



Aeon
Environmental and Social Report

2015

Editorial Policy

This report reports on characteristic initiatives of Aeon Group companies, primarily for the General Merchandising Store Business and Supermarket Business.

This report presents both environmental and social initiatives of Aeon Group companies, focusing on pure holding company Aeon Co.,Ltd. and the General Merchandising Store and Supermarket Businesses. Initiatives included in the report have been selected based on the level of public interest, the level of emphasis by Aeon and other factors. They include environmental conservation activities and social contribution activities conducted together with customers as well as initiatives conducted through products and at stores.

• Report Period

FY 2014 (March 1, 2014 – February 28, 2015)*

*For operating companies with different fiscal years, the relevant time periods are indicated on each report section.

• Scope of Report

This report covers the pure holding company Aeon Co., Ltd. and its consolidated subsidiaries 263 companies, 31 companies equity method affiliates (as of February 28, 2015).

When a section applies to only certain operating companies, it is indicated as such.

The Aeon 1% Club Foundation, whose activities are funded by donations made by major Aeon Group companies totaling 1% of their pre-tax profits, and the Aeon Environmental Foundation, which takes part in activities to protect the Earth's environment, also appear in this report.

• Target Audience

Our customers, shareholders, students, local residents who live in the neighborhood of the stores of the group, business partners, NPOs, NGOs, government, investors and Aeon people (Aeon employees)

• Reference Guidelines

Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4)
Environmental Reporting Guidelines (FY2007 Version), Ministry of the Environment of Japan
Environmental Accounting Guidelines 2005, Ministry of the Environment of Japan
ISO 26000: Guidance on social responsibility

Disclaimer

This report contains plans and strategies for the future of Aeon Group, as well as predictions and prospects regarding our performance. Such information is based on our determinations and convictions made based in accordance with the facts and information currently available to us.

CONTENTS

Message from the CEO

Aeon Group Overview

Aeon Group CSR

Feature 1 Dialogue with Stakeholders

Feature 2 The Challenge of Aeon people

CSR Management

Corporate Governance

Risk Management

Compliance and Corporate Ethics

Environmental Management

Fiscal 2014 Activities

Key Issue 1

Realization of a Low-carbon Society

Reducing CO₂ in Stores, Reducing CO₂ in Products and Logistics, Generating Electricity at Stores

Key Issue 2

Conservation of Biodiversity

Sustainable Resource Usage in Products, Biodiversity Conservation at the Store Level, Contributions to the Community, Initiatives through our Products

Key Issue 3

Better Use of Resources

Initiatives for Zero Waste in Stores and Products, Together with Customers, Strengthening the Management System

Key Issue 4

Addressing social issues

Community Involvement, Fair Business Practices, Consumer Issues, Human Rights/Labor Practices

Update Report

Tohoku Reconstruction Initiatives

GRI Guidelines Indicators

Aeon is aspiring to be 'Asia's pre-eminent retailer' by balancing Aeon Group growth with the sustainable development of society.



Group CEO,
President of AEON CO., LTD.
岡田元也
Motoya Okada

Since it was first founded, Aeon has continuously worked to fulfill its mission as a retailer grounded in a basic philosophy of peace, people, and the community. This mission includes continually contributing to a better life for our customers by supporting their daily needs and continually contributing to the development of society via deep ties cultivated with local people through our businesses.

We have maintained this stance over the years through partnerships with like-minded companies in terms of the commercialization, modernization and industrialization of the retail business, constantly responding to change in the process. Today, Aeon employs a workforce of 440,000 and posts more than 7 trillion yen in operating profit. Starting in FY 2014, we launched the Aeon Group Medium-term Management Plan (FY 2014 – 2016) to capture new growth opportunities by providing solutions to social issues while also responding to the major changes taking place in Asian markets.

The new Medium-Term Management Plan builds upon the "4 Shifts" from the previous plan, which includes the Senior Shift for realizing stores, products and services that enable anyone

to shop with confidence regardless of age, the Digital Shift for using online supermarkets and the omni-channel as the central pillar of our approach to growing e-commerce markets, the Urban shift to develop stores and businesses tailored to the lifestyle needs of people with urban lifestyles, and the Asia Shift to provide safe and reliable products and services to people in the China and ASEAN markets. Another cornerstone of this plan is the implementation of product-oriented reforms, including the further reinforcement of the TOPVALU brands. At the same time, Aeon will pursue sustainable management that contributes to a sustainable society and sharing affluence together with customers and all other stakeholders gained from common group-wide measures carried out in Japan, China, and ASEAN together with producers and manufacturers.

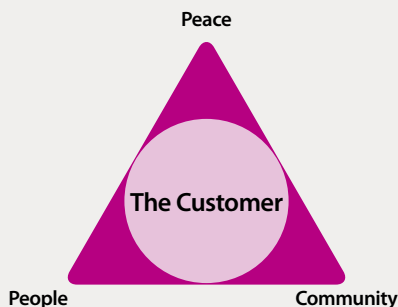
Aeon was the first retailer in Japan to become a signatory to the UN Global Compact and since then we have consistently supported and practiced the 10 principles set out therein, which has enabled us to steadily implement sustainable management. Once achievement of these efforts has been establishing a framework for shared growth by requesting all suppliers—everywhere in the world—of TOPVALU products to comply with the Aeon Supply CoC (Code of Conduct).

Based on its partnerships over the years with countless companies, Aeon recognizes and respects the fact that diversity is an extremely important value. Harnessing this unique Aeon strength of diversity, we are expanding training programs and career development initiatives for sharing and practicing our basic philosophy so that we can become an even stronger group of companies.

Aeon will continue, through dialogue and cooperation with our diverse stakeholders, to further evolve sustainable management and to grow over the mid- and long-term to become Asia's pre-eminent retailer.

AEON Basic Principles

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



The word aeon (ÆON) has its origins in a Latin root meaning "eternity." The customers' beliefs and desires comprise the central core of our philosophy. At Aeon, our eternal mission as a corporate group is to benefit our customers, and our operations are thus customer-focused to the highest degree.

Peace: Aeon is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

People: Aeon is a corporate group that respects human dignity and values personal relationships.

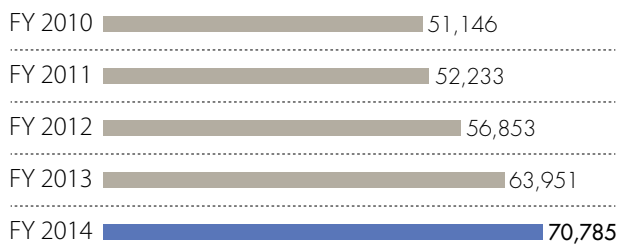
Community: Aeon is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

On the basis of the Aeon Basic Principles, Aeon practices its "Customer-First" philosophy with its ever-lasting innovative spirit.

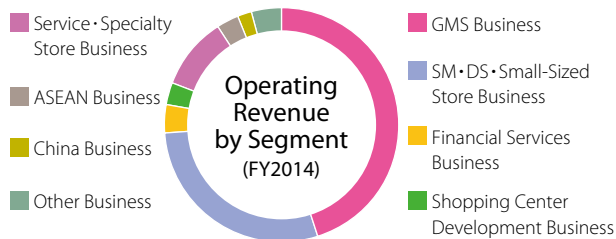
The Aeon Group consists of around 300 companies in Japan, China and ASEAN, employing over 440,000 people unified in the aim of contributing to a comfortable and convenient lifestyle for our customers.

Aeon is mainly a GMS (General Merchandise Store) enterprise, but is expanding to large mall-type regional commercial area shopping centers (SC) as well as a variety of local commercial area specialty shops that supply life's daily necessities and offer specialized services to the local community. In addition, in support of our customers' healthy and comfortable life, we are developing a variety of businesses such as small supermarkets, convenience stores, drug stores, and general financial services. More than 440,000 Aeon employees, in around 300 Aeon Group companies in Japan, China and ASEAN, are striving to contribute to the convenient and comfortable living of our customers and to achieve global 'customer satisfaction.'

Operating revenue (billion yen)

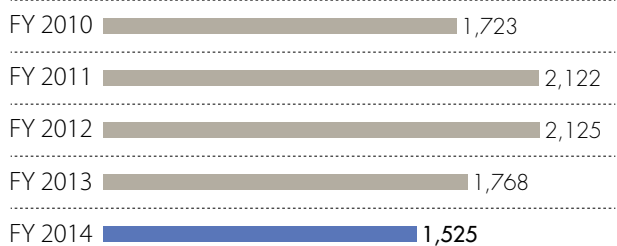


Operating revenue (%) by Segment*



* Based on simple combined figures before consolidated adjustment

Ordinary income (billion yen)



General Merchandise Store Business

The Segment engages in operating general merchandise stores for enriching everyday lives of customers with specialized product lineups and services.



AEON Retail Co., Ltd., AEON Hokkaido Corporation, SUNDAY CO., LTD., AEON KYUSHU CO., LTD., AEON SUPERCENTER Co., Ltd., AEONBIKE CO., LTD., AEON Bakery Co., Ltd., AEON LIQUOR CO., LTD., AEON RYUKYU CO., LTD., JOY Co., Ltd. TOPVALU COLLECTION CO., LTD., Bon Belta Co., Ltd.

Supermarket & Discount Store Business

The Segment engages in operating community-rooted supermarkets and discount stores working to enhance lineups of everyday necessities focused on foodstuff as well as various services.



United Super Markets Holdings Inc., Maxvalu Nishinohon Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Tokai Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Hokkaido Co., Ltd., Maxvalu Kyushu Co., Ltd., ©Inageya Co., Ltd., ©Belc CO., LTD., A-Colle Co., LTD., AEON BIG CO., LTD., AEON MARKET CO., LTD., KASUMI CO., LTD., KOHYO CO., LTD., SANYO MARUNAKA CO., LTD., The Daiiei, Inc., BIG-A CO., LTD., BIG-A KANSAI JAPAN CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., The Maruetsu, Inc., marunaka CO., LTD., Red Cabbage Co., Ltd., ©ichimaru Co., Ltd.

Small Size Store Business

The Segment engages in developing and operating small-sized supermarkets and specialty stores offering packed deli food mainly in urban areas in Japan, in addition to the convenience store business in Japan and Asian countries.



MINISTOP CO., LTD., ORIGIN TOSHU CO., LTD., My Basket CO., LTD

Drugstore & Pharmacy Business

The Segment engages in operating drugstores and dispensing pharmacies to help local residents maintain their own health. In addition to widening products lineups from medical products, daily necessities to health foods, it is working to expand its services including dispensing for home care patients.



CFS Corporation, WELCIA HOLDINGS CO., LTD., ©Medical Ikkou Co., Ltd., ◇TSURUHA HOLDINGS Inc., ◇KUSURI NO AOKI CO., LTD., WELCIA YAKKYOKU Co., Ltd., SHIMIZU YAKUJIN CO., LTD., TAKIYA Co., Ltd., ©Welpark Co., Ltd., ©ZAG ZAG Co., Ltd.

* The above companies constitute Hapycom, an alliance of drugstores and dispensing pharmacies.

● Financial Services Business

The Segment engages in offering integrated financial services that combine credit, banking, insurance services, and e-money WAON cards. In Asian countries, it mainly operates the credit card business.



AEON Financial Service Co., Ltd., AEON CREDIT SERVICE (ASIA) CO., LTD., AEON THANA SINSAP (THAILAND) PLC., AEON CREDIT SERVICE (M) BERHAD, ©AEON REIT Investment Corporation, AEON BANK, LTD., AEON CREDIT SERVICE CO., LTD., AEON HOUSING LOAN SERVICE CO., LTD., AEON Product Finance Co., Ltd., AEON INSURANCE SERVICE CO., LTD., AEON Reit Management Co., Ltd., FeliCa Pocket Marketing Inc.

● Shopping Center Development Business

The Segment engages in developing and operating community-friendly shopping malls in Japan and Asian countries. In cooperation with other segments, it is working to enhance its services and facilities in accordance with the changing trends in society.



AEON Mall Co., Ltd., AEON TOWN Co., Ltd.

● Service & Specialty Store Business

The Segment engages in providing services that make everyday life more convenient and comfortable, as well as operating an array of specialty stores tailored to diversifying customer needs.



[Service Business]

AEON DELIGHT CO., LTD., AEON Fantasy Co., Ltd., ZWEI CO., LTD., AEON Eaheart Co., LTD., AEON ENTERTAINMENT CO., LTD., AEON CULTURE CO., LTD., AEON COMPASS CO., LTD., AEON LIFE CO., LTD., KAJITAKU Co., Ltd., Reform Studio Co., Ltd.

[Specialty Store Business]

GFOOT CO., LTD., COX CO., LTD., ©Taka:Q Co., Ltd., Abilities JUSCO Co., Ltd., AEON FOREST CO., LTD., AEON PET CO., LTD., AEON BODY Co., Ltd., Claire's Nippon Co., Ltd., Cosmeme CO., LTD., Talbots Japan Co., Ltd., Branshes Co. Ltd., MIRAIYA SHOTEN CO., LTD., Mega Sports Co., Ltd., MEGA PETRO Co., Ltd., LAURA ASHLEY JAPAN CO., LTD., AT Japan Co., Ltd., R.O.U CO., LTD.

● Digital Business

The Segment engages in driving further growth of e-commerce including Net Super, while promoting AEON's unique strategy of omni-channel that integrates experiences, products and the Internet.



AEON Direct Co., Ltd., AEON Link Co., Ltd.

● International Business

The Segment engages in operating general merchandise stores, supermarkets, discount stores and other businesses in China and ASEAN countries. The stores, products and services are tailored to the life style of the respective countries.



[China]

AEON (CHINA) CO., LTD., AEON Stores (Hong Kong) Co., Limited., AEON EAST CHINA (SUZHOU) CO., LTD., AEON (HUBEI) CO., LTD., AEON South China Co., Limited., BEIJING AEON CO., LTD., GUANGDONG AEON TEEM CO., LTD., QINGDAO AEON DONGTAI CO., LTD.

[ASEAN]

AEON ASIA SDN. BHD., AEON Co., (M) Bhd., AEON BIG (M) SDN. BHD., AEON INDEX LIVING SDN. BHD., AEON (CAMBODIA) Co., Ltd., AEON (Thailand) CO.,LTD., PT. AEON INDONESIA

[Vietnam]

AEON VIETNAM Co., LTD., DONG HUNG INVESTMENT DEVELOPMENT CONSULTANCY JOINT STOCK COMPANY LIMITED, ©FIRST VIETNAM INVESTMENT JOINT STOCK COMPANY

Shared Function Companies: ©YAMAYA CORPORATION, AEON Integrated Business Service Co., Ltd., AEON AGRI CREATE Co., Ltd., AEON GLOBAL SCM CO., LTD., AEON GLOBAL MERCHANDISING CO., LTD., AEON TOPVALU CO., LTD., AEON FOOD SUPPLY Co., Ltd., AEON MARKETING CO., LTD., Cordon Vert CO., LTD., Research Institute For Quality Living Co., Ltd., Tasmania Feedlot Pty. Ltd., ©AEON Demonstration Service Inc.

* Only major companies in each business segment are shown.

© Equity-method Affiliates, ◇ Affiliated Companies

As of April 1st, 2015

AEON is contributing environmentally and socially through business operations, and also through promoting initiatives of the AEON 1% Club Foundation and the AEON Environmental Foundation.

AEON 1% Club Foundation

The AEON 1% Club Foundation was established in 1989 with the philosophy that AEON is a company that makes proper use of the benefits received from customers for the future and for the community. Our activities are centered around the sound upbringing of children who will lead the next generation, the promotion of international friendship and goodwill, and sustainable development of the local community. Major companies in the AEON Group contribute 1% of pre-tax profits.

AEON Environmental Foundation

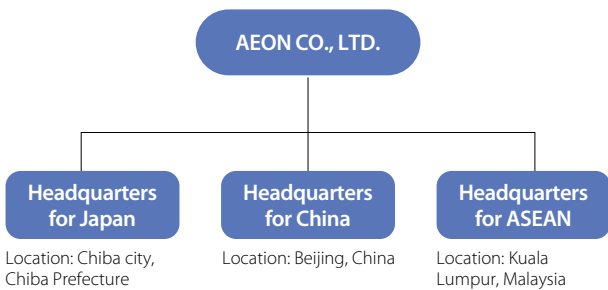
The AEON Environmental Foundation was founded in 1990 to provide support to like-minded groups actively developing projects to protect the global environment. The Foundation has planted trees around the world and promoted a variety of joint environmental protection initiatives, such as the development of human resources in the fields of the environment and conservation of biodiversity.

The relationships with our stakeholders we have cultivated in Japan, it has spread also to Asian countries.

Aeon since its inception, "retail industry rooted in the local community, local industry to continue to grow with the region" the original idea, we have to expand the business. Currently, including Japan, China, and we are developing a variety of businesses that support the day-to-day living in a total of 13 countries of the ASEAN countries. "Aeon Group Medium-term Management Plan (2014-2016)", it captures the

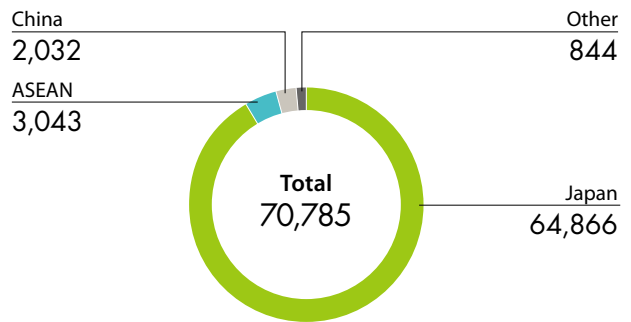
expansion of the Asian market and the growth opportunities of the ion, retail become a unified group, financial, services, business development in multi-format such as doing. Through exchanges with various know-how and local people cultivated in Japan, as well as contribute to the sustainable development of local communities, we are committed to respond to the needs and social issues of the region unique.

3 headquarters structure

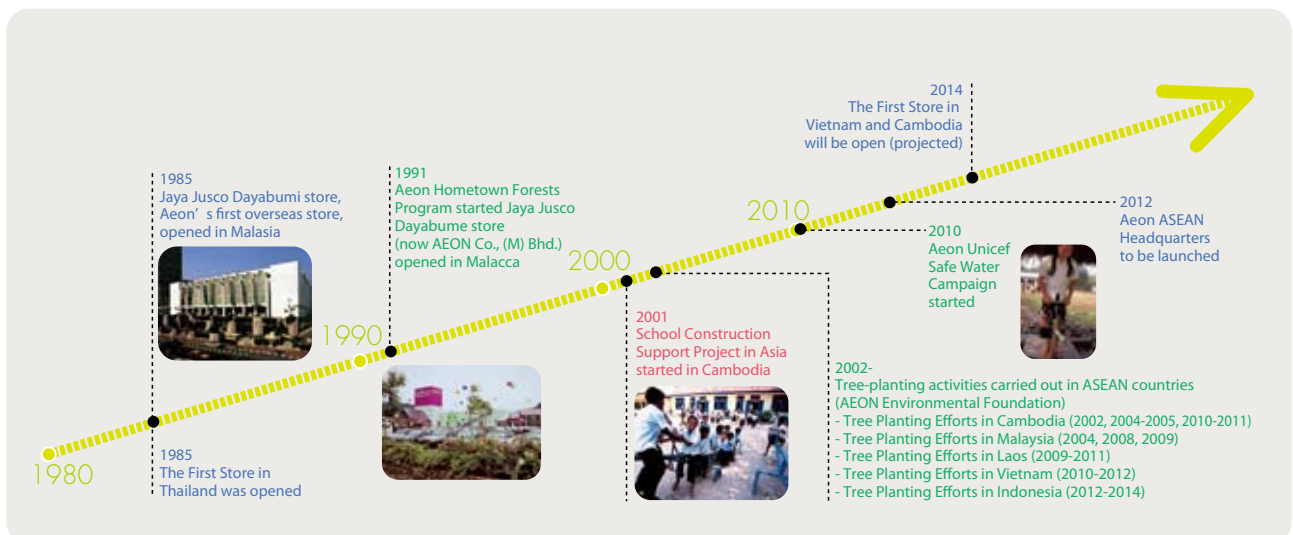


Operating revenue by region

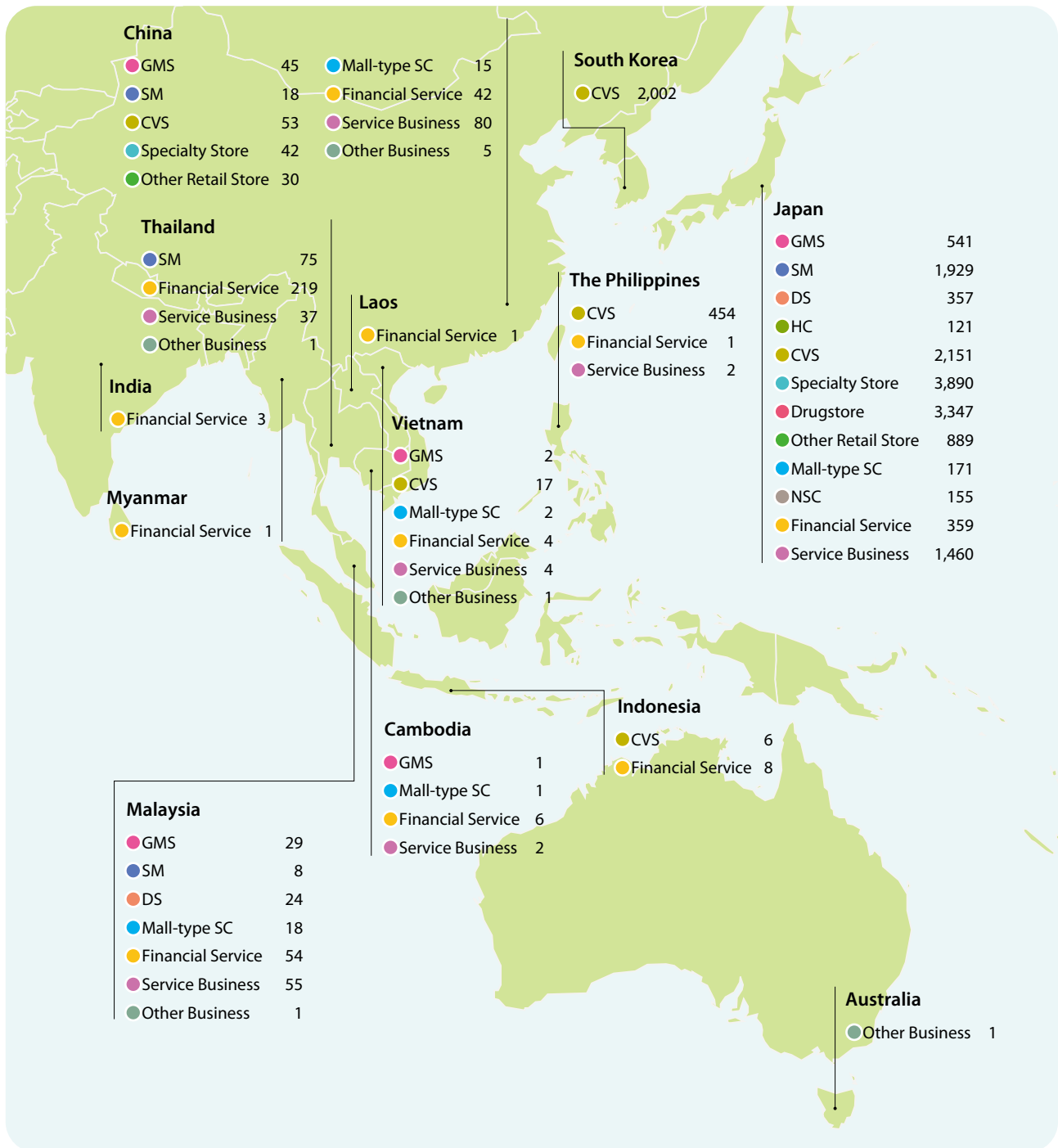
(unit: ¥100 million)



Aeon's History in the ASEAN Region



The number of stores and offices, including consolidated subsidiaries and equity-method affiliates



- GMS (General Merchandise Store) 618
- SM (Supermarket) 2,030
- DS (Discount Store) 381
- HC (Home Center) 121
- CVS (Convenience Store) 4,683
- Specialty Store 3,932
- Drugstore 3,347*1
- Other Retail Store 919
- Mall-type SC (Shopping Center) 207*2
- NSC (Neighborhood-type Shopping Center) 155*3
- Financial Service 698
- Service Business 1,640
- Other Business 9

Total **18,740** Stores/locations

*1 Including affiliated companies

*2 Including SCs operated under the name of AEON Mall as well as those with total leased area of over 20,000m2

*3 NSCs operated under the name of AEON TOWN

(End of FY 2014)

Since
1960
History

Basing Actions on our Company mission statement of "Supporting the Local Community through Commerce"

The Origin of Aeon's CSR Activities Engaging in "Responsible Initiatives" while Expanding our Business

Aeon's predecessor company, JUSCO, Inc., came into being in 1970, as the result of a merger between three companies—Okada, Inc., Futagi, Inc., and Shiro, Inc. JUSCO expanded business with the mission statement at the time of 'Supporting the Local Community through Commerce.' Since that time, the Aeon Group has grown its business and partnered with companies that share its aspirations for moving retail into more corporate, modern, and industrial forms. In the 40 years since 1970, sales have increased from 500 million yen to 7 trillion yen, the number of stores has expanded from 70 to 18,740, and the number of employees has increased from 4000 to 440,000.

While charting this course, Aeon has generated new strength for responding to changes in the times by bringing together a work force with a diverse array of skills. In order to continue providing safe and reassuring products, we have constantly increased our emphasis on and recognition of "responsible initiatives" along with business expansion. In alliance with our business partners and many stakeholders, we have remained aware of the importance of increasing value, such as the quality of products, and of the growing expectations from society for our role in providing employment and protecting the environment as the scale of our business increases.

The Origin of Tree Planting Activities Carrying the Source of Wealth forward into the Future

In the 1960s, Takuya Okada, then president of JUSCO (present day Aeon) and currently Aeon Honorary Chairman and Advisor, noticed that the Nandina Heavenly Bamboo flowers in the garden of his home had stopped blooming. He assumed that was a result of the earth's changing environment. He also felt a sense of crisis, realizing that the pollution accompanying economic growth would create social problems and that the loss of nature's richness would be connected with a loss of sources of wealth. The result was contemplation on how a retailer could improve the situation, and establishment of The Aeon Hometown Forests Program. By planting trees, the Company was able to work side by side with local customers, deepen connections with local residents, and share a peaceful sense of joy while recognizing the importance of nature. Mr. Okada's idea was to incorporate implementation of the Aeon Basic Principles in tree planting activities.

1989-2001 Building a CSR Promotion Framework and Launching New Initiatives

Starting with Trees—Embarking on Many Activities Leading to Today's CSR Initiatives

In order to carry out corporate activities befitting of a retailer representing Japan as well as Asia, and to continue to be a retailer consistently delivering vital value in the form of "richness," Aeon has proceeded to build a framework since the latter 1980s for engaging in CSR activities as an organization.

In 1989, the Aeon Group 1% Club (the present Aeon 1% Club Foundation) was established (see p.4) and in 1990 the JUSCO Earth-Friendly Committee was formed, along with the Aeon Group Environment Foundation, the present Aeon Environment Foundation (see p.4).

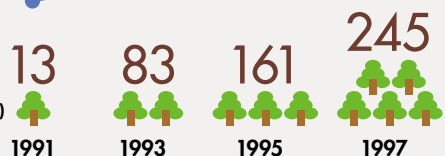
Building on this foundation, the Aeon Hometown Forests Program was started in 1991, followed by the Bring Your Own Shopping Bag Campaign and the Collecting Recyclable Resources at Stores Campaign. In 2000, we received ISO 14001 certification for our environmental management system. In this way, Aeon has embarked on environmental conservation and many other activities leading up to today's CSR initiatives.

- 1989 Established the Aeon 1% Club Foundation
- 1990 Established the JUSCO Earth-Friendly Committee
Established the Aeon Environmental Foundation
- 1991 Initiated the Aeon Hometown Forests Program
Started Clean & Green activities
Commenced the "Bring Your Own Shopping Bag" Campaign on a trial basis as well as launched the experimental "Collecting Recyclable Resources at Stores" Campaign.
- 2000 Acquired the international standard ISO14001 certification for environmental management
- 2001 Started the Aeon Happy Yellow Receipt Campaign

Operating revenue

Group employees

Number of trees planted (unit: 10,000)



* Combined total for the Aeon Hometown Forests Program and Aeon Environmental Foundation

2002-2008 Expanding Activities from a Global Perspective

Launching Initiatives Incorporating the 10 Principles of the United Nations Global Compact

With a view to reinforcing its global perspective on CSR, Aeon in 2004 became Japan's first retailer to sign the United Nations Global Compact. Based on the 10 principles outlined in the United Nations Global Compact, Aeon formulated its "Aeon Supplier Code of Conduct" (CoC) (see p.75), and acquired SA8000 certification (see p. 77), an international standard related to human rights and labor conditions. Building on these activities, Aeon and three labor organizations, including the international labor body UNI Global Union, signed the Global Framework Agreement on labor practices, human rights, and the environment in 2014.

Since 2008, Aeon has participated in the Supply Chain Sub-Committee of the Global Compact Japan Network in order to promote CSR together with our supply chain partners. Dialog with member companies is ongoing.



- 2003** Formulated the Aeon Supplier CoC (Code of Conduct)
- 2004** Endorsed the United Nations Global Compact
- Acquired the international standard SA8000 certification for evaluating work environments

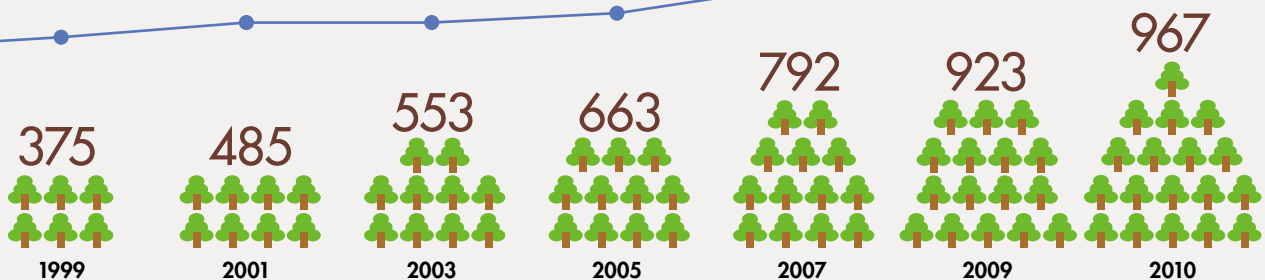
2008-2010 Promoting More Group-wide and Planned Activities

Formulating Aeon Group Principles Concerning Biodiversity and the Prevention of Global Warming

In 2008, we announced the Aeon Manifesto on the Prevention of Global Warming, making us the first Japanese retailer to set specific targets for CO₂ emission reduction. Through initiatives in our stores (developing Eco Stores, etc.), in our products (conserving resources used in packaging materials and changing transportation methods), and with our customers (planting trees at Aeon stores), we were able to achieve the fiscal 2012 reduction target of a 30% (1.85 million tons-CO₂) cut, in comparison with fiscal 2006 levels, one year early in fiscal 2011. At present, we are moving forward not only with environmental conservation initiatives, but have also added the Aeon Eco Project (see p.39), as part of our effort for stores to be emergency lifeline centers.

Furthermore, we formulated the Aeon Biodiversity Principle in 2010, the year that COP10 (the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity) was held in Japan. Aeon continues to develop and sell biodiversity-responsive products with MSC (Marine Stewardship Council), ASC (Aquaculture Stewardship Council), and FSC (Forest Stewardship Council) certifications, and creates stores conscious of protecting and rejuvenating ecosystems.

- 2008** Formulated the Aeon Manifesto on the Prevention of Global Warming
- 2010** Formulated the Aeon Biodiversity Principles





Stepping Up Key Issue Initiatives Based on the Aeon Sustainability Principle

2011-2013 Striving for Group Growth and Societal Development

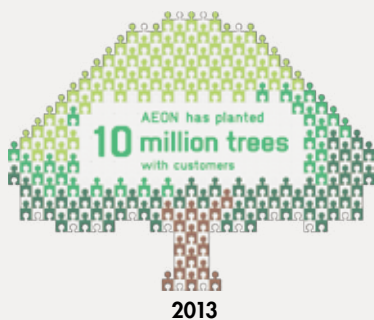
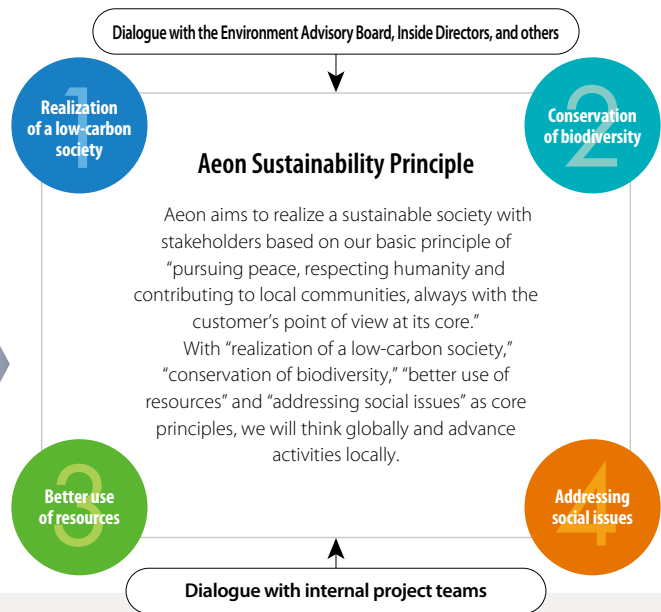
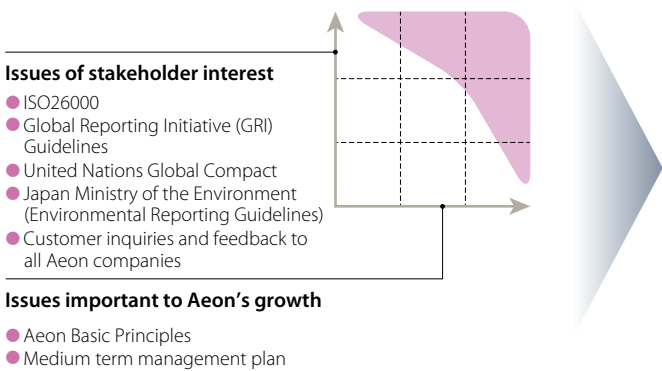
'4 Key Issues' for Sustainable Management

As the globalization of our business continues to make great strides and our impact on the environment and society rise to new levels, we are more actively promoting CSR initiatives Group-wide. In March 2011, we formulated and announced the Aeon Sustainability Principle seeking to achieve sustainable management that satisfies both group growth and societal development.

In formulating the Principle, we took into account worldwide megatrends, the changing values of people, social issues addressed in the UN Millennium Development Goals, initiatives and guidelines regarding social responsibility, such as ISO 26000, as well as the basic content of our new Medium Term Management Plan. Deliberations took place by stakeholders inside and outside the company, such as our Environmental Advisory Board, inside and outside Directors,

and Aeon people involved with CSR activities. Along with determining the 4 Key Issues for the Aeon Group, we set mid- and long-term key performance indicators (KPI) for each Key Issue, and continue to publicize our progress every year in our Aeon Environmental and Social Report.

- 2011 Developed the Aeon Sustainability Principle
- 2012 Started the Aeon ECO Project
- 2014 Formulated the Aeon Sustainable Procurement Principles
Signed the Global Framework Agreement
Joined forces with the United Nations Industrial Development Organization (UNIDO) to extend CSR programs in Malaysia



10 million trees



Launching "Big Challenge"—Our Targets for 2020

In order to further advance our sustainability management while responding to the changes in the social environment and the business environment, Aeon assessed the results of its current CSR activity level as "Stage II" in ----- 2014. This refers to a three-stage classification system where Stage I denotes business management that controls risk in social, environmental, and economic terms; Stage II denotes CSR activities as functioning to solve social issues and providing the opportunity for growth; and Stage III denotes CSR activities and business activities being managed in a fully integrated fashion. Aeon announced its "Big Challenge" comprising 10 categories

that need to be achieved in order to reach a target of Stage III by 2020.

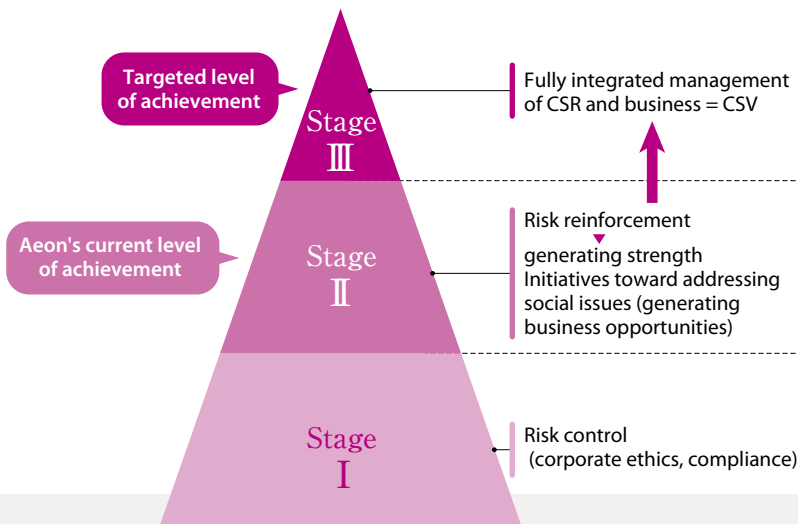
In 2015, we held dialogues (see p.11) with our stakeholders (including external experts), discussing our progress on these activities and receiving advice on how to proceed going forward.

Aeon will continue to promote dialogue with stakeholders inside and outside the Company. While not settling for the status quo, we will endeavor toward responsible corporate conduct befitting Asia's pre-eminent retailer.

10 categories "Big Challenge"

- 1 Realization of a low-carbon society**
 - Promoting the Aeon Eco Project
 - Implementing the Aeon Natural Refrigerants Declaration
 - Reducing CO₂ in our products and services
- 2 Conservation of biodiversity**
 - Sustainable procurement
 - Planting our next 10 million trees
- 3 Better use of resources**
 - Zero waste
- 4 Addressing social issues**
 - Proposing ideas for healthy lifestyles
 - Building a social brand
 - Expanding employment of non-Japanese employees
 - Raising our female manager ratio

"Big Challenge"



- 7 trillion yen in revenue
- 440,000 employees

Encouraging Aeon to become a smarter company through contributions to the sustainable growth of local communities

Part I Aeon's CSR Activities

Pursuing "peace" through CSR

Kanamaru:

At Aeon, we have promoted CSR activities under a wide variety of themes based on the Aeon Basic Principles ever since environmental preservation and international people to people exchange programs were initiated with the launch of the Aeon 1% Club established in 1989 (see p.4). In 2011, our business activities expanded globally to China and ASEAN, which meant that the impacts the Aeon Group has on the environment and society increased markedly as well. For this reason, the Aeon Sustainability Principle was drawn up based on international initiatives and guidelines on CSR, stakeholder opinions, as well as the business characteristics and growth strategy of the Aeon Group. This basic policy set forth the four key pillars of "realization of a low-carbon society," "conservation of biodiversity," "better use of resources," and "addressing social issues." KPI have been set for each individual initiative so that CSR activities

are integrated with corporate management.

Sueyoshi:

Incorporating the key words "peace," "people," and "community" into a basic policy is very Aeon-like. I strongly commend this because "peace," in particular, is a word that we really don't hear very often in business. This demonstrates Aeon's strong commitment to sustainability because without peace there would be no retail.

Edahiro:

I felt the same way. Yet, at the same time, I also felt it Aeon should make its awareness of global and society issues, which form the basis for the four pillars, more visible to all. That is, what are today and tomorrow's issues of a globalized society and how is Aeon involved with these? What will it do to address them? I know the four pillars were decided on after various forms of dialogue with stakeholders, but I feel, as a multinational corporation, Aeon needs to share with us why it selected these four pillars. By talking about the future of society and the environment, Aeon will be able to gain the understanding of more stakeholders, and its principle of



Junko Edahiro

Chief Executive, Japan for Sustainability (JFS)
Founder and President, e's Inc.



Minako Oishi

Director, NIPPON ASSOCIATION OF CONSUMER SPECIALISTS
Chairman, Environment Committee



Takejiro Sueyoshi

Outside director, AEON CO., LTD.
Nominating Committee Chairman,
Compensation Committee
Special Advisor, UNEP Finance Initiative



Koichi Yamanashi

Executive Officer for Business Planning
AEON CO., LTD.



Haruko Kanamaru

General Manager, Corporate Citizenship Dept.
AEON CO., LTD.

“pursuing peace” will come alive.

Oishi:

I’m viewing company initiatives from the perspective of consumers, and I feel that the retail industry plays the largest role in educating consumers as to why CSR activities are important and why they are being carried out. Consumers shop at stores on a daily basis. If Aeon can convey social issues and its initiatives simply and concisely, so as to help consumers select certain products, it can change consumption patterns and change lifestyles. This is the kind of huge potential the retail industry has.

Sueyoshi:

Every day millions of consumers are buying millions of things. When it come to food, for example, it is very important to inform consumers about today’s problems facing the earth, which provides us with sustenance through nature. At the same time, such efforts should also be important for Aeon’s approach to business sustainability as a retailer. Earlier we heard how Aeon intends to integrate CSR activities with corporate management. A story is a key in this instance, such as Aeon is carrying out these activities because its own business model would not survive without a sustainable society.

Yamanashi:

Thank you for pointing that out. Decisions are made based on various discussions and debate that take place within Aeon. When we share things with people outside the company, we tend to say things like “We will do this.” or “We did that.” I think we get a little weak in the knees if someone questions whether our activities really incorporate holistic medium- to long-term perspectives on environmental and social issues. We’ll reflect this in our future information sharing.

–Having talking about awareness of the issues somewhat, can you now introduce the Big Challenge 2020 campaign that was newly launched in 2014?

PartII Big Challenge 2020

Identifying important initiatives for growth strategy execution

Kanamaru:

Aeon is aiming to become Asia’s pre-eminent retailer. Toward that end, we are implementing the Medium-term Management Plan, which focuses on the ‘4 Shifts (see p. 2)’ strategy in response to megatrends in global markets and revamping our TOPVALU brand with product-oriented reforms. In March 2014, we discussed a variety of topics, including the four pillars, with emphasis given to the future, from the standpoint of what responsibilities Aeon should fulfill in the implementation of its growth strategy and how could Aeon contribute to solving social issues through its businesses. The results found 10 actions that were included in KPI up to 2020 and a plan known as “Big Challenge 2020”



(see p.10). This includes actions for which efforts will be bolstered in the future and actions we have not been able to focus on, despite their importance. Of these, we selected the Aeon Eco Project, sustainable procurement, the next 10 million trees, and zero waste as actions in which to concentrate our efforts.

Yamanashi:

I believe that Aeon’s CSR activities, having passed through the phase of individual initiatives for each issue following the Aeon Basic Principles and Aeon Sustainability Principle, are currently in the phase where solutions to environmental and social issues are beginning to be incorporated into core business processes or the phase where certain initiatives are beginning to be utilized as a core of a differentiation strategy. To further accelerate this trend, Aeon has decided to tackle the challenge of integrating CSR activities with corporate management as it heads toward 2020.

–Can everyone share their views about approaches to and initiatives within these four main fields?

PartIII Aeon Eco Project

Stores that save energy, generate electricity, and have disaster-prevention facilities

Kanamaru:

Given rising demand recently for conserving electricity and energy and the experience of the Great East Japan Earthquake, the Aeon Eco Project (see p.39) seeks to reduce energy usage and generate renewable energy, for the betterment of the environment, while also protecting the community during emergencies with disaster-prevention facilities. In other words, it seeks to provide lifelines for living.

Sueyoshi:

Conserving energy and generating energy are actions that the entire world should be taking, not only Aeon. The unique aspect of Aeon’s efforts is its ability to use its stores

as disaster-prevention facilities.

Edahiro:

I believe it's a great, Aeon-like initiative, but I feel having the role of disaster-prevention facilities included within the realm of "eco" seems a bit out of place.

Kanamaru:

We were also concerned about how this would fit, so we set up the framework called Smart Aeon to introduce our efforts.

Edahiro:

I have a proposal. I've recently spoken a lot about resilience as an initiative to defeat global warming and mitigate natural disasters. Aeon should organize activities around this key word as it develops the ability to flexibly overcome any situation in each community.

Sueyoshi:

Disaster-prevention facilities originated from the Great East Japan Earthquake when Aeon stores were made available to the public as evacuation shelters, a gesture much appreciated by local communities. From my perspective as an outside director, the Aeon Eco Project is a condition for being competitive. As Aeon competes with other stores in each community, what kind of competitive advantages can Aeon leverage? Traditionally, this has taken the form of prices, taste, and design, but now Aeon is marketing its value in terms of the environment and disaster mitigation. Aeon will truly achieve its goal of CSR activities integrated with corporate management, when this value is recognized by consumers and translates into improved business performance.

Oishi:

I'd like to change the subject. Of the 10 actions, the one about installing natural refrigerant-based refrigerators and freezers caught my attention. The other day, I attended a

meeting on the revised Freon Act, where I heard that little progress has been made in introducing this equipment because the cost is too high. This is why I would like Aeon to take the lead and show others it's possible.

Kanamaru:

Thank you. We announced the Aeon Natural Refrigerants Declaration (see p.42) in November 2011 that states we will use natural refrigerants in every new stores to open from fiscal 2015 onward and steadily changeover to natural refrigerants at our existing stores. Currently, there are very few manufacturers that offer this equipment, which has contributed to the problem of high costs, but the Ministry of the Environment has a subsidy program in place that we will utilize.

Edahiro:

I'd like Aeon to help lobby other manufacturers to begin using this technology.

Part IV Sustainable Procurement

Formulating policy based on both business and the environment

–Next, let's look at the theme of sustainable procurement. In 2014, Aeon announced the Aeon Sustainable Procurement Principles and Aeon Sustainable Seafood Procurement Policy.

Kanamaru:

A little earlier Mr. Sueyoshi pointed out that the loss of nature's bounty is a serious issue for Aeon. This is the truth, and using the example of seafood, today the stock of many fish species is faced with the threat of depletion. As a result, we drew up the Aeon Sustainable Seafood Procurement Policy in order to preserve the biodiversity of seafood while fulfilling our responsibility to provide a stable supply. In 2006, we began carrying MSC-certified (see p.50) seafood products with Marine Eco-Label seal of approval. Today, our lineup includes 23 products across 13 species, which is the largest in Japan.

Sueyoshi:

Many people consider biodiversity to be the act of protecting living things or endangered species. Although this is not incorrect, I feel that biodiversity needs to be viewed from a business perspective in the case of company initiatives. In this regard, I can commend initiatives that consider both business, such as stable supply, and the environment, such as biodiversity.

Oishi:

As has been shown with the issue of tuna and eel, it is important to share the reality we face in terms of marine resource depletion with consumers more thoroughly. I believe that many consumers don't actually know about the reality behind MSC certification.

Sueyoshi:

In Europe and North America, high-end grocery stores carry



a large number of eco-friendly product and consumers, too, know a lot about these issues, which has formed a consumer trend. In contrast, I feel that Japanese retailers tend to place low-priced items in highly visible places. Placing MSC-certified items in highly visible locations is something positive for both raising consumer awareness and increasing revenues over the medium to long term.

Yamanashi:

That certainly seems like the case. The retail industry is a world where you can tell whether you win or lose the competition in a matter of hours. This tends to focus your attention only on what's in front of you, such as the inclination to compete on prices. Therefore, I believe a great challenge for the retail industry to overcome is how we can overcome the dilemma presented by the gap between eternal principles and day to day reality.

Edahiro:

Given this dilemma, Aeon has been working on carrying certified products since back in 2006. This is something I can commend and I really hope that other retailers will mimic Aeon's approach. At the same time, I want to know



just how much the sales of certified seafood products contributes to reducing resource depletion and the extent to which we rely on marine resources considered to face depletion. I believe Aeon can gain further trust if it issued a report detailing its activities because of our dependence on marine

resources and the impacts of certified products as well as the achievements made to date.

Kanamaru:

Thank you. We will continue to expand the number of certified products going forward and try our best to report on the impacts of these efforts. I feel that sharing information on dependence and impacts needs to be utilized in other initiatives, too.

Part V The Next 10 Million Trees

Activities that demonstrate Aeon's roots

–Moving on, let's examine the topic of the next 10 million trees. Since planting its 10 millionth tree in 2013, Aeon has been bolstering its efforts to develop and utilize these resources.

Kanamaru:

Yes, there are many locations where the trees planted around a store some 20 years ago when we began this initiative have matured into a forest and in the cases of afforested areas we have had to carry out thinning to some



extent. This is why we have begun developing products from this thinned wood and have worked with NPOs on a trial basis to develop successors for the forestry business (see p.52). As part of our use of forest resources, we are building stores for Ministop using FSC-certified materials sourced from responsibly managed forests, with more than 100 stores built to date.

Sueyoshi:

I'd like more people to know about this initiative. What if you made it possible for customers to see the inside structure of a store?

Edahiro:

That would help to raise awareness and serve as environmental education. Incidentally, about how much CO₂ does one tree absorb? I'd like to know just how positive the effects of 10 million trees over 20 years can have on biodiversity.

Kanamaru:

We ask a third-party to calculate this and regularly report the results. Aeon's trees are intended to help fulfill our basic principles through sharing the importance of nature and peace in society with the local community, instead of just reducing CO₂. This is why we haven't really emphasize the numbers overall.

Sueyoshi:

After becoming an outside director I found out that the roots of Aeon's tree planting efforts could be traced back to the 1980s when honorary Chairman Okada was scared by the prospect of losing the natural environment.

Oishi:

That was before it was widely known that the loss of tropical rainforest was linked to global warming and natural disasters.

Sueyoshi:

This threat has continued for 20 years. It can easily be said that this now forms a part of Aeon's DNA. Therefore, if there was a new meaning from our efforts for the next 10 million trees, it would not be for biodiversity or preventing global warming, but rather for our roots of sharing the importance of nature with people in the community and creating opportunities for people to come together through trees.

Yamanashi:

Sharing Aeon's roots, including its basic principles, is becoming even more important as the company expands

globally. I, too, would like to use these efforts as a point of reference.

Part VI Zero Waste

Promoting initiatives across the supply chain

–We also heard that Aeon will be stepping up its zero emission efforts in terms of the lifecycle.

Kanamaru:

Aeon has continually worked to reduce the use of plastic bags from the standpoint of reducing fossil fuel usage, and we have actively utilized plant-derived containers and packaging, having gained considerable recognition. Going forward, there are still many initiatives that need to be strengthened from the standpoint of the total lifecycle. Therefore, we will now carry out further efforts to reduce the amount of resources used and waste generated in each phase, from manufacturing and processing to distribution. As part of this, currently we are carrying out a recycling loop (see p.58) where food residue from Aeon stores is made into fertilizer. In turn, we will now step up efforts to utilize this fertilizer to cultivate agricultural produce and raise livestock.

Oishi:

Aeon certainly is making progress with utilizing resources more effectively and reducing waste through its reduction of plastic bags and collection of recyclables. Of more importance, I believe, is educating consumers about resource and waste issues, while continuing with these efforts. It would be helpful to show the significance for society and also show in an easy-to-understand way where this waste ends up.

Edahiro:

I, too, find Aeon's zero waste challenge to be a great initiative. Because this is such a great initiative, I would like Aeon to share its definition of waste, the extent to which its activities cover the supply chain, and what is the overall progress that has been made, which I touched upon earlier.

Oishi:

I would also like Aeon to be more consumer-centric, such as providing clear information to distinguish the difference between the use-by date and the best-before date. Although different from zero waste, how is Aeon addressing the issue of food waste?

Sueyoshi:

Every year Japan produces about 17 million tons of food waste. Of this, approximately 6 million tons is food that is still edible and could have been eaten.

Kanamaru:

We are involved in the Business Practice Working Team organized by the Ministry of Agriculture, Forestry and Fisheries, since

product return rules between manufacturer, distributor and retailer and other issues are difficult to solve by one company alone. Some of our stores also work with the local food bank.

Part VII Towards the Future

Stepping up initiatives as a key piece of social infrastructure in the local community

–In closing, what were your thoughts about today's discussions? Also, please share any recommendations you may have for Aeon in the future.

Yamanashi:

The Smart Aeon concept with disaster-prevention facilities was recognized for its community contributions. Aeon very much emphasizes what it can do for communities, as evidenced by its principles. I believe our existential value can be defined in the degree to which we contribute to people in the community together with suppliers in the community, local governments, NPOs, and NGOs by providing products, information and venues. At this year's annual shareholders' meeting, President Okada used the key word "ecosystem" about future growth. This also means an economic ecosystem in the sense of business, but we view ecosystem in a broader sense where we work closely with community stakeholders to grow together. Therefore, listening to all of you today, we further enhance our commitment to serve as a company closely rooted in the community.

Sueyoshi:

Smart Aeon is a word to describe Aeon's next-generation of stores. After listening to today's discussion, I felt this word also describes the Aeon Group's nature. Stores serve to conserve energy, generate energy and provide disaster-



prevention facilities for the community, while products are of highly quality and safety rooted in sustainability and the lifestyle of the community. Human resource development and governance provide something else. In this manner, Aeon's efforts can be categorized.

Edahiro:

I agree with the view that Aeon overall is getting smarter. Earlier I spoke about resilience and the power to overcome challenges in a flexible manner. Resilience in terms of the tangible and intangible. As Mr. Yamanashi spoke about connections with stakeholders, I would like Aeon to further emphasize its relationships with people in the community. I hope Smart Aeon, with its tangible and intangible forms of resilience, can become a resilience center for communities in the future.

Oishi:

Japan as a whole, and especially its rural areas, is heading

into a time period of declining population where certain sectors will not be able to succeed business wise. Therefore, I thought it was rather compelling to hear the words "emphasize the community." Of course, this is more difficult to achieve than the words indicate. Nevertheless, I would like Aeon to give its best for the community because it plays such a large role as a form of social infrastructure.

Yamanashi:

Today we heard about the perspective of why we do something and sharing the results, the perspective of providing information to consumers, and the perspective that Aeon should get smarter and become a resilience center. Based on these views, I hope to help Aeon move closer to realizing its vision of ecosystem. Thank you very much for taking the time to join us today.

Response to Dialogue with Stakeholders

“Aeon is committed to becoming a smarter company in terms of understanding the consumer patterns and lifestyles of each local community and making full use of its global supply chain.”

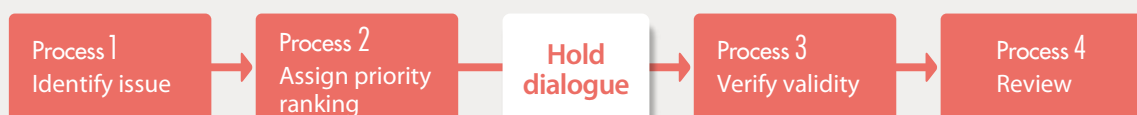


Koichi Yamanashi
Executive Officer for Business Planning AEON CO., LTD.

The views shared by the experts here today on Aeon's CSR activities all were very meaningful for our examination of future CSR activities. During this dialogue, experts shared their expectations and honest doubts about Aeon, and I believe these are inextricably linked together. As it grows, Aeon will have increasing effects on people, society and the environment. As a retailer with close interaction with consumers in the themes of environmental preservation, biodiversity, waste, and community revitalization and as a company with a global supply chain, if Aeon can present issues to stakeholders in an easy-to-understand manner and show solutions to these issues, Aeon will be able to change people's

consumption and lifestyles, and its supply chain, in a sustainable manner. On the other hand, stakeholder trust cannot be gained through conventional approaches, such as company activities that ignore the sustainability of energy and resources, uniform product lineups intended for mass consumption, and price competition. This indicates we are in a time where the survival of companies is in peril. This awareness and threat can be found in Big Challenge 2020, which seeks to link Aeon value enhancement with stakeholder value enhancement. Aeon will continue to work on CSR activities integrated with its corporate management over the medium to long term and with a global perspective.

Materiality Identification Process



Theme 1 Promoting Energy Conservation

Aeon operates 18,740 stores and locations* in 13 countries around the world. Aeon, which is Japan's largest retailing business, consumes a large volume of energy in day-to-day business activities. However, we maintain a variety of efforts aimed at energy conservation.

* (End of FY2014)

In the form of our Aeon Eco Project, Aeon set environmental targets for fiscal 2020, and is carrying out various initiatives to achieve those targets. The Aeon Eco Project was formulated and published in September 2012 based on power saving measures implemented by various means in order to accommodate the rolling power outages and reduction in electricity consumption due to the March 2011 Great East Japan Earthquake and the subsequent accident at the Fukushima Daiichi Nuclear Power Station. In addition to targets that aim to conserve energy and save power, such as strategies for reducing energy use that promote smart use of energy to conserve it, and strategies for generating energy to produce renewable energy, primarily solar power generation, the project incorporates a protection strategy. This aims to turn stores into disaster prevention facilities to function as lifelines in times of emergency. The Aeon Eco Project is not only about reducing energy use, but is also the project of consideration about what stores can do in emergencies such as disasters based on the experience of the Great East Japan Earthquake.



50% reduction in energy consumption



Transition to LED lighting



200,000 kW from renewable energy sources



Solar panel installation



100 disaster-prevention facilities across Japan



Private power generation equipment installation

Aeon Eco Project

Strategies for Reducing Energy Use

Aeon stores consume a large volume of energy, mainly in air-conditioning and lighting as well as freezer and refrigeration cabinets. For Aeon, which has a store network spanning Japan as well as other countries in Asia, reducing CO₂ emissions from stores plays a key role in reducing emissions for the entire company. That makes it all the more important for us to focus on reducing CO₂ in our stores. Therefore, we are actively promoting measures such as converting store lighting to LED and improving energy conservation management based on an energy conservation checklist as we strive to reduce energy consumption.

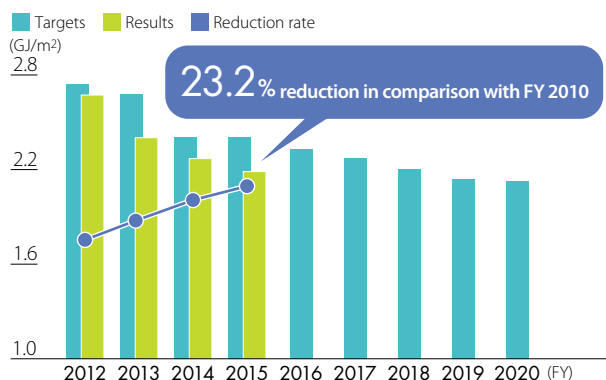
Aeon Eco Project 2

Strategies for Generating Energy

Aeon has set a target for the establishment of 200,000 kW* in electricity generating capacity by 2020, and we are installing solar panels on the roofs and wall spaces of our stores to generate electricity. In addition to leading to reductions in electricity usage, thanks to captive consumption, electricity from solar panels is also being sold back to power companies through the fixed wholesale purchase system. We are reinvesting profit from electricity sales to offset increased electricity rates, contribute to our BCP, invest in the environment, and invest in renewable energy.

* 200,000 kW is equivalent to the ability to cover the annual power of approximately 45,000 households in the common household.

Energy Usage Results and Targets



All of Aeon Together Aiming to Achieve the Targets in the Aeon Eco Project.

I was involved in the Aeon Eco Project from the planning stage, and, as promotion supervisor, I am now responsible for managing the progress of activities, planning and preparing initiatives, and other duties.

In terms of initiatives to conserve power and save energy in stores, the difficulty lies in the overemphasis in the retail industry on providing a pleasant store environment for customers to do their shopping in and the fact that the perspective of conserving power and saving energy becomes secondary, and it is very hard to find a balance. However, faced with these difficulties, when my plans succeed, there is great happiness when I do manage to promote energy conservation, particularly when I manage to reduce energy consumption significantly, and I also feel it is

worthwhile.

We have established numerical targets for FY2020 under each of the reduction, generation, and protection strategies. While some of the strategies are behind plan at present, I hope that we can pool together the knowledge that Aeon has accumulated so far and the ideas of employees to aim to achieve the targets as all of Aeon together.



Morito Imbe
Manager, General Affairs Dept.,
AEON Retail Co., LTD.

**Smart Aeon
Actively Promoting Generation of Renewable
Energy Together with Reductions in CO₂ Emissions**

As an initiative to implement the Aeon Eco Project, we have been promoting the development of Smart Aeon stores with low environmental impacts. Under this initiative, which we launched in 2012, in addition to building stores with lower environmental impacts than in the past, we also formulated five criteria, such as energy efficiency and disaster prevention measures, from the perspective of civic- and community-building efforts carried out in cooperation with local regions. After the opening of our first Smart Aeon store, Aeon Mall Yahata Higashi, in March 2013, we opened seven Smart Aeon stores as of February 2015.



Smart AEON store, which opened in FY 2014



**Pursuing Energy Conservation in Stores
Promoting Human Resource Training for
Energy Conservation**

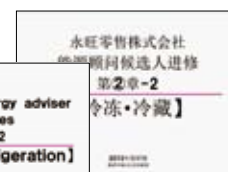
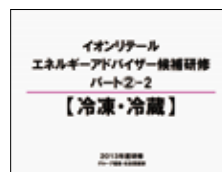
While Aeon is promoting energy conservation from the angle of facilities through the development of Smart Aeon stores, we have established the Energy Advisor Program, an in-house qualification aimed at developing human resources to run the Aeon Eco Project.

The Energy Advisors help assess the status of energy usage in Aeon Retail stores and work to propose and promote ideas for more efficient usage. As of February 28, 2015, a total of 450 Energy Advisors had been certified.

Aeon's promotion of the Energy Advisor program as an integrated supermarket chain undertaken at approximately 340 stores across Japan has been highly rated. Aeon was the only recipient of an Energy Conservation Grand Prize (Director-General Prize of Agency of Natural Resources and Energy) in the retail industry at the FY2014 Energy Conservation Grand Prize for excellent energy conservation equipment in the energy-saving practices category organized by The Energy Conservation Center, Japan (sponsored by the Ministry of Economy, Trade and Industry).



Energy Advisor training



Energy Advisor training materials

Theme 2 Conserving Natural Resources

An array of products lines stores each day. Aeon is striving for sustainable procurement so as not to deplete but to leave limited natural resources in fisheries, agriculture and forestry for future generations.



Our natural resources face many threats today, from ecosystem destruction from overexploitation to poor agricultural harvests from abnormal weather caused by climate change. Whereas, with the supply chain now stretched across the entire world, Aeon must be conscious of human rights and working environments at suppliers as well as work to prevent corruption, including bribery and extortion.

The products manufactured and sold by Aeon are made possible by the bounty of nature and contain raw materials procured from producers and locations around the globe. We have been following a green procurement strategy for some time now where we prioritize the procurement of products that are environmentally friendly, but to achieve even more sustainable procurement, we commenced efforts to formulate CSR Procurement Guidelines in 2011. Through the work of a CSR Procurement Guidelines Committee comprised of managers from related Aeon departments, and tasked with gathering CSR procurement-related information, we formulated and published, in February 2014, our Aeon Sustainable Procurement Principle. In addition, we also set in place an Aeon Sustainable Seafood Procurement Policy in order to further elevate our efforts toward procuring sustainable marine products. These initiatives were recognized as a joint business with Japan Committee for UNDB in March, 2015.

In fiscal 2015, following the formulation of the Aeon Sustainable Seafood Procurement Policy, we also began creating a procurement policy for forestry resources, which we plan to set in place and publish during fiscal 2015.



Aeon Sustainable Procurement Principle

1. Elimination of illegal trading, harvesting and fishing of natural resources.
2. Setting and following Aeon's standard for conservation of biodiversity and prevention of natural resource depletion.
3. Minimizing use of non-renewable resources.
4. Establishing agricultural and fishery production locations and fishing method traceability.
5. Conservation and prevention of destruction of high-protective value forests.

Conserving Fisheries Resources Increasing Handling of Certified Sustainable Fisheries and Aquaculture Products

Aeon actively works to procure sustainable seafood products in order to help protect limited marine resources and to hand down to future generations our traditional culture surrounding food sources from the water and sea.

Aeon Sustainable Seafood Procurement Policy

Carry out regular risk assessments from a resource depletion prevention and biodiversity conservation perspective. Also, in order to mitigate risks, review feasible countermeasures and strive to procure sustainable seafood.

Specific Measures

- Provision of Certified Products
- Elimination of Illegal Trade
- Establishment of Traceability Measures
- Regular Risk Assessments



Since we began selling products with MSC (Marine Stewardship Council) certification in 2006, Aeon has been progressively increasing the number of products it handles. As of March 2015, we sold 23 items from 13 categories, which is the highest number in the Japanese retail industry. In addition, we began selling products with ASC certification (Aquaculture Stewardship Council) for seafood produced through responsible aquaculture for the first time in Asia in 2014. As of March 2015, we handled seven items in two categories.



In fiscal 2015, we will begin initiatives such as selling 100% aquafarmed tuna that does not depend on natural tuna resources based on our plan formulated in fiscal 2014.



Conserving Forestry Resources Utilizing FSC-certified Products and Materials

Aeon has been selling notebooks and other FSC-certified paper products since 2008. In addition, MINISTOP Co., Ltd. opened a MINISTOP store that used 100% FSC Japan certified materials in 2009, as the first FSC-certified convenience store in Japan. As of the end of February 2014, 89 MINISTOP stores are FSC certified.



Notebook made from FSC-certified paper

Tasmanian Beef Bringing Safe and Reliable Beef Raised on a Directly Operated Ranch to the Dining Table

In 1974, Aeon set up a directly operated ranch in Tasmania, Australia, which is one of the regions blessed with the richest nature in the world. Because it is a directly managed ranch, Aeon pays special attention to the method of raising cattle and the quality of feed. The Black Angus breed is raised in a natural environment protected by strict quarantine with no transgenic feed or meat-and-bone meal nor with antibiotics or growth hormone. As for the safety of this method, Aeon underwent an audit by a third party and obtained SQF certification. Aeon sells not only the beef but also processed hamburgers and beef stews made from Tasmanian beef.



SQF certification

Voice

TOPVALU Gurinai supports customers' organic lives.

Through TOPVALU, an Aeon brand, we are working to provide three values under the Aeon Sustainability Principle: health of the earth, health of society, and health of the human beings.

The TOPVALU Gurinai Organic Food Series are produced with reduced agricultural chemicals, chemical fertilizer and additives while paying attention to ecosystem integrity and sustainability. In order to help in the healthy daily lives of customers and future children, TOPVALU continues to support organic foods by providing a wide variety of products at reasonable prices.



Michie Unigame

Merchandising Division
AEON TOPVALU CO., LTD.

Organic Products

A total of 137 organic products, one of the largest number as private brand label products in Japan (as of February 2015).

The TOPVALU Gurinai Organic Food Series offers a wider variety of environment-friendly items certified both nationally and internationally as organic food. In order to reflect consumer interest in healthy food, safety and security, as well as to respond to requests from customers for more organic products in our stores, we promote development and procurement of organic products in Japan and from other countries utilizing the Japanese Agricultural Standards (JAS) certification for importers of organic agricultural/processed food products, a certification issued by the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan.



TOPVALU Gurinai Organic Food Series



Organic JAS logo

Operators certified by certification organizations registered by the MAFF are able to attach the organic JAS logo to their products. The logo is attached to agricultural, processed, or livestock products, as well as livestock feed, produced with a method of organic farming that uses natural power instead of pesticides or chemical fertilizers.

Theme 3 Co-Existing with the Community

We would like our customers to be happy that Aeon has opened a store in their community. Based on that sentiment, we engage in store development that prioritizes the connection we have with our various stakeholders, which includes local shopping street tenants and local government agencies as well as our customers.

When giant shopping malls such as Aeon's open, they have a considerable impact on local shopping malls and retail stores. Much of that impact is considered to be negative in terms of the local economy, to the point that our new presence in the neighborhood is occasionally called "the arrival of black ships" in reference to the Perry Expedition that opened Japan. However, we at Aeon firmly believe that there is a way for us to walk alongside an existing community as a member rather than as a force that disrupts its economy and networks. Based on that belief, we engage in store development that prioritizes the connection we have with those communities. An example of such a store is Aeon Mall Okayama, which we opened in December 2014. Having expanded the varied connections we have with the area surrounding the mall, we actively endeavor to invigorate the local economy, enhance shopping convenience, support social activities, promote culture and conduct other like-minded activities in that area.

Joint endeavors with local shopping streets Affiliation with Okayama locality with shared community point service called "Peach"



At the same time we opened Aeon Mall Okayama, we commenced a shared community point service called "Peach." Under this service, which is intended to give some of the money spent in the community back to that community, using a Peach-eligible card such as Local WAON cards issued by Aeon

upon making a payment at a Peach member store builds up points. Additionally, holding a Peach-eligible card up to the Peach Station terminal installed at Aeon Mall Okayama earns shoppers store visit points in the form of 10 Peach. Accumulated points can be used to shop at Peach member stores, such as those in the shopping street in front of Okayama Station or the Hokancho Shopping Arcade.

Joint endeavors with local government Promoting the creation of products that incorporate customer feedback

In March 2014, Aeon entered a comprehensive cooperation agreement with Okayama City. Through this agreement, Okayama and Aeon will work together to relay information regarding the municipal government and tourism, further culture and the arts, promote local production for local consumption as well as sales of Okayama-produced goods with the use of the Aeon Group's domestic and overseas networks, and conduct other endeavors. As the first of these endeavors, we issued a Local WAON card called "Momotaro's Town of Okayama WAON." When that card is used at Aeon Group locations and other member stores across Japan to make a payment, Aeon donates part of that payment to Okayama City to be put to use towards human resource and urban development and childrearing support in the city.



Voice

Aiming to Improve Convenience not just in the Shopping Center, but in the Whole Area.

Aeon Mall Okayama is one of Aeon's urban shopping malls, which are still few in number. Therefore, we are promoting initiatives to increase convenience for customers and provide support for social activities not only inside the mall but also in the surrounding shopping streets and nearby stores. One of these initiatives is the introduction of WAON. We are helping to improve convenience for customers in the whole area, including the introduction of WAON at 40 stores and Aeon Credit by 15 stores in nearby shopping centers and street level stores. In addition, we are discussing the use of WAON for payment of fares on local community buses. We are also helping to raise awareness about health among local

people, including the establishment of a health checkup area in collaboration with Okayama City Public Health Center that can offer health consultations, and blood pressure and body fat measurements on the monthly G.G thanks day.



Yokoyama Akihiko
Chushikoku Regional Company Regional
Strategy Team, AEON Retail Co., LTD.

Joint endeavors with local enterprises
Hosting numerous popular brand stores in Okayama Prefecture

At Aeon Mall Okayama, many leading enterprises developing their business across Okayama Prefecture have opened their popular establishments. Including apparel, F&B, food, miscellaneous good, service and other brands, these stores total 65 in number. In this manner, Aeon works together with local enterprises to invigorate the community.



OKAPITAL

Fusion with local culture
Serving as centers of full-fledged culture creation and transmission

Aeon will assume the role of creating and transmitting local culture and art through endeavors such as its establishment of the "Haremachi Tokku 365," where visitors can experience the art of manufacturing in Okayama hands-on, and "Haremachi Gallery 7," where works by Okayama-affiliated artists are on display. We have also established the "Okayama Mirai Hall," a multi-purpose facility equipped with the latest sound equipment that accommodates up to 600 people in its movable seats. In addition to being suitable for various purposes, such as for holding concerts or exhibitions, the hall is used to transmit culture and the arts from Okayama and the rest of Japan through means such as live broadcast on the OHK (Okayama Broadcasting) network.



Haremachi Gallery

Okayama Mirai Hall



Haremachi Tokku 365

With local government
Implementation of joint disaster drill before store open

In November 2014, prior to the opening of next December, we conducted a large-scale disaster drill jointly in Okayama City Fire Bureau and Okayama central police station and the ion mall employees. Under the assumption that the fire in the store by a major earthquake has occurred, and gave a confirmation of such routes and procedures of evacuation.



Support for locally-based social activity groups
Serving as a bridge between organizations that need support and customers who wish to provide it

On the 11th of every month, which is Aeon Day, we conduct the "Aeon Happy Yellow Receipt Campaign." Under this campaign, we donate goods valued at one percent of the total indicated on yellow receipts placed in a dedicated box by customers to the organization designated on that box.



Aeon Happy Yellow Receipt Campaign



Theme 4 Safe and Reliable TOPVALU

Aeon's TOPVALU private brand, launched 40 years ago, is a reflection of our "Customer-First" corporate philosophy. We will continue to deliver products with confidence, prioritizing Safe and Reliable for customers.

TOPVALU, Aeon's private brand launched in 1974 as a reflection of our 'Customer-First' corporate philosophy, has grown to become Japan's largest private brand, representing around 6000 daily necessities and annual sales of 7.8 trillion yen. Aeon has thoroughly ensured The Five TOPVALU Commitments for all products as well as focusing efforts on building a sustainable supply chain that includes strengthening safety and quality management systems, improving working conditions at plants, and working on environmental countermeasures, in partnership with our many suppliers in Japan and overseas. Aeon will continue its quest to overcome the "cheap and nasty" image of private brand products to keep on providing better products more cheaply in a stable manner.

TOPVALU Brand System



TOPVALU pursues customer satisfaction and enriches the quality of lives



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



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



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

The Five TOPVALU Commitments

1. We shall reflect the voices of customers in our products.
2. We shall offer safe, reliable and environmentally friendly products.
3. We shall present product information in an easily understandable way.
4. We shall offer products at affordable prices.
5. We shall guarantee our customers' satisfaction.

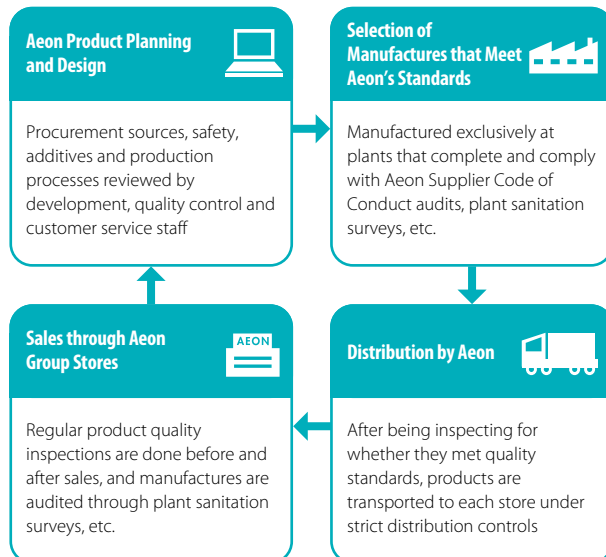
Quality Management of TOPVALU Brand Products Pursuing Reliable Quality from Diverse Perspectives

Based on the concept of improving our customers' daily life, Aeon plans, manufactures and sells TOPVALU brand products itself. In pursuit of high standards not only in manufacturing process management, but also in quality management, the Research Institute for Quality Living Co., Ltd., an independent inspection organization, conducts approximately 25,000 voluntary inspections annually (which include 11,272 radioactive substance inspections). The latest measuring instruments and professional staff test and analyze safety and functionality. Aeon also discloses production-related information to customers, increasing transparency.



Raw materials inspection

The Process of TOPVALU Products to Customers

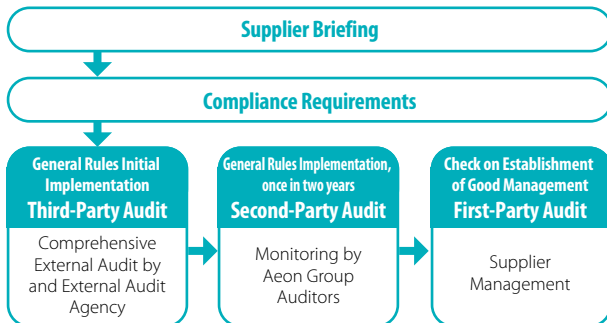


Building a Sustainable Supply Chain Performing Audits and Improvements in Partnership with Suppliers Based on Aeon Supplier CoC

In recent years, awareness of human rights, compliance, and the environment has risen worldwide. Against this background, corporations, including Aeon, have to make efforts to implement corrective measures by properly understanding conditions at the source related to the environment, legal compliance, production site and workplace. At the same time, our customers are becoming more conscious of supply chain acceptability in their purchasing habits and selection of products.

Aeon formulated the Aeon Supplier CoC (Code of Conduct) in 2003 in order to insure appropriate business practice, working conditions, and fulfillment of social responsibilities among TOPVALU supply chain partners. Suppliers are asked to comply with 13 requirements, including conforming with national and regional laws and regulations, respecting human rights, providing proper working and wage conditions, safety, hygiene and health conditions in the workplace, etc., and based on these we audit and work together with suppliers to improve conditions and build a “sustainable supply chain.”

Procedure of ‘Aeon CoC’ Certification and Audit



Aeon Supplier Code of Conduct Requirements

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
4. Freedom of Association and Collective Bargaining: Respect employee rights
5. Discrimination: Discrimination on the basis of place of origin or creed is prohibited
6. Disciplinary Practices: Cruel 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 certification, auditing and monitoring under the Aeon Supplier Code of Conduct
13. Ban on Gifts: Gift-giving between Aeon and suppliers is prohibited

Voice

To requests from customers and society, we will respond through TOPVALU

Quality assurance Dept., from the viewpoint of quality, safety, human rights and sustainability, has played a role in pouring Aeon Basic Principle in goods and services of the group.

TOPVALU condensed evaluator brand, it may have just said that is an AEON itself.

With respect to requests from customers and society that ever-changing, in response how through TOPVALU, how do tell are going, we are thinking every day, transferred to a realization.



Quality Assurance Department,
AEON CO., LTD

Katsuki Kishi



Theme 5 Disseminating our Corporate Principles

Aeon continues to expand its business activities in its pursuit of becoming Asia’s pre-eminent retailer. To foster a disciplined corporate culture that all Aeon people get behind, we work on sharing and deepening Aeon’s principles and values among our foreign employees as well as our Japanese ones.

In 1986, three companies that mutually aspired to modernize the retail industry merged to become “JUSCO.” This stance of pushing forward with measures to do away with barriers and uniting in order to perform a “merger of minds” has been carried on at Aeon to this very day. Today, Aeon has grown into one of Asia’s leading retail corporations whose group employees number in excess of 440,000. However, at the same time this growth has been taking place, we have had to deal with an unsatisfactory degree of progress in the understanding and dissemination of the Aeon Basic Principles, which were established to serve as the basis for all of our actions, and the values and DNA that Aeon has built up over time since its founding. We therefore aggressively promote the creation of opportunities for disseminating those values and principles so that Aeon people may come together as a collective whole.

Administering training in Aeon Code of Conduct Ensuring all Aeon people have a proper understanding of the Aeon Basic Principles and the Aeon Code of Conduct, and linking that to the practice of correct action

In our efforts to promote and disseminate the Aeon Basic Principles and the Aeon Code of Conduct, we apply a PDCA cycle and endeavor to administer continuous, yearly improvements. Education and training are the means that best serve those promotion and dissemination efforts. We put together training content according to each level of our employee hierarchy, which straddles management executives, promotion leaders, general employees, and new employees. Training content goes beyond generalities to include case methods that incorporate actual consultations made to the Aeon Code of Conduct Hotline and monitoring results. This ensures Aeon people give thought to essential problems and challenges, and collectively discuss how they should act.

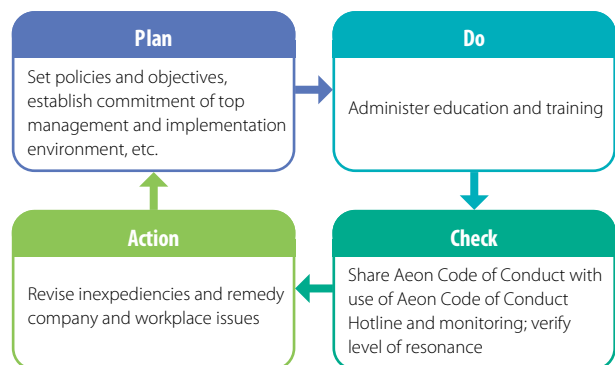


Executive training in Vietnam



Executive training in Japan

PDCA Cycle



Initiatives Plan for Fiscal 2015

Japan	Ask Group companies that have yet to implement the Aeon Code of Conduct to follow the example of The Daiei, Inc., which implemented said Code in September 2015
China	Establish framework with the Corporate Ethics Team from the China Headquarters as its center and reinforce the operation of that framework
ASEAN	Erect organization and framework to handle promotion of Aeon Code of Conduct at all Group companies in all countries of operation

Passing down our principles to new employees Sharing our unchanging principle of “Customer-First” among all new employees

At Aeon, we endeavor to facilitate the understanding and dissemination of the principles and values that we have cultivated over the 250 year-period since our founding by arranging for an opportunity for the Group CEO to have a direct dialogue with our new employees at a special gathering welcoming those new employees.



Initiation ceremony (April 1, 2015)



Voice

Sharing Aeon Basic Principles using picture book "Arigatou no Yakusoku" ("The Promise of Thank You") To diffuse our principles among the newly-entered domestic and overseas employees of the Aeon Group

Through this picture book, which talks about the importance of having a sense of gratitude, we aim to elicit an intuitive understanding of the essence of the Aeon Basic Principles.



"Arigatou no Yakusoku" ("The Promise of Thank You")

Aeon DNA University Lectures on Aeon's principles and values given personally by Group CEO

Since 2012, we have been implementing the "Aeon DNA University" with lectures given by Group CEO Motoya Okada. The purpose of this initiative is to pass down the principles and values that have been continuously carried on at Aeon since its founding up to now.



Scene from lecture

Established "Aeon History Museum" Opened museum to relay the 250-plus history of Aeon to the current generation

Since Sozaemon Okada, our very first president, commenced his retail business in Yokkaichi, Mie Prefecture, Aeon has forged a long history. We established a museum for the purpose of relaying that history to subsequent generations. This facility continues to be widely visited by members of the general public as well as by our employees.



Aeon History Museum

Participants Thinking Really Hard Gives Great Sense of Satisfaction.

In spring 2015, I was transferred to the corporate ethics team with responsibility for drafting and implementing measures to promote and disseminate the Aeon Code of Conduct. There are also many opportunities to be a training instructor at different companies, and I get a great sense of satisfaction hearing the serious discussions of all the participants and seeing them thinking hard how they themselves can take action. In promoting and disseminating the Aeon Code of Conduct, it is important to be certain to apply the PDCA cycle. Even if the PDCA cycle is applied, it is a fact that it does not actually lead to action. Therefore, the corporate ethics team continuously scrutinizes each aspect of PDCA and revises them individually after clarifying any issues. I hope to put efforts into introducing the Code of Conduct to new companies joining the Group and into establishing and strengthening our system overseas amid the rapid expansion in the size of the Group inside and outside Japan.



Haruki Hattori
Reader, corporate ethics team

Hoping to Contribute to Enhancing Aeon Brand Together with Fellow Employees.

My role is Hardline Manager at Aeon Vietnam's Binh Duong Canary store. In July 2015, I took part in Code of Conduct training, through the training, I gained a broader and deeper understanding of the Aeon Basic Principles and the Code of Conduct. At the same time, I recognized once again that the Basic Principles and the Code of Conduct play an important role in Aeon's continued development in the future. I am striving to gain the trust of customers, utilizing what I learned in the training and putting "Customer-First" into practice in my day-to-day work from now on. I am also sharing Aeon's principles and Code of Conduct with my team and colleagues with the hope of contributing to enhancing the Aeon brand together with my fellow employees.



Nguyen Thanh Trieu
Hardline Manager, Aeon Vietnam's Binh Duong Canary store

Realization of a Low-carbon Society

Management Approach

Recognition of Challenges

Global warming, which is causing the temperature of oceans to rise and airborne temperatures around the world to increase, is having serious consequences on our environment, including ecosystem change, coastal erosion caused by rising water levels, and abnormal weather. The cause of global warming is greenhouse gases and among them carbon dioxide (CO₂) accounts for a major share. Aeon operates 18,740 stores in 13 countries around the world and consumes a large amount of energy. For this reason, we are working through various activities with the realization of a low-carbon society with fewer CO₂ emissions set as one of our key issues.

Aeon's Approach

The largest source of CO₂ emissions from Aeon's business activities is store operations. Therefore, Aeon is devoting efforts to reducing its CO₂ footprint by curbing energy usage through the use of more efficient air conditioners, lighting, and refrigerator/freezer cases. Currently, the entire Aeon Group is carrying out the Aeon Eco Project (established in September 2012) in order to reach its energy saving and energy generating targets set for fiscal 2020.

- Energy saving strategy: Reduce energy usage 50% compared to fiscal 2010 by rolling out next-generation eco stores called Smart Aeon, establishing the Energy Advisor System, and striving to improve the ability of stores to manage their energy usage.
- Energy generation strategy: Create renewable energy in the amount of 200,000kW of output using mainly photovoltaic systems by fiscal 2020 by installing photovoltaic systems onsite at stores.

We are also working on the visualization of CO₂ emission amounts and using joint shipping with other companies in an effort to lower our CO₂ footprint during the distribution phase.




Future Initiatives

In July 2015, the Government of Japan finalized a goal to reduce domestic greenhouse gas emissions 26% compared to fiscal 2013 by the year 2030. To contribute to reaching this goal, Aeon will continue to engage in the Aeon Eco Project and will begin sharing its energy management expertise developed in Japan at its subsidiaries in China and ASEAN.

Aeon Eco Project

In the form of our Aeon Eco Project, Aeon set, in September 2012, environmental targets for fiscal 2020, and is carrying out various initiatives to achieve those targets. With current increasing needs for energy use efficiency and power conservation, and with the experience of the Great East Japan Earthquake, Aeon has added perspectives of reducing energy use and developing renewable energy to environmental protection and has additionally taken on a clear role as a lifeline center protecting the community in disasters and emergencies. Our Smart Aeon initiative is one concrete aspect of the Aeon Eco Project. As of the end of fiscal 2013, we have opened four new Smart Aeon stores (See p.43).



	FY 2014 Results	Targets for FY 2020	Examples of Initiatives
Reduction Strategy ▶ P.41	energy consumption Expected reductions of 22% (compared to 2010)	50% reduction in energy consumption	Transition to LED lighting 
Generation Strategy ▶ P.46	Stores installed with solar panels 1,044 stores Electricity generation capacity 55,868kW (total up to FY 2014)	200,000 kW from renewable energy sources	Solar panel installation 
Protection Strategy ▶ P.84	Disaster-prevention 21 locations across Japan (total up to FY 2014)	Make 100 Aeon stores across Japan disaster-prevention facilities	Private power generation equipment installation 

Progress of KPI of FY 2014

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2014 Results	Summary of Actions/Initiatives
Reduce CO ₂ Emissions in Stores	Reduce Total CO ₂ Emission	Total Annual CO ₂ Emissions Factor (CO ₂ Emissions / Total Floor Area) *	Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	FY 2010: 0.097 t/m ² or less ▼ FY 2014: 0.080 t/m ² or less FY 2020: 0.048 t/m ² or less	0.078t/m ²	1) Energy-saving equipment introduction • LED of the store lighting (within, such as the rooftop penthouse lighting) • Air conditioning related energy saving equipment introduction (inverter, Ekoponpu, etc.) 2) The energy saving due to operational improvement • Education by the energy advisor training • Energy-saving operation propulsion using energy-saving checklist and operational procedures
	Improve Energy Efficiency [Reduction Strategy]	Total Energy Use Factor (Amount of Heat / Total Floor Area) *	Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	FY 2010: 2,623 GJ/m ² or less ▼ FY 2014: 2,101 GJ/m ² or less FY 2020: 1,311 GJ/m ² or less	2.086GJ/m ²	
	Prevent Leakage of Fluorocarbons and Promote Use of Natural Refrigerants [Aeon Natural Refrigerants Declaration]	Measures for Ascertaining Replacement Amount and Preventing Leakage of Fluorocarbons used in Refrigerated Display Cases	Consolidated Group companies in Japan	FY 2015: Start the Operation of management system compliant with the revised Fluorocarbons Recovery and Destruction Law	Establishment a freon management system	Aeon DELIGHT CO., LTD. proposes a centralized management scheme
		Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants	Consolidated companies in Japan for General Merchandising Store, Supermarket and Small Size Store Business	Plan for installation at new stores •FY 2014: 25 stores or more	Introduced to the four new GMS stores and 13 stores of supermarket and small stores (Total 28 stores)	1) CFC-free regular holding of implementation project 2) Aims to manufacturers and study, CO ₂ refrigerant refrigerated case the introduction of built-in
Reduce CO ₂ Emissions in Products and Logistics	Promote Visualization in Logistics	CO ₂ Emissions per Case during Shipment from Distribution Center to Store	AEON GLOBAL SCM CO., LTD.	FY 2014: 3% reduction compared with FY 2013	136.4g (7.3% reduction compared with FY 2013)	1) Reduction of CO ₂ in the shop delivery • Promotion of environmental vehicle introduction (large natural gas vehicles, electric vehicles, hybrid vehicles, etc.) • Promotion of eco-driving 2) Expansion of modal shift • Implementation of rail transport Study Group (trucking ratio CO ₂ 83% reduction possible)
Generating Electricity	Generating renewable energy [Generation Strategy]	Power generation capacity of renewable energy (purchased power only)	Consolidated companies in Japan for General Merchandising Store and Supermarket Business	FY 2020: Generate 200,000kW of electricity	56,000kW	Installed solar panels 94 stores (total 1,044 stores)

* Quantitative figure indicating CO₂ emissions per 1m² of floor space at stores and energy use. It shows the efficiency of CO₂ emissions and energy use. KPI targets indicate that despite large changes in the number of future stores, CO₂ emissions and energy use efficiency will improve (emissions and use cut in half by 2020).

Reducing CO₂ in Stores

Decreasing CO₂ emissions / Enhancing Energy Efficiency

[Aeon Eco Project: Reduction Strategy]

Aeon stores consume a large volume of energy*¹, mainly in air conditioning and lighting as well as freezer and refrigeration cabinets. For Aeon, which has a store network spanning Japan as well as other countries in Asia, reducing CO₂ emissions from stores*² plays a key role in reducing emissions for the entire company. That makes it all the more important for us to focus on reducing CO₂ in our stores.

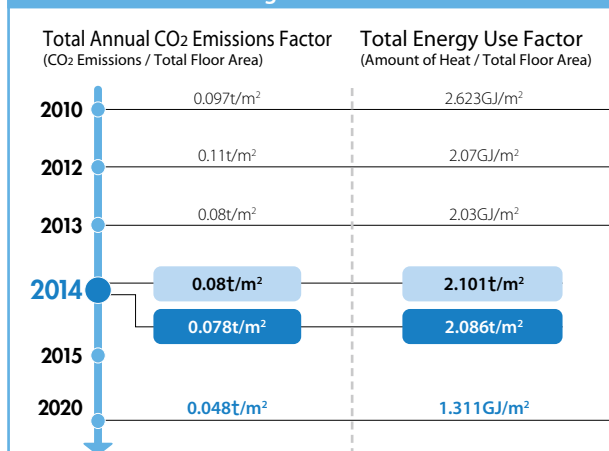
Continuing on from fiscal 2012 and fiscal 2013, we actively switched stores to LED lighting, adopted and upgraded energy-saving equipment, and tested rational energy management practices in fiscal 2014. For example, facility managers from AEON Retail worked with store Energy Advisors to plan and execute measures in an effort to improve the energy-efficient operations of stores that lacked energy consumption efficiency in terms of energy used per basic unit. Based on these efforts, Aeon's electricity usage in fiscal 2014 was approximately 22% lower than in fiscal 2010. This improvement can mainly be attributed to the adoption of LED lighting.

In fiscal 2015, we will work on reducing energy usage even more than in fiscal 2014 by introducing new energy-saving equipment and further improving energy-saving operations. Our efforts will focus on measures at stores with air conditioning systems that use hot-and-chilled water generators in an effort to reach our targets set for fiscal 2020.

*¹ Looking at a breakdown of energy consumed on a heat conversion basis, around 90% is accounted for by electricity and the remainder by city gas, LP gas and heavy oil.

*² All CO₂ emitted from stores can be attributed to energy consumption. Specifically, around 10% comes from direct emissions through city gas, LP gas and combustion of heavy oil (Scope 1) and around 90% comes from indirect emissions through power consumption (Scope 2). The calculation of CO₂ emissions from power consumption uses calculation standards and an emissions factor pursuant to the Act on Promotion of Global Warming Countermeasures.

FY 2014 Results and Target of KPI



Aeon Obtains ISO 50001 Energy Management Certification

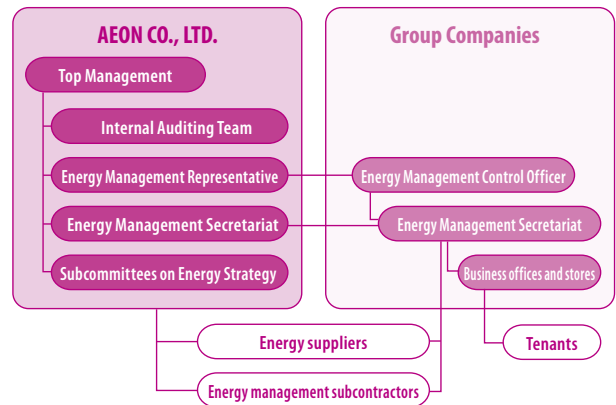
In July 2013, Aeon Co., Ltd. became the first retailer in Japan to obtain the ISO 50001 certification, an energy management certification defined by the International Organization for Standardization (ISO). ISO 50001 is an international standard specification that defines the requirements to be met by business operators when they establish an energy management system. It is being adopted around the world, including in the U.S. and China.

Aeon Co., Ltd. has established an energy management system under which it works as an entire group of companies to use energy more efficiently with the goal of attaining the energy-saving targets laid out in the Aeon Eco Project. The scope of Aeon's ISO 50001 certification is blanket energy management activities covering the entire Aeon Group of companies.



ISO 50001 certificate

Framework for Promoting our Energy Management System (EnMS)



Improving Energy Management Practices

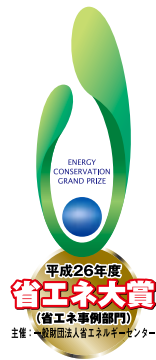
Aeon has created an in-house Energy Advisor Program aimed at leveraging our Aeon Eco Project to further develop human resources in our retail stores.

The Energy Advisors help assess the status of energy usage in stores and work to propose and promote ideas for more efficient usage. As of February 28, 2015, a total of 450 Energy Advisors had been certified. Going forward, our plans aim for over 100 Advisors to be newly certified each year.

In fiscal 2014, Aeon received the Energy Conservation Grand Prize (Director General Prize of Agency of Natural Resources and Energy) in the category of energy-saving practices at

the Energy Conservation Awards Organized by The Energy Conservation Center, Japan and sponsored by the Ministry of Economy, Trade and Industry for its promotion of the Energy Advisor program as an integrated supermarket chain.

We will continue to develop more certified Energy Advisors, enhance the capabilities of current Energy Advisors, and work to expand the program to Group companies, including those outside of Japan.



Preventing Leakage of Fluorocarbons and Promoting Use of Natural Refrigerants

More and more freezing and refrigeration units started using non-ozone depleting alternatives to chlorofluorocarbons (CFCs) as refrigerant following the abolition of the production and use of ozone-depleting CFCs under the Montreal Protocol adopted in 1987. However, these alternatives have extremely high global warming potential (GWP)*1 and the problem of leaking into the atmosphere, which prompted calls to switch to natural refrigerants with low GWP.

In 2009, Aeon became Japan's first retailer to start introducing refrigerators and freezers that use a low-GWP natural refrigerant*2 (CO₂). Following this, we announced the Aeon Natural Refrigerants Declaration in 2011 and are planning to install natural refrigerant-based refrigerators and freezers in every new store to open from fiscal 2015 onward.

As of February 2015, we have installed natural refrigerant-based refrigerators and freezers at 28 stores, including our Aeon Mall Makuhari New City store, MaxValu supermarkets, and MINISTOP convenience stores. We are planning to switch to the natural refrigerant in existing 3,500 stores gradually in the future.

Aeon faces certain issues ahead of the introduction of natural refrigerants, including the lack of manufacturers and high installation costs. We will do our utmost to overcome these issues and promote the industry-wide use of natural refrigerants by leveraging performance data accumulated to date to raise awareness going forward and build ties with companies within the same industry and other industries.

*1 Global warming potential (GWP): a factor expressing a substance's relative impact on global warming. If CO₂'s value is standardized to 1, GWP values for alternative CFCs used in refrigerators and freezers may reach several thousands.

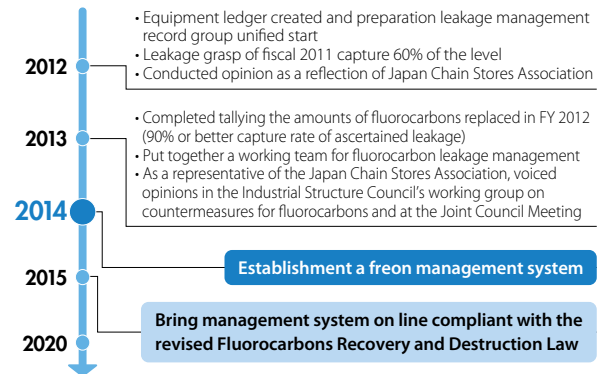
*2 Natural refrigerants: substances known as natural refrigerants include ammonia and carbon hydride as well as CO₂.



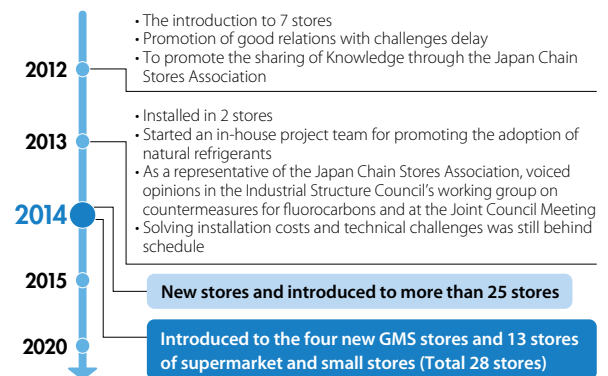
Refrigerator showcase using natural refrigerant (CO₂) installed at Aeon Mall Makuhari New City Store

FY 2014 Results and Target of KPI

Measures for Ascertaining Replacement Amount and Preventing Leakage of Fluorocarbons used in Refrigerated Display Cases



Number of Stores Installing Refrigerated Display Cases that use Natural Refrigerants on a Trial Basis



Development of Eco Stores [Smart Aeon development]

Working to build environmentally friendly stores, Aeon has defined Eco Stores as outlets that achieve at least 20% lower CO₂ emissions in comparison with conventional stores, and a CASBEE ranking of A*¹ or higher. Since the opening of our first Eco Store, the Aeon Chikusa Shopping Center, in May 2005, 12 such stores had been opened by February 2013.

In September 2012, we started working on further developments for Next-Generation (Smart Aeon) Eco Stores. In addition to building stores with lower environmental impacts than in the past, we also formulated five criteria, such as energy efficiency and disaster prevention measures, from the perspective of civic- and community-building efforts carried out in cooperation with local regions. We have positioned this as a key initiative for implementing the Aeon Eco Project.

After the opening of our first Smart Aeon store, Aeon Mall Yahata Higashi, in March 2013, by the end of fiscal 2014 we had opened seven Smart Aeon stores*².

In fiscal 2015, plans calls for two new Smart Aeon stores—Aeon Mall Okinawa Rycom, and Aeon Mall Sijonawate—based on our criteria formulated in fiscal 2013.

*¹ CASBEE: Environmental performance evaluation system architecture that was developed in 2001. It is used as an index to evaluate and display objectively the performance whether you are conscious how the global environment and surrounding environment, that there is no waste in running costs, such as, or comfortable for the user.

*² Aeon Mall Yahata Higashi, Aeon Town Shin-Funabashi, Aeon Mall Osaka Dome City, Aeon Mall Makuhari New City, Aeon Mall Nagoya Chaya, Aeon Mall Kyoto Katsuragawa, and Aeon Mall Kisarazu

Recharging Stations for Electric Vehicles

Aeon first set up a high-speed recharging station for electric vehicles at the Aeon Lake Town store located in Koshigaya City, Saitama Prefecture in 2008 in order to respond to the increasing use of electric vehicles and plug-in hybrid vehicles. Since then, we have set up recharging stations at most of our new shopping centers as well as certain existing stores based on demand.

In fiscal 2014, we aggressively moved forward with the installation of recharging stations at existing stores, with the grand total now standing at 246 stations at 105 stores as of February 2015 (of these 96 were rapid recharge stations and 150 were ordinary recharge stations). Going forward, we are continuing our proactive approach to installation.

Stores installing recharging stations for electric vehicles

Total number of stores
(As of February, 2015)

246 stations covering
105 stores



Building for Tomorrow Together



TOPICS

Aeon was honored for excellence in climate change information disclosure three years in a row

For three years in a row, Aeon has been honored for excellence in the Climate Disclosure Leadership Index (CDLI) 2014 by international NGO CDP*. Furthermore, in the same year, Aeon was honored for the first time for excellence in the Climate Performance Leadership Index (CPLI) 2014. Aeon is the only company in the Japanese retail business sector to be honored in either index.

* CDP: Abbreviation of the Carbon Disclosure Project. The single global system measuring, managing, disclosing and sharing important urban and industrial environment related information. CDP's worldwide survey covers 500 largest companies in Japan.



Reducing CO₂ in Products and Logistics

Increasing Visibility of Distribution Operations

One of Aeon's KPI is "CO₂ Emissions per Case during Shipment from Distribution Center to Store". We are striving to reduce emissions by better grasping the amount of CO₂ used during distribution through visualization.

In fiscal 2014, we introduced eco-friendly vehicles, such as heavy duty natural gas vehicles and electric vehicles, and promoted eco-friendly driving habits, which helped to reduce CO₂ emissions per case shipped from distribution center to store to 136.4g, marking a 7.3% reduction over fiscal 2013.

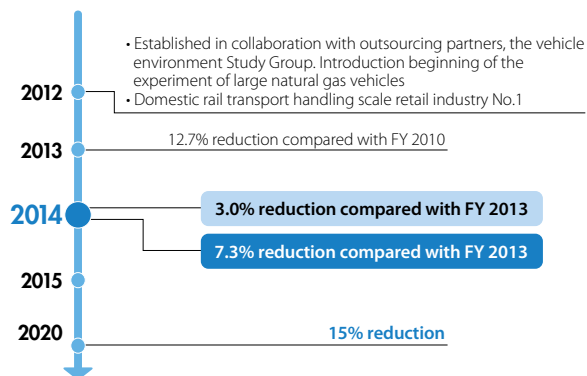
Along with participating in environment related research and other gatherings held by government, logistics operators, natural gas companies, automobile makers, universities, Aeon has also held its own environmental vehicle research meetings and rail transport research meetings, furthering our pursuit of adopting heavy duty natural gas vehicles and expanding our modal shift in transportation.

In addition to continuing these initiatives, going forward we will implement initiatives from both fiscal and operational perspectives such as converting 100% of our fleet of trucks to environmentally friendly models, as well as conducting an eco-driving course* and enhancing the system for recognizing good, ecofriendly drivers.

* Eco Drive: Driving techniques that enable drivers to reduce fuel consumption by starting the vehicle and moving forward gently and eliminating wasteful idling to ultimately reduce CO₂ emissions.

FY 2014 Results and Target of KPI

CO₂ Emissions per Case during Shipment from Distribution Center to Store



Promoting a Modal Shift Jointly with Companies from Different Sectors

Aeon Global SCM Co., Ltd., which is responsible for the Aeon Group's logistics operations, has organized the Aeon Railway Transportation Research Council to determine better approaches to railway transportation jointly with the Council member companies in order to reduce CO₂ emissions.

As such effort, Aeon Global SCM and seven member manufacturers* are providing a freight train service between Tokyo and Osaka with the cooperation of Japan Freight Railway

Company. The number of containers transported by Aeon's railway transportation has significantly increased to 36,692 annually (twelve-foot equivalent unit). These initiatives were recognized with the Logistics and Environmental Special Prize at the 16th Logistics and Environment Awards organized by the Japan Association for Logistics and Transport.

We will continue our efforts to reduce CO₂ emissions while actively promoting a cross-industrial modal shift.

* Asahi Breweries, Ltd., Ajinomoto Co., Inc., Ezaki Glico Co., Ltd., Kao Corporation, Sapporo Breweries Ltd., Nestle Japan Ltd., and the Procter&Gamble Company of Japan Ltd. (In Japanese alphabetical order)



Informing Customers of CO₂ Emission Reductions

Aeon is committed to showing the carbon footprint (CFP) of a product in order to make it easier to visualize the CO₂ emissions it generates through its lifecycle, from raw materials to processing, distribution, consumption, disposal and recycling. This helps to increase customers' interest in the environment and spur further corporate initiatives to reduce CO₂ emissions and perform cost analyses.

Aeon has participated in the CFP seminar hosted by the Ministry of Economy, Trade and Industry (METI) since 2008 and has been implementing related initiatives in collaboration with METI. In 2009, we launched an internal project and so far have calculated product CO₂ emissions for products.

In fiscal 2013, we calculated the total CO₂ emissions throughout the entire lifecycle of TOPVALU Gurinai green peppers grown in Miyazaki Prefecture.

In March 2014, we carried out Bio My Basket calculations.



TOPVALU Gurinai Miyazaki pepper

Developing and Selling Products that Help Reduce CO₂ Emissions

Aeon is working to develop and sell products that help reduce CO₂ emissions.

Our TOPVALU Gurinai Yukigura potatoes from Toya, Hokkaido are one example. These potatoes use the cooling power of snow for preservation after harvest, which reduces electricity usage and also helps reduce CO₂ emissions.



TOPVALU Gurinai Yukigura potatoes from Toya

Carbon Offset Initiatives

Carbon offsetting refers to the process of purchasing credits generated by CO₂ reduction activities at a separate location to offset part or the entire amount of greenhouse gas emissions that really cannot be reduced.

In fiscal 2014, Aeon Group companies implemented the carbon offsetting detailed below.

We will continue these initiatives in fiscal 2015 as well.

• **AEON CO., LTD.**

- Target products: Bio My Basket
- Period: April 2014 - February 2015
- Quantity of emissions credits purchased: 700 tons-CO₂

Tabulating CO₂ emissions across the entire supply chain

In addition to managing greenhouse gas emissions they generate directly (Scope 1) and indirect emissions from the use of electricity (Scope 2), companies must now manage emissions across their entire supply chain (Scope 3). In response to this development, Aeon has been calculating* Scope 3 CO₂ emissions since fiscal 2012.

In the future, we will further expand the precision of our data, add more businesses for which we gather data, and use data analysis to pursue our reductions in CO₂ emissions.

* For calculations, we reference the Emissions Rate Index Database for Calculating GHG Emissions, etc. in an Organization's Supply Chain (Ver. 2.0).

Scope 3 Emissions

Category	Scope 3 Emissions Categories	Emissions (t-CO ₂ e)
1	Purchased products and services	2,872,268
2	Capital goods	1,578,822
3	Fuel and energy related activities not included in Scope 1 and Scope 2	284,761
4	Transport and shipments (upstream)	220,278
5	Waste from businesses	82,530
6	Business travel	7,027
7	Employee commutes	48,232
8	Leased assets (upstream)	—
9	Investments	31,543
10	Transport and shipments (downstream)	—
11	Processing of products sold	—
12	Use of products sold	18,998
13	Disposal of products sold	47,539
14	Leased assets (downstream)	842,502
15	Franchise	—

TOPICS

Verification of Greenhouse Gas Emissions by Third Party

Aeon has obtained a third-party review of the Scope 1 and Scope 2 greenhouse gases for AEON Retail, which is the largest producer of these emissions within the Aeon Group's core retail business.



We will continue to receive such reviews in the future in order to enhance the reliability of our data and continue with our efforts to reduce greenhouse gas emissions.

1. Scope of Verification

AEON requested Bureau Veritas to verify the accuracy of the following GHG information, to a limited level of assurance:

• Scope 1 and Scope 2 emissions:

CO₂ emissions from energy use through the operations of 388 stores of AEON RETAIL CO., LTD. (AEON RETAIL) within Japan

2. Methodology

ISO14064-3(2006): Obtained third-party verification in accordance with greenhouse gases-Part3: specification with guidance for the validation and verification of greenhouse gas assertions

Verified greenhouse gas emissions	
Scope 1 96,799 t-CO ₂ e	Scope 2 1,021,303 t-CO ₂ e

Generating Electricity at Stores

Generating renewable energy [Aeon Eco Project: Generation Strategy]

The goal of building electricity generation capacity of 200,000 kW* by 2020 is part of the "Generation Strategy" in Aeon Eco Project.

In fiscal 2014, we installed solar panels with electrical generation capacity totaling 22,621 kW in 47 of our stores, including supermarkets with flat roofs, new large-scale supermarkets, as well as convenience stores. This brings our total of stores with installed units to 1,044, and our total generation capacity to 55,868 kW.

In addition to leading to reductions in electricity usage, thanks to captive consumption, electricity from solar panels is also being sold back to power companies through the fixed wholesale purchase system. We are reinvesting profit from electricity sales to offset increased electricity rates, contribute to our BCP, invest in the environment, and invest in renewable energy.

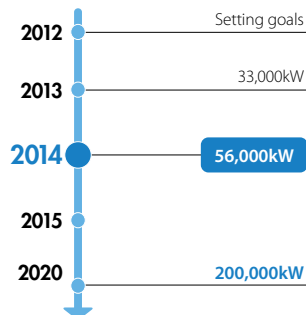
In fiscal 2015, we plan to add 3,146 kW of generation capacity to 65 stores.

* 200,000 kW is equivalent to the ability to cover the annual power of approximately 45,000 households in the common household.



FY 2014 Results and Target of KPI

Power generation capacity of renewable energy



Aeon Environmental Foundation

Donating Solar Systems to Junior High Schools

The Aeon Environmental Foundation is donating solar power systems to junior high schools with the aim of promoting and spreading environmentally friendly renewable energy, and providing students with the opportunity to utilize the systems for environmental studies.

This activity started in fiscal 2009 as a five-year project to commemorate the 20th anniversary of the founding of the Foundation.

As of the end of fiscal 2014, we have donated systems to 35 junior high schools, including 15 in Japan, 10 in Malaysia, and 10 in Vietnam.



Tan Nhut Junior High School in Ho Chi Minh City, Vietnam

Initiatives Undertaken by Group Companies

AEON Retail Co., Ltd.

Home Ecology Diagnosis Initiative

The Ministry of the Environment is implementing an initiative called Home Ecology Diagnosis in which accredited professionals with wide reaching experience in global warming and energy-saving home electronics use specialized developed software to provide tailored advice for each household on more effective ways to reduce CO₂ and reduce energy usage in order to reduce the greenhouse gas emissions of ordinary households.

AEON Retail, which maintains energy-saving proposals for helping consumers reduce utility bills as an important company policy, completed its registration as a home ecology diagnosis provider so that it can carry out this policy. After being certified in July 2014, 54 AEON Retail employees passed the accreditation exam held two months later in September. These 54 individuals began carrying out home ecology diagnoses in November 2014 and since then they have identified 265 issues at events and stores.

In fiscal 2015, we will introduce a new program where customers who take part in certain energy-saving reform projects or purchase energy-saving equipment based on a home ecology diagnosis will be awarded WAON points a form of Aeon Eco Points as part of our efforts to encourage even greater energy savings. We will continue to raise awareness and support employees in obtaining this certification in order to reach our goal of 100 home ecology diagnosis accredited employees serving at 50 stores.



Diagnosis



Conservation of Biodiversity

Management Approach

Recognition of Challenges

All companies harness ecosystem services, leveraging the resources produced by our ecosystem in each phase of the lifecycle, from the sourcing of raw materials to production, sales, use and disposal. At the same time, however, the world continues to lose its tropical forests while the number of fauna and flora found on the red list of endangered species continues to grow unabated. Given this situation, Aeon's business operations cannot be sustained without the ecosystem services of agricultural produce and marine products, which is why Aeon continues to work on various initiatives for the sustainable use of resources, with biodiversity conservation considered one of the key issues.

Aeon's Approach

In March 2010, Aeon established the Aeon Biodiversity Principle in order to continually promote the sustainable use of resources while conserving biodiversity. Following the Action Guidelines stipulated for this principle, Aeon is working together with customers through its products and stores.

- Initiatives for products: We have been working to source and sell products that are mindful of ecosystem sustainability, such as offering MSC certified products (from 2006) and selling notepads made from FSC certified paper (from 2008). In order to further reinforce these activities, in February 2014 we devised the Aeon Sustainable Procurement Principle and the Aeon Sustainable Seafood Procurement Policy for the sourcing of sustainable sources of marine produce.
- Initiatives at stores: Biodiversity has been incorporated into the standards for Smart Aeon next-generation eco stores and Aeon is expanding its use of FSC certified wood products as construction materials for MINISTOP stores. These efforts form our commitment to create stores that have a minimum impact on the ecosystem as well as the surrounding environment.

The Aeon Hometown Forests Program, launched as an activity to share the importance of nature and world peace with members of the local community, has continued for more than two decades since 1991. Under this initiative, whenever we open a new store, we plant trees on the site of the store together with customers. Thus far, we have planted more than 10 million trees. Currently, we are working on activities under the themes, plant, nurture, and thrive, aimed at the next 10 million trees.

Future Initiatives

Environmental agencies and the Conference of Parties (COP) under the Convention on Biological Diversity are working to make biodiversity mainstream through various social and economic activities promoting the protection of biodiversity and its sustainable use, from a worldwide to local community scale. Given this, Aeon will utilize its business characteristic of coming into contact with vast numbers of consumers on a daily basis to continually highlight the importance of biodiversity through the familiar platforms of stores and products. As part of this, in fiscal 2015 Aeon steadily expanded its lineup of TOPVALU Gurinal products and is now working on devising a procurement policy for forest resources following the Aeon Sustainable Seafood Procurement Policy.

Aeon Biodiversity Principle

Aeon's business depends on living products, such as agricultural and marine products. Recognizing this, Aeon formulated the "Aeon Biodiversity Principle" in March 2010, towards the conservation of biodiversity are essential to form a sustainable society.

Basic Principle

Grasping the impact our overall corporate activities have on the ecosystem, we actively focus on reducing the impact on the ecosystem and conservation activities, working in collaboration with our stakeholders, including our customers, local authorities and non-profit organizations. We focus on the following points related to the ecosystem in our corporate activities:

Through our corporate activities, we

1. Remain conscious of blessings and burdens.
2. Engage in initiatives that protect and nurture.
3. Disclose information on our activities.

Action Guidelines (Excerpt)

1. Products: We will set sustainability targets for resource managed fresh seafood and processed products, engage in their purchase and sale while sharing those targets with our business partners, and communicate related information to customers.
2. Stores: We will continue to promote tree-planting campaigns with local customers at new store sites and continue to develop Eco Stores with less environmental impact than conventional facilities.
3. With Customers: Through tree-planting campaigns and other programs, we will share environmental awareness and learn together with all of our customers.

Progress of KPI of FY 2014

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2014 Results	Summary of Actions/Initiatives
Sustainable Resource Usage in Products	Promoting Sustainable Procurement	Sustainable procurement initiatives in marine products	Consolidated Group companies in Japan	FY 2014: Development of action plans based on the Aeon Sustainable Procurement Principle and Aeon Sustainable Seafood Procurement Policy FY 2015: Efforts start that was based on the plan	<ul style="list-style-type: none"> Expansion of the CoC (Chain of Custody) certification in ASC/ MSC Aeon group Group companies 12 companies acquired (June 2015) Expansion of and handling merchandise assortment MSC: 13 species, 23 items (March 2015) ASC: 2 species, 7 items (March 2015) Sales start of Completely Farm-Raised Bluefin Tuna (June 2015) 	Installation of Seafood Assessment Committee: Established a committee, analysis of risks and opportunities, a study of viable initiatives through, develop priority initiatives plan. (Regularly held, efforts plan scheduled for update)
Sustainable Resource Usage in Stores and Products	Promoting Sustainable Procurement	Sustainable procurement policies of forest resources	Consolidated Group companies in Japan	FY 2015: Development of procurement policies of forest resources	(Products) <ul style="list-style-type: none"> Notes and to use the FSC certification raw material in the copy paper Use FSC certified paper to and paper tags Kitchen towels use the FSC certification raw materials to (Store construction) MINISTOP: 108 stores in architecture by using the FSC-certified wood domestic (as of January 2015) (Store materials) Implement the procurement based on the Green Procurement Standards 	Implementation of seminars that led to outside experts in relation to sustainable procurement of forest resources
Biodiversity Conservation at the Store Level	Aeon Hometown Forests Program	Maintenance and Management Situation of Forests	Companies to implement the Aeon Hometown Forests Program	FY 2014: 100% implementation	Focusing on GMS and SM, spread planting zone management based on the management manual	1) Confirm the progress and thorough implementation of management plans at each store 2) Spread weeding and cleaning through Clean & Green Activities carried out by employees 3) Demonstration of the model store for the small tree-planting ceremony conducted at existing stores
Contributions to the Community	Sustainable forest conservation	Development of circulation program of Aeon Sato Mori	Consolidated Group companies in Japan	Promotion of new businesses in the fields of the "Plant", "Nurture", "Thrive"	Implementation of the Pilot Project in the "Nurture" field	A Curriculum to Education Forest-Conscious People <ul style="list-style-type: none"> Cooperation with Mie Prefecture Miyagawa forest election set Employment in forest-related fields of students (17 people in 6 people)
Initiatives through our Products	Provide products that are friendly to the ecosystem	Appropriate products in private brand	Consolidated companies in Japan for General Merchandising Store, Supermarket and Small Size Store Business	Expansion of TOPVALU Gurinai products	A total of 137 organic products, one of the largest number as private brand label products in Japan (as of February 2015)	Ministry of Agriculture, Forestry and Fisheries to get the "Certified Importer" qualifications of JAS organic produce processed foods prescribed by, the development of domestic and foreign organic products, and promote the procurement

Sustainable Resource Usage in Products

Promoting Sustainable Procurement

Our natural resources face many threats today, from ecosystem destruction from overexploitation to poor agricultural harvests from abnormal weather caused by climate change. Whereas, with the supply chain now stretched across the entire world, Aeon must be conscious of human rights and working environments at suppliers as well as work to prevent corruption, including bribery and extortion.

The products manufactured and sold by Aeon are made possible by the bounty of nature and contain raw materials procured from producers and locations around the globe. We have been following a green procurement strategy for some time now where we prioritize the procurement of products that are environmentally friendly, but to achieve even more sustainable procurement, we commenced efforts to formulate CSR Procurement Guidelines in 2011. Through the work of a CSR Procurement Guidelines Committee comprised of managers from related Aeon departments, and tasked with gathering CSR procurement-related information, we formulated and published, in February 2014, our Aeon Sustainable Procurement Principle. In addition, we also set in place an Aeon Sustainable Seafood Procurement Policy in order to further elevate our efforts toward procuring sustainable marine products.

In fiscal 2014, we established the Seafood Assessment Committee comprised of Aeon's Environment Division and other Divisions at Aeon Group companies, functional companies, and other companies. Based on input from external stakeholders (NGOs, the government, seafood businesses), we analyzed risks and opportunities, reviewed feasible projects, and used the results to formulate key initiatives.

In fiscal 2015, we took the plan we formulated in fiscal 2014 and commenced sales of completely farmed tuna that does not rely on wild tuna stocks.

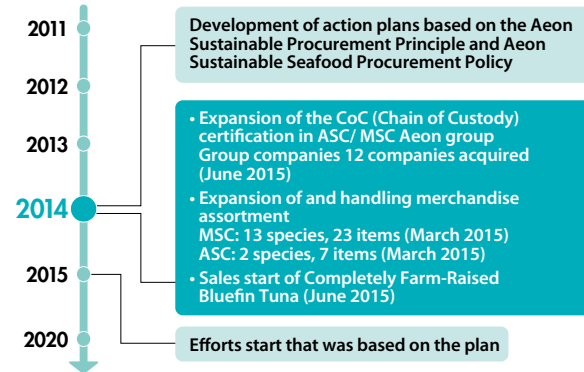
In addition, following on from formulating the Aeon Sustainable Seafood Procurement Policy, we started formulating a Forest Resource Procurement Policy, which is scheduled to be completed and published during fiscal 2015.

Aeon Sustainable Procurement Principle

1. Elimination of illegal trading, harvesting and fishing of natural resources
2. Setting and following Aeon's standard for conservation of biodiversity and prevention of natural resource depletion
3. Minimizing use of non-renewable resources
4. Establishing agricultural and fishery production locations and fishing method traceability
5. Conservation and prevention of destruction of high-protective value forests

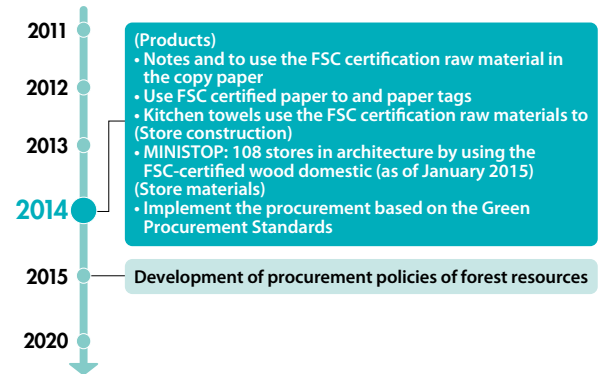
FY 2014 Results and Target of KPI

Sustainable procurement initiatives in marine products



FY 2014 Results and Target of KPI

Sustainable procurement policies of forest resources



Communicate Biodiversity-friendly Products to Customers

Aeon is committed to informing customers and earning their support with regard to the importance and significance of using sustainable products and products that conserve biodiversity. Based on this commitment, we are engaging in a variety of initiatives such as providing products that take into account the sustainable use of bio resources, as well as providing opportunities for people to learn more about biodiversity.

Promoting the Procurement of Sustainable Seafood

Aeon actively works to procure sustainable seafood products in order to help protect limited marine resources and to hand down to future generations our traditional culture surrounding food sources from the water and sea.

Aeon Sustainable Seafood Procurement Policy

Carry out regular risk assessments from a resource depletion prevention and biodiversity conservation perspective. Also, in order to mitigate risks, review feasible countermeasures and strive to procure sustainable seafood.

Specific Measures

1. Provision of Certified Products
2. Establishment of Traceability Measures
3. Elimination of Illegal Trade
4. Regular Risk Assessments

Selling MSC-certified products is part of this effort. The Marine Stewardship Council (MSC) is an international body overseeing a program that certifies the fishing industry's commitment to the environment and sustainable resources. The Marine Eco-Label seal of approval is placed on marine products caught by certified fisheries. After beginning to sell MSC-certified products in 2006, Aeon has gradually expanded the number of available items. As of March 2015, we offer customers 23 MSC-certified products across 13 species—more than any other retailer in Japan.

Also, from 2014, we started selling products in Asia certified by ASC (the Aquaculture Stewardship Council) as "seafood produced through responsible aquaculture." As of March 2015, we are selling seven products in two product categories.

In June 2015, eight Group companies joined AEON Retail Co., Ltd., AEON Hokkaido Corporation, AEON Kyushu Co., Ltd., and AEON Ryukyu Co., Ltd. in acquiring Chain of Custody (CoC) certification. CoC certification ensures the reliability of MSC- (Marine Stewardship Council) and ASC- (Aquaculture Stewardship Council) certified products and is a system for assuring consumers of the traceability of certified products. Going forward, Aeon will promote procurement of sustainable seafood by increasing the number of companies that acquire certification.



TOPVALU MSC-certified cod



TOPVALU ASC-certified raw Atlantic salmon

TOPICS

Commencing Sales of Completely Farm-Raised Bluefin Tuna

Aeon started selling completely farm-raised* TOPVALU Gurinai Amami Bluefin Tuna in June 2015. We are the first Japanese private brand to start selling completely farm-raised Bluefin tuna.



Tuna (lean)

International measures have been stepped up for the management of wild natural resources. Bluefin tuna was designated in November 2014 as a wild animal in danger of extinction by the International Union for the Conservation of Nature and Natural Resources (IUCN), and, in December of the same year, the Western and Central Pacific Fisheries Commission (WCPFC) decided to halve catches of young Atlantic Bluefin tuna.



Sales floor

These circumstances led Aeon to supply completely farm-raised Bluefin tuna from the perspective of resource depletion prevention and biodiversity conservation, and we did so utilizing the cooperation of Maruha Nichiro Corporation and their ability to raise completely farmed tuna that does not rely on wild stocks.

In addition, in consideration of the ecosystem surrounding fish farms, we are taking care to regularly carry out water quality checks and properly steward the natural environment around Amami island.

Going forward, Aeon will promote the procurement and sale of sustainable seafood by protecting limited resources.

* Completely farm raised: Fertilized eggs are taken from adult tuna and artificially hatched, then those eggs are raised in a full cycle that does not rely on wild tuna stocks.

Selling FSC® certified products

The Forest Stewardship Council certifies wood products and paper manufactured with timber from properly managed sustainable forests.

Aeon has been selling notebooks and other FSC-certified paper products since 2008. From fiscal 2011, we have been using FSC-certified materials for price tags and other widely used markers.



Notebook made from FSC-certified paper



FSC certification

Biodiversity Conservation at the Store Level

Next 10 Million Trees—Plant Aeon Hometown Forests Program

Aeon, since the launch of our Hometown Forests Program in 1991, has been integrating new stores and encouraging local residents in the greening of their communities. Under this program, we join with our customers to plant trees on new store sites. In fiscal 2014 we planted a total of 544,495 young trees in 38 locations.

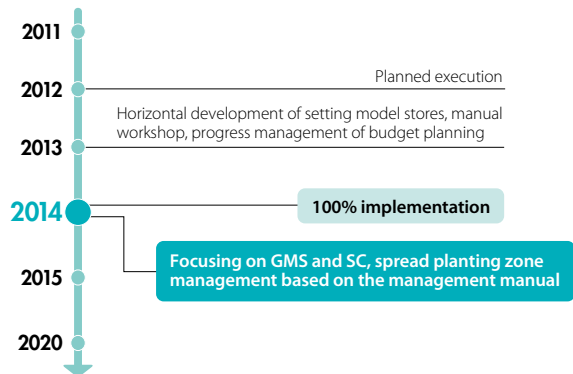
As of the end of February 2015, 10,867,710 trees* had been planted through these activities. Aeon is deeply grateful to the customers who have participated in our tree planting efforts and we look forward to the next 10 million trees, which we will plant and nurture alongside our customers and local communities.

* Combined total for the Aeon Hometown Forests Program and Aeon Environmental Foundation.

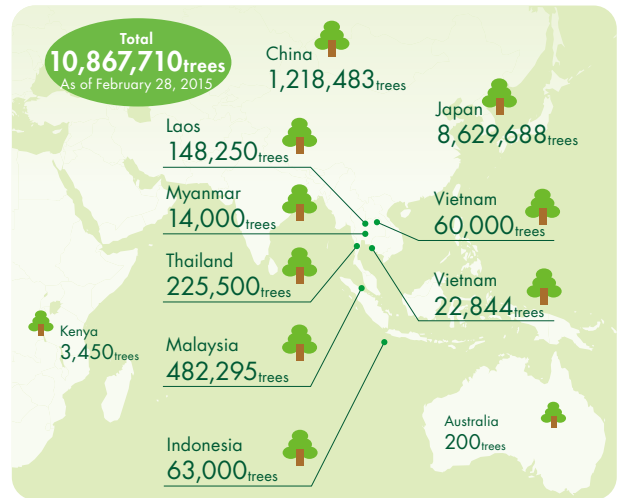


FY 2014 Results and Target of KPI

Maintenance and Management Situation of Forests



Letting Forests Grow



Developing and Evaluating Indicators

Aeon pays great attention to conservation and creation of ecosystems in developing its stores through initiatives such as planning and implementing biodiversity evaluation and environmental burden reduction measures when opening stores. The aim is to minimize the impact of our stores on the surrounding environment and ecosystem. Examples of these initiatives include the Aeon Hometown Forests Program and installing biotopes at some of our shopping centers.

In fiscal 2014, at Aeon Mall Tendo, we built a Rain Garden™ that recycles rainwater, and we installed a rooftop biotope at Aeon Mall Tamadairanomori, both as part of efforts to build stores that utilize space in ways conscious of ecosystem preservation, and that effectively utilize natural resources.

Following Aeon Mall Toin last year, Aeon Mall Tamadairanomori acquired the Sustainable Business Sites® Certificate (for urban areas and shopping centers) from the Association for Business Innovation in Harmony with Nature and Community (ABINC).

In fiscal 2015 and beyond, Aeon plans to actively adopt policies aware of biodiversity, focusing on newly opening store sites.



TOPICS

Ideal Biotores as Fusions of Aeon Stores and Local Communities

Aeon's first biotope at a store opened in the 21st century was the design that boldly rises up in the middle of the Aeon Mall Yokkaichikita parking lot. The biotope encompasses approximately 990 square meters of green space that was a neighborhood shrine, shrine woods, and their surrounding waters.

With the cooperation of Chamber Group, a local environmental NPO led by Hiromi Tanaka, the biotope is being maintained with an aim toward proliferating plant and animal life, based on expert advice on insects, fish, and plants suitable for a shopping center location.

Weeding and daily maintenance is performed with the help of employee volunteers who are Aeon Biopark Assist members, while the site is also used for Aeon Cheers Club activities and advanced environmental education including planting festivals, pond drying and animal observation events, firefly habitat creation, and invasive species surveys and removal. In 2015, firefly habitat creation was facilitated with various experiments, including those to shut out ambient light and those to release adult fireflies, all as part of our daily efforts to develop the project.

Going forward, a challenge for us is how to help our customers be more involved with the biotope as we continue to put time and effort into this particular area of biodiversity consciousness in our retail business.



Contributions to the Community

Sustainable Forest Conservation —Plant, Nurture, Thrive

When we open a new store, our Aeon Hometown Forests Program joins with our customers to plant trees on the new site. Since this Program began at our Jusco Malacca store in Malaysia in 1991 (the store has since been renamed Aeon Malacca SC), over one million customers have helped us plant trees over the course of more than 20 years, passing the 10 millionth tree mark in 2013.

Seizing this opportunity, we announced new objectives to "plant, nurture, and thrive" as we work toward the next 10 million trees. Specifically, our "plant" objective targets tree planting that improves the quality of life in regions across the globe, and tree planting that helps protect areas from tsunami and disasters; our "nurture" objective targets activities to help foster forests; and our "thrive" objective promotes the

utilization of forest products such as lumber, etc. as resources for our products and building materials for our stores. We will continue to create enriching lives for people with the natural blessings of a healthy forest life cycle.



Next 10 Million Trees—Nurture A Curriculum to Education Forest-Conscious People

In recent years, preventing global warming and conserving biodiversity are challenges joined by another urgent social issue. That is, preserving and sustainably using forests, which serve multifaceted roles for carrying on Japanese culture, offering recreation, etc., and villages, which serve as places for humans and nature to coexist.

The Forest Connection Project—Educating Forest-Conscious People is a collaborative effort between Aeon, Mie Prefecture, and the NPO Miyagawa Shinsengumi, aiming to foster the future generation of forestry workers by offering various programs to deepen understanding of Japan's forest management.

In fiscal 2014, the Project was held over the course of five months, from October 5, 2014 to March 8, 2015 (17 days all total), in Odaicho, Mie prefecture. The curriculum included a lecture on forests and forestry (the two-day "forest seminar"), on-site training (the five-day "forest skills course" plus three days of field work), and a workshop on effectively utilizing forest resources (the two-day "forest laboratory"), for 12 days of study. The five-day "forest skills course" was especially unique and hands-on. By focusing on making a functional pathway for workers, the course taught forestry labor techniques and skills directly in the mountain forests of Odaicho.

17 participants completed the curriculum, with 6 of them later changing their work focus to forestry-related jobs.



Next 10 Million Trees—Thrive Expanding Use of Eco-friendly FSC® Japan Certified Wood Materials

Aeon has been developing stores with attention to ecosystem conservation. Ministop Co., Ltd., for example, opened a MINISTOP store that used 100% FSC Japan certified materials in 2009, as the first FSC-certified convenience store in Japan. As of the end of February 2015, 108 MINISTOP stores are FSC certified. Going forward, we plan to actively increase the number of environmentally-friendly stores using FSC Japan certified materials.



Store under construction MINISTOP store
(FSC-JPN-0036 *FSC, A.C. All rights reserved.)

TOPICS

Aeon Initiatives for Biodiversity Conservation and Sustainable Use Become Certified for Affiliation with the Japan Committee for UNDB (UNDB-J)

Under the Aeon Biodiversity Principle formulated in 2010 and the Aeon Sustainable Procurement Principle formulated in 2014, Aeon has been promoting sustainable resource procurement conscious of both the environment and conservation of biodiversity in our product development and store construction.

These initiatives implemented through our business activities have been recognized as contributing concretely to conservation of the ecosystem and to sustainable use of resources, leading to their certified affiliation with the Japan Committee for the United Nations Decade on Biodiversity.*



* Japan Committee for the United Nations Decade on Biodiversity: Established in 2011 to promote initiatives for biodiversity conservation and sustainability, and tasked with working toward achieving the Aichi targets adopted at the Conference of the Parties to the Convention on Biological Diversity (COP10). UNDB-J provides information and opportunities for interaction for groups, companies, governments, and institutions carrying out biodiversity conservation activities, and also fulfills the role of promoting cross-collaboration between those activities.

Initiatives through our Products

TOPVALU Gurinai

TOPVALU Gurinai is a food safety brand that considers natural environmental friendliness and health for our bodies. The brand's product lineup offers food that meets customer demands and their desire "to buy food that is safer because it is something we eat every day".

Developing and Promoting the Procurement of Organic Products

The TOPVALU Gurinai Organic Food Series offers a wider variety of environment friendly items certified both nationally and internationally as organic food. In order to reflect consumer interest in healthy food, safety and security, as well as to respond to requests from customers for more organic products in our stores, we promote development and procurement of organic products in Japan and from other countries utilizing the Japanese Agricultural Standards (JAS) certification for importers of organic agricultural/processed food products, a certification issued by the Ministry of Agriculture, Forestry and Fisheries (MAFF) of Japan.



TOPVALU Gurinai Organic Food Series

Organic JAS logo

Operators certified by certification organizations registered by the MAFF are able to attach the organic JAS logo to their products. The logo is attached to agricultural, processed, or livestock products, as well as livestock feed, produced with a method of organic farming that uses natural power instead of pesticides or chemical fertilizers.



Aeon Environmental Foundation Initiatives

Aeon Tree-Planting Activities

The Aeon Environmental Foundation, with cooperation at the national and local government level, conducts tree-planting activities that aim to regenerate forests devastated by natural disasters. The Foundation's current tree-planting initiatives are being carried out in different parts of the world, particularly in Asia, in addition to Japan.

In fiscal 2014, domestic locations included Urayasu city (Chiba prefecture) and Aya town (Miyazaki prefecture), both continuing their tree planting activities from fiscal 2013, plus Mukawa town (Hokkaido), Chita city (Aichi prefecture), and Kihoku town (Mie prefecture) in the final year of their planting schedule.

Outside Japan, the second year of tree planting was carried out as part of 3-year plans in Yangon, Myanmar, and Hanoi, Vietnam, in addition to single-year projects in Suzhou, China and Bidor, Malaysia.

In fiscal 2015, on-going projects continued, with the addition of new projects getting off the ground in Atsumacho, Hokkaido and Phnom Penh, Cambodia.



Tree planting in Urayasu, Chiba



Tree planting in Aya, Miyazaki



Tree planting in Yangon, Myanmar



Tree planting in Hanoi, Vietnam

Excellence in Biodiversity Maintenance Biodiversity Award

The Aeon Environmental Foundation inaugurated the Japan Awards for Biodiversity to promote biodiversity conservation and sustainable use of biodiversity in Japan, as well as the MIDORI Prize for Biodiversity, which is an international prize. The two awards honor recipients in alternate years.

In fiscal 2014, we sponsored the third awards ceremony for the MIDORI Prize for Biodiversity and presented the awards to Dr. Kamal Bawa from India, Dr. Alfred Oteng-Yeboah from Ghana, and



Dr. Bibiana Vilá from Argentina. In fiscal 2015, we will hold the fourth awards ceremony for the Japan Awards for Biodiversity.

Winners
 Dr. Kamal Bawa (India)
 President, Ashoka Trust for Research in Ecology and the Environment (ATREE), India; Distinguished Professor, University of Massachusetts, Boston, USA

Dr. Alfred Oteng-Yeboah (Ghana)
 Chair, Ghana National Biodiversity Committee, Ghana

Dr. Bibiana Vilá (Argentina)
 Principal Researcher, National Research Council (CONICET); Director, Vicuñas, Camelids and Environment (VICAM), Argentina

Giving Grants for Environmental Activities

Since its establishment in 1990, the Aeon Environmental Foundation has awarded grants for activities related to sustainable use and the preservation of biodiversity in Japan and developing countries.

In fiscal 2014, 99.74 million yen was awarded to 102 organizations throughout the world that are engaged in tree planting and forest improvement, anti-desertification, regeneration of mountain villages and the nearby woodlands and ocean, cleanup of lakes and rivers, wildlife protection, and endangered species conservation. The total number of organizations awarded reached 2,565, and the total amount reached 2,306.13 million yen.

We will continue in 2015 to call for grant applications.



Tree-planting event by NPO Shirakami Mountain Preservation Society (Aomori Prefecture)



Better Use of Resources

Management Approach

Recognition of Challenges

The world's population continues to grow. Many believe it will increase from the current 7 billion to 9 billion by the year 2050. Meanwhile, the issues of hunger and poverty continue to plague developing countries. The only way to improve the living standards of people around the world in a sustainable manner is to make sure that the earth's limited resources are used effectively and responsibly. Aeon produces food waste through the operation of more than 18,000 stores both in Japan and other parts of the world and is also tied to waste produced by customers after the use of plastic bags and food containers. This is why we are working on various activities for the better use of resources as one of our key issues.

Aeon's Approach

Aeon launched the Bring Your Own Shopping Bag Campaign back in 1991 and has changed the specifications and formats of packaging materials as part of its ongoing efforts aimed at the responsible use of resources. In 2000, the Bring Your Own Shopping Bag Campaign developed into the My Basket Campaign where customer bring their own shopping basket and in 2007 Aeon was the first nationwide retailer to eliminate free plastic bags at the register, illustrating its many pioneering initiatives over the years. As a result of these initiatives, as of February 28, 2015 some 67.5% of Aeon customers decline plastic shopping bags, greatly exceeding the industry-wide average of 51.3% (as of March 2015). Aeon established a goal to achieve zero waste (reduction of landfill waste to zero) at its stores by fiscal 2020, given the rising demand in society to reduce waste, and began stepping up its initiatives. Food waste, a growing social issue, has also been established as a priority KPI.

Future Initiatives

The reduction of garbage and food waste was included as a goal within the Sustainable Development Goals Report issued by the United Nations in 2014. Additionally, Japan is set to tighten related regulations as well, including the Food Recycling Law and Waste Management and Public Cleansing Act. Given this rising demand from society, the Aeon Group will consolidate the individual activities of its companies and regions during fiscal 2015 and establish a common Aeon Group infrastructure after organizing the basic approach, case studies and indicators of these activities. Starting in fiscal 2016, Aeon's subsidiaries will begin to set individual targets and carry out efforts to achieve them.

Progress of KPI of FY 2014

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2014 Results	Summary of Actions/Initiatives
Initiatives for Zero Waste in Stores and Products	Reduce Amount of Materials Used in Packaging and Containers	Amount for Third-Party Processing Required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging (basic unit per ¥100 million in net sales)	Consolidated companies subject to third-party processing requirements	FY 2010: 1,175 tons FY 2014: 0.94 tons below (* 20% reduction or more compared to FY 2010) * From FY 2014, to change to the original unit comparison as a group from the companies of the original unit total	0.88 tons * 25.1% reduction compared to FY 2010	Reduce the use of sales materials such as plastic shopping bag reduction • Specification change of packaging materials • Review of providing method
	Reducing Food Waste Emissions	Food Waste Emissions (amount per ¥100 million in net sales)	Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	FY 2013: To understand the amount, to set reduction targets FY 2014: Reduction from the previous year	Retail performance FY 2013: 38.73kg/million yen FY 2014: 35.32kg/one million yen	1) Disposal sales change of reduction 2) Thorough sorting of what the resources
		Food waste recycling rate	Consolidated companies in Japan for General Merchandising Store and Supermarket businesses	Food retailing (FY 2015-FY 2019)	Retail performance FY 2013: 50.2% FY 2014: 52.3%	1) Waste oil, fish crude recycling, consignment forwarding to play operators 2) Construction of recycling loop
		Construction of Food Recycling Loop	Domestic consolidated target of food-related companies	Domestic consolidated target of food-related companies	Stretch penetrating type food recycling loop operation in Miki city Hyogo prefecture	1) AEON AGRI CREATE Co., Ltd. and DAIEI KANKYO Holdings Co., Ltd. signed an "Agreement on food recycling loop propulsion" in September 2014 2) Food residue of vegetables and meat or the like generated by an ion store or the like is compost processed at composting facilities of Daiei environment (strain), it is used in ion Miki-satowaki farm, selling the cultivated vegetables in this compost in ion store
Reduce Waste	Emissions of non-food waste	Consolidated Group companies in Japan and overseas (Japan, China and ASEAN)	Expansion efforts	Aggregation and sharing of information Group companies Efforts	Maxvalu Chubu: the reduction and recycling increase in the amount of waste, dropping to department objectives for each sector, and promoting efforts AEON RYUKYU: By selling as thorough resources fractionation of cans, bottles, pet tray, reduce the amount to be discarded Laura Ashley: furniture reuse promotion	
	Together with Customers	Reduce Number of Plastic Shopping Bags	Percentage of Customers Declining Plastic Shopping Bags (nationwide store average)	Consolidated Group companies in Japan for General Merchandising Store and Supermarket businesses	FY 2014: More than 70% FY 2020: More than 80%	67.5% (Stop Free Plastic Shopping Bags stores increased 49 stores, it became 1,392 stores in total)
Strengthening the Management System	Strengthening the Management System	Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions	Consolidated Group companies in Japan	FY 2014: Total more than 300 people	Seminar participants: 53, Examinees: 30, Successful candidates: 30	The training by external specialized agencies. Utilizing the TV conference, a larger student opportunities
		Electronic manifest introduction rate	Consolidated Group companies in Japan	Until FY 2016: The introduction of 50%	Companies that were introduced into the 2014 year-end: 12 More than 95%: The Daiei, Inc., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., SANYO MARUNAKA CO.,LTD., AEON BIG CO., LTD., ORIGIN TOSHU CO., LTD., My Basket CO.,LTD 95% or less: AEON Retail Co., Ltd., AEONBIKE CO., LTD., Maxvalu Chubu Co., Ltd., AEON MARKET CO., LTD., AEON TOWN Co.,Ltd.	Information sharing, such as good efforts and results and the introduction procedure

Initiatives for Zero Waste in Stores and Products

Reducing Amount of Materials Used in Packaging and Containers

Most of the rubbish discharged from the home is made up of packaging and containers. It is therefore an important responsibility of the retail industry to sell products used in everyday life that contribute to less rubbish by minimizing them.

With this in mind, Aeon is working actively to reduce the amount of packaging and containers we use. In addition to focusing on reducing plastic shopping bags, we are also promoting the use of thinner as well as more ecofriendly trays.

When developing TOPVALU products, we closely examine packaging and containers and after careful consideration of the impact on the quality of product contents and safety during shipment, we work to make product containers lighter and more thin-walled and switch to recyclable material. Additionally, we are striving to develop refillable products and change packaging material based on customer feedback.

As a result of these efforts, we reduced the required amount of packaging and containers for recycling by a third party (per ¥100 million in net sales) under the Law for Promotion of Sorted Collection and Recycling of Containers and Packaging by 25.1% in fiscal 2014 compared with fiscal 2010, with a total of 0.88 tons*.

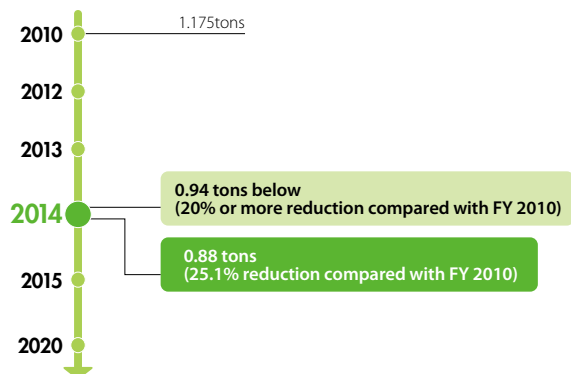
Moving forward, we plan to take further actions.

* In fiscal 2014, we switched from the per unit total for each company (total volume) to a per unit comparison as a Group.

FY 2014 Results and Target of KPI

Amount for Third-Party Processing Required under the Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging

(basic unit per ¥100 million in net sales)



Packaging materials reduction case 1

TOPVALU BESTPRICE Buttered Roll, we tried to save materials by eliminating the closure mechanism and shortening the length of the product bag. As a result, we were able to cut the bag weight to approx. 50% of the benchmark national brands.



Packaging materials reduction case 2

In the past we attached both a product name sticker and a thermal sticker to bentos and salads. We have eliminated the product name sticker by putting the TOPVALU logo on the thermal sticker. As a result, we were able to reduce the number of stickers by 1.2 million a month.



Packaging materials reduction case 3

We trialed the supply of TOPVALU Gurinai Junkikei Chicken replacing tray film packaging with three sided packaging with the aim of reducing household garbage. We plan full-scale introduction of the new packaging from the beginning of 2016.



Reducing Food Waste Emissions

Aeon is committed to reducing the volume of food waste produced by stores. For example, Aeon Retail Co., Ltd. has established a target for a food waste-to-sales ratio* of 0.5% or less.

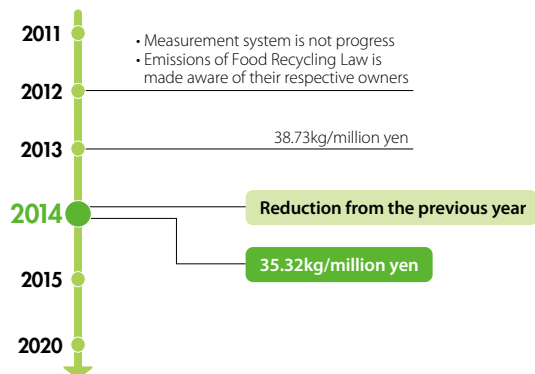
In fiscal 2014, the company-wide results failed to meet targets. However, led by store managers, many individual stores successfully kept the food waste-to-sales ratio low through such means as implementing thorough progress management of price changes, promotion of information sharing through meetings, clearance of products using taste testing and other methods, and early withdrawal of products with degraded freshness.

In fiscal 2015, we will share this best practice Group-wide and continue promoting initiatives aimed at reducing food waste.

* Food waste-to-sales ratio: Food waste x Retail price / Sales

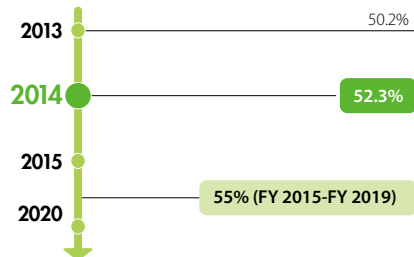
FY 2014 Results and Target of KPI

Food Waste Emissions (amount per ¥100 million in sales)



FY 2014 Results and Target of KPI

Food waste recycling rate



Construction of Food Recycling Loop

Aeon Agri Create Co., Ltd., which manages Aeon's directly operated farms, and Daiei Kankyo Co., Ltd., engaged in recycling business, concluded an Agreement on the Promotion of Food Recycling Loop in September 2014. The two companies will establish the largest compost recycling loop in Japan by creating a cooperative network among Aeon Miki-Satowaki farm, Aeon stores and the compost processing facilities.

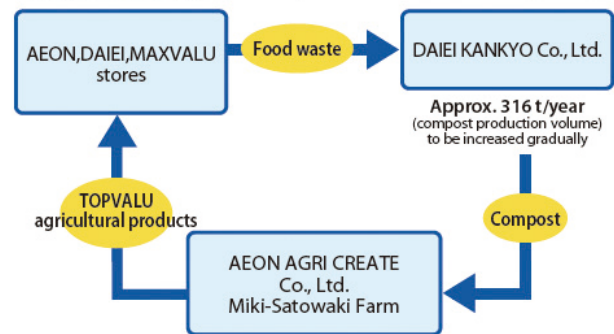
Daiei Kankyo processes food waste such as vegetables and meat dregs gathered from the stores. The produced compost is then used on the Aeon Miki-Satowaki farm. The vegetables grown and harvested using this compost will be sold in Aeon stores. In this way, Aeon's self-contained food recycling loop will be realized.



Aeon Miki-Satowaki farm

Circulation flow

Approx. 1,580 t/year (food waste collection volume) to be increased gradually (Total of target Aeon stores and PB manufacturing factories)



VOICE

“We continue to provide compost traceable to its source materials.”

Aeon's efforts toward a self-contained food-recycling loop have an impact not only as food recycling, but also as a mechanism for better use of resources, and thus we recognize the possibility of triggering a substantial change in society. While expanding the scale of recycling, we will bear the responsibility of supplying safe, reliable compost that is traceable to its source.



Fumio Kaneko
President and CEO
DAIEI KANKYO Holdings
Co., Ltd.

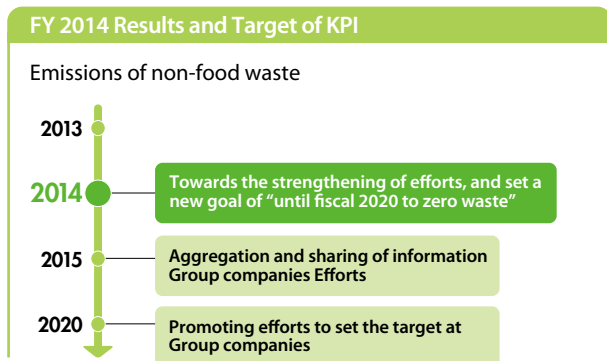
Reducing Waste

As an enterprise that operates business in approximately 18,000 stores and locations in Japan and overseas, Aeon generates a large volume of waste. The social demand for reductions in waste has increased in Japan and overseas. In addition to the prospect that targets for waste management and food waste reduction will be incorporated into the United Nations' Sustainable Development Goals (SDGs), regulations are also being strengthened in the EU. Moreover, there are plans to strengthen waste-related laws and regulations in Japan, including the Food Recycling Law and the Waste Management and Public Cleansing Act.

In order to meet these demands, Aeon has decided to further strengthen initiatives aimed at reducing waste and has established a new target for zero waste by fiscal 2020 (reduction of landfill waste to zero) to launch initiatives. Social demands concerning food waste are particularly significant, and we have given priority to establishing KPIs related to the Food Recycling Law.

While many companies are conducting a variety of initiatives aimed at reducing waste, the reality of the current Aeon Group initiatives is that they are being implemented by individual stores and regions. Based on this situation, in addition to aggregating, sharing and communicating the circumstances at each company, we will promote the creation of infrastructure to coordinate approaches and indicators

and to implement common Group initiatives in fiscal 2015. Following that, in fiscal 2016, we will aim for each company to establish targets and promote initiatives.



Use of Returnable Containers

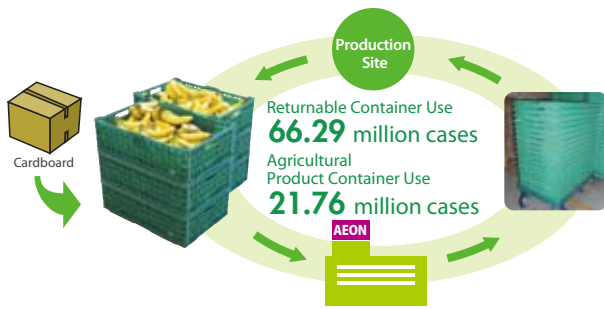
Aeon is reducing the amount of cardboard thrown away at stores by using returnable containers and agricultural product containers that can be used repeatedly when shipping products.

In addition, our apparel departments conduct reused hanger delivery in which clothing is brought to the store on hangers and then displayed on the sales floor using the same hangers. This reduces the amount of cardboard boxes used when transporting the clothing and the amount of hangers used only for transport.

In fiscal 2014 we used 66.29 million cases of returnable containers*, 21.76 million cases of agricultural product containers, which helped us substantially reduce cardboard waste.

* Aeon's own containers only.

Usage of Returnable Container, Agricultural Product Container



Promoting Green Purchasing

We began "green purchasing" efforts in 1996. When purchasing stationery and other office supplies, we adequately consider their necessity and make purchasing decisions while prioritizing products with low environmental impacts. This is done as a matter of course for office supplies, but we are also expanding the scope of green purchasing to include display cases, shelving and other fixtures used on sales floors as well as construction materials and the like.

We commenced green purchasing for construction materials in fiscal 2001. When developing new general merchandise stores, we strive to use products procured through green purchasing for construction materials and increase the range of items subject to green purchasing.

Together with Customers

Reducing Plastic Bag Use

For more than twenty years since 1991, Aeon has engaged in efforts to conserve petroleum, the raw material of plastic bags, and cut CO₂ emissions from the production of plastic bags.

In fiscal 2014, we held the Aeon My Bag Design Contest with the aim of further increasing customers' use of their own shopping bags.

As of the end of February 2015, the reduction of plastic bags at our 26 Group companies has totaled 2,482.5 million bags, with 67.5% of customers declining plastic bags. This result broadly outpaces the 51.28%*¹ average for retailing businesses and has led to 74,174 tons*² of CO₂ reductions.

For customers that desire them, we offer plastic bags for a fee. We donate the profit*³ toward local environmental conservation through local governments, etc., The profit in fiscal 2014 was approximately 5.35 million yen.

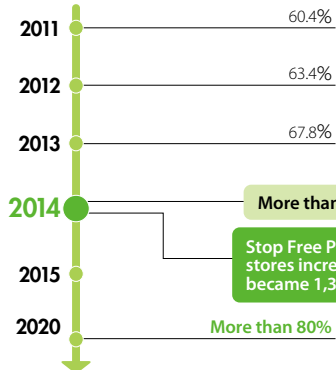
*¹ As of March 2015. Study by the Japan Chain Stores Association.

*² CO₂ reduction rate index: 30.8 g-CO₂ per plastic bag declined by customers (treated as 6.8 g of unused HDPE plastic bags).

*³ Plastic bag profit = Sales price - (consumption taxes + material cost)

FY 2014 Results and Target of KPI

Percentage of Customers Declining Plastic Shopping Bags (nationwide store average)

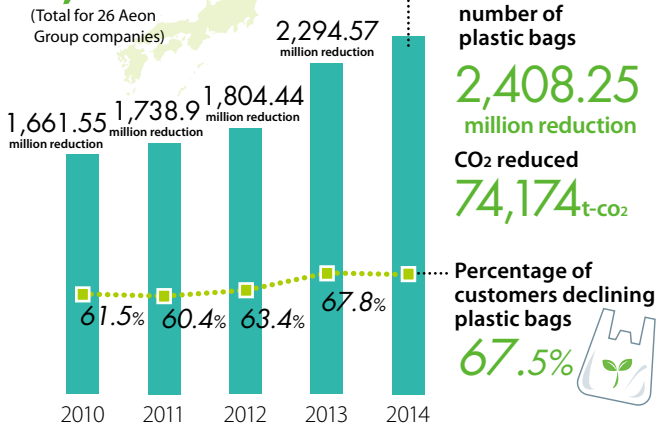


Stores Stopping Free Plastic Shopping Bags

Total number of stores (as of February, 2015)

1,392 stores

(Total for 26 Aeon Group companies)



Reduction in the number of plastic bags

2,408.25 million reduction

CO₂ reduced **74,174**t-co₂

Percentage of customers declining plastic bags

67.5%

Progress of plastic bag reductions

1991

Began the "Bring Your Own Shopping Bag" Campaign calling on customers to bring their own shopping bags



2000

Began the "My Basket" Campaign



2007

Began the "Stop Free Plastic Shopping Bags" Program



2009

Began an initiative to direct profit from plastic bag charges into environmental conservation efforts



2013

Introduced bio-mass certified plastic bags and "My Baskets" (for a fee)



TOPICS

Aeon My Bag Design Contest

Aeon held the Aeon My Bag Design Contest in June, the Environment Month, as part of the Bring Your Own Shopping Bag Campaign and collected designs under the theme of "nature that you want to leave to the future". Among around 3,900 designs submitted, three designs were awarded grand prizes (one from the elementary and junior high school student category and two from the high school student and general public category) after careful consideration by the judges. The designs were featured on My Bag products, which were sold in about 1,200 Aeon Group stores nationwide. As an additional prize, the award winners were invited to an overseas tree-planting tour hosted by Aeon.

For realization of a sustainable society, Aeon will continuously engage in various environmental conservation activities along with customers.



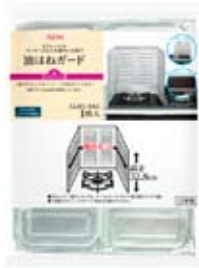
Prize winners and judges

Reducing Waste by Collecting Resources in Stores

For recycling valuable resources, Aeon has collection bins for drink cartons, food trays, aluminum cans, and PET bottles in the stores. Drink cartons and aluminum cans are used as raw materials for TOPVALU brand products. Through these efforts, Aeon is moving forward to the creation of a recycling society. In the delicatessen sections in the stores, 100% of used oil is collected and recycled for soaps, feed, and fertilizer.



TOPVALU BEST PRICE Recycled Toilet Paper – Single
Recycled toilet paper that uses 100% waste paper pulp.

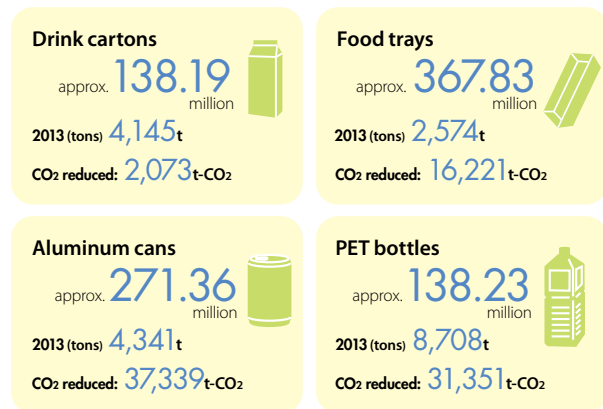


TOPVALU Oil Guard
An aluminum oil guard that prevents soiling due to oil splashing around the gas cooktop. It is made using at least 80% aluminum remelted from aluminum cans collected at stores.



Collection boxes placed in one of our stores

Results for 2014 (total for 23 consolidated subsidiaries)



Weight estimates: Drink carton (1000ml)=30g, Food tray=7g, Aluminum can (350ml)=16g, PET bottle=63g

* CO₂ reduction rate index (per 1kg of collected material):

Drink cartons : 0.50kg- CO₂,

food trays: 6.3kg- CO₂, aluminum cans: 8.6kg- CO₂,

PET bottles (material recycling): 3.6kg- CO₂

Source: Ministry of the Environment's "Tools for Visualizing 3R Activities"

Launching Recovery of Waste Paper and Plastic Bottles Linked with WAON

Aeon has launched resource recovery (waste paper and plastic bottles) that provides WAON points to customers who take part in resource recovery with the aim of promoting resource recovery and increasing convenience for customers.

We are promoting the initiative with a focus on stores in municipalities where there are infrequent collections of recycling waste. As of July 31, 2015, the initiative had been introduced at a total of 15 stores, including 11 Aeon Retail Stores, 3 MaxValu Tokai stores, and 1 Daiei store and has been welcomed by customers. In introducing the initiative, we established a clear division of roles with recycling businesses to create a system that can carry out ongoing recovery.



A recycling station (waste paper and plastic bottle collection equipment)

Collecting and Promoting Reuse of Clothing

Each company in the Aeon Group is actively committed to collecting and reusing clothing.

Aeon Retail Co., Ltd. has established a system for regularly trading in clothing in partnership with I:CO Japan, the Japanese subsidiary of SOEX, which is the world's leading corporate group in textile recycling conducting apparel product recycling activities on a global scale. The fully-fledged initiative was launched in 2015. Traded in clothing is transported to I:CO's partner plants and subsequently sorted at the plants of the company's overseas partners. 70% of the clothing is reused as apparel with the remainder being recycled according to condition and application. Clothing being reused as apparel is sold in 64 countries worldwide, including Africa, South America, and Asia.

Moreover, Cox Company Limited collects and recycles used clothing. In addition to this, clothing and sundry goods shop SELF+SERVICE is working for fiber recycling in a proactive manner by selling products bearing the Ecomate mark, which ensures the commitment to fiber recycling, and by collecting all clothing items sold in stores (including shoes, hats and caps, and other fiber products).



Flyer for trade in campaign (Aeon Retail)



Clothing collection (SELF+SERVICE)

Strengthening the Management System

Management System for Waste Emissions

Aeon holds internal training courses on a regular basis aimed at improving its management of waste disposal. Each year the Waste Management Training Course, which was developed together with an external specialist organization, is held for environmental managers and waste management leaders of Group companies.

In fiscal 2014, 53 employees received training in waste disposal management. Of that number, 30 sat a certification exam in waste disposal management, which all of them passed. This result brought the cumulative total, since fiscal 2011, to 316 employees receiving the training and 193 receiving official waste disposal management certification. Continuing to provide training will pave the way to improvements in the Group's level of waste management.

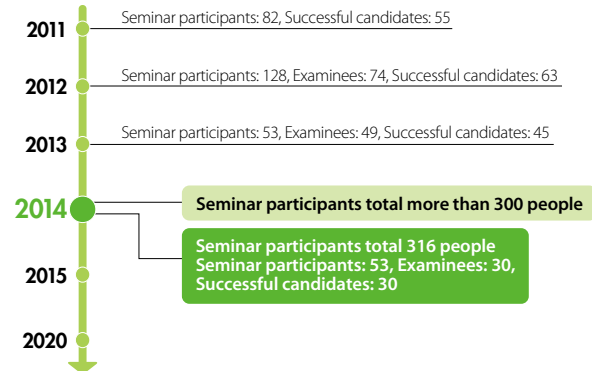
Meanwhile, we provide combined training, including testing, for working level staff with the aim for them to acquire the requisite skills and knowledge, such as waste manifest management at each respective company.

Also, in order to make Manifest management more efficient and precise, we are introducing the Electronic Manifest* in stages. As of May 31, 2015, the Electronic Manifest system had been introduced at 13 companies, including those where it had been introduced at some offices. Among them, Aeon Big Co., Ltd., which introduced the Electronic Manifest in July 2012, achieved results including computerization of approximately 4,800 manifests in fiscal 2014, reduction of approximately 1,200 man-hours in work required for management, and enhanced levels of management. In the future, we will continue our efforts with a target of introducing the Electronic Manifest at half of Group companies by fiscal 2016 by creating operational and educational tools as well as by sharing these kinds of success stories within the Group.

* Electronic Manifest: a management form, issued when industrial waste is generated, that confirms that treatment has been carefully carried out. Previously, a ledger was used for this, which changed hands between the generator of the waste and the waste treatment company. Recently, however, information on these forms has been digitized and an electronic manifest has become common, with digital networks carrying the data.

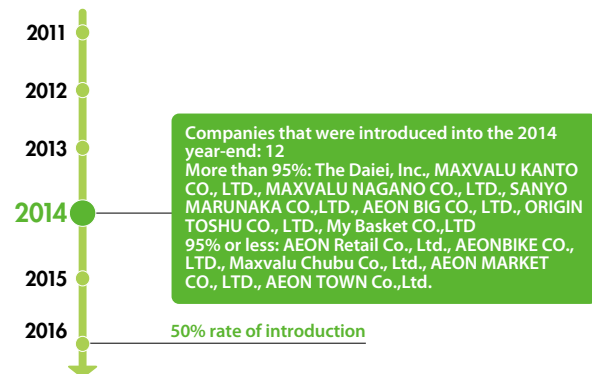
FY 2014 Results and Target of KPI

Number of Employees Completing Internal Training Course to Improve Management of Waste Emissions



FY 2014 Results and Target of KPI

Electronic manifest introduction rate



Initiatives Undertaken by Group Companies

Aeon Food Supply Ltd.

Reducing Food Waste and Promoting Reuse

Aeon Food Supply Ltd., which produces and processes perishables and prepared foods, is promoting the reduction of food waste as well as its reuse as a resource. For example, the company has achieved weight reductions of approximately 50% by dehydrating radish garnishes. In addition, waste generated is turned into animal feed and fertilizer by a designated resources-reutilizing business operator, which is reused by a supplier farm.

As a result of these initiatives, Aeon Food Supply has practically achieved a 99.9% reutilization rate for food waste.

Maxvalu Nishinohon Co., Ltd.

Regularly donating rice as a food bank activity

Maxvalu Nishinohon Co., Ltd. has been donating rice to Food Bank Kansai, an authorized non-profit organization, since 2006 as food aid for people in need of food. In 2012, the company also started to provide rice to Hiroshima City's AIAINET.

In fiscal 2014, approximately 8.5 tons of rice was used for food bank programs*.

* Food bank programs: programs to deliver food that is edible but has been discarded for various reasons to facilities and people in need of food.



Addressing social issues

Management Approach

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, which is aiming to become Asia's pre-eminent retailer, too, is working via various activities to help resolve social issues through dialogue held with its diverse stakeholders.

Aeon's Approach

Aeon engages in primarily four activities as key pillars of its efforts to address social issues.

- **Community Involvement**

Aeon gives back to local communities by improving community economic conditions and welfare through its business operations and contributing to a safer society. At the same time, Aeon is taking action to develop the human resources of the future by providing myriad programs for supporting growth at each life stage, from infants up to university students. Aeon continues to support the reconstruction of the Tohoku region following the Great East Japan Earthquake and the Project Aeon Joining Hands established between labor and management in 2012 encourages tree planting and volunteer work in the disaster-affected areas and also support in the form of new store openings in the region and sales promotion campaigns involving products made in Tohoku. Starting in fiscal 2015, earthquake reconstruction assistance has been added to our KPI and targets set up to fiscal 2021.

- **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**

With customer safety and peace of mind a top priority, Aeon stands thoroughly committed to quality control of TOPVALU products and working on store designs that are safe and comfortable for customers. The Aeon Eco Project represents one of these measures and under the Protection Strategy we have set a target to create 100 disaster-prevention facilities in our stores nationwide by 2020 so that they can serve as a lifeline for the community. These next-generation stores known as Smart Aeon will feature their own cogeneration facilities to prepare for power outages and water service stoppages during a disaster.

- **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 Japanese and non-Japanese employees to interact and network with one another. Aeon is committed to building workplaces that are environmentally friendly and work-life balance initiatives so that employees can balance work and childcare needs.

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.

Progress of KPI of FY 2014

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2014 Results	Summary of Actions/Initiatives
Community Involvement	Make Contributions to Local Communities	Yellow Receipt Campaign Submission Rate	Consolidated Group companies in Japan and overseas for General Merchandising Store, Supermarket, and Discount Store businesses	FY 2014: Submission rate of greater than 20% at all stores taking part in the campaign FY 2020: Submission rate of 30% or more in the GMS all stores Submission rate of 20% or more in the SM/DS all stores	Submission rate of 20% or more of the store: 505 stores (overall 32.4%) GMS: 365 stores (overall 51.9%) Supermarkets: 135 stores (overall 16.6%) Discount stores: 5 stores (overall 12.8%)	1) Strengthening communication in stores 2) Strengthening communication utilizing media 3) Proper management
		Assortment of regional products	Consolidated Group companies in Japan for General Merchandising Store and Supermarket businesses	<ul style="list-style-type: none"> Development of handling planning of regional products Model building in PB 	Food Artisan Products: 34 item (as of July 2015)	Selling shochu and soda three types of using the material that was produced through the Food Artisan Project
	Develop the human resources of the future	Number of activities by the Aeon Cheers Club	Consolidated GMS companies, and some SM companies, in Japan and overseas	Conducted more than four times the activities in all stores to carry out the activities	Stores that implemented more than 4 activities: 328 (73.5% of all stores)	1) Strengthening of basic and thorough management foundation of <ul style="list-style-type: none"> Implementation of "Aeon Cheers Club start expression" in all stores Strengthening of skills training coordinator 2) Strengthening of the program in conjunction with business activities 3) Strengthening of publicity
The Great East Japan Earthquake Reconstruction Initiatives	Tree planting in affected areas	Regeneration of coastal forest in the affected area	Consolidated Group companies in Japan	300,000 tree planting in 10 years of the 2012-2021 fiscal year	69,317 trees (total 106,997 trees)	Promoting tree planting in the affected areas in the administrative cooperation
	Volunteer activities participation of Group employees	Volunteer Activities Promotion of Group employees as disaster relief	Consolidated Group companies in Japan	300,000 employees participated in volunteer activities in 10 years of the 2012-2021 fiscal year	67,741 people (total 138,053 people)	Conducted two kinds of local volunteer activities and volunteer activities in each company and region that can support without going to the northeast of the affected areas
Fair Business Practices	Promote the Aeon Supplier Code of Conduct	Construction of for sustainable supply chain building audit system	Aeon second-party audit certified auditors	FY 2014: 8 in Japan, 30 overseas	8 in Japan, 30 overseas	1) Held a group training on a regular auditors all subject to each country 2) Toward the construction of audit system intended for the overseas countries for development products, and promote the steady development program with the cooperation of national office 3) By nurturing a new auditor, to ensure the same number of auditors and the previous year
	Strengthening the Social Value of Our Brand	Strengthening of fair trade products	TOPVALU	Trading volume of the international Fair Trade certification cacao: 40 tons (10 times compared with FY 2012)	4.2 tons procurement (planning ratio 83.8% achieved)	1) Formulate an assortment expansion plans of fair trade chocolate 2) In January 2015, towards Valentine, and launched new products of TOPVALU fair trade chocolate

Main Category	Subcategory	KPI	Scope Covered	Target	FY 2014 Results	Summary of Actions/Initiatives
Consumer Issues	Safe Food and Reliable Products	Number of TOPVALU Products Removed due to Serious Incident	Consolidated Group companies in Japan and overseas	FY 2020: 30 (apparel: 12; food: 8; living / HSC: 10) * Need to compare with a new indicator due to the increase in the number of TOPVALU products Example) Impact on sales from removal of TOPVALU products ÷ TOPVALU sales	103 (apparel: 25; food: 38; living / HBC: 40) * The increase due to the expansion of TOPVALU products	Conducted weekly regular meeting of the relevant departments • Sharing of goods complaints, to confirm the failure of the product. In addition, we conducted a study of the improvement points • To determine the goods removed by the need
	Store Safety and Security	Safety and Security Infrastructure Development	Consolidated Group companies in Japan for General Merchandising Store, Supermarket, and Discount Store businesses	Number of stores reinforced against earthquakes FY 2013: Steadily complete work at 270 applicable stores	Conducted completed in 132 stores in FY 2014	In order to reduce the enormous damage during the earthquake, and implementation ceiling of steadying, fall prevention of hot and cold water pipe or the like, captive of smoke vent duct, a non-combustible sheet of wall
	Serving as a form of life style infrastructure [Protection Strategy]	The number of local temporary shelters	Consolidated group companies in Japan for the General Merchandising Store business	FY 2020: Local temporary shelters at 100 of its stores across Japan	Installed in a total of 16 stores, at AEON Town Kamaishi, AEON Mall Tendo such as new 8 stores and AEON Omiya and AEON Sagamiyama store, etc. existing 8 stores (total 21 stores).	Implementation temporary shelter in the event of a disaster, activity base of relief and rescue, towards the implementation of the provision of daily necessities, energy security measures to be able to open the food department in the event of a disaster
	System of Dialog with Customers	Number of Complaints and Compliments Received	Consolidated Group companies in Japan and overseas	Number of service complaints FY2020: 2,420 Number of compliments FY2020: 2,900	Number of service complaints: 6,895 Number of compliments: 1,900	Analyzes the complaint content and trend of customer feedback, it is possible to carry out the report and share to the relevant departments, review of measures to prevent recurrence, as well as implementing the corresponding
		Number of Products Developed / Improved based on Customer Feedback	Consolidated Group companies in Japan and overseas	FY 2020: 180	121	In weekly regular meeting by the relevant departments, use of the Product improvement and development share the voice of our customers
	Providing Products to Support Our Customers' Healthy Life	Health care efforts in products	Consolidated Group companies in Japan and overseas	FY 2015: Product development plans and product development in line with the concept of "Health & Wellness"	About 300 products sold in TOPVALU under the concept of "eliminate", "reduce" and "supplement"	1) In order to make the strengthening of health-conscious products as a whole TOPVALU, and stringent old TOPVALU healthy eye brand of products in the TOPVALU 2) For food of TOPVALU, switch to the display at the surface so that the display of nutritional components at a glance
	Human Rights/Labor Practices	Promote Diversity	Female Manager Ratio	Consolidated Group companies in Japan and overseas	FY 2016: 30% FY 2020: 50%	18.2%, 4,365 people (as of April 1, 2015)
Group International People to People Exchange Programs			Consolidated Group subsidiaries	FY 2016: Total 600 employees FY 2020: Total 1,500 employees	Total 168 people	1) Implementation of group public offering for young overseas dispatch and overseas companies 2) Centralized management of human resources information
Employment of People with Disabilities			Consolidated Group subsidiaries	FY 2020: 3.0% more than, 10,000 employees	5,279 employees (as of June 1, 2015)	1) Regularly carry out progress management of the employment situation 2) Challenges and measures in the employment of people with disabilities to share in the Group companies, and lead to adoption and fixing
Labor Practices		Creating Pleasant, Comfortable Workplaces	Consolidated Group companies in Japan	Promote initiatives under the "General Business Action Plan" for Japan's Act for Measures to Support the Development of the Next Generation (expand number of companies certified to use the Kurumin logo)	13 companies certified to use the Kurumin logo (as of April 2015)	Reporting and verification of each company's acquisition situation and efforts in the Group companies Human Resources Director meeting and diversity promotion personnel meeting

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. 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 fiscal 2014, the Campaign had expanded to include 23 companies and 1,572 stores, and we contributed goods worth approximately 277.90 million yen to a total of around 23,600 organizations. Of participating stores, 32.4% had a submission rate of at least 20%, a target which has been established as a KPI.

Since the Campaign's inception in 2001, 218,600 organizations have received support totaling around 2,494.35 million yen.

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.

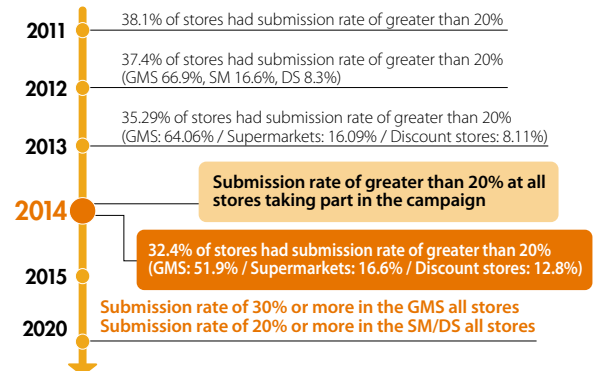
1. Activities to promote welfare
2. Activities to promote environmental preservation and environmental education
3. Activities to promote urban development
4. Activities to advance arts and culture
5. Activities to enhance the health and safety of children

How Aeon Happy Yellow Receipt Campaign works



FY 2014 Results and Target of KPI

Yellow Receipt Campaign Submission Rate



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.

From fiscal 2014, as part of the Clean & Green Activities we began collecting garbage and removing weeds from the area where trees were planted for the Aeon Hometown Forests Program.



Cleaning up around a store

Supporting Local Traditional Events

The Aeon 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, helping to create more vibrant communities in the process.

In FY 2014, the Aeon 1% Club Foundation supported festivals and local events in 33 locations throughout Japan, including the Aomori Nebuta Festival, one of the most famous summer festivals in the Tohoku region, as well as the Akita Kanto Festival, and Morioka Sansa Odori Festival, illustrating Aeon's commitment to being a contributing member of the local community for many generations to come.



Aomori Nebuta Festival



Yosaki Festival in Kochi prefecture

Issuing Local WAON Cards

WAON is a system of e-money pre-paid cards available at over 213,000 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 April 2015, there are 100 different Local WAON card programs featuring wonderful local color. The contributions to local communities for fiscal 2014 topped 243 million yen, and the aggregate amount comes to 597 million yen.

A total of over 50 million cards (as of May 31, 2015) 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.

* with some exceptions

Types of Local WAON Cards As of February 2015



100
different types
of local WAON

Sample of Local WAON cards issued in fiscal 2014



Hakodate WAON
Part of the proceeds is used to fund childcare assistance programs in Hakodate City.



Sukiyanen Osaka WAON
Part of the proceeds is donated to support initiatives sponsored by Osaka City for supporting civic activities to make the city more vibrant.

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. At the end of February 2015, we had agreements with 44 prefectural governments and 15 government-ordinance-designated cities.

Through these agreements, we are, providing emergency supplies and emergency shelters for times of disaster, 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.



Signing ceremony (Asahikawa City)

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 February 2014, we directly deal with five fishery cooperatives*.

From July 2013, we started a program to sell fish caught early in the morning by the afternoon of the same day. Through this initiative we hope to encourage more families to enjoy fresh fish. 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.



All fish caught by this fishing vessel is purchased by Aeon

Through dialogue with the National Federation of Fisheries Cooperatives Associations Aeon intends to continue conducting initiatives that benefit our customers, and to help to solve problems in marine products.

* JF Shimane, JF Yamagata, JF Hiroshima, JF Ishikawa, JF Katase-Enoshima. Additionally, we engage in indirect business transactions with JF Ishikawa and JF Katase-Enoshima as well.



Starting a program to sell fish caught early in the morning by the afternoon of the same day

Promoting Food Artisan Project

Aeon has conducted the Food Artisan Project since 2001 with many producers across 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 July 2015, food artisan activities have covered 24 prefectures and 34 dishes, whose unique local flavors are being delivered to the dinner tables of people across Japan.



White Okra (Yamaguchi Prefecture)
White okra has been grown by local producers in the Misumi district of Nagato City in Yamaguchi Prefecture for close to 60 years. It is known for its fruity texture and robustness stickiness.



Mikasa Melon (Hokkaido)
Mikasa Melon is a brand of red-fleshed melon produced in Mikasa City, Hokkaido. It is known for its juicy flesh, creamy texture and sweet fragrance.

FY 2014 Results and Target of KPI

Assortment of regional products



Holding Local Product Appreciation Days to Promote Local Production for Local Consumption

Faced with sharply declining and aging population, Japan faces the urgent task of regional revitalization that creates independent and sustainable communities utilizing the unique characteristics of each. Given growing concerns over local sustainability, more and more customers prefer to purchase locally made products because they want to give back to the communities in which they live by buying locally.

Aeon, recognizing this social issue and need, launched an initiative called Local Product Appreciation Day in October 2014 in order to promote local production for local consumption. With the help of local producers, Aeon provides customers a selection of local favorites that include familiar items, freshly harvested produce and seasonal seafood

Local Product Appreciation Day is now held every month at 2,000 Aeon Group stores across Japan.



Aeon Welfare Fund Supporting Disabled Persons

The Aeon Welfare Fund was established in 1977 to promote the welfare of persons with disabilities and to support their independent participation in society. Aeon has carried out various projects, focusing on donating special vehicles and contributing to volunteer activities, through 50-yen monthly employee contributions matched by the employer. As of the end of February 2015, 59,000 Aeon employees are participating in this program.

In fiscal 2014, a total of nine of these special vehicles were donated to nearby regional welfare facilities for those with disabilities as we launched new stores in Iwate, Yamagata, Ibaraki, Shiga, Kyoto, Wakayama, Okayama, and Okinawa prefectures. This brings the total number of donated special vehicles to 51 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, in fiscal 2014. A total of around 10,800 facilities have been visited so far.



Donation of a welfare vehicle (Aeon Supercenter Rikuzentakata Store)



Halloween party held at a welfare facility (MAXVALU Hitachioota Store)

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 February 28, 2015, 773 Aeon Group stores and business offices have signed disaster prevention agreements with a total of 520 local governments and assist with local disaster prevention activities, including providing emergency supplies in the event of a disaster, providing car parks for use as evacuation points and organizing joint emergency drills.

Introducing Balloon Shelters

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 February 28, 2015). 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 lay down

Supporting Disaster Recovery

The Aeon 1% Club Foundation carries out charitable activities at stores and presents disaster relief assistance money to areas in need following major natural disasters, supporting people affected by tragedy and providing hope for a speedy recovery. The Aeon 1% Club Foundation also provides a matching donation in the amount that is collected to boost the overall amount donated to these communities in need.

In FY 2014, disaster relief assistance money was collected at 2,300 locations throughout Japan to benefit the areas of Hiroshima City affected by torrential rains that hit Hiroshima Prefecture in August 2014.

Emergency disaster relief assistance money was collected at around 7,000 locations across Japan to support those affected by the major earthquake that ravaged Nepal in April 2015. Given the urgent need of assistance, emergency disaster relief assistance money was donated.

* Please see page 74 for the amount of funds raised.



Presenting disaster relief assistance money



Accepting donations

Community Involvement

Develop the Human Resources of the Future

Aeon Cheers Club

The Aeon Cheers Club provides hands-on opportunities for first through ninth-grade students to learn about the environment. Young people living near Aeon stores can come together once a month or once in two months to participate in Aeon Cheers Club environmental activities with the support of store employees.

The theme for fiscal 2014 was “The sun and nature.” Around 430 clubs and around 7,600 students from all over Japan participated in the activities. In July 2014, the Aeon Cheers Club National Meetings were held in Okinawa and Hokkaido. A total of 50 clubs, representing the top clubs selected at regional meetings, and 240 awardees gathered, with each club reporting on learning outcomes for the year and participating in nature experience programs.

In fiscal 2015, we will be working on activities under the theme “Plants.”



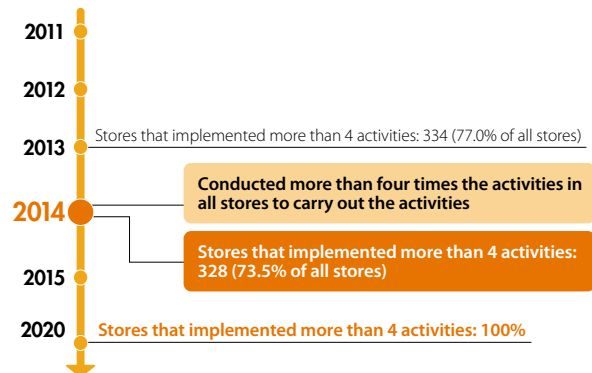
Presentation of the learning outcome at the National Event



Study on the next-generation solar battery

FY 2014 Results and Target of KPI

Number of activities by the Aeon Cheers Club



Held Biodiversity Training Program on Yakushima for Winners of the Environmental Essay Contest

Aeon held the Junior High School Student Environmental Essay Contest and invited the winners to attend a training program about environmental issues and nature. Training programs have been held in Germany, home to advanced environmental initiatives, and Tasmania Island in Australia, home to vibrant nature.

In FY 2014, the training program was held on Yakushima, a World Heritage Site located in Kagoshima Prefecture. A total of 34 contest winners were joined by four junior high school students selected to attend from those taking part in Aeon Cheers Club activities in Malaysia. The program taught the children about biodiversity through hands on experience with the natural surroundings, which include Japanese cedar trees that are more than 1,000 years old and primordial old growth forest.

In FY 2015, the Junior High School Student Environmental Essay Contest will be held from July to September and the biodiversity training program is scheduled to take place again on Yakushima in April 2016.



Biodiversity training tour at Yakushima

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

Since 2012, Aeon has held the Agricultural Eco-experience Project for children who are members of Aeon Cheers Clubs. As part of the project, children are given the opportunity to visit 'TOPVALU Gurinai' production sites throughout Japan where they learn about harvesting and packaging fresh vegetables, among other farm related experiences. Through these experiences, children are able to learn about environmentally friendly ways to grow delicious and safe vegetables in a fun and exciting environment. At the end of fiscal 2014, total of 3,268 students have participated the project in 70 production lands.

In fiscal 2014, 1,364 children from Aeon Cheers Clubs representing 80 stores across Japan took part in the 33 sessions held at 24 production sites.

In fiscal 2015, we will continue to offer this project and expand the number of production sites visited.



Experience harvesting of taros

Aeon's educational initiatives for the next generation

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



Aeon Sucusuku Laboratory

Aeon has been organizing the Aeon Sucusuku Laboratory yearly at Aeon shopping centers since 2007. This is directed to families raising children and includes seminars on childcare led by experts in the field, as well as singing of Japanese nursery rhymes and songs, with children and parents enjoying a meaningful chance to sing together.

In fiscal 2014, Aeon Sucusuku Laboratory was held in four cities across Japan. A total of 789 attended the four sessions, including 490 adults and 299 children. As of February 28, 2015, the Aeon Sucusuku Laboratory had been held a cumulative total of 38 times.

In fiscal 2015, we plan on holding four sessions nationwide.



Child-raising Seminar by Prof. Katsumi Tokuda, professor of the Faculty of Medicine, University of Tsukuba



Ms. Saori Yuki and Ms. Sachiko Yasuda singing a nursery rhyme

Rice Paddy Activities for Elementary School Students

Aeon promotes Rice Paddy Activities for Elementary School Students hoping to teach children about nature's blessings and the importance of food. This is an effort undertaken with local agricultural cooperatives and NPOs 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.

In Shiga prefecture, students also learn the importance of protecting and raising living creatures, by raising juvenile nigorobuna fish (Lake Biwa's endemic crucian carp) in rice paddies.



Rice planting experience (Akamatsu Elementary School, Saga prefecture)



Observation of nigorobuna fish (Hayami Elementary School, Shiga Prefecture)



Rice harvesting experience (Kyowa Elementary School, Akita prefecture)



Rice retail marketing experience (Shibutami Elementary School, Iwate prefecture)

"Earth-friendly Essay/Activity Report Contest"

The Aeon Environmental Foundation, desiring to give children a chance to learn about the future of the global environment, implements the "Earth-friendly Essay/Activity Report Contest".

In fiscal 2014, we solicited essays and other works on the theme of "What each individual can do for the environment." We received 21,470 entries, including essays, activity reports, and posters on environmental protection. After stringent review by the experts in the board of review, 139 entrants were awarded. Additionally, from the schools that submitted ten or more entries, Suita Municipal Minami Yamada Elementary School, Osaka prefecture was recognized with the Aeon Environmental Foundation Prize (Schools Award).



Prize winners

Teenage Ambassadors Program

High school students from Japan and other countries learn about global perspectives and diverse values by interacting with each other and through ambassador activities, classes at high schools and homestays in the Teenage Ambassadors program. This program has been ongoing since the Aeon 1% Club was established and up to fiscal 2014, 1,852 high school students from 18 countries, including Japan, had participated. In recent years, a total of three programs have been held annually, comprising two for ASEAN countries and one for China.

In fiscal 2014, high school students from the Philippines, Indonesia and China and Japan participated.

In fiscal 2015, we plan to conduct mutual exchanges with students in Laos, Cambodia and China.

Japan - The Philippines Teenage Ambassadors

In July 2014, 20 high school students from Sendai City, Miyagi Prefecture traveled to the Philippines and met with students from the University of the Philippines Integrated School in Manila. In September 2014 the same high school students from the Philippines came to Japan to reunite and deepen their exchange with one another.

The Aeon 1% Club Foundation has continued to provide disaster relief assistance and donations to the Philippines, which has been struck by a number of natural disasters. This has served as the impetus behind the creation of the Teenage Ambassadors Program for high school students from the Philippines that was established at the request of the Embassy of the Philippines in Japan.



Students from the Philippines attend class in Japan

Japan - Indonesia Teenage Ambassadors

In January 2015, 20 high school students of SMA LABSCHOOL JAKARTA, Indonesia traveled to Japan where they met with high school students in Yokkaichi City, Mie Prefecture. Later in March 2015 the same high school students from Yokkaichi City visited their counterparts in Indonesia to deepen their friendship.

This marked the third time that the Teenage Ambassador program was held with high school students from Indonesia.



Both countries of high school students that show the completed batik

Japan - China Teenage Ambassadors

This program was originally part of the Teenage Ambassador program, but branched off into its standalone exchange program 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 fiscal 2014, 60 high schools students from each country participated. The students deepened mutual understanding through a courtesy call to the embassy and cultural experiences. A total of 721 high school students had participated in this program as of the end of FY 2014.



Students from Japan experience homestay in China

Aeon eco-1 Grand Prix

With the goal of raising environmental consciousness through providing high school students who have engaged in daily environmental activities with a forum to report their achievements, and an opportunity to connect with other schools, Aeon instituted the Aeon eco-1 Grand Prix.

In fiscal 2013, the second year of the Grand Prix, there were 123 submissions from 109 schools, with 14 schools 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, we newly added "Eco-Ring's Prize", which targets eco-activities that were initiated based on previous Aeon Eco-1 Grand Prix projects as well as those that became a model for other schools.

In fiscal 2015, we will establish "Environmental Ring" school registration system to promote cooperation of high schools all over the country and exchange of information.



Promotional poster



Prime Minister's Award, Education and Awareness Category, Aomori Prefectural Nakui Agricultural High School, "Environment purification activities through plants"



Prime Minister's Award, Research and Special Topics Category, Iwate Prefectural Tono Ryokuho High School, "Research and spread of Japanese paper using recycled hop"

Aeon Scholarship Program

The Aeon Scholarship program was established in 2006 to provide financial support to university students, leaders of the next generation, in Asian countries.

In fiscal 2014, we continued offering the Scholarship Program in Japan, China, Thailand, Vietnam, Indonesia and Cambodia, while newly adding two universities in Myanmar.

Students that received this scholarship have gone on to work in specialized fields after graduation as a bridge between Japan and their home country. Aeon is committed to continually assisting the development of human resources that will contribute to the future development of Asia.



Ceremony for presenting scholarship certificates at the National University of Management (Phnom Penh, Cambodia)

Grants 2006-2014

country	universities	grantees
Japan	14	522*
China	8	2,730
Thailand	2	112
Vietnam	4	390
Indonesia	2	25
Cambodia	2	18
Myanmar	2	40
Total:		3,837

* Privately funded exchange students from Asian countries

Asia Youth Leaders

Aeon is carrying out the Asia Youth Leaders program where high school and university students in countries across Asia discuss regional issues from a local perspective issues, make proposals to the governments for solving the issues, and learn diversity of values through discussions.

In fiscal 2014, students from Indonesia, Japan and Vietnam gathered in Hanoi and discussed about air pollution.

In the high school students section, awareness campaign to improve air pollution was proposed, and specific regulations and policies for the improvement was suggested in the university students section. During the processes leading up to their proposal, they observed the situation about air pollution, inspected air pollution measuring facility, held hearings to local citizens, and visited public transportation institution.

Through the Asia Youth Leaders program, it is hoped that the participants will independently act to solve the real issues studied and discussed, and that the interaction will lead young people in countries facing a host of challenges accompanying economic development to cooperate to build fruitful

relationships.

This program was initiated in fiscal 2010 under the name "ASEAN University Students Environmental Forum," and total of 417 students from six countries have participated to this date. For fiscal 2015, the program will be held in Tianjin, China with the theme of "Trash problems."



High school students investigating the contents of exhaust emissions from motorbikes



Students measuring concentration of PM2.5 in Hanoi

The Asian Students Environment Platform

The Asian Students Environment Platform has been held since fiscal 2012, 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 fiscal 2014, the third forum, students of Tsinghua University (China), Waseda University (Japan), Korea University (South Korea), University of Malaya (Malaysia) and Vietnam National University, Hanoi participated in the platform held in China. Under the theme "Water-Human," 80 students from five countries learned about biodiversity through fieldworks in the marshland, desert and the World Heritage site, Dujiangyan Irrigation System, and presented the results. Also, they maintained the trees planted at the Great Wall during 1998-2009 by Aeon Environmental Foundation.

In fiscal 2015, the platform is scheduled to be held in Vietnam, with participation by students from Royal University of Phnom Penh in Cambodia, under the theme of "Biodiversity and Human."



Visit to Tianjin Planning Exhibition Hall, China

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 project in Asian countries, which lack educational facilities. With the cooperation from customers, we have helped construct at total of 379 schools in Cambodia, Nepal, Laos, Vietnam and Myanmar by the end of March 2015.

In Myanmar, three-year support program has begun in 2012 with the partnership of the Japan Committee for UNICEF. By the end of March 2015, 22 schools were opened and around 5,000 children are learning there. Aeon 1% Club Foundation have added the same amount of the donations collected through "Myanmar School Construction Support Project" in 2014, and sent the added amount to the Japan Committee for UNICEF. At the opening ceremony held in March 2015 in Yangon Region, local children and some guests invited from Japan shared the joy of opening together.

Furthermore, in fiscal 2014, the new project in cooperation with Myanmar government has begun and a new school was opened in Ayeyarwady Region.

In FY 2015, plans call for the construction of three schools in the Ayeyarwady district under a partnership with the Government of Myanmar.



New schoolhouse (Aeon PADAUK School, Yangon Region)



Children studying in the new schoolhouse

Aeon and UNICEF Safe Water Campaign

In some areas of Cambodia and Laos, 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 FY 2014, a total of 69.78 million yen representing donations from customers, donations from the Aeon 1% Club Foundation, and from 5 yen donations on the sale of each 500ml bottle of TOPVALU Natural Mineral Water purchased during the campaign period was donated to fund the activities of the Japan Committee for UNICEF. This donation ensured that some 240,000 people in traditional recipient countries Cambodia and Laos as well as Myanmar, where activities began in FY 2014, 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 2015, this same campaign will be held from September 12 to October 25.



Children enjoying the availability of safe water



PET Bottle Cap Collection Campaign

Since 2008, Aeon has been collecting PET bottle caps from our customers. The caps, as recyclable resources, are sold for cash that is in turn contributed to three international organizations*1 that support children in Asia's developing countries.

In fiscal 2014, 6,324,053 yen from 527.13 million*2 bottle caps 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 Japan
- Save the Children Japan
- Japan Committee Vaccines for the World's Children

*2 Caps collected from August 21, 2013 through February 28, 2015. (Changed the donation cycle in accordance with the fiscal year)



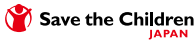
Nutritious food for children in Vietnam
© Save the Children Japan



Children receiving training on handling of library books
© Plan Japan



Vaccination to children of Akha people in Laos
© JCV, all rights reserved



Initiatives Undertaken by Group Companies

AEON Fantasy Co., Ltd.

Promote activities to support children in Japan and overseas

AEON Fantasy Co., Ltd. invited to shop the children of social welfare facilities, has implemented the visit activities to social welfare facilities by the character, LARA and lo-kun.

This activity, Japan not only has been implemented in overseas subsidiaries, activity number of times of fiscal 2014 is shown in the table below.

In addition, in Malaysia of overseas subsidiaries, we have the sales proceeds of 100% equivalent of the target playground equipment every year March 21 to implement the "Lara & Friends fundraising" to donate to facilities such as orphanages.

In China, as a response to the Yunnan earthquake damage, it was donated to the Red Cross 14,550 yuan (about 300,000 yen).



Number of times of Invitation event and Visit to welfare facility

	Japan	China	Malaysia	Thailand
Invitation event	207	38	47	9
Visit to welfare facility	—	22	222*	—

* 204 times, it is the participation in the kindergarten graduate ceremony.

Fundraising Activities (FY 2014)

Activity	Activity period	Number of participating stores and locations	Funds raised from customers and employees	Aeon 1% Club Contributions	Total Amount	Donees
The AEON and UNICEF Safe Water Campaign	April 5 - June 8	7,000	¥33,263,976	¥36,515,096	¥69,779,082	The Japan Committee for UNICEF
Hiroshima landslide disaster relief fund-raising	August 21 - September 7	2,300	¥49,579,181	¥50,420,819	¥100,000,000	*1 Hiroshima city government
Donation to the school establishment support in Myanmar	September 13 - November 16	9,500	¥37,828,805	¥37,828,805	¥75,657,610	The Japan Committee for UNICEF
24-hour television	June 20 - September 7	11,305	¥296,154,623	—	¥296,154,623	24-Hour Television Charity Committee
Total			¥416,826,585	*2 ¥124,764,720	¥541,591,315	

*1 Amount plus 3,251,120 yen sales of TOPVALU natural mineral water

*2 The amount of the combined fund-raising of customers, and profits of charity T-shirt that was sold in stores.

Continuous Fundraising Activities

Activity	Activity period	Funds raised from customers and employees	Accumulated funds	Donees
Red Feather Community Chest	October 1 - October 31	17,734,342	256,112,278 (FY 1983-2014)	The Central Community Chest of Japan

Fair Business Practices

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 2003, 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 as well as encourage improvements be made where necessary. Currently, we require suppliers of TOPVALU and TOPVALU Collection products to comply with the CoC.

As of February 28, 2015, approximately 950 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.

* CoC: Code of Conduct

Aeon Supplier Code of Conduct

Conform with legally stipulated social responsibility standards in countries where manufacturing and procurement takes 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
4. **Freedom of Association and Collective Bargaining:**
Respect employee rights
5. **Discrimination:** Discrimination on the basis of place of origin or creed is prohibited
6. **Disciplinary Practices:** Cruel 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 certification, auditing and monitoring under the Aeon Supplier Code of Conduct
13. **Ban on Gifts:** Gift-giving between Aeon and suppliers is prohibited

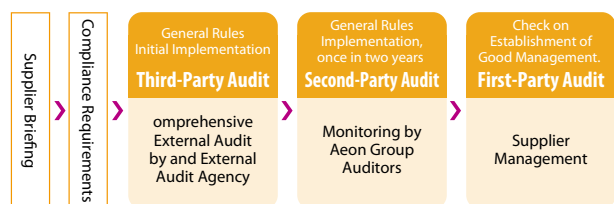
Auditing Our Manufacturing Partners

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.

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



Third-Party Audit

For the first 'third-party audit,' an external audit agency checks over 350 universally recognized items and assesses anything differing from the standards. The evaluating agency points out items in need of correction and confirms improvements. In the process, there may be dozens of interactions to not only check results, but also to assure that proper management mechanisms are in place. When corrections are finalized, a certificate of CoC compliance is issued. By the end of FY 2014, around 2,500 production plants had been certified as meeting the standards.

Second-Party Audit

Following authentication of CoC compliance, a certified Aeon auditor will do checks through factory visits once in two years or, in the case it is deemed necessary, once in six months, as a 'second party audit.' Around 3,300 domestic second-party audits were conducted between FY 2004 – FY 2014.

First-Party Audit

Factories that have established good management through third and second-party audits are given a check-list to carry out a 'first-party audit' themselves. Between FY 2009, when the system was instituted, and FY 2014, there have been 101 factories (up 49% YoY) doing 'first-party audits' and the level of supply chain management overall has been steadily improving.

TOPICS

UNIDO, the Government of Malaysia and AEON are jointly, to start the deployment of the CSR program

AEON and UNIDO from August 2014, has started the deployment of CSR programs for the country's producers on the basis of the support of the Malaysian government. This is intended to be implemented as the second phase of the "Sustainable Supplier Development Program", which started from June 2013.

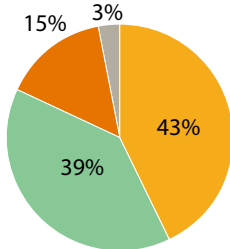
Program to be implemented this time, become AEON TOPVALU Malaysia a center for the development of Aeon's brand TOPVALU in the ASEAN region, to comply with the United Nations Global Compact and SA8000, ISO14001, such as the environment and global standard for social issues, small and medium-sized We will promote the program to take advantage of the tool that was developed for the company.

By this initiative, we aim to strengthen and improve problem-solving ability of small-scale suppliers in Malaysia related to quality management and CSR, it is possible to reach the level of the global level, trade expansion with the world of retailers not only Aeon, to other countries such as export increase is expected to lead to business opportunities for each supplier.

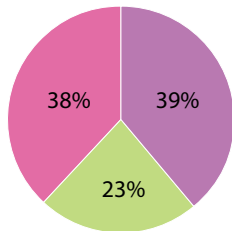
Audit results of FY 2014 year-end

Third-Party Audits

Factories which carried out Third-Party Audits (by region) (FY 2014)

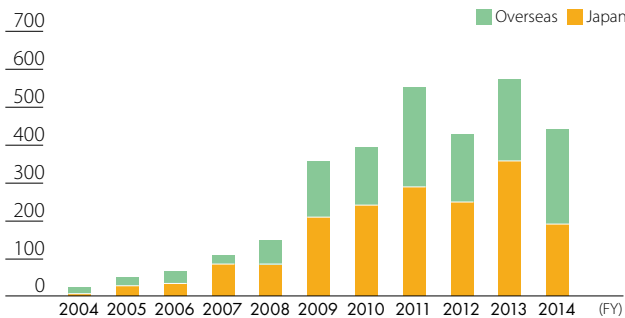


Factories which carried out Third-Party Audits (by category) (FY 2014)



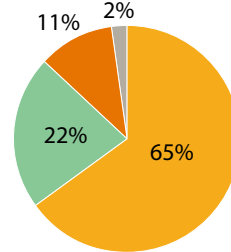
Legend: Japan (orange), China (green), Asia (excluding China) (red), Other (grey), Food (purple), Apparel (light green), Living/HBC (pink)

The number of the Third-Party Audits enforcement factories

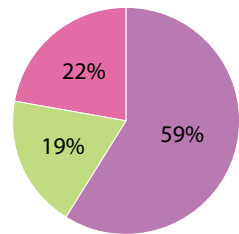


Second-Party Audits

Factories which carried out Second-Party Audits (by region) (FY 2014)

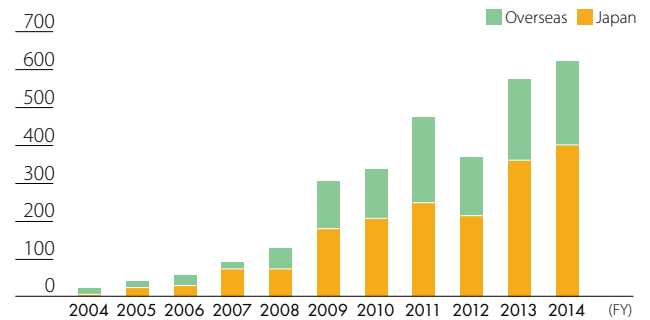


Factories which carried out Second-Party Audits (by category) (FY 2014)



Legend: Japan (orange), China (green), Asia (excluding China) (red), Other (grey), Food (purple), Apparel (light green), Living/HBC (pink)

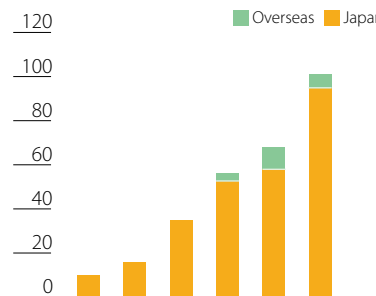
The number of the Second-Party Audit enforcement factories



* The FY 2013 figure listed in last year's report was incorrect. The graph above has been drawn with the correct data.

First-Party Audits

The number of the First-Party Audit enforcement factories



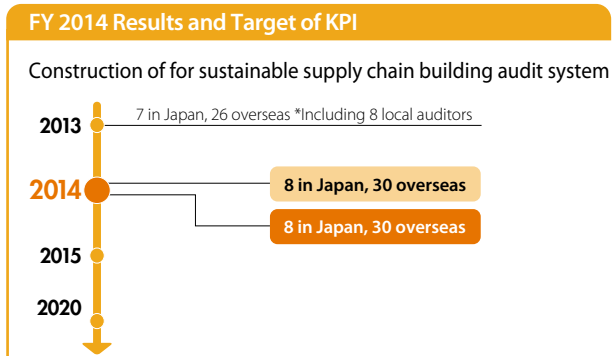
Developing Accredited Auditors for Second-Party Audits

Today there has been a rise in the number of labor issues overseas and the manufacturing plants for TOPVALU products are no exception. Second-party audits are carried out by Aeon Group employees both in Japan and overseas and the development of secondary-party auditors has become very important given the increasing number of risks overseas. Given this belief, Aeon has established the development of accredited auditors for second party audits as a KPI.

Auditors not only carry out audits and prepare reports, they also provide advice when improvements are necessary and continually provide support to ensure plants conform to the CoC. Depending on the region, we are expanding our local production and local sales of TOPVALU products, which has resulted in an increase in the number of audits performed. Second-party auditors are also asked to provide assistance when sales and business development staff select all new manufacturing partners, making their work wide reaching and requiring a high level of quality. The development of auditors has become an urgent task because of the extended period of time required to train them from auditor candidates all the way to independent second-party auditors.

Given this situation, we are enhancing our training programs led by our highly experienced second-party auditors, providing easier access to on-the-job-training opportunities, and creating training manuals. As a result, we have increased our team of second-party auditors from 10 in 2010 to 38 as of February 2015.

Going forward, we will increase the number of leaders and provide even more concentrated training, while building a framework to ensure that our head office can regularly evaluate the skill level of auditors.



Acquiring and Maintaining SA8000 Certification

After establishing the Aeon Supplier Code of Conduct (2003), in 2004 we acquired SA8000 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.

SA8000 certification applies to head office processes and Aeon brand TOPVALU supplier management performed by Aeon Co., Ltd., Aeon Retail Co., Ltd. and Aeon Topvalu Co., Ltd. SA8000 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 improvements 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 work 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.
2. We will conduct training programs to fully educate all employees in order to make this policy a reality, conduct regular reviews of this initiative and work to make improvements on an ongoing basis.
3. 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.
4. 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 began developing and marketing Fairtrade*-certified coffee, chocolate and other products in 2004.

We continue to advance our product development, Aeon announced in January 2014 its plans to participate as the first and only Asian company in the Fairtrade Sourcing Programs, which will be launched by Fairtrade International, and announced a plan to increase the purchase of Fairtrade-certified cocoa up to ten times the trade volume of 2012, by 2020.

In addition, Aeon began 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 labor involved. The initiative helps producers attain economic and social autonomy and also supports environmental conservation.



Fairtrade Sourcing Program label (cocoa)



TOPVALU Mild milk chocolate



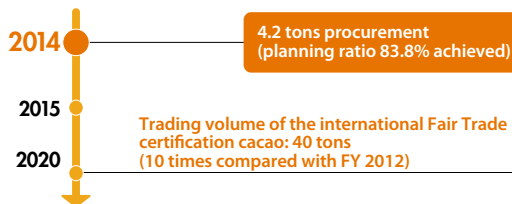
TOPVALU Bitter chocolate flavored with cocoa



FLO (Fairtrade International) certification mark

FY 2014 Results and Target of KPI

Trading volume of fair trade products



Consumer Issues

Safe Food and Reliable Products

Quality Management of TOPVALU Brand Products

Aeon developed its own TOPVALU brand of products to improve our customers' daily life. In product planning and design, selection of manufacturers, finalization of product specifications, manufacturing management, and sales, we are creating products with our customers' needs in mind.

TOPVALU Brand System



TOPVALU pursues customer satisfaction and enriches the quality of lives



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



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

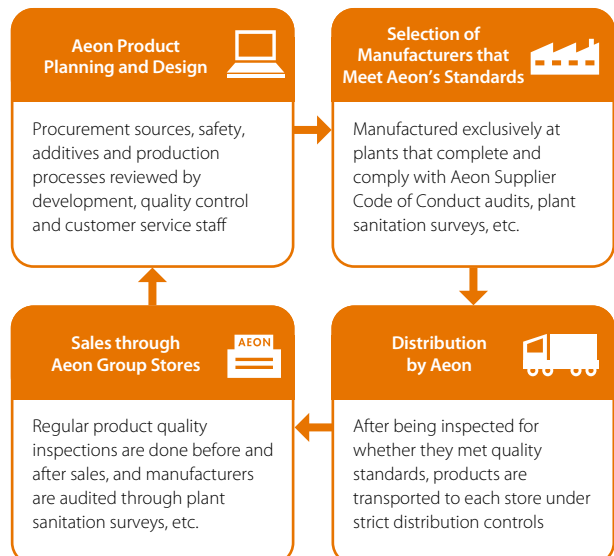


TOPVALU Gurinai ensures safety and security by delivering products that are healthy and friendly to the environment

The Five TOPVALU Commitments

1. We shall reflect the voices of customers in our products.
2. We shall offer safe, reliable, and environmentally friendly products.
3. We shall present product information in an easily understandable way.
4. We shall offer products at affordable prices.
5. We shall guarantee our customers' satisfaction.

The Process of TOPVALU Products to Customers



● **Product planning and design**

During product planning and design, our development, quality control, and customer service people scrutinize potential raw material suppliers, investigate possible safety concerns, examine the use of additives, research manufacturing processes, and consider other key issues to ensure that the final product is safe and without any health or safety risks.

● **Selection of manufacturers**

We select manufacturers by first performing Aeon Supplier Code of Conduct (CoC) audits, product safety examinations, and plant hygiene inspections.

● **Determination of the product specifications**

Customer monitors and Aeon employees evaluate the prototypes, considering matters such as raw materials, additives, and manufacturing processes.

● **Distribution and sales**

Following that, Aeon finalizes product specifications and then inspects production and sends only products that meet the criteria to stores. Thereafter, regular product quality evaluations, plant hygiene inspections and other types of audits are conducted to make sure that the products we offer are both safe and reliable.

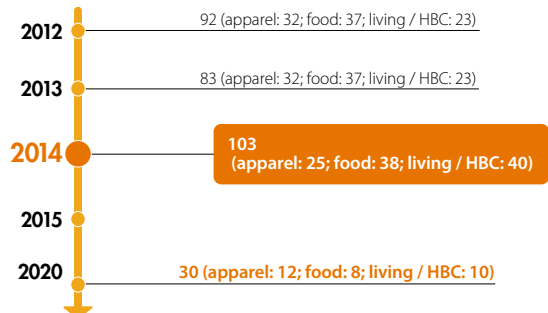
In this way, we are implementing initiatives aimed at ensuring product safety and security from various perspectives. In case a defect or flaw is discovered in a product despite these initiatives, Aeon informs the public of the fact as quickly as possible and calls back and withdraws the product in question.

In fiscal 2014, Aeon reported 103 serious product accidents.

Aeon will strive to prevent product accidents through efforts that include identifying problem areas based on customer feedback to avoid reoccurrence of an issue, strengthening relationships between related departments and reviewing problem areas at the production and shipment phases of a product.

FY 2014 Results and Target of KPI

Number of TOPVALU Products Removed due to Serious Incident



Fiscal 2014 TOPVALU Product Accidents

TOPVALU Canned Chopped Tomatoes (24 pack)

Accident details: Expiry of best before date on arrival at stores
Response: Product withdrawal and voluntary recall (recall announced with in-store display)

TOPVALU SELECT Tohoku Japanese Beef

Accident details: Hokkaido Japanese beef had been used as an ingredient for Tohoku Japanese beef
Response: Voluntary recall (recall announced with in-store display)

TOPVALU Okuramekabu (Okra wakame leaves)

Accident details: Misprint of best before date
Response: Product withdrawal and voluntary recall (recall announced with counter display)

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 to on the outside of all food product packaging to ensure consumers can easily identify nutritional information and food allergens contained in products*1.

The information covers use of seven officially designated ingredients that by law must be displayed on the outside of product packaging*2. 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*3. 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.

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



Labeling of Food Allergens

*1 Icons are not used yet on certain products.

*2 The seven officially designated ingredients, which are the most common and most serious allergens and must be displayed according to law, are eggs, milk, wheat, prawns, crab, buckwheat and peanuts.

*3 The 20 secondary items: the 20 secondary items recommended by the national government for inclusion on labeling are abalone, squid, salmon roe, oranges, cashew nuts, kiwi fruit, beef, walnuts, sesame, salmon, mackerel, soy beans, chicken, bananas, pork, matsutake mushrooms, peaches, yams, apples, and gelatin.

Labeling of Genetically Modified Ingredients

In April 2001 legislation in Japan enacted a labeling system for genetically modified ingredients, but even before this, in September 2000, Aeon began labeling TOPVALU brand products that contain genetically modified ingredients in response to urging from our customers. We have expanded the scope of items labeled and strive to provide labeling even for items not mandated by law. Additionally, in order to confirm label accuracy, products subject to labeling (separate items) undergo testing for genetically modified DNA every year.

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. At the same time, we sign agreements with manufacturers and carry out our own verifications when necessary.



Labeling of Place of Origin of Ingredients

Disclosing Information on Agricultural Product Producers

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 fiscal 2014 a cumulative total of approximately 75 agricultural products* were labeled with QR codes.

* Products that differ by prefecture and that have more than one type are counted as a single product.



Products labeled with QR codes

Disclosing Information on Domestic Beef

Aeon established the Domestic Beef Safety Confirmation System in 2002, prior to enforcement of the Beef Traceability Act*, in order to provide peace of mind to customers buying beef. The system allows customers to find out information about beef products from cattle raised in Japan, including where the cow was raised, who raised it and what feed it was raised on. The system is available via a website.

* Enforced in December 2004, the law's formal name is the Act on Special Measures concerning the Management and Relay of Information for Individual Identification of Cattle.

Disclosing Information Related to Radioactivity and Radioactive Material

Following the Great East Japan Earthquake, there were increasing questions from customers about product place of origin. In response, Aeon has been publishing the results of radiation testing on its website.

Search System for Manufacturing Plant Codes

Aeon is ultimately responsible for all aspects of TOPVALU brand products, from planning to design and marketing and this is why Aeon Co., Ltd. is labeled on all product packaging as the distributor*.

Consumers can check the manufacturing plant and its address for food items or food additives using a unique code comprising numbers and letters labeled on the product and reported to Japan's Consumer Agency. This system can be accessed from the TOPVALU website. Consumers can find the exact name and location of the manufacturing plant simply by entering the code on the online form.

* The code is found on the cap of PET bottles and other beverages. The location of the code differs for each product. Consumers are asked to check the packaging directly.



Search screen of the Search System for Manufacturing Plant 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 2015, 21 companies and 1,399 stores from our GMS Business and SM business have implemented the Aeon Food Sanitation Certification System, while a total of 7,990 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 staffs 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.

Sanitation Training for Employees

Employees in the food departments of Aeon stores must undergo sanitation training at least once a year. Employees review basic sanitation knowledge and rules for food preparation areas. Practical skills tests are also conducted for each person based on a test booklet.

In fiscal 2015, we have strengthened education concerning those points that must be observed in the preparation of food with a focus on the three principles of food poisoning prevention: avoid contact with bacteria, avoid multiplying bacteria, sterilize bacteria.

Audits of Food Preparation Areas

Food preparation areas are audited at least twice a year. Audits are continued until certain established standards are met.

Sanitation Contests

We hold a sanitation contest once a year and honor stores recognized as excellent in audits of food preparation areas.

Consumer Issues
Store Safety and Security

Improving the Earthquake-resistance of Stores

During the Great East Japan Earthquake many of our store buildings suffered extensive damage, which in some cases even caused loss of life. For this reason, Aeon is moving forward with improving the safety and earthquake resistance of its stores, giving utmost priority to protecting people's lives and those stores in areas where a major earthquake with seismic intensity of at least upper 5 is expected to strike, in accordance with its own set of standards that are even stricter than those required by law.

The number of Aeon Retail Co., Ltd's stores that will be receiving safety and earthquake resistance work is 279. As of the end of fiscal 2014, work had been completed at 100 of these stores. In fiscal 2015, we plan on completing work at 10 more stores.

In addition, there were 32 Aeon Mall Co., Ltd's stores that required this same work, with work being completed at all locations during fiscal 2013. Going forward, we will examine and implement work at Aeon Kyushu Co., Ltd., and Aeon Hokkaido Corporation.

FY 2014 Results and Target of KPI

Safety and Security Infrastructure Development



Fire Prevention and Disaster Preparedness

Aeon, as a commercial enterprise with large numbers of customers, is implementing disaster prevention measures and drills to ensure quick action and the safety of our customers and employees in disaster.

Group-wide disaster prevention and safety drills

Taking lessons from the experience of the Great East Japan Earthquake, Aeon has been conducting Group earthquake disaster drills twice a year to ensure quick action for the safety of employees and customers in the event of a disaster.

In March 2014, we established the Aeon Komaki Crisis Management Center at the Aeon Komaki Store in Komaki City, Aichi Prefecture. In July, we conducted a drill with the Aeon Komaki Crisis Management Center working as the alternative head of operations based on the scenario that the Makuhari Headquarters had been damaged by a major earthquake striking directly beneath Tokyo.

Going forward, while adjusting our predicted scenarios, we will hold recurring drills that rally the combined strength of Group companies so that the local head of operations in the affected area responds swiftly when disaster strikes.



Aeon Komaki Crisis Management Center

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 and earthquake response drills run once a year. Following the Great East Japan Earthquake that struck in March 2011, however, we have decided to increase the number of earthquake response drills to two per year. We strive to make these drills as realistic as possible by changing the scenario for each based on a variety of possible disasters. Full store employees as well as temporary, part-time and tenant employees participate in the drills. They are conducted to help us respond quickly and ensure the safety of customers in the event of a fire or earthquake.

Crime 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 readying 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 ascertaining 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 fiscal 2013 to the second half of fiscal 2014 we will apply for recognition 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.



Safety Measures for Escalators

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.



Parking Lot Guardrails

Installing Automated External Defibrillators (AED)

Aeon is promoting the installation of AEDs in each of its stores. These devices give electric shocks as a 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 fiscal 2014, we endeavored to increase the installation of AEDs in small-scale supermarkets, where the number of the devices installed is low. As a result, as of February 28, 2015, 655 of the devices were installed in 350 stores.

We aim to install 663 of the devices in 355 stores by February 29, 2016.

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 2015, 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.



Step-free entrance (AEON LakeTown)



Easily visible in-store sign

TOPICS

Aeon's Universal Design Initiatives

The Aeon Group's universal design initiatives have received the following commendations.

Aeon Mall Co., Ltd. received the Eighth (2014) Minister of Land, Infrastructure, Transport and Tourism Award for Barrier-Free Design Contributor. The company strives to spiral up its universal design efforts by incorporating opinions from specialists or organizations for the handicapped in the process of planning.

In addition, Aeon Retail Co., Ltd. received the Joint Grand Award in the Category of Public Space in the IAUD Award 2014 from the International Association for Universal Design (IAUD). The company's initiatives for universal design in its facilities over the years have been rated highly.



Award ceremony

Care-Fitters

We encourage Aeon employees to acquire Care-fitter* certification to help ensure that seniors and people in need of assistance can shop in our stores with total confidence. Certified Care-fitters in Aeon Retail Co., Ltd. numbered 8,197 as of the end of February 2015.

* Care-fitter : A certification administered by the Nippon Care-Fit Education Institute (a public interest incorporated foundation)



Care-fitter Training Session



Supporters for People with Dementia

Since 2007, Aeon has been participating in the dementia initiative being jointly promoted by the Ministry of Health, Labour and Welfare and the non-profit organization Community-Care Policy Network. Our objective is to enable more customers to be comfortable in our stores by deepening our employees' understanding of dementia and implementing targeted measures.

So far, we have run Dementia Supporter training courses to increase the number of Dementia Supporters* in addition to training instructors (in-house Caravan Mates) for the courses. Today, employees undergo training at the preparation phase for opening a new store to become Dementia Supporters before the store opens.

In fiscal 2014, employees of the Aeon Kyoto Katsuragawa store, which opened in October 2014, and the Aeon Okayama Store, which opened in December 2014, received training together before the stores opened and renewed their understanding of preparedness for customer service.

As of the end of February 2015, there are 49,975 Dementia Supporters, the largest number among companies in Japan, and 899 "Caravan Mate" instructors for the training course.

In March 2015, the number of Dementia Supporters topped a cumulative 50,000. 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 all local people with peace of mind.

* Supporters for People with Dementia: People certified through a prescribed curriculum course implemented by municipalities and other groups. Supporters have an understanding of dementia and are able, within their abilities, to give care to, watch over, and give support to people with dementia and their families.



The badge and orange band worn by staff specially trained to assist customers with dementia



Lectures and role playing and lectures in the dementia supporter training program

Consumer Issues

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

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 fiscal 2020 as part of the Aeon Eco Project (see p.39).

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. To fulfill this role, stores serving as a local temporary shelter feature back-up generators and water tanks to prepare for a power outage and/or water stoppages that will likely occur during and after a disaster.

In fiscal 2014, we established disaster-prevention facilities at 16 stores in total which were new and existing stores, including Aeon Mall Nagoyachaya, Aeon Mall Kyotokatsuragawa.

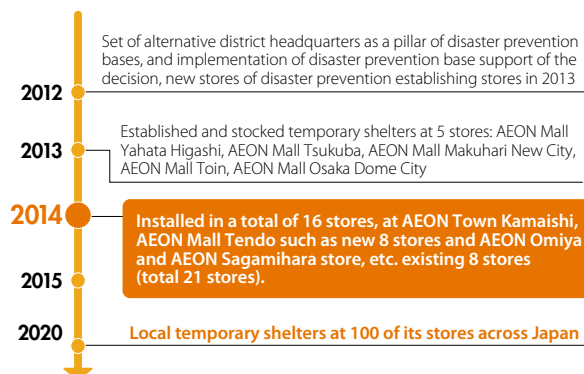
In fiscal 2015, we plan on establishing disaster-prevention facilities at an additional 6 stores, with the goal of reaching more than 100 by 2020.



Private power generation equipment installation

FY 2014 Results and Target of KPI

The number of local temporary shelters



TOPICS

Excellence Award at Japan Resilience Award 2015

Aeon Mall received an Excellence Prize at the First Japan Resilience Award 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 enable maintain the role of lifeline.

Consumer Issues

System of Dialog with Customers

System for Listening to the Opinions of 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 replied 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.



Suggestion Box and Communication Board

Customer Service Department

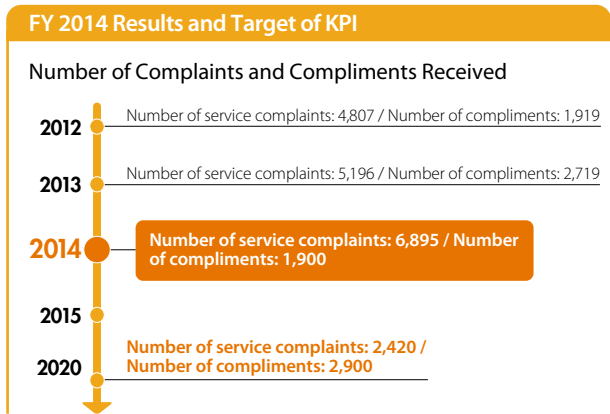
The Customer Service Department at Aeon headquarters receives product and service related comments and requests from customers who visit our stores. Comments and requests, which come in via the phone, Internet, letters and other channels, are responded to after checking with the relevant departments. 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 105,866 opinions (service complaints) were received in fiscal 2014 from our customers, which was 108.6% of fiscal 2013, or an increase of 8,362 opinions, compared to

fiscal 2013. This is because the number of product inquiries increased in proportion to the expansion in TOPVALU product lineup and sales.

The number of service complaints stood at 6,895, which was 132.7% of fiscal 2013, or an increase of 1,699 complaints. The number of compliments received was 2,050.

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 help us attain our targets for the year 2020.

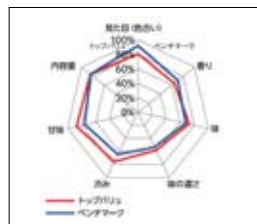


Customer Monitor Program

Aeon has established two customer monitor programs to create products that customers want and to improve quality.

First is the in-store monitor program where customers who visit the store to shop are asked to become monitors who assess the flavor and texture of food products without being told anything about the product itself. Second is the home use monitor program where customers test out a product in their own home. Assessment criteria include not only taste, but also quantity, price and ease of use. In a “product database,” we are digitizing and compiling the evaluations from monitors, including categories such as quality, packaging, and inclination to purchase.

Going forward, we aim to fully employ the product database to continue refining the appeal of the TOPVALU brand and to further satisfy customers.



Product database (Excerpt)



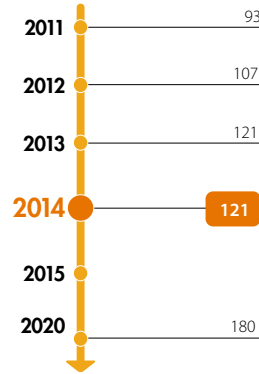
Home use monitors



In-store monitors

FY 2014 Results and Target of KPI

Number of Products Developed / Improved based on Customer Feedback



TOPICS

Examples of Product Development and Improvements Made Based on Customer Feedback

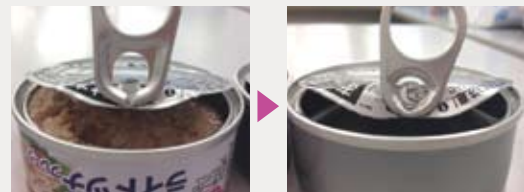
Improvement to shape of can lid pull tabs

There were repeated reports that can lid pull tabs on canned tuna varieties manufactured in Thailand broke off while opening.

In light of this, the shape of the can lid was improved so that the pull tab is less likely to separate from the lid when the pull tab is popped up.

As a result, while there were 98 reports in the six months between February 1 and July 31, 2014 before the improvement, this declined to 38 reports* in the six months from February 1 to July 31, 2015 after the improvement.

* The 38 reports were reports about pre-improvement products, and there were 0 reports about post-improvement products.



Shape of can lid improved to make the pull tab pop up more easily when pulled

Consumer Issues

Providing Products to Support Our Customers' Healthy Life

Health-Conscious Initiatives

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."

- Concept: "eliminate" and "reduce"

Foods that eliminate or reduce things like salt, energy, fat and other components that tend to be excessive in ordinary life. Also foods that eliminate or reduce specific nutritional contents.

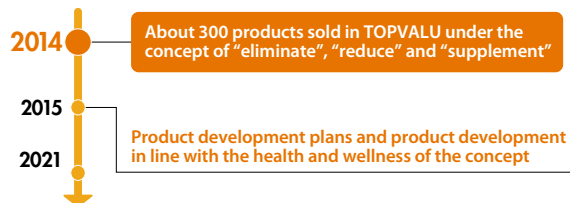
- Concept: "supplement"

Foods that can readily supplement nutritional elements (vitamins, calcium, etc.) that tend to be lacking in ordinary life. Also foods that target people who have a positive desire to boost nutritional contents to maintain their health.



FY 2014 Results and Target of KPI

Health care efforts in products



Labeling of Nutritional Contents

In the past, we have taken such initiatives as labeling food allergens on the outside of TOPVALU product packaging. However, starting in fiscal 2014, 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, conscious of daily healthy balanced meals.

* Five nutritional contents of energy, protein, fat, carbohydrate, and sodium



TOPICS

Enhancing the Shopping Experience

Responding to Shopping Needs of Seniors

Aeon's is responding to the shopping needs of seniors with a focus on the four points of products, floor space, tenant selection, and service. We are using the name Grand Generation (G.G.) for seniors who are active and aggressive consumers – and instituting new business model programs such as 'G.G. Mall' and 'G.G. Cards' targeted to seniors.

Promoting Omni-channel Strategy

The popularity of net-shopping is increasing with the rapid spread of smart phones and tablets. In response to needs related to this, the Aeon group is strengthening its omni-channel strategy by developing Aeon store e-commerce platforms. In addition, increasing home delivery service of goods.

Human Rights / Labor Practices

Promoting Diversity

Since being founded, Aeon has respected human rights and aimed to be a company where diverse human resources can play active roles without any discrimination on grounds such as nationality, race, sex, academic background, religion, mental or physical disability, or any other attribute.

Amidst business globalization and the requirement to respond rapidly to differences, Aeon established the Diversity Promotion Office in July 2013 as an organization under the direct control of the Group CEO to continually create new value by leveraging its diverse pool of human resources and respecting the unique traits of each individual employee. As the first step in this process, we have launched efforts to reach our goal of becoming recognized as the best employer for females in Japan and the company where female workers most want to work.

“Daimanzoku” is the key word in Aeon’s activities to promote diversity. Daimanzoku is about realizing satisfaction for employees and their families, who create diversity, customers and the company. In fiscal 2014, we built diversity promotion systems at each Group company and established in-house training and a commendation program aimed at achieving Daimanzoku.



Building Diversity Promotion Systems — Daimanzoku Summit

Aeon has designated a person responsible for diversity promotion, a leader to realize a corporation offering exceptional opportunities for women, and a leader to achieve an excellent workplace for women in each of 65 Group companies. All Aeon companies are now analyzing their status, identifying issues, and implementing their own ideas to solve the issues. Four times a year the Daimanzoku Summit is held. It is attended by people responsible for diversity promotion and leaders to share information between Group companies for utilization in activities at their own companies.

In the kickoff summit in April 2014, approximately 180 persons from 65 Group companies gathered.



Kickoff of Daimanzoku summit in April 2014

Running Diversity Training — Daimanzoku College

Aeon launched Career Design Course in fiscal 2014. The course is targeted at females aged around 25 years and aimed to reduce retirement of young employees. Approximately 540 employees from 42 Group companies took the course.

In fiscal 2015, two courses, Career Up Course and Management Course, will open.



Planning careers and sharing with colleagues

Establishing Commendation Program — Daimanzoku Award

Aeon has set up a Daimanzoku award to recognize the company with the most promoted diversity among the Group. The first award winner, Aeon Supercenter Co., Ltd., was recognized mainly for the effectiveness of their action plans.



Award ceremony on November 5, 2014

Basic principles on personnel

With the primary objective of management based on respect for human rights, Aeon’s basic principles on personnel revolve around listening to employees’ aspirations, understanding employees’ feelings and making the most of what employees have to offer, based on the guiding philosophy of ensuring that all Aeon people lead a full life at work, at home and in the community.

Basic approach to personnel

- Creating a corporate environment in which human resources can continue to grow as they work over the long term.
- Dealing with personnel based on ability and achievement, not nationality, age, gender or category.

Five Human Resources Principles

1. Fairness
2. Respect
3. Openness to change
4. Rationality
5. Ability Development



TOPICS

Aeon's Diversity Initiatives Receive External Recognition

Aeon received the Grand Prize in the Basic Achievement of the 2014 J-Win Diversity Award. The Prize celebrates a company that views diversity and inclusion as a management strategy, and sets encouragement of female workers' active roles as an important issue. Aeon was recognized as a company whose efforts are most expected to make further progress among companies that have prepared a practical system to promote diversity & inclusion, and have begun creating a mechanism to continuously promote female leaders.



In addition, Aeon was selected in the 2014 Diversity Management Selection 100 hosted by the Ministry of Economy, Trade and Industry, as one of the companies that achieved results in the creation of innovation and improvement of productivity by utilizing diverse human resources. Aeon was recognized for the announcement of the target ratio of female managers by 2020, the successful cases of females' active roles, and the good effects on the management brought about by retention and cooperation with foreign workers.



Award ceremony on March 6, 2015



Appointment of Female Managers

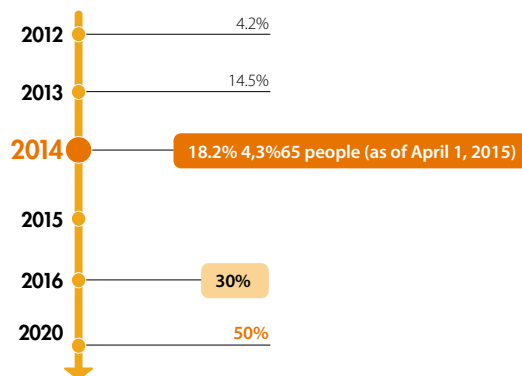
Aeon has established targets for the female manager ratio of 30% by fiscal 2016 and 50% by fiscal 2020.

As of April 1, 2015, the female manager ratio stood at 18.2% (includes consolidated subsidiaries).

Going forward, Aeon will make positive efforts to appoint women aimed at achieving the target.

FY 2014 Results and Target of KPI

Female Manager Ratio



Hiring Employees of Foreign Nationality, Group International People to People Exchange Programs

Aeon is actively hiring young talent who will shoulder the future in the Asian countries of Japan, China, Malaysia, Thailand, Indonesia, and Vietnam. Ever since our three-year medium-term management plan and strategy of shifting to Asia started, we hired approximately 10,000 people (7,700 in Japan and 2,700 overseas) in three years from fiscal 2011 to the end of fiscal 2013, and around 5,000 (3,600 in Japan and 1,350 overseas) in fiscal 2014. While proactively hiring talent that can take active roles on the global stage and beyond borders, Aeon encourages greater international exchanges within the Aeon Group with a target of exchanging 600 people as the accumulated total between fiscal 2013 and 2016 and 1,500 people by fiscal 2020.

The accumulated total exchange of people for fiscal 2013 and fiscal 2014 was 168.

The target exchange for fiscal 2015 is 133 people.



Training overseas (Myanmar)



Training overseas (China)

VOICE

Expecting further promotion of diversity,

The award recognized the initiatives that involve 65 Group companies through summit meetings, college programs, and Group Awards under the concept of Daimanzoku, aiming to be an excellent place for women to work, and a corporation that gives women exceptional opportunity and is the most popular among women as a workplace. In addition, the company has achieved visible results such as the dramatic reduction of turnover rate of young female workers in two years, which was the most serious issue before, by closely analyzing the present status to identify the issues and by implementing appropriate measures. The results also include the establishment of foundation for female pipelines.

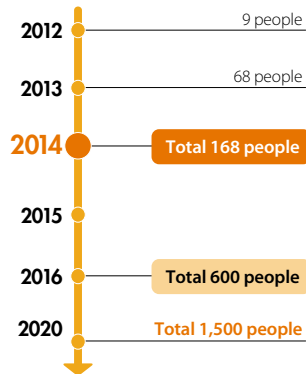
Going forward, we expect the company to continue even stronger promotion, and achieve the numerical target of 50% for the female manager ratio in 2020.



Yukako Uchinaga
Board Chair
NPO J-Win

FY 2014 Results and Target of KPI

Group International People to People Exchange Programs



Employment for People with Disabilities

Aeon is working to establish conditions Group-wide that allow people with disabilities to work with a sense of purpose.

Abilities JUSCO Co. Ltd. established in 1980 runs 10 Scrum CD/DVD & Books stores in the Tohoku region, where people with disabilities are working alongside able-bodied staff. Furthermore, Aeon Supercenter Co., Ltd. has adopted a home and mobile working system for people with disabilities in cooperation with Abilities JUSCO.

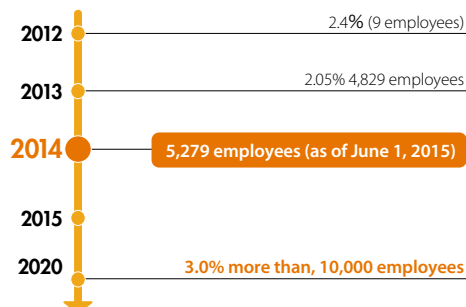
As of June 2015, the total number of people with disabilities employed at Group companies stood at 5,279.

Going forward, Aeon will continue to promote initiatives aimed at meeting the target for employment of 10,000 people with disabilities by fiscal 2020.



FY 2014 Results and Target of KPI

Employment of People with Disabilities



Promoting Equal Opportunities for Part-time Employees

We have developed various programs that allow part-time employees to thrive at the workplace.

For example, Aeon Retail Co., Ltd. has a system that makes it possible for all employees to utilize the same training and hiring programs. It instituted the Community Employee* Program in 2004 to eliminate differences in roles, expectations and treatment depending on employee classifications (full employee or parttime employee) and to enable the continued growth of all employees depending on ability, performance and motivation. The program eliminates differences in educational and hiring opportunities. It also makes it possible for anyone to take on the challenge of a higher position, including willing Community Employees if they fulfill certain conditions set by the company.

* Community Employee is a collective designation for Aeon Retail employees working in a specific location and not subject to geographic transfer. There are two categories: hourly wage positions (part-timers) and monthly salaried positions (full-timers).

Improving System for Employing the Elderly

Aeon Retail Co., Ltd. instituted a mandatory retirement age of 65 starting in 2007 in order to meet the needs of the company, which wants to continue employing people over the age of 60 who are highly motivated, and the needs of the workers, who want to continue working in a stable environment utilizing their knowledge and experiences. As of the end of February 2015, approximately 20,000 employees (including part-timers) were working taking advantage of the experiences, skills, and knowledge acquired in the past. In addition, the number of consolidated subsidiaries that have instituted a mandatory retirement age of 65 has now reached 43.

Workshop on LGBT

Responding to increasing attention to human rights of sexual minorities (LGBT: Lesbian, Gay, Bisexual, and Transgender), Aeon held a workshop on LGBT to provide the latest knowledge on human rights and to create a workplace where individual employees can work in their own ways. We invited Ms. Maki Muraki, the chairperson of Nijihiro Diversity, an incorporated non-profit organization, to give a lecture, and a total of 125 employees including personnel assigned to human rights enlightenment promotion and human resource managers, from respective Group companies, participated in it in fiscal 2014.



Human Rights-related Training

Aeon respects the human rights of all people and does not 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.

To accomplish this Aeon holds training programs to facilitate correct understanding and deepen awareness of a variety of issues, among all employees including issues pertaining to social discrimination, foreign residents, abuse of

power, diversity, people with disabilities and work-life balance.

The Aeon Group as a whole trains employees on human rights issues at training for new executive officers, training for new employees of the Aeon Group, Aeon Business School (personnel training course), and meetings held for human resource managers across the Aeon Group. At training for new employees of the Aeon Group, all new employees acquire basic knowledge related to human rights that is required of employees.

At the individual company level as well, efforts are made to raise human rights awareness through a variety of in-house training programs.

Creating Pleasant, Comfortable Workplaces

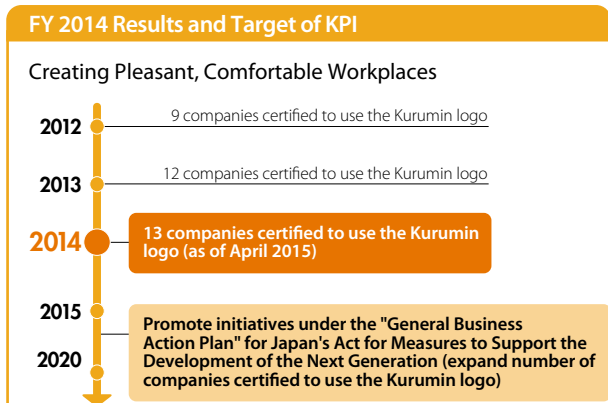
Aeon is a strong advocate of helping employees balance work life with child raising needs. Specifically, we strive to encourage employees raising children to reduce their overtime work, take childcare leave, including fathers, and take annual paid leave.

Continuing on from fiscal 2013, in fiscal 2014 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, as of April 30, 2015, a total of 13 companies* have been certified to display the Kurumin logo.

Going forward, we will continue to implement measures aimed at achieving a balance between work life and child rearing.



* Aeon Group companies certified as of the end of April 2015 : AEON CO., LTD., AEON Retail Co., Ltd., The Daiei, Inc., SUNDAY CO., LTD., AEON CREDIT SERVICE CO., LTD., AEON Mall Co.,Ltd., AEON RYUKYU CO., LTD., Maxvalu Chubu Co., Ltd., Maxvalu Nishinohon Co., Ltd., ORIGIN TOSHU CO., LTD., CFS Corporation, AEON GLOBAL SCM CO., LTD., KASUMI CO., LTD.



Helping to Balance Work Life with Child Raising

Aeon is establishing childcare facilities in Aeon stores to enable Aeon employees and workers from mall tenants, who are raising children while working, and customers from the local area to balance work life with child raising without any anxiety.

In December 2014, a nursery for Group companies, Aeon Yumemirai Nursery opened in Aeon Mall Makuhari New City. For the purposes of an employee's smooth return to work from childbirth and subsequent child rearing, and of support for employees working while raising children, the nursery opens from 7:00 to 22:00 basically every day, including Saturdays,

Sundays, national holidays, and year-end and New Year holidays. The childcare fees are calculated from hours of care regardless of the day or time period in order to reduce the burden on employees of paying additional fees or arranging secondary childcare. We opened our second nursery at Aeon Mall Okinawa Rycom in August 2015.



Opening ceremony of Aeon Yumemirai Nursery

In April 2015, we opened Aeon After-school Class at the Aeon Marinpia Annex and at Daiei Narimasu Store. The classes, which offer a comprehensive after-school care program with physical, academic, moral, and dietary education, are located near train stations, making it convenient for parents to drop off and pick up their children and for children to come to the class.



The existence of bosses and organizations that recognize diversity and make use of it in management is key in achieving a balance between work life and child raising. Therefore, Aeon Co., Ltd. and Daiei, Inc. became the first retailers to join the IkuBoss* Alliance in June 2015. In the future, we will increase membership to Group companies to accelerate the development of management that achieves outcomes while supporting the balance of work life and childraising.

* IkuBoss: the ideal advocated and promoted by non-profit organization Fathering Japan. It refers to a boss who considers the work-life balance of subordinates and staff working with him or her in the workplace and supports their career and lives while producing outcomes for the organization and being able to enjoy his or her own work and private lives.

Securing Work-Life Balance

Four Career Paths for Employees [Aeon Retail Co., Ltd]

Aeon Retail Co., Ltd established four career paths in 2004. Under this system employees may choose to take on the challenge of a different career path. Also, there are no differences in opportunities for acquiring qualifications or applying for new positions depending on the path, and employees are able to participate in various training programs regardless of the path.

Going forward, we will further develop our programs and systems so that female employees in particular have a workplace environment where they can thrive professionally, while achieving a work-life balance between their job and marriage or childcare.

The four career paths available to Aeon Retail Co., Ltd. employees (As of February 28, 2015)

- National (N) staff: Can essentially be transferred anywhere in Japan or overseas
- Regional (R) staff: Can be transferred anywhere within a specific regional block
- Community-based staff: No transfer requiring relocation. Option of daily/monthly salary or hourly wage.
- Contract workers: No transfer requiring relocation. Part-time only

Childcare and Nursing Care Support Programs
[Aeon Retail Co., Ltd]

Aeon Retail Co., Ltd. makes childcare leave available for up to April 20 of the year the child enters middle school. While the legal requirement under Japan’s Child Care and Family Care Leave Act is to attempt to make this available until the child enters elementary school, we have provided extra time because workers often want to take time off after that for other events in their child’s life.

For employees with families for which nursing care is deemed necessary, we have established a nursing care leave program and a nursing care work program that provide time off or shortened working hours.

The following chart contains data on the number of employees taking childcare or nursing care leave in fiscal 2014.

Welfare Programs

As Aeon’s mutual aid society, the Aeon Good Life Club, in which some 210,000 Aeon Group employees are enrolled, administers various programs, contributing to the achievement and enhancement of common welfare to enable Group employees to have a sense of security, solidarity and pride. Programs include the payment of gift money for celebratory occasions or condolences (mutual assistance), subsidies for childcare and nursing care, various forms of insurance (self-help support), and support for leisure activities and health (motivational assistance).

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

Aeon emphasizes dialogue between labor and management, and discussions are held with the labor union through Safety and Sanitation Committees and the labor-management council.

The labor union has encouraged part-time employees to become members, and as of the end of May 2015, the labor union had 217,000 members, including 163,000 part-time employees. We actively work to incorporate employee feedback through workplace meetings participated in by union members.

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, UA zensen, and Federation of Aeon Group Workers’ Union. The agreement is a commitment negotiated by a multinational enterprise and an international industry labor union before the enterprise expands the business globally. Over 100 companies around the world concluded the agreement, and Aeon became the third company in Japan. On the occasion of signing the Global Framework Agreement, the four parties will jointly promote their efforts on labor, human rights, and the environment so as to become a role model for the labor-management relationship in Asia.



Interview on conclusion of Global Framework Agreements

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 counselling 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 2012 and 2013, 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 fiscal 2014, each company worked to further enhance employee satisfaction by drafting and implementing concrete measures to enhance satisfaction based on the results from the last two surveys.

In fiscal 2015, we are conducting an employee satisfaction survey targeting approximately 240,000 employees at the 74 main Group companies in Japan.

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.

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 fiscal 2014, the system was implemented targeting the senior management level at 38 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. 18 courses were held in fiscal 2014 and up to 528 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 fiscal 2014, recruitment was conducted for the junior employee overseas dispatch program and other opportunities at various new businesses within A. Colle Co., Ltd., RO.U CO., LTD. AEON LIFE CO., LTD., and AEON Integrated Business Service Co., Ltd. and the Global Trainee system.

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.



Sengyo-shi skill competition

Internal Certifications and Number of Holders* (As of February 28, 2015)

◎Fresh fish master (grade 1)	16	• Senior cycle advisor	245
◎Fresh fish master (grade 2)	1,568	• Beauty advisor	698
◎Fresh fish master (grade 3)	3,023	• Handcraft advisor	489
• Baby advisor	659	• Senior care advisor	115
• Fashion advisor	1,045	◎Hot deli master	2,434
• Liquor advisor	622	◎Sushi master	2,313
• Fish advisor	362	◎Farm product master	1,061
• Digital advisor	287	◎Greenery master	542
• Home appliance advisor	88	◎Gardening master	312
• General appliance advisor	48	• Energy Advisor	Total 450
• Cycle advisor	1,288		

◎ denotes qualifications accredited by the Ministry of Health, Labor and Welfare.

* Total for Aeon Retail Co., Ltd., AEON SUPERCENTER Co., Ltd., Aeon Hokkaido Corporation, AEON KYUSHU CO., LTD., AEON RYUKYU CO., LTD., Maxvalu Hokkaido Co., Ltd., Maxvalu Tohoku Co., Ltd., Maxvalu Chubu Co., Ltd., Maxvalu Kyusyu Co., Ltd., MAXVALU KITA TOHOKU CO., LTD., MAXVALU MINAMI TOHOKU CO., LTD., MAXVALU KANTO CO., LTD., MAXVALU NAGANO CO., LTD., MAXVALU HOKURIKU CO., LTD., Maxvalu Nishinohon Co., Ltd. AEON BIG CO., LTD, TAKIYA Co., Ltd, KOHYO CO., LTD. (18 companies)

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. Group CEO Motoya Okada himself is an instructor at the university.

In fiscal 2014, the fourth class graduated in March 2014, and the fifth class graduated in September 2014, with a total of 100 students completing the course as of September 30, 2015.

Students will receive in-depth instruction into Aeon's DNA and will contribute to Aeon's future growth as the next generation of managers.



DNA University Class

"Project Aeon Joining Hands" has reached the end of its first period of activities, and has entered its second period of contributing to disaster-hit areas based on the key concepts of "Interaction and Creativity."

In March 2012, Aeon took the decision to engage its entire organization in long-term measures to assist the recovery of disaster-hit areas, and launched "Project Aeon Joining Hands" based on three main activities. The company is committed to a 10-year plan of activities, running from fiscal 2012 to fiscal 2021.

Given the need for a mid- to long-term strategy as we progress with these activities, we have defined our "Medium- to Long-Term Plan," which divides activities as a whole into three-year cycles, and will run until fiscal 2021.

**First Period
Period of Establishing
Initial Structures**

Objective:

To ensure that everyone within the Group is aware of and understands the details of our project activities.

Details of Activities:

- Partnership with non-profit and other organizations, and support for planned activities that meet local needs, and encourage the recovery of people's lifestyles.
- Aeon people to periodically visit the same areas throughout the year, and build links with local people.

2012

2013

2014

Tohoku Reconstruction Hometown Forests Program

Outline of Measures Taken during the Period of Establishing Initial Structures

We have been planting trees along the coastline of Iwate, Miyagi and Fukushima Prefectures. We have spent three years experiencing the fact that "Once you begin to plant trees, you can begin to create a forest." Tree planting activities have enabled us to connect to local residents, and these connections will continue as we cultivate the forest, aiming for the recovery of a local community that benefits from the riches of nature.



Support performance of 2015 of February

The number of tree planted in the affected area

106,997

Dispatching of Volunteers

Outline of Measures Taken during the Period of Establishing Initial Structures

We have been active in Rikuzentakata City, Iwate Prefecture, in fiscal 2012, and active in Minamisoma City, Fukushima Prefecture since fiscal 2013. These activities continue today. Many Aeon people have visited the disaster-hit areas, and now, by experiencing life there more directly, and becoming involved in activities there, they are working to build strong relationships with local residents.



Support performance of 2015 of February

Employees who participated in the disaster area volunteer

Total 1,987

Support Activities by Each Region and Company

Outline of Measures Taken during the Period of Establishing Initial Structures

Each company within our Group has now allocated a person in charge of progressing these activities, and we are continually implementing local training in the disaster-hit areas. Each of our group companies, and each member of our management and workforce, has been developing their own unique activities. We have held "Tohoku Recovery Markets," and shown the documentary film "Utagakoro" nationwide, in order to promote the start of our project both within and outside the company.



Support performance of 2015 of February

Employees who participated in volunteer activities in the company and around

Total 138,053

*Includes number of full-time employees who participated in volunteer activities in the disaster-hit areas.

“Project Aeon Joining Hands”

● Basic Concept

Based on the three principles of Aeon, which are “Peace,” “People” and “Community,” Aeon people throughout the world are committed to utilizing the diverse resources made available through Aeon’s business activities, exercising their creativity and contributing in creative ways to the recovery of the areas affected by the Great East Japan Earthquake Disaster. For Aeon people, this is an opportunity to both realize and experience first hand Aeon’s principles, as well as an opportunity for personal growth. By extension, it is also an opportunity for them to grow as business people.

● The Purpose of Supporting Recovery

We are supporting the sustainable recovery of local communities, in which people and nature, and nature and industry, can coexist, and where individuals feel connected with one another.

● The Project Vision

By combining the three principles of Aeon, which are “Peace,” “People” and “Community,” with the “purpose of supporting recovery,” we are able to objectively consider what we want to do and what we are able to do in order to achieve our aims. We will continue to contribute by being creative, engaging in activities, and walking alongside people living in disaster-affected areas, who are standing up to make a difference in their communities.

Second Period Expanding Independence

Objective:

Our Group companies, management and workforce will build relationships with different communities through interaction with local residents, supporting them over the long term, and implementing continuous support.

2015

2016

2017

Third Period Organization and Fulfillment

Objective:

To systematize the results of the project, and link them to further activities.

2018

2019

2020

2021

Measures working towards Second Period “Expanding Independence”

Alongside local residents, who are active as a result of a desire to see the coastal woods restored in the Tohoku Area, people from various areas of Japan and different companies will come together to progress interaction between regions through tree planting activities. We aim to plant not only trees, but also fruit trees and flowers, in order to support the recovery of agriculture and tourism as well. In addition to this, we plan to work on the recovery of the wood in the village shrine, a favorite spot of local people, and plant trees in squares in front of stations, many of which were washed away.



Support targets by fiscal 2021

300,000

Measures working towards Second Period “Expanding Independence”

Activities in Fukushima Prefecture’s Hama-dori, which aim to regenerate the local community and bring people back from the places they dispersed to after the nuclear accident, give us the opportunity to share the importance of thinking about, and being active in regard to, social problems in the places where they are happening, and to apply this experience to their lives within society and their work. To date, our volunteer activities were largely physical, but these are gradually transitioning into activities focused more on interaction between people. Through this interaction, we aim to propose a program of interaction that allows local residents and Aeon to connect and stimulate one another creatively.



Support targets by fiscal 2021

300,000

Voice

Come and Show the People of Minamisoma Your Smiling Faces

We are so thankful to everyone involved in “Project Aeon Joining Hands.” They have continued to visit us from all over Japan, and worked alongside us as we have tried to restore the lives of people in Minamisoma. It is now four years since the disaster struck, and we have our hospitals open once again, as well as some restaurants. Little by little we are moving back towards our old lives, but we are still only part of the way there. In order to ensure that our residents remain positive, we would like you to continue to come and show us your smiling faces. We are looking forward to meeting you.



Atsuko Suzuki
Director of the
Disaster Recovery
Volunteer Center
Minamisoma Social
Welfare Association

In order to ensure that our recovery support activities continue over the long term, we need to connect with members of the local communities and ensure that our work is in line with what is needed at any particular time. Our work during the first three-year period has given rise to several good examples based on engagement with the community and implementation of activities as a result.

Based on this, we have defined the key concept for the second period as “Interaction and Creativity.” Aeon is committed to supporting further recovery through creative means of assistance, based on our experience gained from interaction with residents in the disaster-affected areas.

Aeon continues its initiatives aimed at reconstructing and developing the Tohoku region through assisting in the development of towns conducive to secure living and the vitalization of the region's agricultural, fishery and livestock industries.

Since the Great East Japan Earthquake occurred, Aeon has assisted the local people in its daily living and dedicated itself to reopening stores in disaster-affected areas that potentially serve as those areas' economic infrastructure, such as how they employ local people.

Yet, in municipalities that suffered tremendous damage, towns are in need of large-scale reconstruction that goes beyond reopening individual stores to include the redevelopment of peripheral infrastructure. Given that situation, Aeon has been striving to create employment through opening stores in the Tohoku area and providing goods and services that are convenient and help to enrich lifestyles.

Contributing to communities with stores

In March 2013, Aeon concluded the "Agreement Regarding Installment of Large-Scale Commercial Facility and Contribution to Local Community" with Kamaishi city in Iwate prefecture which is working hard toward reconstruction. Together with the city, Aeon opened Aeon Town Kamaishi in March 2014 to create a city that takes disaster prevention and evacuation system into consideration. Towards the realization of safe and prosperous living, Aeon opened 15 stores in the six prefectures of the Tohoku region during fiscal 2014. We are also working together with members of the government and regional organizations to conduct special projects for relaying cuisine and culture that is local to Tohoku.



Aeon Town Kamaishi
Opened in March 2014

Aizu Festival held with
Aizuwakamatsu City



Supporting through products

Aeon is supporting reconstruction and revitalization of Tohoku agriculture, fishing and livestock industries mainly through TOPVALU product lines and other products containing Tohoku ingredients with a "Reach! The Hearts of Tohoku" logo sticker and selling these items throughout Japan. Additionally, in cooperation with Sanriku Tetsudo Railway and the Kuji City Fishery Cooperative in Iwate Prefecture, we developed Japan's first "fast fish*" product. We initiated sales of that product in 2012, and have since been successively increasing our jointly-developed product portfolio.

* Fish food that has been processed so that it can be casually but tastily enjoyed without taking time to prepare.



Promoting support efforts together with our customers all over Japan

In order to serve as a bridge that connects disaster victims and our customers, together with those customers, we continue to engage in support efforts that leverage Aeon's unique infrastructure and initiatives. In fiscal 2015, we donated a total of approx. 99,370,000

yen to foundations that support the "lives" and "education" of children in the prefectures of Iwate, Miyagi and Fukushima, making for cumulative donations of 5,500,080,373 yen by Aeon (out of which 1,450 million yen originated from our customers).

Aeon Happy Yellow Receipt Campaign

On the 11th of every month, which is Aeon Day, we conduct the "Aeon Happy Yellow Receipt Campaign." Beginning in 2012, we extended our March campaign to three days. Under this campaign, we donate one percent of the value of yellow receipts placed in a dedicated box by customers to initiatives for supporting children in the Tohoku region.



Tohoku Reconstruction WAON Card

We issue a special "Tohoku Reconstruction WAON" card through which Aeon donates part of the proceeds to support activities in disaster-affected areas.



Awards List from the outside (FY 2014)

Date	Awards
February 3, 2015	Awarded the Bronze Class in RobecoSAM Sustainability Award2015. [AEON CO., LTD.]
January 28, 2015	Aeon's Energy Advisor Program received the Grand Prize for Excellence in Energy Efficiency and Conservation. [AEON CO., LTD.]
January 19, 2015	Received the Eighth Minister of Land, Infrastructure, Transport and Tourism Award for Barrier-Free Design Contributor. [Aeon Mall Co., Ltd.]
December 17, 2014	Received the Joint Grand Award in the Category of Public Space in the IAUD Award. [Aeon Retail Co., Ltd.]
November 10, 2014	Aeon was honored for excellence in climate change information disclosure three years in a row. [AEON CO., LTD.]
March 6, 2015	Received the Grand Prize in the Basic Achievement of the J-Win Diversity Award. [AEON CO., LTD.]
March 15, 2015	Elected to diversity management companies 100 election. [AEON CO., LTD.]
March 18, 2015	Received the Japan Resilience Awards (toughening Grand Prize) 2015. [AEON CO., LTD.]

GRI Guidelines Indicators

GENERAL STANDARD DISCLOSURES

Strategy and Analysis

Indicator	Description	Page
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	- Message from the CEO (P.2)
G4-2	Provide a description of key impacts, risks, and opportunities	- Message from the CEO (P.2) - AEON Group CSR (P.7) - Feature 1: Dialogue with Stakeholders (P.11) - Feature 2: The Challenge of Aeon people (P.17) - Risk Management P.29)

Organizational Profile

Indicator	Description	Page
G4-3	Report the name of the organization	- Aeon Group Overview (P.3)
G4-4	Report the primary brands, products, and services	- Aeon Group Overview (P.3)
G4-5	Report the location of the organization's headquarters	- Aeon Group Overview (P.5) - Back cover
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	- Aeon Group Overview (P.5)
G4-7	Report the nature of ownership and legal form	- Aeon Group Overview (P.3)
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	- Aeon Group Overview (P.3)
G4-9	Report the scale of the organization	- Aeon Group Overview (P.5)
G4-10	a. Report the total number of employees by employment contract and gender b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	—
G4-11	Report the percentage of total employees covered by collective bargaining agreements	- Labor Union Status (P.91)
G4-12	Describe the organization's supply chain	
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	

Commitment to External Initiatives

G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	- Risk Management (P.29) - Compliance (P.30) - Aeon Supplier Code of Conduct (P.75) - Quality Management of TOPVALU Brand Products (P.78)
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	- Aeon Group Overview (P.3) - AEON Group CSR (P.8)
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	—

Identified Material Aspects and Boundaries

Indicator	Description	Page
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	- Aeon Group Overview (P.3)
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	- AEON Group CSR (P.7) - Feature 1: Dialogue with Stakeholders (P.11)
G4-19	List all the material Aspects identified in the process for defining report content	- AEON Group CSR (P.7)
G4-20	For each material Aspect, report the Aspect Boundary within the organization	- Progress of KPI of FY 2014 (P.40, 48, 56, 64-65)
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	—
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	- The number of the Second-Party Audit enforcement factories (P.76)
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Not applicable

Stakeholder Engagement

Indicator	Description	Page
G4-24	Provide a list of stakeholder groups engaged by the organization	- AEON Group CSR (P.9)
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	- Feature 1: Dialogue with Stakeholders (P.11)

G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	- Feature 1: Dialogue with Stakeholders (P.11)
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	- Feature 1: Dialogue with Stakeholders (P.11)

Report Profile

Indicator	Description	Page
G4-28	Reporting period (such as fiscal or calendar year) for information provided	- Editorial Policy (P.1)
G4-29	Date of most recent previous report	- Editorial Policy (P.1)
G4-30	Reporting cycle (such as annual, biennial)	- Editorial Policy (P.1)
G4-31	Provide the contact point for questions regarding the report or its contents	- Back cover

GRI Content Index

G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured	- GRI Guidelines Indicators (P.97)
-------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------

Assurance

G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	- Corporate Governance (P.27) - CSR Promotion Structure (P.40)
-------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------

Governance

Indicator	Description	Page
-----------	-------------	------

Governance Structure and Composition

G4-34	a. Report the governance structure of the organization, including committees of the highest governance body b. Identify any committees responsible for decision-making on economic, environmental and social impacts	- Corporate Governance (P.27) - CSR Promotion Structure (P.40)
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	- CSR Promotion Structure (P.40)
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	- CSR Promotion Structure (P.40)
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	—
G4-38	Report the composition of the highest governance body and its committees	- Corporate Governance (P.27)
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	- Corporate Governance (P.27)
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	- Corporate Governance (P.27)
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	- Corporate Governance (P.27)

Role of Highest Governance Body in Setting the Purpose, Value and Strategies

G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	- CSR Promotion Structure (P.40)
-------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------

Ability of the Highest Governance Body and Evaluation of its Performance

G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	- CSR Promotion Structure (P.40)
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a selfassessment b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	—

Role of the Highest Governance Body in Risk Management

G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	—
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	- Risk Management P.29)
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	—

Role of the Highest Governance Body in the Sustainability Report

G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	- CSR Promotion Structure (P.40)
-------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------

GRI Guidelines Indicators

Role of the Highest Governance Body in the Evaluation of Social, Environmental and Social Performance		
G4-49	Report the process for communicating critical concerns to the highest governance body	- Risk Management (P.29)
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	—
Remuneration and Incentives		
G4-51	Remuneration policies for the highest governance body and senior executives	- Corporate Governance (P.27)
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	- Corporate Governance (P.27)
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	—
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	—
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	—

Ethics and Integrity

Indicator	Description	Page
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	- Aeon Basic Principles (P.2) - Aeon Sustainability Principle (P.9) - Aeon Code of Conduct (P.30)
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	- Code of Conduct Hotline (P.30) - System for Listening to the Opinions of Customers (P.84)
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	- Code of Conduct Hotline (P.30) - System for Listening to the Opinions of Customers (P.84)

SPECIFIC STANDARD DISCLOSURES

Indicator	Description	Page
Disclosures on Management Approach		
G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material b. Report how the organization manages the material Aspect or its impacts c. Report the evaluation of the management approach	- AEON Group CSR (P.9) - Feature 1: Dialogue with Stakeholders (P.11) - Management Approach (P.39, 47, 55, 63)

Economic

Indicator	Description	Page
Aspect: Economic Performance		
G4-EC1	Direct economic value generated and distributed	- Aeon Group Overview (P.3)
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	- Developing and Selling Products that Help Reduce CO ₂ Emissions (P.45)
G4-EC3	Coverage of the organization's defined benefit plan obligations	—
G4-EC4	Financial assistance received from government	—
Aspect: Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—
G4-EC6	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	—
Aspect: Indirect Economic Impacts		
G4-EC7	Development and impact of infrastructure investments and services supported	- Feature 2: Co-Existing with the Community (P.21) - Smart Aeon development (P.43) - Community Involvement (P.66)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	—
Aspect: Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	—

Environmental

Indicator	Description	Page
Aspect: Materials		
G4-EN1	Materials used by weight or volume	- Environmental load in business activities (P.37)
G4-EN2	Percentage of materials used that are recycled input materials	—

Aspect: Energy		
G4-EN3	Energy consumption within the organization	- Environmental load in business activities (P.37)
G4-EN4	Energy consumption outside of the organization	—
G4-EN5	Energy intensity	- Enhancing Energy Efficiency (P.41)
G4-EN6	Reduction of energy consumption	- Feature 2: Promoting Energy Conservation (P.17) - Enhancing Energy Efficiency (P.41)
G4-EN7	Reductions in energy requirements of products and services	—
Aspect: Water		
G4-EN8	Total water withdrawal by source	- Environmental load in business activities (P.37)
G4-EN9	Water sources significantly affected by withdrawal of water	—
G4-EN10	Percentage and total volume of water recycled and reused	—
Aspect: Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	- Conservation of Biodiversity (P.47)
G4-EN13	Habitats protected or restored	- Biodiversity Conservation at the Store Level (P.51) - Sustainable Forest Conservation (P.52) - Tree planting activity of Aeon Environmental Foundation (P.54)
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not applicable
Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	- Greenhouse gas emissions (P.45)
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	- Greenhouse gas emissions (P.45)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	- Scope 3 Emissions (P.45)
G4-EN18	Greenhouse gas (GHG) emissions intensity	- Decreasing CO ₂ emissions (P.41)
G4-EN19	Reduction of greenhouse gas (GHG) emissions	—
G4-EN20	Emissions of ozone-depleting substances (ODS)	—
G4-EN21	NO _x , SO _x , and other significant air emissions	—
Aspect: Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	
G4-EN23	Total weight of waste by type and disposal method	- Environmental load in business activities (P.37) - Initiatives for Zero Waste in Stores and Products (P.57)
G4-EN24	Total number and volume of significant spills	Not applicable
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	—
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	—
Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	- Development of Eco Stores (Smart Aeon) (P.43) - Recharging Stations for Electric Vehicles (P.43) - Developing and Selling Products that Help Reduce CO ₂ Emissions (P.45) - Sustainable Resource Usage in Products (P.49) - Initiatives for Zero Waste in Stores and Products (P.57) - Reducing Waste together with customers (P.59)
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	- Construction of Food Recycling Loop (P.58) - Use of Returnable Containers (P.59) - Reducing Waste by Collecting Resources in Stores (P.61)
Aspect: Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Not applicable
Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	- Increasing Visibility of Distribution Operations (P.44)

GRI Guidelines Indicators

Aspect: Overall		
G4-EN31	Total environmental protection expenditures and investments by type	- Environmental Accounting (P.35)
Aspect: Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	—
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
Aspect: Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Not applicable

Social

Indicator	Description	Page
Labor practices and decent work		
Aspect: Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	—
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	—
G4-LA3	Return to work and retention rates after parental leave, by gender	- Creating Pleasant, Comfortable Workplaces (P.90) - Securing Work-Life Balance (P.90)
Aspect: Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	—
Aspect: Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	- Health and Safety Committees (P.91) - Labor Union Status (P.91)
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	—
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	—
G4-LA8	Health and safety topics covered in formal agreements with trade unions	—
Aspect: Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	—
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	- Training Programs Supporting the Growth of Employees (P.92)
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	—
Aspect: Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	- Promoting Diversity (P.87)
Aspect: Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	—
Aspect: Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	—
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
Aspect: Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Not applicable
Human Rights		
Aspect: Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	- Human Rights-related Training (P.89)
Aspect: Non-discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	—
Aspect: Freedom of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	- Aeon Supplier Code of Conduct (P.75)
Aspect: Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	- Aeon Supplier Code of Conduct (P.75)
Aspect: Forced or Compulsory Labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	- Aeon Supplier Code of Conduct (P.75)

Aspect: Security Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	—
Aspect: Indigenous Rights		
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	—
Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	—
Aspect: Supplier Human Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	—
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
Aspect: Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Not applicable
Society		
Aspect: Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	- Feature 2: Promoting Energy Conservation (P.17) - Community Involvement (P.66)
G4-SO2	Operations with significant actual or potential negative impacts on local communities	Not applicable
Aspect: Anti-corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	—
G4-SO4	Communication and training on anti-corruption policies and procedures	- Compliance training and education (P.31) - Promoting Corporate Ethics at Group Companies Overseas (P.31)
G4-SO5	Confirmed incidents of corruption and actions taken	Not applicable
Aspect: Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	—
Aspect: Anti-competitive Behavior		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not applicable
Aspect: Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	Not applicable
Aspect: Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	—
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	- Aeon Supplier Code of Conduct (P.75)
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Not applicable
Aspect: Customer Health and Safety		
Aspect: Customer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	- Quality Management of TOPVALU Brand Products (P.78)
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	—
Aspect: Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	- Labeling and Disclosing Product Information (P.79) - Labeling of Nutritional Contents (P.86)
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	
G4-PR5	Results of surveys measuring customer satisfaction	- System of Dialog with Customers (P.84)
Aspect: Marketing Communications		
G4-PR6	Sale of banned or disputed products	Not applicable
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Not applicable
Aspect: Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not applicable
Aspect: Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Not applicable



Planting Seeds of Growth
We are AEON

Please contact us concerning any inquiries or comments you may have on this report or on our environmental and social activities.

AEON CO., LTD. Group Corporate Citizenship Dept.

1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba, 261-8515 Japan Tel: +81-43-212-6037 Fax: +81-43-212-6790

URL: <http://www.aeon.info/>