
<td>June 26, 2016</td>
<td>24-hour television 38 fundraising</td>
<td>15,908,454 JPY</td>
<td>10,000,000 JPY</td>
<td>25,908,454 JPY</td>
<td>AEON 1% Club</td>
</tr>
</tbody>
</table>

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### Notes

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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 2001, 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 TOYOPALU and TOYOPALU 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.

Key Issue 4
Addressing Social Issues

Fair Business Practices

Aeon Supplier Code of Conduct

Conform with legally stipulated social responsibility standards in countries where manufacturing and procurement take 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
5. Discrimination: Discrimination on the basis of race, religion, or creed is prohibited
6. Disciplinary Practices: Excessive 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 verification, 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

First-Party Audit
- New Supplier Briefing
- Aeon Supplier Code of Conduct Pledge Compliance Submission
- First-Party Audit
- Second-Party Audit
- Third-Party Audit
- Continuous Management

Second-Party Audit
- Report auditing results
- Audit Third-Party Auditors
- Audit conducting third-party auditors
- Audit partners (Suppliers)
- Audit partners (Manufacturing plants)

Third-Party Audit
- Report improvements
- Report improvements
- Audit conducting third-party auditors
- Audit partners (Suppliers)
- Audit partners (Manufacturing plants)

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.

Summary

As of the end of February 2016, 8 in Japan, 31 overseas *Including 8 local auditors
Key Issue 4
Addressing Social Issues

Reference: Actual Auditing Examples

1. Points indicated in working time and wages
   
   1. Points indicated in working time and wages
   
<table>
<thead>
<tr>
<th>Year</th>
<th>Working Time</th>
<th>Wages</th>
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<td>11%</td>
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<tr>
<td>2014</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>2015</td>
<td>3%</td>
<td>3%</td>
</tr>
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</table>

2. Points indicated overall

<table>
<thead>
<tr>
<th>Year</th>
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<tr>
<td>2013</td>
<td>60%</td>
</tr>
<tr>
<td>2014</td>
<td>22%</td>
</tr>
<tr>
<td>2015</td>
<td>46%</td>
</tr>
</tbody>
</table>

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 UN Global Compact, which is an international labor organization, UNI, 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 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 UNI 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 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 efforts to help build a society where universal human rights are protected and efforts are constantly made to improve working conditions.
3. We will respect the human rights of workers in international labor markets. We will respect laws related to human rights and labor standards and will continue to make efforts to help build a society where universal human rights are protected and efforts are constantly made to improve working conditions.
4. We will respect the human rights of workers in international labor markets. We will respect laws related to human rights and labor standards and will continue to make efforts to help build a society where universal human rights are protected and efforts are constantly made to improve working conditions.
5. We will respect the human rights of workers in international labor markets. We will respect laws related to human rights and labor standards and will continue to make efforts to help build a society where universal human rights are protected and efforts are constantly made to improve working conditions.
6. We will respect the human rights of workers in international labor markets. We will respect laws related to human rights and labor standards and will continue to make efforts to help build a society where universal human rights are protected and efforts are constantly made to improve working conditions.
7. We will respect the human rights of workers in international labor markets. We will respect laws related to human rights and labor standards and will continue to make efforts to help build a society where universal human rights are protected and efforts are constantly made to improve working conditions.
8. We will respect the human rights of workers in international labor markets. We will respect laws related to human rights and labor standards and will continue to make efforts 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 working 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.
   i. We will conduct training programs to fully educate all employees in order to make this policy a reality. We will conduct regular reviews of this initiative and work to make improvements on an ongoing basis.
   j. 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.
   k. 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 work involved. The initiative helps producers attain economic and social autonomy and also supports environmental conservation

**Quality Management of TOPVALU Brand Products**

Aeon has 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**

**TOPVALU pursues customer satisfaction and enrich the quality of lives**

**TOPVALU Best Price realizes the best prices in each trading area with product quality that exceeds customer expectations**

**TOPVALU Select enhances customers’ daily lives by offering products of the highest quality**

**TOPVALU Guruma ensures safety and security by delivering products that are healthy and friendly to the environment**

**The Five TOPVALU Commitments**

1. We will reflect the voices of customers in our products.
2. We will offer safe, reliable, and environmentally friendly products.
3. We will prevent product information from an easily understandable way.
4. We will offer products at affordable prices.
5. We will maintain our customer satisfaction.

**The Process of TOPVALU Products to Customers**

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 recurrance of an issue, strengthening relationships between related departments and reviewing problem areas at the production and shipment phases of a product.
Aeon Environmental and Social Report 2016

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 packaging to ensure consumers can easily identify nutritional information and food allergens contained in products. The information covers use of seven officially designated ingredients that by law must be displayed on the outside of product packaging. 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. 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.

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.

Inspections are also conducted every year on applicable products to confirm labeling accuracy.

Labeling of Genetically Modified Ingredients
In April 2001 legislation in Japan enacted a labeling system of approximately 75 agricultural products* were labeled with QR codes. 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.

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 staff 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.
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 from FY 2011 to ensure quick action for the safety of employees and customers in the event of a disaster.

Fire 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 reading 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 accentuating 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 registration 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.

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.

Installing Automated External Defibrillators (AED)
Aeon is promoting the installation of AEDs in each of its stores. These devices give electric shocks as 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 Automated External Defibrillators (AED) 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.

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 Mate) 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 Ucatu (Kagawa prefecture) and Aeon Town Nanta 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.
In FY 2015, we established disaster-prevention facilities at seven stores in total which were new and existing stores, such as AEON Mall Okinawa Rycom and AEON Komaki Store. As of February 2016, a total of 27 stores have already been installed in a total of seven new and existing stores, such as the AEON Mall Okinawa Rycom and AEON Komaki Store for a cumulative total of 27 stores.

### Consumer Issues

#### System of Dialog with 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 relayed 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.

#### 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 10.6%, or an increase of 1,346 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 further satisfy customers.

### FY 2015 Results and Targets of KPI

#### Number of Complaints and Compliments Received

<table>
<thead>
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<th>Year</th>
<th>Number of service complaints</th>
<th>Number of compliments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>5,196</td>
<td>1,900</td>
</tr>
<tr>
<td>2014</td>
<td>5,640</td>
<td>2,719</td>
</tr>
<tr>
<td>2015</td>
<td>6,895</td>
<td>1,900</td>
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Note: Number of compliments is calculated as a percentage of service complaints calculated as a percentage of compliments.

### FY 2015 Results and Targets of KPI

#### Number of Products Developed / Improved based on Customer Feedback

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>2016</td>
<td>140</td>
<td></td>
</tr>
</tbody>
</table>

### Addressing Social Issues

#### Key Issue 4

##### 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. 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 installed in a total of seven new and existing stores, such as AEON Mall Okinawa Rycom and AEON Komaki Store. 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.

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 relayed 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.

### FY 2015 Results and Targets of KPI

<table>
<thead>
<tr>
<th>Year</th>
<th>The number of local temporary shelters</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Installed in a total of 15 stores, including AEON Mall Makuhari New City, AEON Mall Toki, AEON Mall Chiba Kariya City.</td>
</tr>
<tr>
<td>2016</td>
<td>Installed in a total of 15 stores, including AEON Tendo such as new 8 stores and AEON Omiya and AEON Sagamihara Tendo.</td>
</tr>
<tr>
<td>2017</td>
<td>Installed in a total of 15 stores, including AEON Tendo such as new 8 stores and AEON Omiya and AEON Sagamihara Tendo.</td>
</tr>
<tr>
<td>2018</td>
<td>Installed in a total of 15 stores, including AEON Tendo such as new 8 stores and AEON Omiya and AEON Sagamihara Tendo.</td>
</tr>
<tr>
<td>2019</td>
<td>Installed in a total of 15 stores, including AEON Tendo such as new 8 stores and AEON Omiya and AEON Sagamihara Tendo.</td>
</tr>
</tbody>
</table>

### TOPICS

#### Excellence Award at Japan Resilience Award 2015

AEDN 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

Serving as a form of lifestyle infrastructure that protects the local community

- Supports for People with Dementia: People certified through a prescribed municipal certification and whose municipality is capable of, within their abilities, to give care to, watch over, and give support to people with dementia and their families.
- AEON Environmental and Social Report 2016
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.”

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 proceroroles and TOPVALU eclairs with less than 10 grams of sugar in 2016.

Anyone who has to restrict their sugar intake can enjoy food of TOPVALU products that limit the sugar content so that they 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.

Food for Specified Health Uses

Aeon is using the name Grand Generation (GGG) for seniors who are active and aggressive consumers – and responding to the shopping needs of seniors such as “GG Mall” and “GG Cards” targeted to seniors. For example, at the Aeon Kasa 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.

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.
Promoting Equal Opportunities for Part-time Employees

In FY2015, 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 — Daimanzoku Award

Aeon has established targets for the female manager ratio of 10% by FY 2016 and 15% by FY 2020 as of the end of February 2016, the female manager ratio was 15%.

As of June 2016, the total number of people with disabilities employed at Group companies was 6,341 with an employment rate of 2.16%.

The employment rate exceeds the statutory employment rate of 2%, but we will continue to advance our efforts in order to reach a 3.0% employment rate for people with disabilities, or 10,000 people as a target for 2020.

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, and Vietnam.

Aeon has established targets for the female manager ratio of 10% by FY 2016 and 15% by FY 2020 as of the end of February 2016, the female manager ratio was 15%.

As of June 2016, the total number of people with disabilities employed at Group companies was 6,341 with an employment rate of 2.16%.

The employment rate exceeds the statutory employment rate of 2%, but we will continue to advance our efforts in order to reach a 3.0% employment rate for people with disabilities, or 10,000 people as a target for 2020.


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 Principals 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 deeper awareness in all of our employees.
FY 2015 Results and Target of KPI

<table>
<thead>
<tr>
<th>Year</th>
<th>Female Manager Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>22% 5,887 people</td>
</tr>
<tr>
<td>2016</td>
<td>18.2%</td>
</tr>
<tr>
<td>2013</td>
<td>14.5%</td>
</tr>
<tr>
<td>2020</td>
<td>50%</td>
</tr>
</tbody>
</table>

Promote initiatives under the “General Business Action Plan” for the following purposes:

- To Support the Development of the Next Generation. As a result, we have 13 Group companies that have acquired the Kurumin certification.

Creating Pleasent, Comfortable Workplaces

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 5,000 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 Pleasent, 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, 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 Chigasaki Nursery.
Welfare Programs
The Aeon Good Life Club, Aeon’s mutual aid society, in which some 21,000 Aeon Group employees are enrolled. Programs include the payment of gift money for celebratory occasions or condolences (mokuryu-aidai), 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
In November 2014, AEON CO., LTD. signed the Global Framework Agreement, and the four parties are jointly promoting employee participation as part of the company’s management, the workplace environment and the workplace environment are considered by labor and management, paving the way for improvements.

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, IAU-kenzen, 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.

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 Baker Co., LTD, Aeon Baky Co., LTD, ORIGIN TOSHI 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.

| 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) | 1,179 | - Beauty advisor | 851 |
| Fresh fish master (grade 3) | 5,328 | - 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 | 400 | - Farm product master | 2,126 |
| Digital advisor | 295 | - Greenery master | 658 |
| Home appliance advisor | 86 | - Gardening master | 359 |
| General appliance advisor | 65 | - Energy advisor | 422 |
| Cycle advisor | 1,308 |

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.