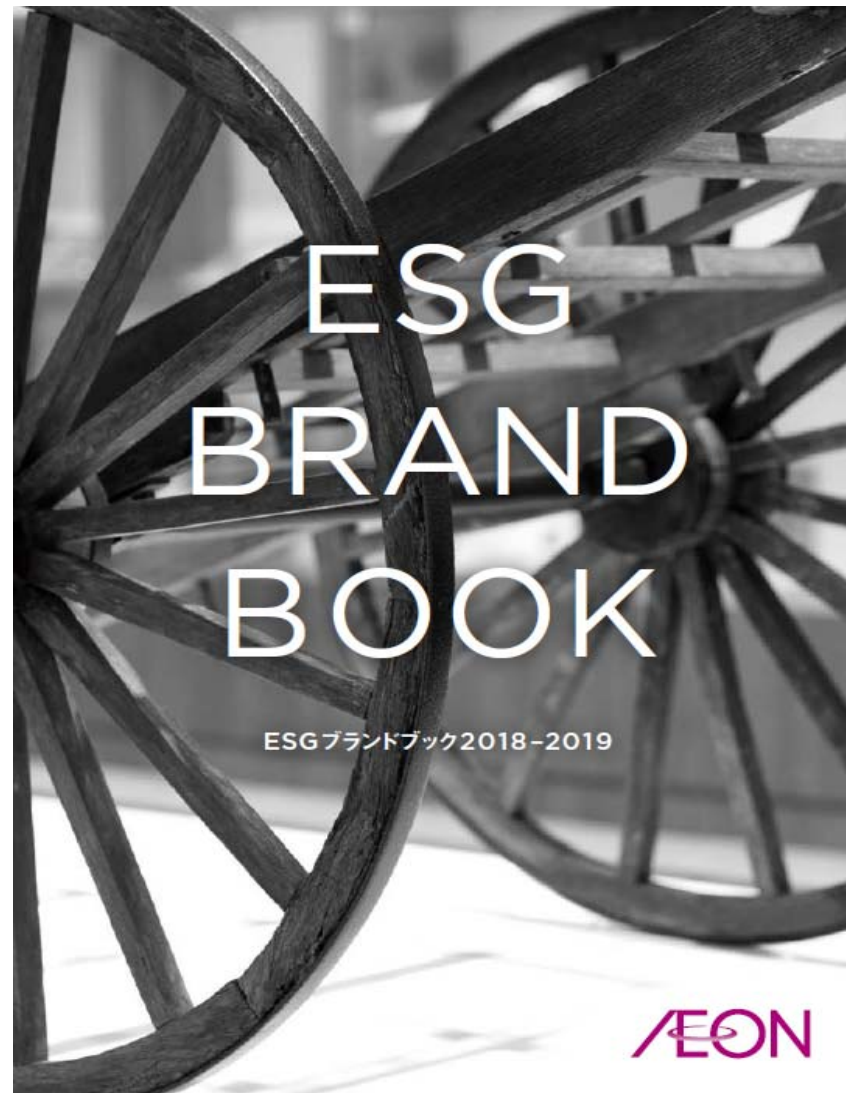


Aeon Sustainable Management Briefing

January 22, 2019

Aeon Co., Ltd.

Aeon ESG Brand Book published today



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AEON Report 2018



Website

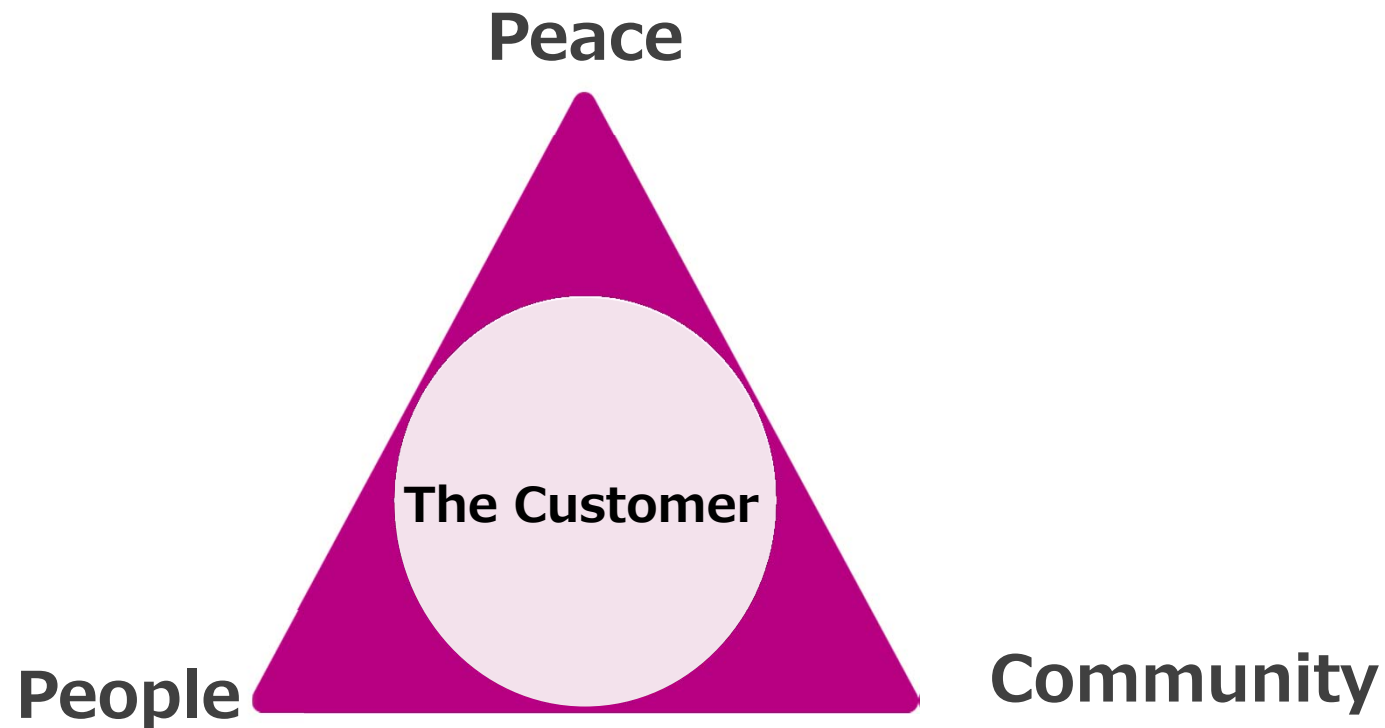
<https://www.aeon.info/ir/library/aeon-report/>

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Aeon Basic Principles



Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core.



On the basis of the Aeon Basic Principles, Aeon Practices its “Customer-First” philosophy with its ever-lasting innovative spirit.

“Aeon Hometown Forests Program”



(March 25, 2018 THE OUTLETS HIROSHIMA)

Planting trees with local customers

[Aeon's Tree Planting Activities]



Embodying the Aeon Basic Principles: Tree Planting



Wild bird count at Aeon Mall Fujinomiya is as high as **7.5 times** that of neighboring residential area.



Embodying the Aeon Basic Principles: Tree Planting



Creating hometown forests with rich natural diversity

[Aeon's Hometown Forests become habitats for wild birds after 15 years]



Aeon Mall Akita (25 years)



Aeon Mall Inagawa (19 years)



Neighboring residential area



Aeon Mall Fujinomiya (16 years)



Aeon Mall Haeburu (13 years)

Wild bird count at Aeon's hometown forests
1.5 to 7.5x
more than residential areas



(Source) Aeon-commissioned research by Espec Corp. from Oct-Dec 2017

Aeon stores as platform Together with all stakeholders



- Aeon Cheers Club is operated through Aeon stores across Japan, offering first- to ninth-grade students opportunities to learn about environmental issues and social expectations through group activities.

Provision of learning opportunities to children in local communities

Activities through Aeon stores across Japan

(Note) Aeon Cheers Club's activities are funded by the Aeon 1% Club, using some of the contributions it receives from key group companies (1% of their pre-tax income)

- Aeon store employees coordinate activities
- Activities are launched throughout the year and centered on an annual theme

FY2017

Participation by about 460 clubs across Japan, with about 7,700 members

FY2005-17

Participation by a total of about 71,700 students across Japan

Annual theme	
2018	Energy
2019	Sun
2020	Water
2021	Plants
2022	Animals
2023	Waste & recycling



Aeon Stores as Platform: Aeon Cheers Club



- Every year, members of the Aeon Cheers Club compile their activities into wall newspapers and submit them to the Wall Newspaper Contest. The top 50 clubs proceed to the national-level contest.
- The Aeon Cheers Club has been rolled out to China & Malaysia.



Wall Newspaper Contest (Hokkaido area)



Observing marine life (Okinawa area)



Shiribetsu River rafting (Hokkaido area)



Farm experience tour (China)



Organic farm tour (Malaysia)

China
70 clubs with 2,716
members
(as of December 2018)
Malaysia
34 clubs with 2,476
members
(as of March 2018)

Aeon Stores as Platform: Aeon Cheers Club



- In FY2018, the Aeon Cheers Club implemented various activities across Japan. Activities are aligned with the year's theme: "energy."
- In cooperation with municipal governments, etc., the "Aeon Farmers Program," in which children can experience farm work, including planting, monitoring, harvesting and sales, was launched at nine locations in Japan. (689 participants in total in 2018)



A visit to a store power generation facility
(Aeon Mall Mito Uchihara)



Class on power generation
(Aeon Mall Tsugaru Kashiwa)



Windmill making using plastic bottles & class
on wind power generation (Aeon Style Izumo)



Planting sweet potato seedlings
(Aeon Oita Usuki Farm)



Rice harvesting experience at rice fields
(Shibayama-machi, Sambu-gun, Chiba)

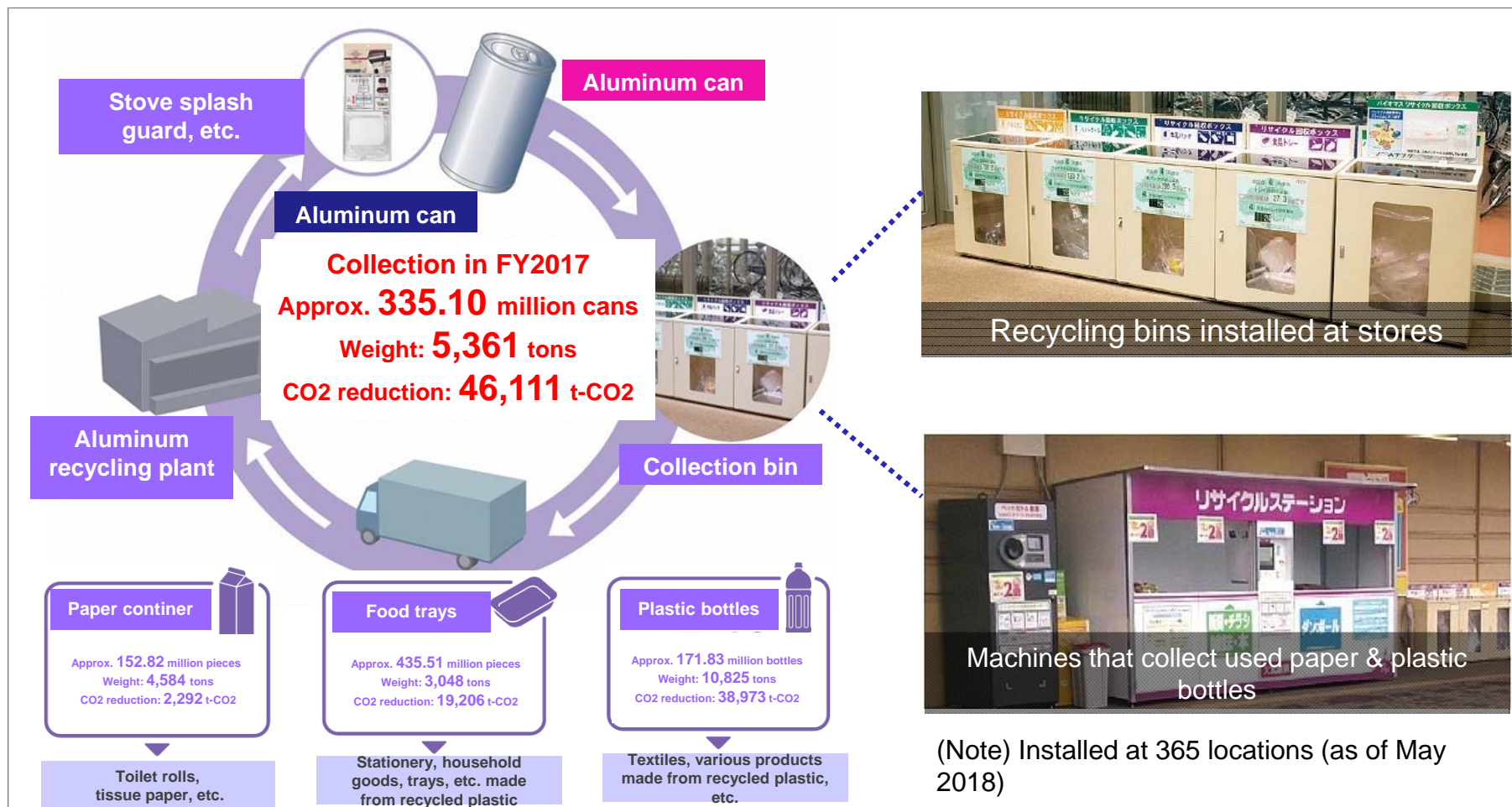


Experiencing sales of farm products
(Romanesco broccoli) (Aeon Mall Tokushima)

Aeon Stores as Platform: Collecting Recyclable Waste

Aeon stores as recycling station in local communities

[Collection of recyclable waste and recycling flow]



Aeon stores as platform Together with all stakeholders



Through Shopping: “Bring Your Own Shopping Bag” Campaign



Reducing the use of plastic carry bags in cooperation with local customers and governments

[Track record for reducing the use of plastic shopping bags]



Through Shopping: Sustainable Procurement



Environmentally friendly shopping to conserve resources for the future

[Active sales of MSC- & ASC-certified products]



TOPVALU Gurinai Natural
ASC-certified Raw Atlantic Salmon (Norway)



TOPVALU Gurinai Natural
MSC-certified Mackerel (Norway)



MSC-C-51735



第19回グリーン購入大賞 「大賞・農林水産大臣賞」受賞

主 催： グリーン購入ネットワーク
後 援： 環境省、経済産業省、農林水産省、日本経済団体連合会、
WWFジャパン、読売新聞社、毎日新聞社、日刊工業新聞社、
日経BP社、東洋経済新報社、株式会社共同通信社



※「グリーン購入大賞」
「持続可能な調達」を通じて、グリーン市場の拡大に貢献した取り組みや、SDGsの目標達成に寄与する取り組みを表彰

第1回エコプロアワード 「奨励賞」受賞

主 催： 一般社団法人産業環境管理協会
後 援： 財務省、農林水産省、経済産業省、国土交通省、環境省



EcoPro Awards

※「エコプロアワード」
すぐれたエコプロダクト（環境負荷の低減に配慮した製品・サービス）を表彰する「エコプロ大賞」が本和より「エコプロアワード」としてリニューアルされ、
製品、サービス、技術、ソリューション、人物などが「環境への配慮」が要素として含まれる取り組みを表彰

このたびの2つの賞の受賞は、2006年にMSC認証、2014年にASC認証を取得した水産物をアジアの小売業として初めて販売開始し、さらに店舗では、これらの国際認証商品の専用コーナー「Fish Baton（フィッシュバトン）」を設けて情報発信を行うなど、持続可能な水産物の認知度向上と、取り扱い拡大に向けた取り組みが評価されたものです。



「フィッシュバトン」店舗

Through Shopping: Sustainable Procurement



Environmentally friendly shopping to conserve resources for the future

[World's first fishery improvement project for eels (publicly announced in June 2018)]

【Aeon's Eel handling Policy】

- Japanese eel and Indonesia shortfin eel are our two primary items.
- We will aim to sell 100% traceable eel by 2023.
- In order to ensure the sustainability of Indonesia shortfin eels, we will promote the “Indonesian Shortfin Eel Conservation Project”.
- We will product development of “Kabayaki” using ingredients other than eel.

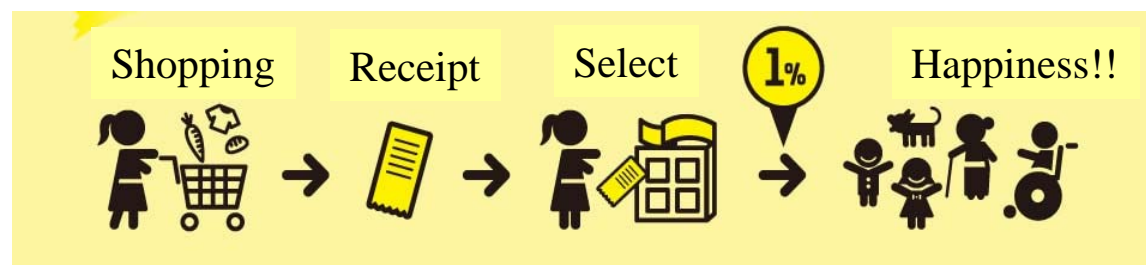


Through Shopping: Aeon Happy Yellow Receipt Campaign



- Yellow receipts are issued on the 11th of each month. If customers put their receipts in a box indicating the name of the charitable organization they support, Aeon donates 1% of sum of the amounts shown on the receipts to the organization.

Customers provide support to communities they live in
Customers can select local organizations that they wish to support



Yellow receipts are issued to customers on the 11th day of each month

Customers put receipts in boxes bearing names of charitable organizations that they wish to support

Aeon will donate 1% of total sum of receipts to the organizations



In 2017

of supported organizations: about **25,700** in total

Total amount of donations: **313,950,000 yen**

From 2001 to the end of Feb 2018

of supported organizations: about **293,600** in total

Total amount of donations: **3,429,350,000 yen**

Supporting activities of local charitable organizations, etc.

[Example: Chiba MD Econet, an NPO registered with Aeon Funabashi]

Activities of Chiba MD Econet:

Operation of a welfare facility that offers employment to people with disabilities; and

Operation of a community cafe where people both with and without disabilities work together

(Note) Opened in 2012, currently has 10 members with disabilities and 20 volunteer support workers



Variety of café equipment and fixtures have been donated via the campaign (tableware, toaster, storage baskets, umbrella stands, etc.)



Aeon Funabashi's employees and children from the Aeon Cheers Club visited the cafe and met with the staff.



Aeon stores offer PR opportunities for the NPO to explain activities (for illustration purposes only)

Through Shopping: Aeon Happy Yellow Receipt Campaign



- The Happy Yellow Receipt Campaign has been rolled out to Aeon China, Thailand & Cambodia



Aeon China (2012-)



Aeon Thailand (2015-)



Aeon Cambodia (2015-)

(Reference: FY2017 breakdown of supported organizations by activity)

	Activity of supported organizations	Share based on no. of organizations (FY2017)
(i)	Enhancement of welfare	53%
(ii)	Promotion of environmental protection & education	10%
(iii)	Promotion of community building	5%
(iv)	Promotion of art and culture	6%
(v)	Promotion of health and safety of children	26%

Through Shopping: Local WAON



- Each Local WAON card (electric money) features a specific local community. When customers pay by Local WAON card, Aeon contributes part of the payment to the community featured on their card.

Customers can support distant communities

Customers can select any place across Japan



Contributions in FY2017: approx. JPY288.33 mn

From 2009 to the end of Feb 2018: approx. JPY1,272.47 mn

Through Shopping: Local WAON



- Local WAON cards (examples)

**145 different
types of
cards issued**
(as of Dec 2018)



Through Shopping: Local WAON



Looking after local heritage for the next generation

[Example: Hokkaido Heritage WAON card]



Part of payments made using the Hokkaido Heritage Local WAON card are given, via a municipal government, to organizations that maintain Hokkaido's natural & cultural heritage, including the NPO Hokkaido Heritage Council, which endeavours to maintain the local heritage and pass it on to the next generation.

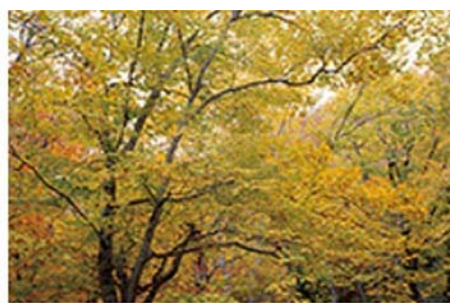
2011-2017: JPY76.27 mn^(*)

^(*) 2017: JPY12.47 mn

[Examples of funded activities in FY2017]



Giant butterbur



Japan's northernmost beech forest



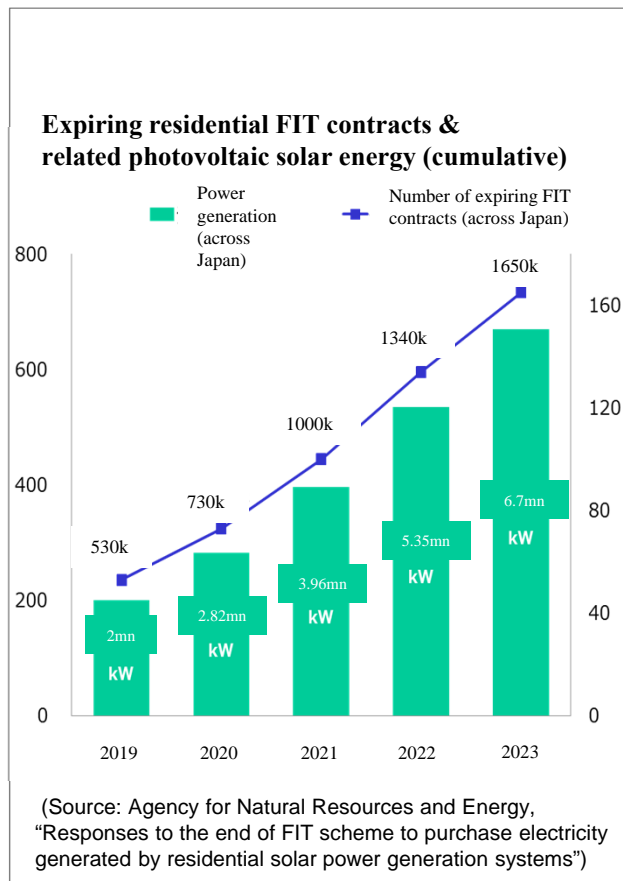
The Ubagami Daijingu Shrine Festival & Esashi-oiwake music

Supporting Local Communities: Use of excess electricity of ex-FIT households



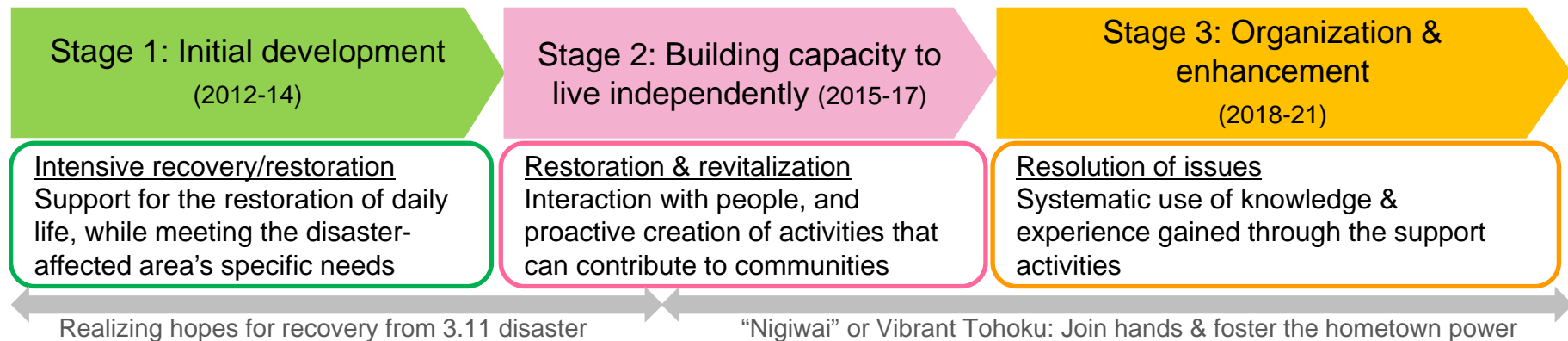
Effective use of renewable energy generated by local households whose FIT agreements have ended

[Aeon & Chubu Electric Power Co., Inc. considering a new service using post-FIT households' excess electricity (publicly announced in November 2018)]



Supporting Local Communities: Project Aeon Joining Hands

- A 10-year project (2012-21) where all Aeon employees contribute to and facilitate the reconstruction of areas affected by the Great East Japan Earthquake, leveraging various resources gained through business operations.



(i) Restoration of Tohoku: Aeon Hometown Forests Program (target: 300,000 trees)

296,379 trees planted

(ii) Volunteer activities at disaster affected areas

Achieved 3,575 volunteers in total

(iv) Aeon “Shaping the Future Program”

(iii) Volunteer activities by Aeon group companies (target: 300,000 volunteers)

Achieved 304,272 in total

(As of Dec 31, 2018)

Supporting Local Communities: Project Aeon Joining Hands

Example activity of the Aeon Shaping the Future Program

- Commercialization of Kamaishi Wine, made purely from grapes harvested in Kamaishi, Iwate. Since 2014, Aeon has sourced and grown 1,050 grape vines in Kamaishi, a region devastated by the tsunami in 2011. In 2018, 350 bottles of 7 types of wine were showcased and sold at Aeon Town Kamaishi.



2014

[Grape vine planting ceremony]



2017-

[Volunteers selecting/harvesting grapes]



[Harvested grapes]



Dec 2017-

[Tono Magokoro Net Winery]



Apr 2018-

[Kamaishi Wine showcase]



[Display & sales event at
Aeon Town Kamaishi]

Aeon stores as platform Together with all stakeholders



Supporting Local Communities: Project Aeon Joining Hands

Example activity of the Aeon Shaping the Future Program

■ Supporting efforts for restoration by Otsuchi watercress grower

Last year, a group of women started watercress farming in the mountainous area of disaster-affected Otsuchi in Iwate. After the development of recipes, 200 bunches of watercress were sold at a tasting sale event at Aeon Mall Morioka.



[Feasibility study at a proposed growing site]



[Harvesting watercress]



[Recipe development]



[POP display]



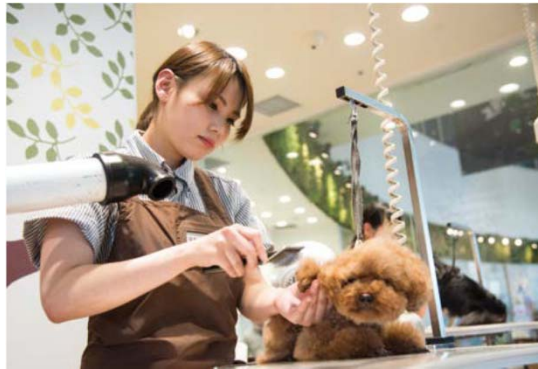
[Local producers]



[Tasting sale at Aeon Mall Morioka]

Creating Workplaces That Emphasize Human Rights & Diversity

Taking advantage of diverse backgrounds of employees, Aeon aims to foster a culture of each employee taking on challenges.



Aeon Basic Human Rights Policies (October 2018)

Aug 2001

○ **Aeon Corporate Commitment**

The Aeon Corporate Commitment articulates Aeon's direction for the future [Aeon Commitment] Aeon will create a future of limitless promise by transforming daily life through an open, dynamic approach.

Apr 2003

○ **Aeon Code of Conduct**

The Aeon Code of Conduct provides guidelines and standards that "Aeon People" should follow to put into practice Aeon's philosophy of "everything we do, we do for our customers."

Nov 2008

○ **Aeon Basic Human Rights Policies**

The policies were established to promote the Aeon Code of Conduct. Fundamental principles of the policies include: (1) respect human rights, (2) prevent discrimination, (3) establish a friendly working environment, (4) practice fair employment and (5) introduce human rights training.

Sep 2014

○ **Revision of the Aeon Basic Human Rights Policies**

Stipulation of non-discrimination based on sexual orientation or gender identity

Oct 2018

○ **Comprehensive revision of the Aeon Basic Human Rights Policies**

Outline of Revised Aeon Basic Human Rights Policies

- (i) Stipulation that Aeon supports and adheres to **the UN's Guiding Principles on Business and Human Rights**
- (ii) Stipulation that the policies apply not only to Aeon People, but also to **all stakeholders** involved in Aeon's business activities, such as business partners
- (iii) Aeon will establish **a human rights due diligence process** to grasp the impact of its business activities from the aspect of human rights and ultimately create a society in which human rights are respected

Aeon Basic Human Rights Policies

Aeon will ensure that, based on these policies, all Aeon People (management and employees) deepen their understanding of human rights and work to realize a society in which human rights are respected.

The policies apply to all Aeon People and are shared with all of Aeon's business counterparties and partners.

(i) Basic approach to human rights

In accordance with the principles of the UN Global Compact, which we adopted in 2004, regarding any people who are affected by Aeon's business activities, Aeon not only adheres to Japanese laws related to human rights and labor, but also the human rights standards described in the "International Bill of Human Rights," the "ILO Declaration on Fundamental Principles and Rights at Work" and the UN's "Guiding Principles on Business and Human Rights."

(ii) Respecting human rights through business activities

Aeon respects the diverse values, personalities and privacy of individuals and never discriminates against people on grounds of race, nationality, ethnicity, gender, age, place of birth, religion, educational background, physical or mental disability, sexual orientation or gender identity. Further, Aeon promotes a culture in which all employees are encouraged to view things from the points of view of others and to respect others as much as they respect themselves.

(ii) Human rights due diligence

Through its human rights due diligence process, Aeon confirms the impact of its business activities from a human rights perspective and pursues a society in which human rights are respected.

The “Ikiiki(*) Aeon” initiative offers people with disabilities opportunities to work in a team and demonstrate their skills.

(*) “Ikiiki” means “active” in Japanese.

Under the initiative, group companies jointly provide job opportunities and support and develop a comfortable work environment for people with disabilities.



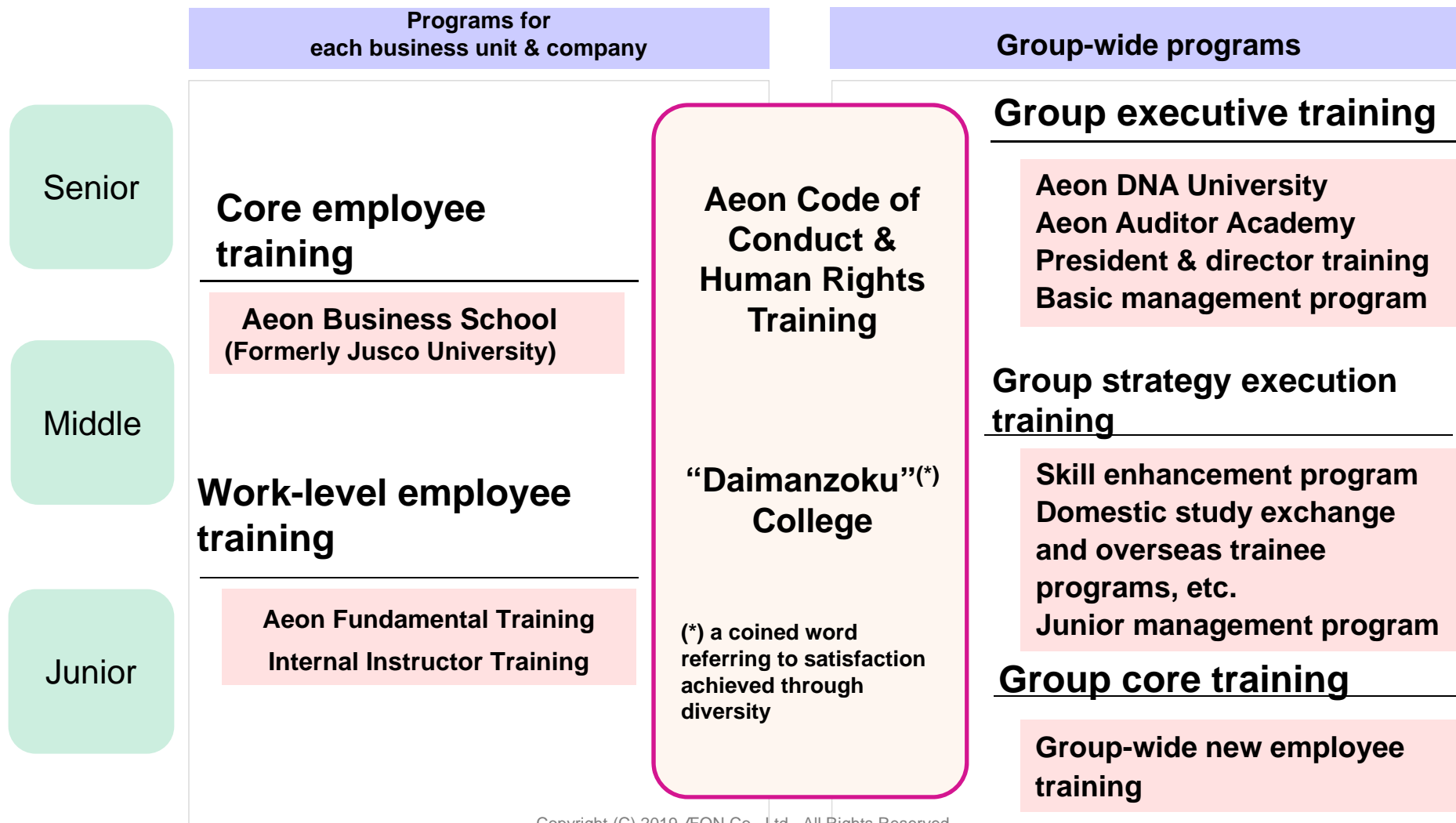
Development of a comfortable working environment

Better understanding of tasks => expansion of scope of job

HR Development: Aeon's HR Development Framework



Since its founding, Aeon has developed education programs that align with the philosophy of “education is the best form of welfare.”



HR Development: Aeon Code of Conduct & Human Rights Training



Aeon Code of Conduct & Human Rights Training started in 2004 and is applicable to all employees.



**“Aeon Code of Conduct”
is available in 13
languages**



Targeting **550,000** group employees

Taken by **3.57mn** employees in 13 countries

Daimanzoku College opened in 2014.

Courses are offered based on job level, mainly to enhance the mindset of female and junior employees toward their career.



Course completed by approx.
6,500 employees
(as of the end of Feb 2018)



Daimanzoku College's Top Management Course develops our future top management.

HR Development: Collaboration with Local Communities & Universities



Connecting with local communities & offering various learning opportunities

- ✓ Aeon developed programs jointly with Kanda University of International Studies and Chiba University as a business-academia collaboration.
- ✓ Seminars are held for trainees & visitors from outside Japan, and Aeon's corporate history, business profile, philosophy and HR development are explained.



Exchange activities with non-Japanese students at Kanda University of International Studies



Chiba University-Aeon Joint Seminar

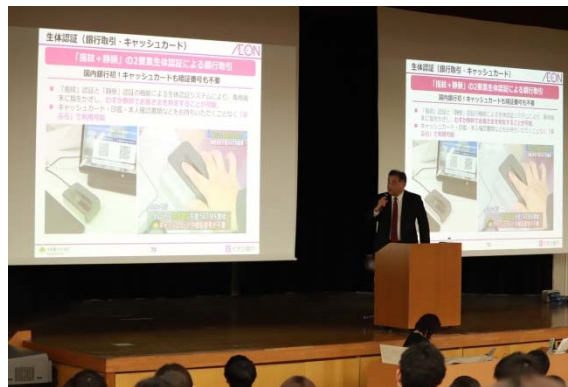


Trainees from JICA Afghanistan

Aeon Bank offers fair and high-quality financial education.

Aeon Bank runs a financial literacy education program to realize a sustainable society.

Held at **12 schools** (11 universities & 1 high school)
with a total of **2,017** participants



Snapshots of Aeon Bank's financial literacy seminar

Aeon Sustainability Principle

Aeon aims to realize a sustainable society with stakeholders based on our basic principle of “pursuing peace, respecting humanity and contributing to local communities, always with the customer’s point of view at its core.”

With “realization of a low-carbon society,” “conservation of biodiversity,” “better use of resources” and “addressing social issues” as core principles, we will think globally and advance activities locally.

Please refer to pages 46-49 of the “Aeon Report 2018,” which is published on the company website.