

April 19, 2017
AEON CO., LTD.

Formulation of Aeon Sustainable Procurement Policy and Sustainable Procurement Goals for 2020

Aeon Co., Ltd. has formulated Aeon's Sustainable Procurement Policy and Sustainable Procurement Goals for 2020 with regard to agricultural, livestock and fishery products as well as paper, pulp, timber and palm oil. Aeon will promote the procurement of products produced in line with global standards to ensure the safety and security of its products for customers on an ongoing basis while also contributing to the creation of a sustainable society.

In accordance with its Basic Principles, "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core, Aeon formulated the Aeon Sustainability Principle in 2011 to foster CSR activities across the Group in the pursuit of sustainable management, or the alignment of corporate growth with social development. In 2014, with an eye to further advancing sustainable management, Aeon upheld the "Big Challenge 2020" targets and has since been implementing a range of initiatives for the integrated management of CSR and business activities.

Aeon newly sets the following procurement policy and goals based on the formulation of Sustainable Procurement Guidelines across the supply chain, as targeted in "Big Challenge 2020."

Aeon will implement these initiatives, which are in line with the Sustainable Development Goals (SDGs) described in the 2030 Agenda for Sustainable Development adopted by the United Nations in 2015, to contribute to the solution of social problems through its business activities.

[Aeon Sustainable Procurement Policy and Goals for 2020]

Target	Aeon Sustainable Procurement Policy	Sustainable Procurement Goals for 2020
Agricultural products	Committed to procuring agricultural products in a sustainable manner that is in harmony with nature, natural ecosystems and society. Also cultivating and providing safe and delicious vegetables, thereby contributing to future food safety and helping people go about their daily lives with peace of mind.	<ul style="list-style-type: none">• For the private brand, aiming for 100% implementation of the GFSI^{*1}-based Good Agricultural Practice (GAP)• Aiming to increase the sales ratio of organic products to 5% of the total agricultural products

Livestock products	Committed to procuring livestock products in a sustainable manner that is in harmony with nature, natural ecosystems and society. Also cultivating and providing safe and delicious beef, thereby contributing to future food safety and helping people go about their daily lives with peace of mind.	<ul style="list-style-type: none"> For the private brand, aiming for 100% implementation of the GFSI-based Food Safety Management System (FSMS) or the Good Agricultural Practice (GAP)
Target	Aeon Sustainable Procurement Policy	Sustainable Procurement Goals for 2020
Seafood	Carrying out regular risk assessments from a resource depletion prevention and biodiversity conservation perspective. Also, in order to mitigate risks, reviewing feasible countermeasures and striving to procure sustainable seafood. (Note 1)	<ul style="list-style-type: none"> Aiming for 100% acquisition of MSC^{*2} /ASC^{*3} Chain of Custody (CoC) certification by Aeon's consolidated subsidiaries operating general merchandise stores or supermarkets Providing sustainability-proven private brand products in all major fish species
Paper, pulp and timber	Utilizing store materials and product raw materials made of lumber and pulp produced from properly managed forests, and strive to prevent deforestation. (Note 2)	<ul style="list-style-type: none"> Aiming for 100% use of sustainability-certified (by FSC^{*4} or equivalent) materials for the private brand in the major product categories
Palm oil	For palm oil used as a product material, aiming for procurement that gives consideration to the prevention of deforestation and conservation of biodiversity.	<ul style="list-style-type: none"> Aiming for 100% use of sustainability-certified (by RSPO^{*5} or equivalent) materials for the private brand

Note 1: Regarding the procurement of fishery products, Aeon formulated the Aeon Sustainable Seafood Procurement Policy earlier in 2014.

Note 2: Regarding the procurement of paper, pulp and timber, Aeon formulated the Aeon Forest Resources Procurement Principle (Paper/Pulp/Timber) earlier in 2016.

*1 GFSI (Global Food Safety Initiative) : GFSI is an industry-driven global collaboration to advance food safety powered by the TCGF, which is composed of food manufacturers and global retailers. GFSI also recognizes food safety certification program.

*2 MSC (Marine Stewardship Council) : MSC is non-profit organization that manages and promotes the MSC certification program which certifies sustainable fisheries.

*3 ASC (Aquaculture Stewardship Council) : The ASC is an independent not for profit organization implementing the world's leading certification and labelling program for responsibly farmed seafood.

*4 FSC (Forest Stewardship Council) :FSC is an independent, not for profit, nongovernmental organization established to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

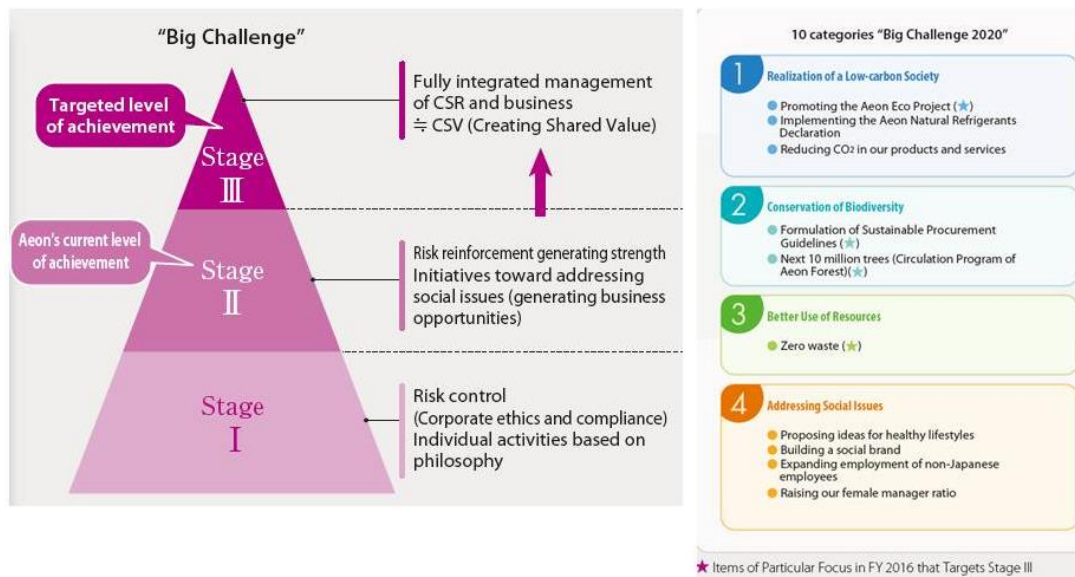
*5 RSPO (Roundtable on Sustainable Palm Oil) : RSPO was formed to promote the growth and use of sustainable oil palm products through credible global standards and engagement of stakeholders.

Reference Materials

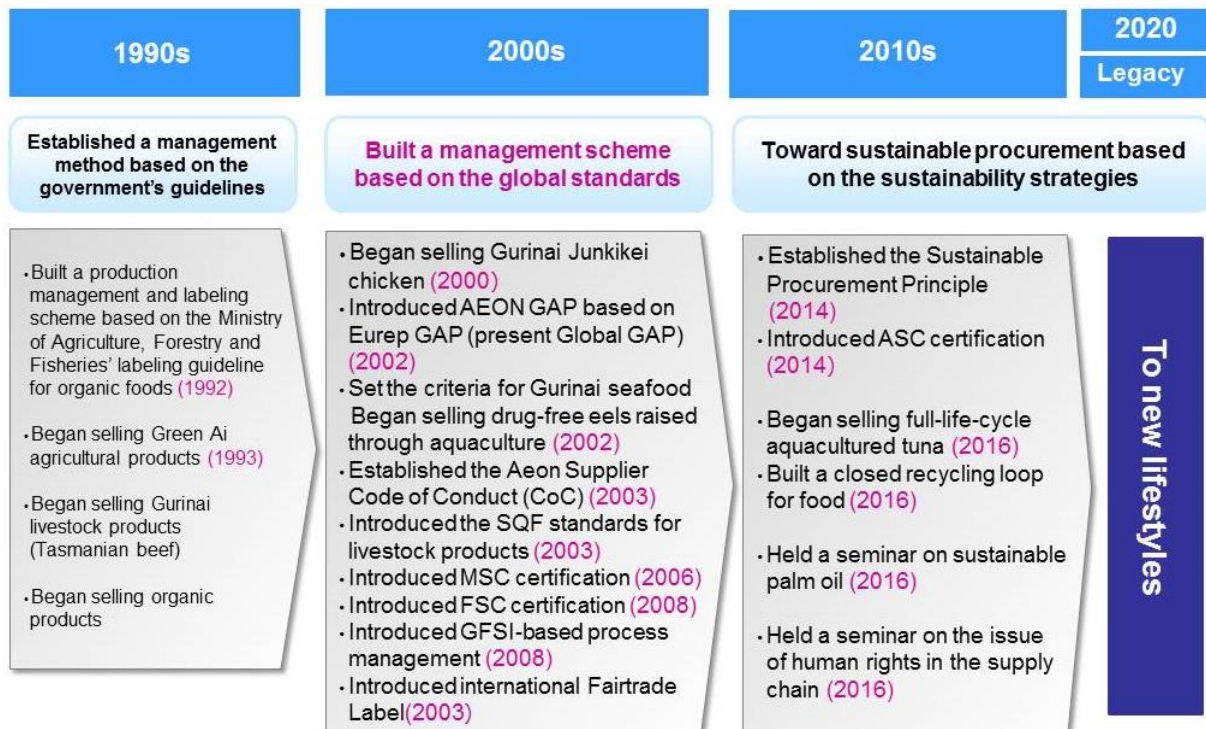
【Aeon Sustainability Principle】



【Big Challenge 2020】



【Roadmap for Aeon Sustainable Procurement】



To promote sustainable agriculture, Aeon released the Green Ai (presently TOPVALU Gurinai) line of agricultural products based on the concept that are friendly to both people and the planet, produced using organic farming and other methods in 1993, ahead of others.

In 2002, Aeon introduced AEON GAP based on the Eurep GAP international management criteria for agricultural production processes (presently Global GAP^{*1}) for the sustainable production and provision of agricultural products.

In addition, Aeon Agri Create Co., Ltd. has been managing Aeon's directly operated farms by adopting Global GAP since the company was founded in 2009. Specifically, in each process of agricultural production, the Company carries out regular inspections of each inspection item, records the results and makes assessments. All of our directly operated farms have acquired certification under Global GAP, the world's most widely adopted certification standards for farming, and have been certified every year. Furthermore, the Company is giving support to general producers who aim to acquire GAP certification, including by offering on-site presentations to explain the GAP implementation method, thereby contributing to the growth in the number of Japanese agricultural products that have acquired the globally recognized certification.

For seafood, Aeon began selling MSC^{*2}-certified natural marine products caught using sustainable and socially responsible fishing methods in 2006. The MSC label is a widely known marine eco label. Subsequently, in 2014, the Group became the first Asian retailer to begin selling ASC^{*3}-certified products. The ASC label is a label for aquaculture products produced in an environmentally and socially responsible manner. Aeon has thus been regularly implementing initiatives to help conserve limited resources.

*1 GAP (Good Agricultural Practice)

*2 MSC (Marine Stewardship Council)

*3 ASC (Aquaculture Stewardship Council)

【Transforming our world: the 2030 Agenda for Sustainable Development】



The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals has adopted at the UN Summit, held in September, 2015. Every company from all over the world is taking actions to achieve these Goals.